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Article

Highly Skilled Labour Migration in Europe

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Martina Burmann, Maria Hofbauer Pérez, Vanessa Hoffmann, Carla Rhode and Sebastian Schworm¹

Highly Skilled Labour Migration in Europe

INTRODUCTION

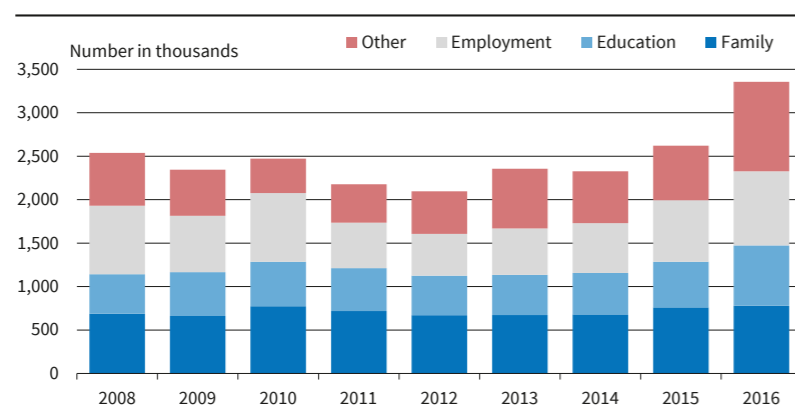
Along with globalisation, the intensity of movement of people has increased and economic activity has become increasingly interconnected. As our societies are more and more knowledge-based, countries are reliant on highly skilled workers as they drive innovation and development and enable nations to position themselves successfully in the competitive global economy. In the light of population ageing and skill shortages, attracting highly skilled workers has become an important task of countries worldwide. In Europe in particular, demographic change and a lack of skilled labour are prompting governments to introduce direct measures to actively recruit economic migrants, especially highly skilled workers. Since most countries in Europe face similar challenges, highly skilled migrants from third countries are particularly important.

In the following sections, we will first present a descriptive overview of migration flows into the EU as a whole, as well as into individual EU countries, differentiating by visa type. We also provide some descriptive evidence for skill shortages in the EU economies. Afterwards we will outlay a major supranational labour migration policy, the EU Blue Card, which was introduced in 2009, as well as selected national migration policies aimed at attracting skilled migrants from third countries. We will also compare labour migration pol-

¹ ifo Institute (all).

Figure 1

First Residence Permits Issued by Reason, 2008–2016



Note: EU-27 for 2008–2012. EU-28 from 2013 onwards. Estimate for 2008 includes 2009 data for Luxembourg. Estimate for 2016 includes 2015 data for Ireland.

Source: Eurostat (2018).

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icies in the EU with those in place in selected non-EU countries. In addition to attracting new workers, recent international student graduates also constitute a potential pool of highly skilled workers. Designing policies that allow graduates to transition from their studies into the host-countries' labour market offers another way of building and strengthening a country's highly skilled labour pool. Such policies will be investigated in the last section.

MIGRATION INTO THE EUROPEAN UNION

In 2015, the EU-28 member states experienced a total inflow of 4.7 million migrants (Eurostat 2017a) with 2.4 million migrants coming from non-EU member countries. Figure 1 shows residence permits issued by authorities of EU member states to third country nationals between 2008 and 2016 (in thousands), categorised by four main reasons for migration, namely employment, education, family reunification and 'other reason', which includes humanitarian reasons.² In 2016 there was a sharp increase of 28% in the number of residence permits issued, with 733,484 more permits issued than in 2015. The upturn was mainly due to 'other reasons,' which increased by 400,509 permits, with 280,000 permits issued to beneficiaries of international protection. With over one million permits distributed for 'other reasons', this category accounts for 31% of all permits in 2016. The second largest share of permits was employment-related with 852,747 (25%), followed by 779,301 family-related permits (23%) and 694,648 education related ones (21%). Throughout the past years the share of labour migration has been relatively constant at approximately 25%. However, while the overall size of migration flows is relatively large in Europe, 25% is a relatively small share of economic migrants in comparison to traditional destination countries. In Canada, the share of economic migrants reached over 60% throughout the past five years (CIC News 2017).

Looking closer at individual countries within the European Union, the United Kingdom issued 865,894 permits in 2016, followed by 585,969 permits granted in Poland and 504,849 in Germany. A detailed overview is provided in Table 1. In terms of employment-based permits, Poland issued 493,960 permits in 2016, making up 84% of its total authorisations. The United Kingdom and Germany issued relatively few employment-based permits, which accounted for just 14%

and 8% of their total authorisations respectively. Residence permits based on education represent 21% of all residence permits issued among EU-28 countries in 2016. The United Kingdom accounts for over 50% (365,455 permits), demonstrating its continuing attractiveness as a destination for education purposes. As far as family-motivated migration is concerned, Germany leads with 136,982 permits issued in 2016. In terms of the absolute number of permits issued for humanitarian and international protection reasons, the United Kingdom (294,022) and Germany (282,232) issue the highest number of permits. However, if looking at the share of these permits, Germany (56%), Sweden and

Austria (both 51%) are at the top of the list with the United Kingdom (34%) in 8th place.

A closer look at the skill composition within the labour force reveals that access to skilled labour is crucial for innovation in firms, as well as for the growth and development of the economy. If firms cannot meet their demand for skilled labour, this may result in skill shortages, which is defined as a state in which an employer and the economy lack skilled workers, to the extent that there are not enough people with a particular skill to meet demand. According to a study by Man Power Group (2017), Figure 2 shows the percentage of firms with 10 or more employees whose management

Table 1

First Residence Permits Issued by Reason and Country, 2016

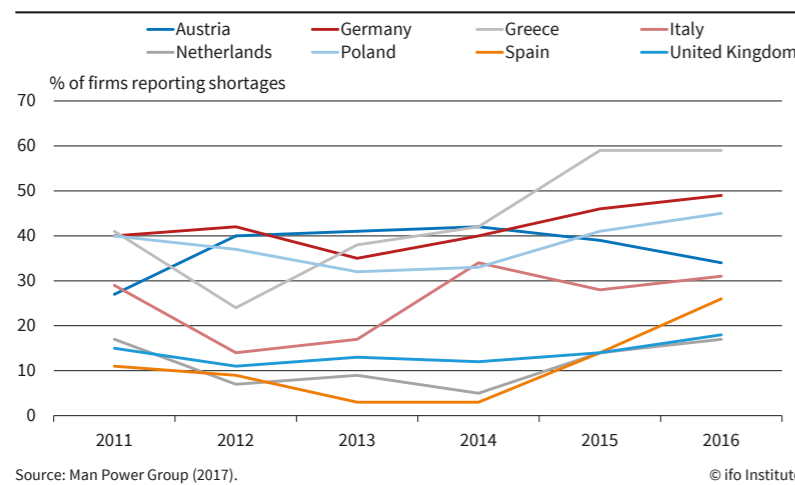
	Total permits issued (persons)	Family (persons)	(% of total permits issued)	Education (persons)	(% of total permits issued)	Employment (persons)	(% of total permits issued)	Other (persons)	(% of total permits issued)
EU-28 *	3 355 506	779 301	23.2	694 648	20.7	852 747	25.4	1 028 810	30.7
Belgium	53 096	26 325	49.6	6 303	11.9	5 181	9.8	15 287	28.8
Bulgaria	7 942	3 240	40.8	1 067	13.4	276	3.5	3 359	42.3
Czech Republic	80 070	24 568	30.7	17 099	21.4	23 097	28.8	15 306	19.1
Denmark	41 440	12 883	31.1	10 481	25.3	10 208	24.6	7 868	19.0
Germany	504 849	136 982	27.1	46 083	9.1	39 552	7.8	282 232	55.9
Estonia	4 308	1 424	33.1	1 114	25.9	1 339	31.1	431	10.0
Ireland **	38 433	3 444	9.0	22 075	57.4	6 073	15.8	6 841	17.8
Greece	44 072	23 598	53.5	902	2.0	2 133	4.8	17 439	39.6
Spain	211 533	115 143	54.4	35 636	16.8	38 154	18.0	22 600	10.7
France	235 011	93 873	39.9	73 572	31.3	23 076	9.8	44 490	18.9
Croatia	5 315	1 673	31.5	526	9.9	2 634	49.6	482	9.1
Italy	222 398	101 269	45.5	16 847	7.6	9 389	4.2	94 893	42.7
Cyprus	16 970	2 332	13.7	3 313	19.5	7 385	43.5	3 940	23.2
Latvia	6 037	2 197	36.4	1 314	21.8	1 736	28.8	790	13.1
Lithuania	6 750	1 173	17.4	928	13.7	4 082	60.5	567	8.4
Luxembourg	5 627	2 952	52.5	420	7.5	1 340	23.8	915	16.3
Hungary	22 842	4 730	20.7	7 874	34.5	5 851	25.6	4 387	19.2
Malta	8 995	1 719	19.1	1 848	20.5	3 036	33.8	2 392	26.6
Netherlands	95 753	24 962	26.1	16 317	17.0	14 621	15.3	39 853	41.6
Austria	50 066	15 635	31.2	5 770	11.5	3 337	6.7	25 324	50.6
Poland	585 969	8 416	1.4	32 676	5.6	493 960	84.3	50 917	8.7
Portugal	30 993	14 847	47.9	3 837	12.4	5 948	19.2	6 361	20.5
Romania	11 867	3 871	32.6	4 631	39.0	1 766	14.9	1 599	13.5
Slovenia	13 517	4 592	34.0	1 799	13.3	6 894	51.0	232	1.7
Slovakia	10 227	2 582	25.2	1 723	16.8	3 590	35.1	2 332	22.8
Finland	28 792	7 833	27.2	6 235	21.7	5 381	18.7	9 343	32.4
Sweden	146 740	47 697	32.5	8 803	6.0	15 632	10.7	74 608	50.8
United Kingdom	865 894	89 341	10.3	365 455	42.2	117 076	13.5	294 022	34.0
Iceland	1 469	479	32.6	423	28.8	304	20.7	263	17.9
Liechtenstein	785	533	67.9	50	6.4	99	12.6	103	13.1
Norway	38 349	15 133	39.5	3 673	9.6	7 021	18.3	12 522	32.7
Switzerland	42 021	19 508	46.4	10 222	24.3	10 033	23.9	2 258	5.4

Notes: *Estimates for 2016 include data for Ireland from 2015 ** Data from 2015 Source: Eurostat (2018)

² The category 'others' also includes stays without the right to work and people in the process of a permission authorisation.

Figure 2

Skill Shortages Reported by Employers, 2011–2016



reported facing difficulties with reference to filling skilled vacancies. In 2016, employers reported the highest talent shortage since 2007. In Greece 59% of employers reported difficulties in filling qualified positions, followed by 49% in Germany, 45% in Poland and 40% in Austria. Thus, the domestic labour force in certain countries is not sufficient to secure the skill base in the long term. Countries are increasingly aiming to attract foreign skilled workers as a result in order to combat growing skill shortages in the short and medium term.

MIGRATION POLICY

In a response to globalisation and labour market needs, migration policies can be used as a tool by destination countries to manage the volume, origin, direction and composition of migration flows (UN 2013). Migration policy can include both laws and regulations, as well as specific programmes. Labour migration policies differ in the ways in which they seek to attract workers. The systems are generally either demand-driven, such that an employment offer and contract triggers the decision to admit a migrant, or supply-driven, such that the migrants themselves launch the admission process and pass it based on their education, abilities and potential to successfully integrate. Often countries also implement a hybrid structure merging both supply-driven and demand-driven approaches in their migration policies. In Europe, both EU-wide and national legislations influence the entry and residence conditions for migrants.

THE EU BLUE CARD

The “EU Blue Card” was introduced in 2009 as part of the European Council Directive to focus on selective migration policy. The EU Blue Card is an EU-wide work permit for highly qualified employment, aimed at making Europe a desirable destination for qualified work-

ers from third countries. The EU Blue Card is recognised and implemented by 25 EU member states, apart from Denmark, Ireland and the United Kingdom. It establishes the entry and residence conditions for third-country nationals and is designed to be demand oriented, such that immigration follows the needs of the labour market of the country where the application is submitted. Consequently, a binding job offer or valid employment contract for at least one year³ is a principal requirement. Additional standard prerequisites include qualification certificates and verifiable work experience.

A job is approved if its gross annual salary exceeds a defined minimum threshold. The threshold is determined by the national governments to ensure equal working standards for national workers and EU Blue Card holders. While the original directive contains a threshold of 1.5 times the average gross annual income of the country, a new proposal of European Parliament and European Commission suggests a threshold between one and 1.4 times the average.⁴ In addition to the overall minimum threshold, countries can specify a lower secondary threshold for professions with a skill shortage. Currently, Luxembourg, Germany, Estonia and Hungary have specific thresholds for highly skilled immigrants with qualifications in natural sciences, engineering, informatics, medicine or care. Besides salary thresholds, the EU Blue Card entails national priority reviews and labour market tests as optional instruments for the coordination of immigration.⁵ In addition, national governments can limit immigration via quotas, as well as determining the period of validity of the Blue Card and the processing fees.

In 2015, a total number of 17,104 EU Blue Cards were approved, with most of them issued by German authorities. In 2016, the number of approvals increased to 20,979, with the highest number of EU Blue Cards issued in Germany with a total of 17,630, followed by France with 750, Poland with 673, Luxembourg with 636, and Italy with 254. In addition to the number of EU Blue Cards issued per country, Table 2 summarises the country-specific characteristics of the EU Blue Card concerning fees, validity period and salary thresholds.

³ The new proposal of European Parliament and European Commission suggests reducing the condition to 9 months.
⁴ According to the current legislation process, official changes are expected in June 2018.
⁵ National priority reviews establish that candidates from third countries can only take a job if no appropriate worker within the EU was found. Labour market tests assure that no local worker is available to do the job and that the pay and conditions offered to the foreign worker are not below those offered to native workers. In most countries neither rule is practiced for EU Blue Cards.

Table 2

Cross-Country Comparison of the EU Blue Card

Country	Fee	Standard Validity Period	Salary Threshold	Blue Cards issued in 2016	Special Threshold
Luxembourg	80 EUR	24 months	73 998 EUR **	636	59 198 (2018) For mathematicians, statisticians, software and application developers, database and network professionals, among others.
Netherlands	938 EUR	48 months	66 873 EUR **	42	N/A.
Sweden	204 EUR	24 months	60 233 EUR *	11	N/A.
Austria	120 EUR	24 months	60 984 EUR **	163	N/A.
Finland	470 EUR (400 for electronic application)	24 months	54 936 EUR *	33	N/A.
France	269 EUR	36 months	53 836 EUR *	750	N/A.
Belgium	215 EUR	13 months	52 978 EUR **	31	N/A.
Germany	140 EUR	48 months	52 000 EUR **	17630	40 560 (2018) For jobs with a shortage of applications (natural scientists, mathematicians, engineers, doctors and skilled academic personnel in information or communication technologies).
Spain	418 EUR	12 months	42 119 EUR *	21	N/A.
Greece	300 EUR	24 months	31 435 EUR*	0	N/A.
Slovenia	102 EUR	24 months	28 529 EUR *	19	N/A.
Romania	179 EUR	24 months	32 419 EUR *	92	N/A.
Italy	274 EUR	24 months	25 500 EUR *	254	N/A.
Cyprus	50 EUR	12 months	33 822 EUR *	0	N/A.
Portugal	103 EUR	12 months	30 690 EUR *	1	N/A.
Lithuania	116 EUR	36 months	28 800 EUR *	127	14 400 (2017) For 27 special professions (mainly programming and engineering).
Croatia	137 EUR	N/A	19 338 EUR °	32	According to the Ministry of Interior's webpage and the related Aliens Act, salary thresholds vary with branches.
Estonia	120 EUR	27 months	20 628 EUR *	22	17 052 (2017) For top specialists in natural or technical sciences, health services and information or communication technology, among others.
Malta	255 EUR	12 months	26 499 EUR *	12	N/A.
Poland	111 EUR	24 months	16 847 EUR *	673	N/A.
Slovakia	170 EUR	36 months	15 102 EUR °	4	According to the Immigration Information Center's webpage, salary thresholds vary with branches.
Latvia	100 EUR	60 months	14 724 EUR *	112	11 784 (2017) For certain professions having labour shortage specified by the Cabinet of Ministers.
Hungary	60 EUR	12 – 48 months	13 716 EUR *	5	10 956 (2015) For general doctors, pharmacists, nurses and others in the medical sphere.
Czech Republic	92 EUR	24 months	12 963 EUR *	194	N/A.
Bulgaria	278 EUR	Contract duration + 3 months; max 4 years	8 725 EUR *	115	N/A.

Notes: °Data from 2015; * Data from 2017; ** Data from 2018
 Source: DICE, European Commission, Eurostat⁴ (2017c).
⁴ All displayed data refer to 2014, unless otherwise indicated. Exchange rates updated on February 2016.
 For the numbers of issued Blue Cards see http://ec.europa.eu/eurostat/web/products-datasets/-/migr_resbc1 (5th January 2018).

The shortest validity period can be found in Spain, Cyprus, Portugal, Lithuania, Malta and Bulgaria with a validity of only 12 months. In contrast, Latvia has determined a validity period of 60 months. Countries issuing relatively large shares of EU Blue Cards range in their validity periods from 24 to 48 months. The processing fees vary across countries from 50 Euros in Cyprus to 881 Euros in the Netherlands.

According to the European directive, EU Blue Card holders must be treated identically to the national population in terms of social legislation and employment law (ISP). Furthermore, they enjoy several rights once the residence permit has been approved in terms of family reunification, employment, free movement within the EU and permanent residence status. As far as family reunification is concerned, the directive grants close family members the right to live and work in the member state where the EU Blue Card holder is registered. Residence permits for family members must be issued at least six months after the application for family reunification has been submitted. With respect to

employment, EU Blue Card holders are not allowed to be self-employed within the first two years of residence. In case of a change in employment, the national authorities need to grant official permission throughout this period. After at least 18 months of working and living in a member state, EU Blue Card holders and their families can move to another member-state for working purposes if the criteria of a qualified profession in the second member-state continue to be fulfilled. A permanent residence permit can be obtained after five years of continuous residence under EU Blue Card status. The EU Blue Card holder must have been living and working in the member-state where the permanent residency application is submitted for the last two years prior to applying for permanent residence status.

EXAMPLES OF NATIONAL POLICIES IN EUROPE

In addition to supra-national policies, governments in the EU have introduced direct national measures to actively recruit highly skilled economic migrants. Since

the EU Blue Card makes up only a part of skilled labour migration to the European Union, this allows member states to attract additional highly skilled workers and to differentiate themselves within the EU as an attractive destination country. The following sections will take a closer look at Austria and the United Kingdom, which both implement variations of a point-system to manage migration flows.

RWR-Card in Austria

The most dominant pillar of the Austrian migration system, in addition to the EU Blue Card, is the Red-White-Red (RWR) Card for highly qualified workers from non-EU member states, which was introduced in 2011.⁶ The RWR-Card is allocated based on a point-system fol-

lowing international role models such as Canada and Australia. The requirements and the approval processes, however, differ among the four categories of skilled occupation (particularly highly skilled job-seekers, shortage occupations, key workers and start-up founders). The corresponding scoring systems for each category are summarised in Table 3.




In general, the RWR-Card is considered to be demand-driven since for three of the four categories a valid job offer is a principal prerequisite.⁷ Only the job-seeker visa for *particularly high-qualified workers* can be classified as supply-driven, since applicants for this scheme do not need a job offer prior to applying, but can search for an employment on-site for six months instead. If they receive a job offer within this period, they are entitled to apply for a RWR Card. The approval

⁶ The RWR-Card replaced the key worker scheme ("Schlüsselkraftverfahren") for highly qualified applicants from third countries.

⁷ Demand-oriented migration schemes that require either a valid job offer or an investment or business plan are labelled with a briefcase icon.

Table 3

Summary of Point-System for Categories of the RWR-Card in Austria

Job-Seeker Visa	
Qualifications (max. 40 points)	Completed university studies (20 points) Completed university studies in STEM subjects (30 points) Habilitation, PhD (40 points) Last year's gross income above €50,000 (max. 30 points) Activities in research and innovation (20 points) Acknowledged awards (20 points)
Appropriate work experience or leading position (max. 20 points)	Years of work experience (2 points per year) Work experience in Austria for six months (10 points)
Language skills (max. 10 points)	German or English (A1) (5 points) German or English (A2) (10 points)
Age (max. 20 points)	Up to 35 years (20 points) Up to 40 years (15 points) Up to 45 years (10 points)
University studies in Austria (max. 10 points)	Half of the required ECTS-points (5 points) Complete university studies (10 points)
Shortage occupation 	
Qualification (max. 30 points)	Completed vocational training in shortage profession (20 points) General university entrance qualification (25 points) Completed tertiary education (30 points)
Appropriate work experience (max. 20 points)	Years of work experience (2 points per year) Work experience in Austria (4 points per year)
German skills (max. 15 points)	A1 (5 points) A2 (10 points) B1 (15 points)
English skills (max. 10 points)	A2 (5 points) B1 (10 points)
Age (max. 15 points)	Up to 30 years (15 points) Up to 40 years (10 points)
Key Worker 	
Qualification (max. 30 points)	Completed vocational training in future employment (20 points) General university entrance qualification (25 points) Completed tertiary education (30 points)
Appropriate Work experience (max. 20 points)	Years of work experience (2 points per year) work experience in Austria (4 points per year)
Language skills (max. 15 points)	German A1 and English B1 (10 points) German A2 and English B2 (15 points)
Age (max. 20 points)	Up to 30 years (20 points) Up to 40 years (15 points)
Start-up founders 	
Qualification (max. 30 points)	Completed vocational training in future employment (20 points) Completed tertiary education (20 points) Completed studies or vocational training in Austria (30 points)
Appropriate work experience (max. 10 points)	Years of work experience (2 points per year)
Language skills (max. 15 points)	German A2 (5 points) German B1-B2 (10 points) German C1-C2 (15 points) English (10 points)
Additional criteria (max. 30 points)	Capital of €50,000 (10 points) Admission to the Austrian Start-up Center or scholarship of the Start-up authority (10 points) Age up to 35 years (10 points)

Source: Austrian Government (2018).

Table 4

Initial Residence Permits Issued for Working Purposes (2011-2017)

Year	RWR-Card and RWR-Card Plus		Total number of first-time residence permits
	Issued to applicants	Issued to family members	
2017	7.749	3.334	23.896
2016	8.361	3.533	25.579
2015	8.283	3.588	28.057
2014	7.486	3.697	26.650
2013	8.097	3.424	26.485
2012	9.568	3.350	28.423
2011	4.697	1.472	27.122

Source: Austrian Government (2017).

procedure for such a visa is points-based, with a maximum of 100 points and a minimum requirement of 70 points. Offering job searching visas through a points system is unique in Europe. Germany, for example, offers job searching visas, but they are specifically targeted at graduates of German universities (18 months, including a work permit) and people who have completed German vocational training (12 months, including a work permit). Applicants with an officially approved university degree from outside Germany can also apply for a job seeker visa valid for six months, but this visa does not include a work permit.

Highly skilled workers in shortage occupations must have a valid Austrian job offer that fulfils the salary requirements and the shortage occupation criteria.⁸ Given these prerequisites, applicants must achieve a minimum of 55 out of 90 points to obtain the RWR Card. A similar points system selects *key workers* with a valid job offer. In addition to a minimum of 50 out of 75 points, their monthly gross income must exceed €3,078 for workers over 30 years and €2,565 for workers under 30. These numbers apply to the year 2018 and are recalculated annually. Furthermore, the *key workers* scheme requires applicants to successfully pass a labour market test as previously introduced.⁹ *Start-up founders* applying for a RWR-Card must score at least 50 out of 85 points to qualify. The fifth category eligible to receive a RWR-Card, *autonomous key workers*, are not selected via a points-based system, but according to the following four criteria: their future occupation is associated with an investment capital of €100,000, it safeguards or creates jobs, it transfers know-how or new technologies to Austria and the future firm is of major regional importance.

Successful applicants and holders of the RWR-Card are allowed to work and live in Austria for 24 months. After having fulfilled the employment requirements for at least 21 months, they may apply for the RWR-Card Plus. This residence and work permit entitles third country workers to change employer if employed or

to pursue self-employment. Family members of RWR-Card holders (spouses, registered partners and children under 18) are eligible to receive the RWR-Card Plus immediately.¹⁰

According to official statistics the number of annually issued RWR-Cards and RWR-Cards Plus generally reaches the target of 8,000 highly skilled immigrants a year.¹¹ Table 4 shows the number of initial RWR residence permits issued both to applicants and family members, as well as the overall number of residence permits issued in Austria. In comparison to the previously used key worker scheme, the number of permanent resident permits issued for working purposes has increased.

Tiers System in the United Kingdom

As opposed to Austria and most other EU member countries, the immigration system of the United Kingdom does not include the EU Blue Card. Instead, the UK manages its migration flows via a national immigration system consisting of five different tiers that have gradually been established since 2008. The tiers offer different types of applicants the opportunity to immigrate: Tier 1 addresses highly skilled entrepreneurs, investors and exceptionally qualified applicants, tier 2 is aimed at skilled workers with an existing job offer, tier 3 was designed for low-skilled immigration, but never implemented, tier 4 is designed for the educational purposes of non-EU students, and tier 5 for temporary working purposes. In general, the tiers system is considered to be demand-driven since a valid job offer, proof of investment capital or self-employment is a requirement. Although applicants are selected based on their overall score, the scores achieved in various sub-criteria also matter. This means that applicants cannot compensate for missing points in one criterion by scor-

¹⁰ For the regulations and criteria see: www.migration.gv.at/de/foer-men-der-zuwanderung/dauerhafte-zuwanderung-rot-weiss-rot-karte.html (18th December 2017).

¹¹ In contrast, the Austrian media has reported numbers of yearly issued RWR-Cards that are below the general target, and has criticised high application requirements and bureaucratic hurdles. The critique has ignited a reform debate about the RWRCard scheme in Austria.

⁸ The shortage occupations list is published annually in accordance with the needs of the Austrian labour market, by the Federal Minister for Labour and the Federal Minister for Economic Affairs.

⁹ A labour market test assures, in this case, that no qualified Austrian worker is available before offering the job to a third-country applicant.

Table 5

Tiers of the UK National Immigration System

Tier 1 ¹	Scoring	High-Value Migrants
(Graduate) Entrepreneur Exceptional Talent Investor	Attributes (75 points) English language skills (10 points) Maintenance (10 points)	ENTREPRENEUR Access to min. £200,000 of disposable investment funds (£50,000 under certain conditions) (25 points) Investment funds held in regulated financial institution (25 points) Investment funds that are free to spend (25 points) GRADUATE ENTREPRENEUR Endorsement of business plan (50 points) University level qualifications (25 points) At least B1 and/or academic qualification taught in English Personal savings of at least £3,310
Tier 2	Scoring	Skilled Workers
General (Skilled worker with job offer) Intra-company transfer Minister of Religion Sportsperson	Attributes (50 points) English language skills (10 points) Maintenance (10 points)	GENERAL Certificate of Sponsorship including Resident labour market test exemption or extension (min. 30 points) Appropriate yearly gross salary (min. 20 points) £30,000 New entrant: £20,800 Medical radiographers, nurses, secondary education teaching professionals in selected subjects, paramedics: £20,800 At least B1 and/or academic qualification taught in English Personal savings of at least £945
Tier 3 – Low-Skilled Workers		
This Tier was never effectively implemented as there was no need for additional unskilled/low skilled workers in UK.		
Tier 4 – Adult Students		
Main requirement is the admission to a study program.		
Tier 5 – Temporary Workers		
Main requirement is the sponsorship by (higher education) institutions, government departments and agencies.		

¹ Tier 1 "General" (highly skilled migration without job offer) was abolished in 2010 for applicants from outside the UK. Source: UK Government (2018), Workpermit (2018).

ing higher in another.¹² The specificities of the tiers and their sub-criteria are summarised in Table 5.

Tier 1 *Entrepreneur* offers residence and work permits for three different categories of entrepreneurial candidates: (*graduate*) *entrepreneurs*, *exceptional talents* and *investors*, who plan to invest in the UK and establish a business. For a residence and work permit, an *entrepreneur* must score a full 95 points to be granted a visa, with 75 points applying for financial attributes, and the remaining 20 points for language proficiency and maintenance. A *graduate entrepreneur visa* also requires a full 95 points, but in addition to the maintenance and language proficiency points, 50 points are assigned for an endorsement of the credibility of their business plan by the Department for International Trade or by a recognised higher education institution and 25 points for university level qualifications. *Exceptional talents* are granted a permit if they are considered (emerging) leaders in the fields of science, humanities, medicine, engineering, digital technology and the arts. In this case no point system applies; they are simply endorsed by the UK Home Office subject to an annual limit of 1,000 places. *Investor applicants* must score 75 points to be granted a visa, being entirely

¹² Melanie Gower (2016): The UK's points-based system for immigration. Briefing Paper Number 7662 (18 July 2016) www.parliament.uk/commons-library/intranet.parliament.uk/commons-library, p. 7.

related to their financial attributes or those of their partner. Until 2010 high skilled applicants could also apply for tier 1 throughout a points-based selection system without having a job offer.

Tier 2 consists of four different categories. Under the *General* category applicants can obtain a work and residence permit for a maximum of 5 years and 14 days if they have a valid job offer from a licensed employer in a shortage occupation in the UK. This category is comparable with the employer sponsored immigration also available in other high-qualified migration systems and is clearly demand-oriented. The scoring system requires 70 points in total, which are laid out in Table 5. In addition, immigration through the category of *Intra-Company Transfer* is possible if the company for which the applicant works is a multinational firm with a branch in the UK. Moreover, there should be no national worker available to fill the vacancy in question. Within this category there are three sub-categories for long and short-term transfers, as well as for graduate training programmes. A total of 70 points is required. The categories *Sportsperson* and *Minister of Religion* are especially designed for applicants pursuing sporting careers, or pastoral persons working for religious communities. As these categories are only relevant for a few applicants, the requirements and application procedures are not described in detail. Between March 2016 and March

2017, 4,677 Tier 1 Visas were issued, while 93,566 Tier 2 Visas were granted (UKGovernment 2017).

Tier 4 covers applications for *General student* visas for which a notice of admission to a study programme is required. Apart from sufficient English language skills at level B2, applicants must possess sufficient financial means to cover both their course fees and their living expenses. Tier 5 was implemented for *Temporary workers* in a number of different circumstances like charity workers, entertainers, diplomatic staff etc. As with tier 2, applicants need a sponsor during the working period unless they can enter the country under the Youth Mobility Scheme without a job offer.¹³ Sponsors can be institutions that offer approved exchange programmes, higher education institutions or government departments and agencies. An application through tier 5 costs £235 (€267)¹⁴ for a single person applying from outside the UK.

NON-EU EXAMPLES

While existing migration systems in Europe are mainly employment based (demand driven), the regulations in traditional destination countries like Australia, Canada and New Zealand use skill-oriented systems. Typically, skill-based migration schemes focus on qualifications and human capital, which are crucial for the general economic development of the country. Applicants are

¹³ It is important to note that this only applies to a few people from one of the countries whose nationals can gain entry under the Youth Mobility Scheme. Furthermore, it only applies to workers aged 18-30 who wish to live and work in the UK for up to two years. It is also important to note that very few people gain entry under this new scheme, which replaced the Working Holiday visa.
¹⁴ All foreign currencies converted on 19th of March 2018.

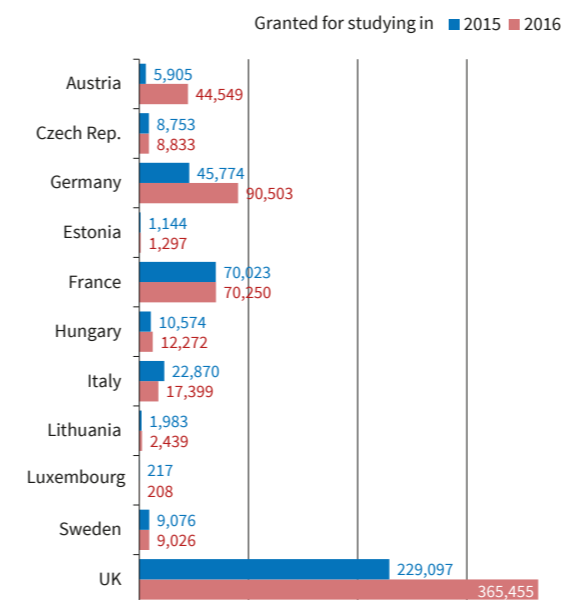
consequently selected according to their qualifications and skills, independent of a job offer. Furthermore, selection processes operate through scoring systems based on several criteria whereby applicants can compensate lower scoring in one criterion with higher scoring in other criterion. As a result, the migration regulations in these countries are effectively points-based, as opposed to the modified point-system in the UK. As skill-based immigration can be an additional instrument to counteract skill shortages, it is worth taking a closer look at these immigration systems.

In general, the application processes in Canada, Australia and New Zealand consist of two different stages. Initially, applicants must score a minimum number of points regarding criteria such as their qualification, age, work experience, language skills, likelihood of integration and whether they could work in a shortage occupation. Achieving the minimum score allows them to get registered in the pool of potential immigrants.

In Canada, applicants who receive the minimum points in the first stage (Express Entry) are ranked according to the Comprehensive Ranking System. Several times per year applicants with the highest scores are invited to apply for a permanent residence status until the contingent is reached. The processing fees are \$550 (€341). If a permanent residence permit is approved, another \$490 (€304) are due. According to the Government of Canada, 57,060 applicants from the candidate pool were invited to apply for a permanent residence permit in 2017 (Canadian Government 2017). Finally, 56,945 permanent resident permits were issued after the second stage.

Figure 3

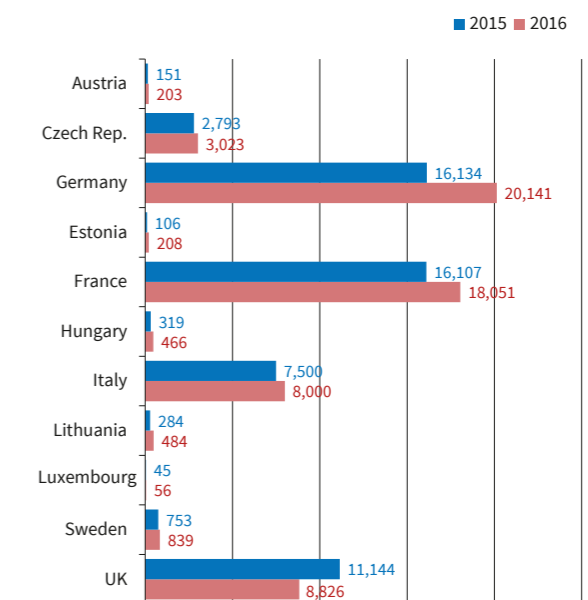
Student Residence Permits in the EU



Source: Eurostat (2017b). © ifo Institute

Figure 4

Former Students Remaining in Member State



Source: Eurostat (2017b). © ifo Institute

In Australia, applicants in the pool of candidates of the *Skill Stream* of the immigration system can be invited to apply for a visa by the authorities, but they can also be nominated by employers who have access to the profiles of the applicants in the pool. While there are no fees due in the first stage of the process, applying for a visa is charged. For example, the fee for the *Skilled Independent Visa* is AUD 3,670 (€2,302). The invitation rounds take place twice a month considering the annual quota for qualified immigration. During 2016 and 2017 a total of 123,567 visas were issued within the *Skill Stream* of immigration, while the quota allowed for 190,000 new permanent residence statuses (Australian Government 2017).

Similarly, the second stage in New Zealand consists of two invitation rounds per month following the annual target of new permanent residence visas. For the submission of an application in the first stage, the authorities charge a fee of NZD 530 (€311). For the application of a permanent resident status a fee of NZD 3,085 (€1,810) applies. During the financial year 2016/2017 (1 July 2016 – 30 June 2017) 12,106 of 14,445 applications for permanent residence in the *Skilled Migrant scheme* were approved. In the current financial year 3,762 out of 4,723 applications have been already accepted (New Zealand Government 2018).

Although these countries are especially well-known for their points-based systems for skill-based immigration, they also include demand-oriented streams in their immigration regulations. Australia, for

example, also has an employer sponsored channel for permanent immigration within the stream of qualified immigration.

RETAINING INTERNATIONAL STUDENT GRADUATES

In addition to labour migration policies, regulations aimed at students are important measures for retaining qualified workers, since the international mobility of students can partially be seen as the migration of future workers (ILO, OECD, World Bank Group 2015). It is central to attract international students, as well as retain them once they complete their degrees, since transitioning into the labour force ensures that a country benefits from the skills of the graduates.

PROGRESS IN THE EU

The EU is already an attractive destination for international students, with over 0.6 million first residence permits issued for education activities in 2016 (Eurostat 2017b). Figure 3 shows how in most EU countries the number of residence permits granted to third-country nationals for studying purposes has increased from 2015 to 2016.

However, while the number of permits for education purposes has risen steadily in recent years, the rate of retention, meaning the percentage of graduates choosing to stay in the EU after their studies, remains relatively low. Although the number of third-country national students remaining in the member state after the completion of their degree increased in most EU countries from 2015 to 2016 (see Figure 4), retention rates remain small. A mere 16%-30% of graduates remained in member states, exchanging their education-related residence status to another reason for their stay (OECD 2016).

Acknowledging the positive implications of international student mobility and the importance of their retention and transition into the labour market, the Students and Researchers Directive (Council Directive 2016/801) was adopted by the European Parliament and Council of the European Union in May 2016 (EU Publications 2016). According to the directive the member states of the EU have two years to transpose the

elements of the directive into national law. The directive aims to make the EU a more attractive study destination, as well as making it easier and more appealing to stay afterwards. With regards to students, it allows them to stay at least nine months after finishing their studies to search for a job or seek self-employment by setting up their own business. In addition, the mobility of students within the EU is increased, as they will only need to notify the member state to which they plan to move, instead of filing a new visa or residence permit application.

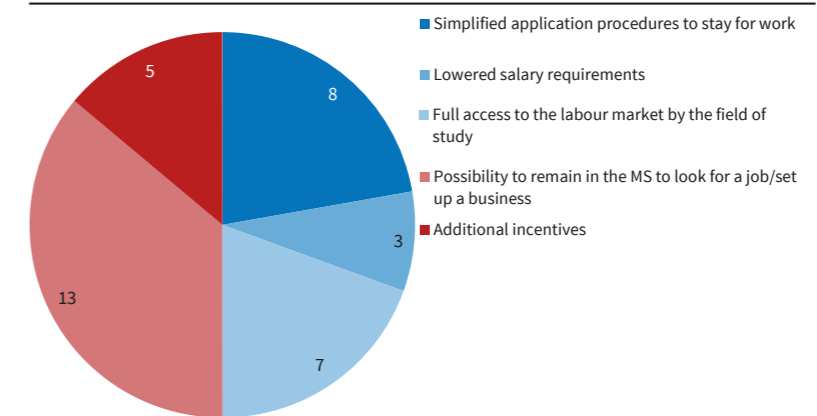
The new directive also further improves conditions while studying by giving students the right to work for a minimum of 15 hours a week. In terms of job-searching opportunities, Figure 5 shows which EU countries already meet the requirement, which countries allow for job search, albeit for a duration of less than nine months, and which countries do not offer any resident permits for job seekers after graduation. Figure 5 displays the status as of 2017. The deadline for transposition of the new directive 2016/801 is May 2018.

In addition to offering a job-search permit, countries may incorporate additional incentives into their national policies to make it more attractive for students to stay in a country after graduating. Common incentives among EU member states include simplified application procedures to stay for work, which could entail the exemption from labour market tests or examinations; lowered salary requirements; full access to the labour market without restrictions by field of work, or limitations in terms of working hours; additional incentives like reducing the number of years one must reside in the country to qualify for a permanent residence permit (European Migration Network 2017). The degree of implementation of each of these incentives is shown in Figure 6. As of 2017, an allowed period to search for a job is offered in 13 EU countries. Eight countries provide a simplified application procedure, seven grant full access to the labour market without restrictions, five offer additional incentives like faster eligibility for permanent residence and three countries have lowered their salary requirements.

CONCLUSION

Statistics show that labour migration into the EU is relatively low in comparison to other non-EU countries. In combination with increasing demand for skilled workers due to demographic challenges and growing innovation pressures, many EU countries face skill shortages. In countries facing pronounced demand for

Figure 6
Member States Offering Incentives to Increase Retainment of Third-Country Recent Graduates



Source: European Migration Network (2017).

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skilled workers, labour migration can help to mitigate skill shortages in the domestic workforce. Therefore, attracting highly qualified labour has become a key priority of many member states in the European Union. Both supra-national and national policies are being introduced and implemented to increase the attractiveness of the EU countries as a migration destination. While the majority of policies is employment-based, the implementation of potential oriented schemes is increasing, as seen in Austria with the Job Search Visa. Another potential-oriented policy is the EU-wide directive aimed at increasing the retainment of foreign graduates. Since recent graduates constitute potential future workers, many countries complement the EU policy with national legislation.

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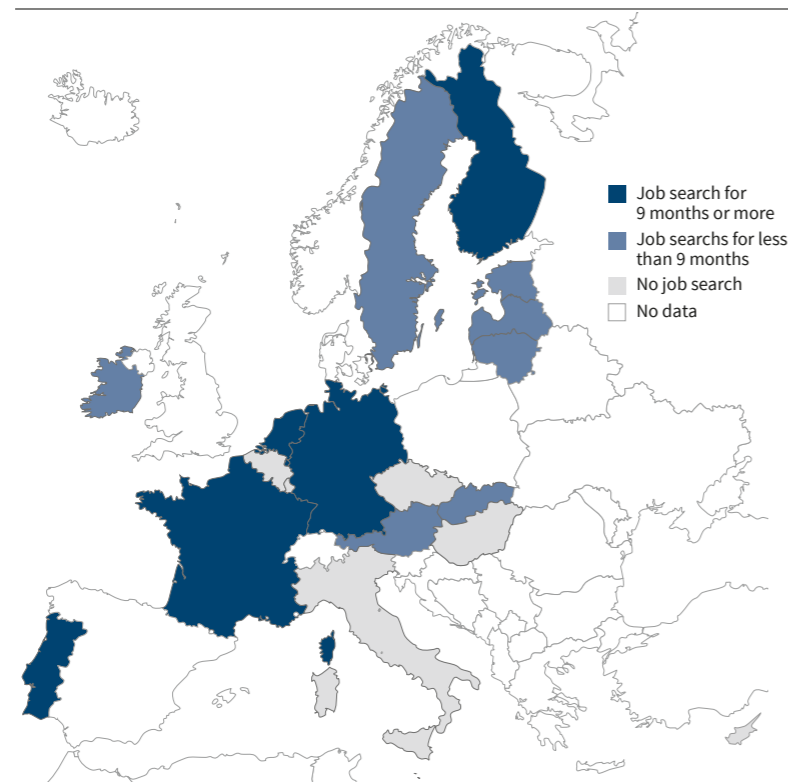
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Figure 5
EU Countries with Resident Permit for Job Search



Source: European Migration Network (2017).

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