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Article
A Novel Two-Track Labour Migration System for Germany

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In view of imminent skill shortages and rising international competition for qualified migrants, a key objective of a new immigration system is to increase the prominence and attractiveness of Germany as a destination country for skilled workers. Migration systems can be demand oriented, such that residence permits are bound to a job offer and thus directly linked to the labour market needs. Alternatively, migration systems can be potential oriented, such that workers who have great potential to productively join the labour market, but do not have a concrete job offer, are able to immigrate and search for a job. The latter approach focuses on a candidate’s skills, qualifications, and experiences and exists in several traditional immigration countries like Canada, Australia, and New Zealand and is becoming more popular in other nations. Both tools are very useful for attracting qualified foreign workers and boosting national economic activity, while counteracting skills shortages. Hence, this article proposes a clearly defined, two-track immigration system consisting of a market-based channel and a potential-based point system, which takes the virtue of both migration approaches into account, unifying them in one framework (see Figure 1). The market-based channel, as shown on the left in Figure 1, allows people to interact directly with the labour market unrestrictedly. If all living expenses can be covered for the entire family, family members traveling with the job seeker can apply on the same platform. As much of the applicant’s income can be regulated via quotas, which can be adjusted to meet the country’s demand on a regular basis. More specifically, an annual quota should be determined for each track, and subsequently divided into quarterly quotas. During the trial period, salary exceptions are introduced. Customary remuneration in the respective profession should, however, serve as a minimum salary level to avoid wage dumping. The conventional salary can, for example, be identified using the existing wage guide issued by the Federal Labour Office (“Bundesagentur für Arbeit”).

At the beginning of their application, applicants provide personal information, key work experiences, and an employment contract, as well as the employer’s contact details via the online portal. If the information provided by the job seeker complies with the pre-determined criteria, the employer receives an automatic e-mail requesting a verification of the employment contract details. If the criteria are satisfied and confirmed by the employer and the quota has not been exhausted, qualified applicants are invited to submit proof of identity, a criminal record, as well as the labour contract. This is also handled via the online portal or by alternative digital identification verification techniques. If the screening turns out to be successful, applicants receive a residency and work permit for the duration of the labour contract. If the quota has already been exhausted, the applicants are notified online that their application cannot be considered in the current quarter. To be considered in the following quarter, applicants must prove that the labour contract is still valid at a later starting point. If the minimum criteria for the market-based channel are not met, the applicant is asked to apply via the potential-oriented point system.

With respect to family reunions, the same regulations apply as for the EU Blue Card. If all living expenses can be covered for the entire family, family members traveling with the applicant can apply to join the country directly and access the labour market unrestrictedly. If the migrant loses the job applied for, he or she is granted

References

1 The article is based on an ifo study “High-Skilled Migration in Germany: Reform Model – Two-Track System for Labour Migration in Germany” by Panu Poutvaara, Marcus Drometer, Carla Rhode and Martina Burmann (March 2018).

2 This estimation is based on data from Germany’s 2016 national accounts (Statistisches Bundesamt 2017). Government spending on public order and security, economic affairs, environmental protection, housing sector and municipalities, public health sector, leisure activities, sport, culture and religion, education sector as well as social spending on disease or occupational disability and family and children are considered in the calculations. When considering taxes and social security contributions, income tax and the solidarity surcharge are considered in addition to social security contributions for health insurance, nursing insurance and unemployment insurance. Moreover, it is assumed that the average share of indirect taxes accounts for 21% of each person’s net salary.

3 Net of earnings include, for instance, is relevant data is necessary to make an exact calculation. Therefore, it is conceivable that the calculations are conducted by the Federal Ministry of Finance, the Federal Ministry of Labour and Social Affairs or the Federal Ministry of the Interior for evaluation, or that a research institute is commissioned to conduct the calculations. Having that in mind, the value should be regularly reviewed and adjusted to new developments.

4 Since potential candidates for the EU Blue Card and the ICT regulations can, in most cases, also immigrate through the market-based channel, European immigration channels will probably be used less frequently in the future.

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three months to find a new position that complies with the market-based immigration criteria. He or she is not entitled to social benefits during this period. If no other adequate employment can be found within this time, the work visa expires and the applicant and his family must leave the country. Immigrants who meet the scheme’s requirements throughout the duration of their work contract can apply for a permanent residence permit after three years, according to current regulations.

**POTENTIAL-ORIENTED POINT SYSTEM**

The objective of the potential-oriented channel is to widen the possibilities for migrants to obtain a residence permit for job seeking purposes. At the same time, the aim of creating the track is also to present the possibilities in a clear, transparent, and consistent way.

To regulate potential-oriented labour migration, a two-stage point system should be introduced. Candidates without a binding job offer, or those who do not comply with the criteria for the market-based immigration track, can apply through this track.

Similarly to the market-based track, an online platform is crucial. For the potential-based track, interested persons can review the criteria of the point system online and determine their individual point score to assess their chance of getting accepted. If a person wishes to apply, he or she can set up a user profile with information on criteria like age, level of education, qualifications, working experience, job offer according to criteria, and willingness to participate in an integration course.

Once all required documents have been handed in and evaluated, the candidates can be accepted receive a residence permit entitling them to accept employment and search for a job. They may seek employment for up to 18 months. The occupation must either correspond to their qualification or comply with the salary criteria of the market-based immigration track. Immigrants must support themselves financially throughout the period of job search, and therefore should have the possibility to pursue an alternative occupation to make a living. This is particularly relevant for young professionals without sufficient savings or unemployment.

Should no adequate employment be found after 18 months, the residence permit is not extended and the person must leave the country.

With respect to family reunion, the EU Blue Card rules apply as the minimum standards for recognition. The residence permit for a person residing in Germany for job seeking purposes have enough funds to cover the living expenses of their family, they may instantly bring them into the country. Their family members get unrestricted and immediate access to the labour market.

**RECOGNITION OF QUALIFICATIONS ACQUIRED ABROAD**

The recognition of foreign educational and professional qualifications presents a crucial challenge for the acquisition of highly skilled workers from third countries. Currently, the recognition of foreign certificates is organised differently for various qualifications.

Firstly, an applicant can request the assessment of his or her university degree from abroad at the Central Office for Foreign Education. Additionally, the central database “anabin” provides useful information about the foreign universities that are recognised in Germany (in their original form, as well as a German or English translation) and pay the respective fee. The request for recognition along with the respective certificates would be automatically forwarded and processed by the responsible recognition authority. Any amendments or interposed questions would take place via the online platform (in English if necessary) and the final notice would also be communicated there. Through the electronic process, linguistic and logistic barriers could be reduced. In the point system, the application process as a whole, and the recognition process as a part thereof, would be simplified.

The online recognition process is also open to potential immigrants who want to apply for a job in Germany. They will then be able to contact the responsible authority that he or she can determine through an “authority finder” on the multilingual online portal “Anerkennung in Deutschland” (recognition in Germany).

As part of the proposed new scheme and to simplify the recognition process for the applicant, approval will be managed by an overarching central authority. It is therefore not the applicant’s responsibility to approach the appropriate authority in a specific case of recognition. Instead, he or she contacts a unified authority that takes care of transferring his or her request to the relevant sub-department.

To boost user-friendliness, this centralised recognition authority is accessible via the online platform in both English and German.

In short, the recognition process of an applicant in the point system would proceed as follows: when entering qualifications in the online portal he or she can choose the point system and set the date for recognition. After finding out the number of unsuitable applications and to motivate self-selection of the applicants, a fee is charged for submitting the application. The application procedure is organised quarterly, so that potential applicants can complete and submit their profile on four different deadlines. Up until the deadlines, applicants can update and revise their information electronically.

Once the user profile has been uploaded, all applicants scoring above the minimum score are invited to the candidate pool. A certain minimum threshold should be defined in advance to serve as the minimum score. It should be designed flexibly and can be adjusted quarterly to meet the requirements of the labour market. The minimum score is integrated into the application process thus offering a less complex and more transparent system.

Anerkennung in Deutschland

Against the background of emerging skill shortages and increasing innovation pressures, it is increasingly important for companies to recruit qualified employees from abroad. Nonetheless, the share of employment-related migration in Germany is relatively low, especially in comparison to traditional immigration countries like Canada. Therefore, this study proposes a novel two-track migration system to simplify current structures and boost the attractiveness of Germany as a destination country.

The suggested system blends a market-based and potential-based approach, uniting both supply- and demand-side aspects of migration. As a result, the novel system both simplifies the procedure for job holders, as well as creating an opportunity for professionals to immigrate without a job offer, or an offer below the salary threshold. The optional job entry in the potential-based system also allows employers to search for potential candidates and thus creates a possibility for candidates and employers.

The recognition of foreign qualifications plays a key role in both migration tracks. Documents are forwarded to the authority in charge via a centralised system, and an accurate recognition of foreign qualifications is guaranteed. In combination with a modern online portal that provides extensive information and guides the application process, the new two-track system thus offers a less complex and more transparent procedure.