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Article

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Panu Poutvaara

Does the EU Need a Common Immigration and Asylum Policy?

The most important achievement of the European Union (EU) is its common market, allowing for free mobility of goods, services, people, and capital between member states. A common market requires common border policies. In the area of goods and services, this is uncontested. The EU is a customs union, and trade policy is determined at the European level. This is necessary since if individual member states were allowed to deviate from common import regulations or customs duties, this would undermine the common market by creating a backdoor for entry to more restrictive member states through member states willing to pursue lower standards or customs duties. Therefore, it is appropriate that customs duties are collected by the European Union, not by the member states through which goods and services enter. This raises a question: should something similar take place when it comes to immigration? Given that immigrants are also able to move within the EU, is there a case for a common European immigration policy? Or does much lower mobility of people than goods and services make this unnecessary or even undesirable?

European immigration and integration policies are striving for a balance between harmonization (federal decisions) and subsidiarity (member-state-level decisions). When it comes to labor migration from outside the EU, the member states have wide discretion on whom to admit to their country. However, there are also common guidelines at the European level. Directives like the Blue Card Directive aim to attract highly skilled workers to the EU, independent of which member state they go to. The EU also has common provisions for family reunification to ensure that migrants can bring immediate family members under certain conditions. When it comes to humanitarian migration, the EU establishes common minimum standards and aims to coordinate resettlement efforts, but on a voluntary basis. Finally, the EU pursues common border policies to prevent irregular migration.

MANAGING SKILLED IMMIGRATION¹

The Blue Card Directive was introduced in 2009. Its aim is to make the EU more competitive as a destination for global talent by providing a streamlined and uniform system for admitting highly skilled workers across EU member states. To qualify for a Blue Card, applicants must hold a higher education qualification

¹ This section relies heavily on https://immigration-portal.ec.europa.eu/eu-blue-card/essential-information_en and links therein.

KEY MESSAGES

- **The main challenge in high-skilled immigration is to make Europe sufficiently attractive**
- **Employers should be trusted to evaluate who is qualified to work in non-regulated professions**
- **Migration Partnerships ease low-skilled labor migration and help combat irregular migration**
- **Distributing asylum seekers to less welcoming countries could backfire and trap them in poverty**
- **Instead, the EU should develop a matching mechanism for asylum seekers and host countries**

(e.g., a university degree) or possess at least five years of professional experience in a relevant field. They also must have a valid job offer or employment contract in an EU country lasting at least six months. This job offer must meet a minimum salary threshold set by the host country, typically at least 1 to 1.5 times the average gross annual salary in that country.

The Blue Card Directive was revised in 2021 to make it accessible to a wider range of skilled migrants in order to address skill shortages and challenges arising from population aging across the EU. Salary thresholds have been reduced and procedures for issuing Blue Cards have been simplified. After the reform, highly skilled professionals without formal academic qualifications can qualify, too, based on their work experience. Blue Card holders also have increased mobility rights between member states and can have work periods across the EU recognized for long-term residency eligibility. This is an important improvement over restarting the count for the length of stay qualifying for permanent residency after any move between two member states, as this imposes a significant additional mobility cost. To support start-ups and small and medium-sized enterprises, the reform also eased requirements for employers in smaller companies to hire Blue Card holders.

MANAGING LOW-SKILLED IMMIGRATION

The European Union and its member states have in recent years increasingly opened ways for legal labor migration also to low-skilled workers and to seasonal workers, especially in agriculture. The EU has also

negotiated Mobility Partnerships with several countries, pioneered by agreements with Ukraine (2007), Moldova (2008), and Georgia (2009). The aim of these partnerships is to enhance legal migration pathways and strengthen cooperation on return and readmission of irregular migrants.² Subsequently, the EU has agreed Mobility Partnerships also with many African and Middle Eastern countries, like Morocco, Tunisia, and Jordan.³

Germany's West Balkan Regulation allows an annual quota of citizens of Albania, Bosnia-Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia to apply for a German work visa, provided that they have not received any payments as asylum seekers during the previous 24 months.⁴ It was a success story: the number of asylum seekers from these countries was reduced significantly after the legal pathway was opened. The quota was doubled to 50,000 in 2024 and involves a lottery for visa appointments to manage overdemand.⁵ This regulation could serve as a framework for other EU member states, to complement union-wide programs. Furthermore, such work visas could be granted jointly to a coalition of welcoming countries. This would allow more efficient matching between low-skilled migrants and jobs and, at the same time, allow those countries that do not welcome low-skilled work migrants to opt out.

RECOGNIZING QUALIFICATIONS

Overall, European regulations concerning skilled migration strike a good balance between common European interests and the diverging preferences of EU member states. Member states that want to have more skilled migration can set a lower salary threshold for the EU Blue Card, while those with higher unemployment that are more concerned about the potential negative effects of additional immigration on the native workforce can set a higher threshold. The biggest regulatory challenge in terms of immigration of skilled workers is the recognition of their qualifications, as well as evaluating what counts as qualified employment for those who apply based on professional work experience in their field.

When it comes to regulated professions like medical doctors and nurses, it is crucial that qualifications are quality checked, but there are big differences in how efficient the process can be. In Germany, for example, recognizing nursing qualifications is a state-level decision, leading to a situation in which nurses graduating from the same course in a non-EU country but having job offers from different states have

their qualifications evaluated by each state. This is an inefficient use of administrative resources, further increasing waiting times. An efficient solution would be to have the applications pooled and evaluated together. Furthermore, it would be desirable to carefully consider for which professions formal approval of qualifications is needed. For medical professionals, electricians, and other occupations in which a lack of proper knowledge can have fatal consequences, regulation is surely needed. In other professions, like being a baker, it would be more efficient to let the employer evaluate the qualifications than to have a governmental authority evaluate whether the applicant has sufficient job experience, especially as verifying the documentation to prove this can be impossible.

MANAGING HUMANITARIAN IMMIGRATION

The case for a common EU policy is strongest when it comes to humanitarian immigration and border control. Border control is a classic example of a public good: all EU countries benefit from border controls, which is why it is justified that countries that are not entry points for irregular migrants also participate in financing the cost of border controls at the EU's external borders. This is the main motivation behind the European Border and Coast Guard Agency, FRONTEX, whose mission is to support EU member states and non-EU countries that are part of the Schengen area in managing the EU's external borders and in fighting cross-border crime. Most of the support is provided in the Mediterranean, where most irregular arrivals take place. However, providing asylum to qualified applicants is also a global public good. When one country provides asylum to a refugee, this benefits not only that refugee but also other countries that care about alleviating the global refugee crisis, whether for altruistic motives toward refugees, or for political reasons, or both.

To see how providing asylum for qualified applicants can be seen as a private provision of a global public good, assume first a counterfactual situation in which each country can freely decide how many refugees it provides asylum for, and that there is a set of safe countries that agree on who qualifies as a refugee. In a decentralized equilibrium, it is in the interest of every country to equalize its marginal cost of hosting one more refugee with its marginal benefit of reducing the global number of refugees by one person. From a global efficiency perspective, instead, it would be efficient for countries hosting refugees to accept refugees to the extent that their marginal costs of hosting refugees would equal the global marginal benefit of providing one more refugee asylum in a participating host country. Also, the marginal costs of hosting refugees would be equalized between participating countries, with compensation payments to those taking a bigger share of refugees. The globally efficient solution would lead to many more refugees

² https://home-affairs.ec.europa.eu/policies/international-affairs/collaboration-countries/eastern-partnership/mobility-partnerships-visa-facilitation-and-readmission-agreements_en.

³ https://home-affairs.ec.europa.eu/policies/international-affairs/collaboration-countries/southern-mediterranean_en.

⁴ <https://www.arbeitsagentur.de/unternehmen/arbeitskraefte/fachkraefte-ausland/westbalkanregelung>.

⁵ <https://www.germany-visa.org/news/germany-to-double-annual-work-visa-quota-for-western-balkans-from-june-1/>.

obtaining asylum than the decentralized solution in which each country makes its own decisions.

Achieving a globally optimal solution is complicated, however. First, countries may differ in their private valuation of helping a refugee to find asylum in safety. If they do, they have an incentive to understate their valuation to reduce the expected contribution they would have to provide. Second, countries may differ in their views on who qualifies for asylum. Third, countries differ in their preferences on whom among the qualified refugees to host. Fourth, countries differ in the policies they pursue to integrate the refugees they take in.

To address the first two challenges, the 1951 Refugee Convention defines who qualifies as a refugee and formalizes their rights as well as the responsibilities of countries that grant asylum. The EU has complemented this framework by creating the Common European Asylum System (CEAS). It establishes standards for the treatment of asylum seekers, setting minimum conditions regarding the asylum application process and how to accommodate asylum seekers. Establishing minimum standards for the asylum process can also help with refugee integration. This still leaves the third and the fourth challenge. CEAS also somewhat addresses the fourth challenge by establishing minimum standards but leaves the third challenge unanswered.

For an example of how establishing common minimum standards on the treatment of asylum seekers impacts the subsequent integration of those refugees who are allowed to stay, consider experience with employment bans that prevent asylum seekers from entering the local labor market upon arrival. Fasani et al. (2021) collected data on employment restrictions across 19 European countries over time, alongside individual data on refugees who arrived in European countries from 1985 to 2012, to investigate the effects of employment bans. Their causal identification is based on staggered implementation and removal of the bans. They find that refugees who experienced a ban upon arrival were considerably less likely to be employed during the post-ban period. Marbach et al. (2018) leverage a natural experiment in Germany, where a court ruling resulted in a shorter employment ban. Longer employment bans considerably slowed down the economic integration of refugees.

MATCHING REFUGEES AND HOST COUNTRIES

During the Syrian Civil War, Poland and other Eastern European member states were often criticized for being reluctant to take refugees from Syria or other majority Muslim countries. The situation has been dramatically different with Ukrainian refugees, with Poland being initially the main host country, ahead of the much bigger Germany. Although the number of Ukrainian refugees in Germany now exceeds the number in Poland, Poland hosts still considerably

more relative to its population. Many other Eastern European member states also take more Ukrainian refugees relative to their population than Western European member states. Partly, this reflects much closer cultural and linguistic proximity with Ukraine, giving Ukrainian refugees better integration prospects than refugees from majority Muslim countries who speak a language that differs greatly from the host country's language.

Trying to maintain a higher share of refugees from Muslim countries in Eastern European member states reluctant to host them would require then overruling both refugees' preferences and those of host countries. An alternative is suggested by Fernández-Huertás Moraga and Rapoport (2015). They propose a market for tradable quotas on both refugees and asylum seekers between EU member states, combined with a matching mechanism linking countries' and migrants' preferences. The new EU policies on refugee resettlement establish EU-wide priorities, such as resettling refugees from specific regions or countries based on global needs and EU policy objectives. This allows member states to retain sovereignty over the number of refugees they resettle but requires them to commit to shared objectives.

ATTITUDES MATTER FOR INTEGRATION

While those that criticize Eastern European member states for welcoming Ukrainians more warmly than Syrians accuse them of discrimination based on religion, a system that tried to force the same nationality distribution of refugees in all EU countries would be inefficient. Refugees assigned to a less welcoming country would be less likely to integrate successfully and would most likely want to relocate to a more welcoming country as soon as possible. Aksoy et al. (2023) analyze the effect of local initial conditions on refugee integration in Germany, focusing on asylum seekers who arrived in Germany in 2013–2016, with Syrians, Afghans, and Iraqis being the largest groups. Their causal identification is based on random assignment of refugees into federal states. Each asylum seeker is registered upon arrival. They are then assigned to an initial reception center in one of Germany's 16 federal states, using the computerized EASY (Initial Distribution of Asylum Seekers) system. The system defines which federal state will be responsible for a given asylum seeker anonymously with the aim of allocating to each state a share of asylum seekers proportionately, such that two-thirds of asylum seekers are allocated relative to each state's share of total tax revenues and one-third according to each state's share of total population. Crucially



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for this identification, asylum seekers do not have the option of expressing a wish as to where they would like to be sent. States then distribute asylum seekers to counties, usually relative to counties' population shares.

Aksoy et al. (2023) analyze how the local unemployment rate and attitudes toward immigrants at the time of arrival influence refugees' integration outcomes. To measure native residents' sentiments toward immigrants, they use two alternative measures: geo-coded Twitter data, which provides a "negative sentiment index," and the far-right vote share. Their results show that attitudes toward immigrants are about as important as local unemployment rates in shaping refugees' integration outcomes. An increase of one standard deviation either in unemployment (corresponding to a 0.98 percentage points higher unemployment rate) or in the negative sentiment index predicts a five percentage points lower probability of refugees being employed in 2016–2018. A one percentage point increase in the far-right vote share predicts a three percentage points lower probability that refugees will subsequently be in employment or education. Importantly, these effects are also present when local unemployment rates are controlled for.

POLICY CONCLUSIONS

With aging populations, EU countries increasingly need not only high-skilled but also low-skilled immigrants. At the same time, EU countries face challenges related to humanitarian migration and irregular migration. Mobility Partnership agreements with origin and transit countries create synergies by addressing these challenges jointly. It is efficient to let member states decide themselves how many low-skilled work visas they wish to grant to applicants from each partner country, taking into account their own labor market

needs. When it comes to high-skilled migration, the main challenges relate to making the EU sufficiently attractive relative to alternative destinations.

Given that the initial conditions have such a strong effect on refugee integration outcomes within one country, as Aksoy et al. (2023) find, it is likely that the effects would be even stronger in the case of refugee location across EU member states, which differ much more from each other than German federal states. Therefore, common quotas to allocate asylum seekers across EU countries are not a good idea. Forcing asylum seekers to an unwelcoming country would risk trapping them in poverty and social isolation.

Providing financial assistance to countries that take more than their share of asylum seekers is justified on both fairness and efficiency grounds. Also, supporting the resettlement of asylum seekers in countries close to their home country is likely to be a cost-effective investment in terms of integration outcomes relative to money spent. It is also less likely to result in a populist backlash than trying to force quotas. Furthermore, support for resettlement and refugee integration should be combined with efforts to reduce irregular migration by opening legal pathways to come to work in Europe, also for low-skilled migrants.

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