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Article
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A Novel Two-Track Labour Migration System for Germany

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 set and qualifications 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 countering skill shortages. Hence, this article proposes a clear and applied, 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 apply for a permit if they have a valid job offer with a salary above a certain threshold. The potential-based track on the right and hand side follows a points system and is open to candidates without a job offer, or with an offer where the salary does not meet the minimum requirements.

Nowadays, a modern and free online platform is an indispensable element of an active immigration policy. The two-track system is therefore supported by an electronic platform providing free information on the possibilities of labour-related migration to Germany in both English and German. A questionnaire on the homepage guides potential applicants to choose the most suitable of the two tracks based on their individual eligibilities. After choosing a track, applicants can apply on the same platform. As much of the application process as possible, including the proof of qualifications, should be carried out digitally to keep the handling costs low. The already existing information platform “Make it in Germany” could be developed further to accommodate these suggestions.

For both tracks, the number of immigrants 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 of 3 years, salary expectations are introduced. Cuts in the qualification or existence of qualifications would be subject to be set sufficiently high. For the potential-oriented track, a quota of about 50,000 to 75,000 each year could be conceivable, and a significantly larger quota of 150,000 to 250,000 for the market-based channel. If the quota is not exhausted in the respective quarter, the remaining spots can be transferred to the following quarter. This, however, is only possible within the same calendar year. Additionally, unfilled spots in the point system can be transferred to the market-based channel, if the number of applicants in the market-based channel exceeds the effective quota. A transfer of contingents in the other direction is not possible.

The quotas not only include the respective applicants, but also the fully-aged family members joining them. The market-based channel’s quota should also include immigrants who come to Germany via European regulations such as the EU Blue Card or the ICT scheme, since these channels would continue to exist alongside the new national system. All current immigration schemes should be preserved until the new system is fully tested.

The objective of the market-based immigration channel is to considerably simplify demand-oriented immigration to Germany. Therefore, everyone who possesses a binding job offer with a salary that meets the minimum threshold should have the opportunity to apply for a temporary residence and work permit. The responsibility of assessing the migration need is thus assigned to the labour market. If a third-country national receives an employment contract in Germany, one can assume that there is actual demand and that the applicant’s qualifications have been sufficiently reviewed by the employer. Hence, additional proofs of qualifications or costly labor market tests are not necessary.

In order for Germany to benefit from this kind of migration in the long run, the immigration channel must be a net contributor to the welfare state. Thus, as with the EU Blue Card, salary plays a key role in the market-based immigration channel in addition to a binding job offer. To define an economically founded salary threshold, one must calculate the income one needs to earn in order to be a net contributor. Being a net contributor is defined as the point at which one pays more social contributions and taxes to the welfare state than one received via benefits and public goods. Based on the relevant government expenditure per employed person and taking social contributions, income taxes and indirect taxes into account, a rough estimation of the gross salary threshold yields 34,000 € per year. The calculated value, however, only serves as a guideline for policy-makers, enabling them to make informed decisions when determining the salary threshold. The actual salary threshold should be established in a political decision-making process, reviewed regularly and adjusted to current conditions.

For the industries and occupational groups in which the average salary lies above threshold, the inflow of foreign skilled employees is simplified substantially. To facilitate the migration of workers in industries where the average salary lies below the minimum threshold and where Germany experiences skill shortages, salary thresholds can be adjusted. For example, by identifying an upper salary cap, a threshold value is fixed by the Federal Labour Office (“Bundesagentur für Arbeit”).

At the beginning of their application, applicants provide personal information, key dates 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 platform or via alternative digital identification verification techniques. If the screening turns out to be successful, applicants are invited to submit residence 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 for the potential-oriented point system.

With respect to family reunion, 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 are allowed to enter the country directly and access the labour market unrestrictedly. If the migrant loses the job applied for, he or she is granted...
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.

**POSSIBLE-ORIENTED POINT SYSTEM**

The theoretical potential 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 immigration, 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 decide if they wish to proceed. The aim of the self-assessment is to provide an indication of whether 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 the criteria, and other qualifications if necessary. If the assessment procedure is organised quarterly, so that potential applicants can complete and submit their profile on four different deadlines. Up until the deadline, 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 minimum threshold should be defined in advance for 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 applicant's electronic performance and accessible online for interested prospective applicants. Once accepted into the candidate pool, applicants can log on to the application portal to complete components of their profile with potential employers. The latter are then able to search the pool of applicants and invite suitable candidates to apply for a given job. In case of successful placement and an employment contract with a salary above the minimum threshold of market-based immigration, the applicant can transfer from the potential-oriented to the market-based track.

If the applicant remains within the potential-based track, a ranking is then generated based on the total points of all candidates who are in the candidate pool at the effective date. Those ranked at the top are invited to hand in the required documents and register for a personal interview. The number of candidates invited depends on the quota. Candidates who are not successful, may remain in the pool for another consecutive quarter and get the chance to qualify again. During this period, an applicant can improve his or her profile by adding newly acquired language skills, for instance, or integration courses.

As soon as all required documents have been handed in and reviewed, candidates who have 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 the 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 employment. The residence permit is not extended and the person must leave the country.

With respect to family reunion, the EU Blue Card rules apply for the prioritisation of candidates whose family members get unrestricted and immediate access to the labour market. Their family members get unrestricted and immediate access to the labour market. Their family members may instantly bring them into the country. If the candidate is not entitled to social benefits during this period, an applicant can improve his or her profile by adding newly acquired language skills, for instance, or integration courses.

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