

**SHORTAGE OF HIGH-SKILLED LABOUR IN THE EUROPEAN UNION:  
FIGHT FOR HIGH-SKILLED IMMIGRANTS**

**By**

**SUMIC, Vesna**

**THESIS**

Submitted to

KDI School of Public Policy and Management

in partial fulfillment of the requirements

for the degree of

**MASTER OF PUBLIC POLICY**

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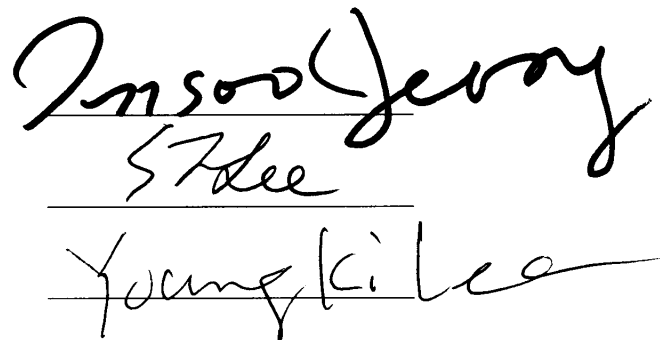
MASTER OF PUBLIC POLICY

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The image shows three handwritten signatures in black ink, each written over a horizontal line. The first signature is 'Insoo Jeong', the second is 'Seung-Joo Lee', and the third is 'Young-Ki Lee'.

Approval as of May, 2013

## **ABSTRACT**

### **SHORTAGE OF HIGH-SKILLED LABOUR IN THE EUROPEAN UNION**

#### **– FIGHT FOR HIGH-SKILLED IMMIGRANTS**

**By**

**Vesna Sumic**

The European Union receives most of the world's low-skilled immigrants and a very small amount of the world's high-skilled immigrants. In order to attract more high-skilled immigrants the European Union launched a new high-skilled labour policy in 2009; the Blue Card policy, which is the first attempt to address high-skilled labour immigration on the European Union level. The analysis, to determine if this policy will be sufficient in attracting high-skilled immigrants to the European Union, included comparison of the United Kingdom's, Germany's and Sweden's high-skilled labour immigration policies with such policies of the United States of America, Canada and Australia, since the latter three countries are countries with the most high-skilled immigrants. The analysis showed that, in order to attract high-skilled immigrants, the European Union needs to focus more on the economic policies development and on the creation of favourable social and labour conditions instead of on the high-skilled labour immigration policy development. Furthermore, the European Union should improve labour access for high-skilled immigrants, make it easier for them to move across the European Union and let its market function freely; this kind of market together with the well design economic policies should attract high-skilled immigrants to the European Union.

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## 1. INTRODUCTION

High-skilled workers, workers with at least a tertiary education and a skill in certain occupations, have in the recent years become a commodity for which there is a worldwide competition. As will be showed later on in this thesis, developed countries need many high-skilled workers and traditionally these workers are mostly migrating to the United States of America (the USA), Canada and Australia.<sup>1</sup>

Likewise, the European Union (the EU) is in the need of high-skilled immigrants. Its high-skilled labour shortage is caused firstly by its aging population and its low internal labour mobility from one Member State<sup>2</sup> to another. For example, the Association of German Engineers reported in June 2011 that Germany needs 76,400 engineers which is an increase in comparison to the previous years.<sup>3</sup> The EU as a whole suffers from the insufficient number of experts in the fields of “science, technology, engineering and mathematics (STEM)”<sup>4</sup>, according to the web portal “Business Europe”.<sup>5</sup>

Member States have been implementing their own measures to cover their high-skilled labour shortage but those measures such as labour adapted courses, workers’ relocation, workers’ retraining<sup>6</sup> and encouraging people to study science<sup>7</sup>, have been ineffective so far. The EU

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<sup>1</sup> International. World Bank. Malaysia Economic Monitor. April 1. 2011. 13 October 2012 [http://siteresources.worldbank.org/INTMALAYSIA/Resources/324392-1303882224029/malaysia\\_ec\\_monitor\\_apr2011\\_ch3.pdf](http://siteresources.worldbank.org/INTMALAYSIA/Resources/324392-1303882224029/malaysia_ec_monitor_apr2011_ch3.pdf)

<sup>2</sup> The term “Member State” refers to a country which is a part of the EU.

<sup>3</sup> Blau, John. Germany Faces a Shortage of Engineers. September 2011. 13 October 2012 <http://spectrum.ieee.org/at-work/education/germany-faces-a-shortage-of-engineers>

<sup>4</sup> International. BUSINESSEUROPE. Plugging the skills gap – The clock is ticking, page 2. 18 May 2011. 13 October 2012 [http://www.spcr.cz/files/Publication\\_skills\\_in\\_STEM\\_May\\_2011.pdf](http://www.spcr.cz/files/Publication_skills_in_STEM_May_2011.pdf)

<sup>5</sup> IBID

<sup>6</sup> Sweden. The Local. Sweden risks facing severe labour shortages. 22 December 2009. 13 October 2012 <http://www.thelocal.se/24004/20091222/>

<sup>7</sup> Belgium. inGenious Science, web portal. inGenious Press Conference. 13 October 2012 <http://ingenious-science.eu/web/guest/press-release>

realized that if it doesn't provide enough high-skilled immigrants it will fall behind in development and economic growth and thus it decided to import high-skilled labour from outside the EU. Until 2009 every Member State had its own high-skilled labour immigration policy and in 2009 the EU launched a unique high-skilled labour immigration policy called the Blue Card policy. Only three Member States decided not to implement this policy; the United Kingdom (the UK), Ireland and Denmark.

The Blue Card policy focuses on the Blue Card which is a work visa and at the same time a residence permit for high-skilled immigrants who possess required minimum salary and required qualifications, educational or other.<sup>8</sup> The Blue Card policy allows high-skilled immigrants to apply for a work permit for the time period of up to four years in the case "if they have a job offer with a salary at least 50 per cent higher than the average wage" in that Member State.<sup>9</sup> This work permit is renewable and can lead to the permanent residence status. Also, the blue card holder is granted most of the rights that the EU citizens have, like favourable family reunion and social security.<sup>10</sup>

Research questions that this thesis will cover are as follows. Is the Blue Card policy an efficient way to solve the EU's high-skilled labour shortage? What are the reasons why world's experts prefer to go to the USA, Canada and Australia instead of to the EU? Will the Blue Card policy change the movement of the world's high-skilled labour and encourage the world's brains to move to the EU instead of to the aforementioned countries and, if not, what might?

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<sup>8</sup> Germany. Federal Office for Migration and Refugees. [The EU Blue Card](http://www.bamf.de/EN/DasBAMF/Aufgaben/BlaueKarte/blauekarte-node.html). 7 August 2012. 7 December 2012 <http://www.bamf.de/EN/DasBAMF/Aufgaben/BlaueKarte/blauekarte-node.html>

<sup>9</sup> Wogart, Jan Peter and Schüller, Margot. [The EU's Blue Card: Will It Attract Asia's Highly Skilled?](http://www.giga-hamburg.de/dl/download.php?d=/content/publikationen/pdf/gf_international_1103.pdf). page 2. 2011. 4 December 2012 [http://www.giga-](http://www.giga-hamburg.de/dl/download.php?d=/content/publikationen/pdf/gf_international_1103.pdf)

[hamburg.de/dl/download.php?d=/content/publikationen/pdf/gf\\_international\\_1103.pdf](http://www.giga-hamburg.de/dl/download.php?d=/content/publikationen/pdf/gf_international_1103.pdf)

<sup>10</sup> IBID

To answer these questions this thesis will focus on six countries; Germany, Sweden, the UK, the USA, Canada and Australia, for the reasons that will be addressed in the next chapter. Finally, this thesis will offer recommendations for the EU's high-skilled labour shortage solution.

The thesis statement that this thesis will try to prove is that, in order to attract high-skilled immigrants, the EU needs to focus more on the economic policies development and on the creation of favourable social and labour conditions instead of on the high-skilled labour immigration policy development; once the efficient economic policies are implemented, and favourable social and labour conditions are created high-skilled immigrants will migrate more to the EU.

In detail, this thesis will try to prove that the EU should primarily focus on solving some of its current problems such as to increase the skill (wage) premium (the ratio between salaries of unskilled and skilled/high-skilled workers<sup>11</sup>). Furthermore, the EU should choose multiculturalism as a way of immigrants' integration, increase internal labour mobility from one Member State to another and encourage the market to play its role. High-skilled immigrants are attracted to countries with stable environment which allows them to continue their education, do research and innovation, and undergo self-improvement.

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<sup>11</sup> Bertoli Simone, Brücker Herbert, Facchini Giovanni, Mayda Anna Maria and Peri Giovanni. The Battle for Brains: How to Attract Talent, page 58. 23 May 2009. 10 June 2012  
<http://www.frdb.org/upload/file/Bruckeretal.pdf>

## 2. THESIS FOCUS

As will be showed later on, this thesis will focus on one specific way of high-skilled labour shortage coverage; high-skilled labour immigration. Some of the other ways of high-skilled labour shortage coverage will be briefly described, but this specific one will be the main focus of this thesis.

Likewise, this thesis will focus on high-skilled labour immigration in Germany, Sweden, the UK, the USA, Canada and Australia. The Member States in focus are chosen for their significance on the EU level. To focus on all Member States would be too broad and too demanding due to the number of these States (at the time when this thesis was written the EU had 27 Member States) and due to their different experiences with high-skilled labour immigration.

Germany is the EU's biggest economy, according to Reuters<sup>12</sup>, and needs many high-skilled immigrants as will be showed later on. Sweden is specific because it is a welfare state, which will be also showed later on. The UK is a good EU high-skilled labour immigration representative because it has a very significant intake of high-skilled immigrants, which is visible in Table 1<sup>13</sup>. In Table 1, which derived its data from the data given in the article “The Battle for Brains: How to Attract Talent” written by Simone Bertoli, Herbert Brücker, Giovanni Facchini, Anna Maria Mayda and Giovanni Peri, after the UK Germany has the

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<sup>12</sup> International. Reuters. Euro zone economy fall deeper than expected into recession. 14 February 2013. 25 February 2013 [http://articles.washingtonpost.com/2013-02-13/business/37067136\\_1\\_free-trade-endorsement-steffen-seibert](http://articles.washingtonpost.com/2013-02-13/business/37067136_1_free-trade-endorsement-steffen-seibert)

<sup>13</sup> Bertoli Simone, Brücker Herbert, Facchini Giovanni, Mayda Anna Maria and Peri Giovanni. The Battle for Brains: How to Attract Talent, page 27. 23 May 2009. 10 June 2012 <http://www.frdp.org/upload/file/Bruckeretal.pdf>

highest intake of high-skilled immigrants. This is an additional reason for Germany to represent the EU when discussing high-skilled labour immigration. Table 1 also shows that the UK and Germany represent more than 50 percent of the high-skilled immigrants' intake from the involved countries in 2001. Since Table 1 is from 2001 it doesn't give the most recent data, but more recent data was not available. Likewise, Table 1 doesn't include all Member States of the time, because this table was created from the data gathered for the OECD countries; just OECD countries that were also Member States in 2001 are included in this table. However, this table does include the most developed (with the highest gross domestic product - GDP per capita) Member States of the time, according to a Central Intelligence Agency – CIA's database<sup>14</sup> and thus this table is considered credible.

Another reason why Germany, Sweden and the UK are representing the EU is that not all of them are implementing the Blue Card policy; Germany and Sweden are, but the UK is not. This way these countries' specific situations will be explored and the UK's different high-skilled labour immigration policy will give an additional perspective to the answering of the research questions.

Table 1 Number of high-skilled immigrants in selected countries in 2001

	High-skilled immigrants
Austria	103,211
Belgium	99,770
Denmark	39,635
Finland	21,211
France	608,985
Germany	1,020,755
Greece	64,784
Hungary	12,545
Ireland	115,721

<sup>14</sup> The USA. Central Intelligence Agency – CIA. *The world factbook*. 15 January 2013 <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2004rank.html>

Italy	142,418
Luxembourg	21,772
the Netherlands	393,891
Portugal	27,488
Spain	294,040
Sweden	195,869
the UK	1,233,421
Total	4,551,913

Source: Simone Bertoli, Herbert Brücker, Giovanni Facchini, Anna Maria Mayda and

Giovanni Peri

Regarding the non-EU countries in focus, the USA, Canada and Australia, as will be proved later on, these countries have the biggest intake of high-skilled immigrants in the world and thus it is valuable to analyse their high-skilled labour immigration practices and experiences. The analyses will show what makes them so attractive to high-skilled immigrants and whether the EU could learn from their examples.

### 3. IMPORTANCE OF HIGH-SKILLED WORKERS

According to Walter Ewing's (he is a senior researcher at the "Immigration Policy Center" of "the American Immigration Council", in the USA) report on the topic of "economic contributions of high-skilled immigrants", developed countries need many high-skilled workers to perform their high-skilled jobs for which they often don't have enough workers of their own. Significantly, high-skilled workers are mostly needed in the STEM fields. Nowadays it has been widely accepted that these workers create new jobs through innovation and entrepreneurship and that they boost economic growth.<sup>15</sup>

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<sup>15</sup> The USA. The American Immigration Council, Immigration Impact. New Report Highlights Economic Contributions of High-Skilled Immigrants. 18 August 2010. 13 July 2012  
<http://immigrationimpact.com/2010/08/18/new-report-highlights-economic-contributions-of-high-skilled-immigrants/>



Figure 1<sup>16</sup> show the connection between the tertiary education and economic growth; raise in the number of holders of tertiary education (high-skilled workers) causes a raise in the economic growth; in GDP per capita.

Figure 1 Connection between the tertiary education and economic growth



Source: The World Bank

#### 4. NECESSARY MIGRATION OVERVIEW

In order to address this specific form of immigration to the EU, it is necessary to give basic information regarding European emigration and immigration, from the historical perspective and from the modern perspective. Trends in these areas have influence on the EU's high-skilled labour immigration.

<sup>16</sup> International. World Bank. Putting higher education at work. 12 October 2011. 13 July 2012  
<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/0,.contentMDK:22535968~pagePK:146736~piPK:226340~theSitePK:226301,00.html>

## 4.1. General European Migration

Since the EU was formed in 1951, in this chapter the migration is referred to as “the European migration”, because this chapter includes also the time period before 1951.

Furthermore, to show the general trends of the European migration, this chapter doesn't completely distinguish between the migration that originated in the EU from the one that originated outside the EU, nor does it distinguish the high-skilled migration from other kinds of migration. In addition, it doesn't distinguish the reasons for migration, so it involves labour migrants, asylum seekers, refugees and other kinds of migrants. However, it does give a significant overview of the historical and recent migration trends in Europe, as follows.

### 4.1.1. Definition of Migration

“Migration is a cross-border movement of people for purposes of employment in a foreign country”<sup>17</sup> and it “is influenced by a combination of economic, political and social factors, either in a migrant's country of origin (push factors) or in the country of destination (pull factors).”<sup>18</sup> The country of origin will later on be referred to as the sending country and the country of destination as the receiving country.

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<sup>17</sup> Fadeyi, A. O. Social Economic Factors in Cross-Border Labour Migration in Nigeria. January 13 2013 <http://www.ilo.org/public/english/iira/documents/congresses/regional/lagos2011/5thsession/session5c/socio-economic.pdf>

<sup>18</sup> International. European Commission, Eurostat. Migration and migrant population statistics. December 2012. January 13 2013 [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Migration\\_and\\_migrant\\_population\\_statistics](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Migration_and_migrant_population_statistics)

#### 4.1.2. History of European Migration

“From a historical perspective, immigration to Europe is a relatively new phenomenon. Most European countries have been countries of emigration, some of them until fairly recently.”<sup>19</sup>

Between 1820 and 1914 over 50 million people emigrated from Europe to Canada, the USA and South America. At first, most of the migrants were from the UK, but soon those from Scandinavia, Germany and other north-western European countries joined. Then, in the 1880s many people emigrated from Eastern and Southern Europe. Emigration from Europe significantly declined after 1914. Starting with the 1950s, European countries started becoming countries of immigration, rather than emigration, due to the post-war labour shortage in Europe and due to its colonial history. Then most of immigrants settled in Western Europe, but nowadays also Central and Eastern Europe are receiving many immigrants.<sup>20</sup>

#### 4.1.3. Colonial Ties

The fact is that global migration follows colonial footsteps and that people from former colonies migrate mostly to the countries that were their colonizers. In that manner, for example, people from Surinam mostly migrate to the Netherlands and people from Martinique mostly migrate to France.<sup>21</sup> Traditionally, most of the immigrants in France, from outside Europe, come from Algeria, Morocco and Tunisia, as showed in the Table 2 that

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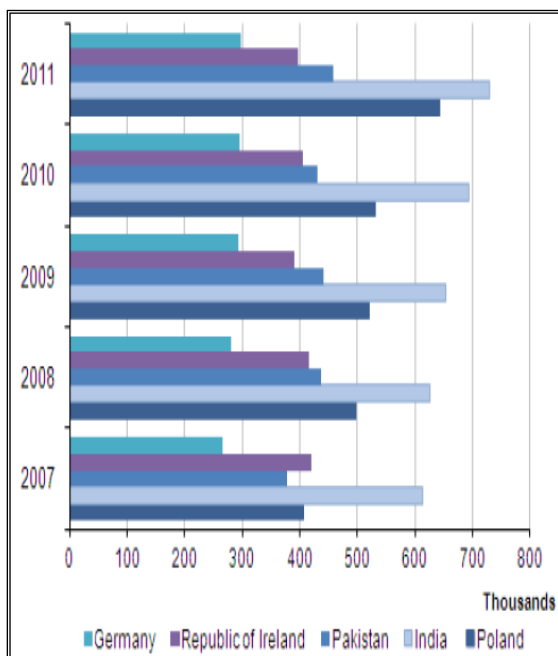
<sup>19</sup> International. European Commission. Labour Migration Patterns in Europe: Recent Trends, Future Challenges pages 4-5. September 2006. November 17 2012  
[http://ec.europa.eu/economy\\_finance/publications/publication644\\_en.pdf](http://ec.europa.eu/economy_finance/publications/publication644_en.pdf)

<sup>20</sup> International. European Commission. Labour Migration Patterns in Europe: Recent Trends, Future Challenges, page 5. September 2006. November 17 2012  
[http://ec.europa.eu/economy\\_finance/publications/publication644\\_en.pdf](http://ec.europa.eu/economy_finance/publications/publication644_en.pdf)

<sup>21</sup> International. Network Migration in Europe e.V., Migration Citizenship Education. The Legacy of Empire. Post-Colonial Immigrants in Western Europe. November 13 2012 <http://migrationeducation.de/51.0.html>

shows immigration trends in France in the time period between 1990 and 2005. In 2009 most of the immigrants in Portugal, from outside Europe, came from Brazil, Cape Verde, Angola and Guinea Bissau.<sup>22</sup> In 2011 most of the immigrants in Spain, from outside Europe, after Morocco, came from Ecuador, Colombia and Bolivia.<sup>23</sup> In the same tone, in 2011 most of the UK's immigrants, who originated from outside Europe, came from India and Pakistan, previous UK's colonies, as showed in the Figure 2 that shows top 5 citizenships for the immigrants residing in the UK in 2011.<sup>24</sup>

Figure 2 Immigrants in the UK, 2011



Source: Office for National Statistics<sup>25</sup>

Table 2 Immigrants in France, 1990 - 2005

Country of birth	Foreign-born population in 1990		Foreign-born population in 1999		Foreign-born population in 2004-2005	
	Abs.	%	Abs.	%	Abs.	%
Portugal	600,000	14.4	572,000	13.2	565,000	11.5
Italy	484,000	11.6	379,000	8.8	342,000	6.9
Spain	397,000	9.5	316,000	7.3	280,000	5.7
Portugal + Italy + Spain	1,481,000	35.5	1,267,000	29.3	1,187,000	24.1
Turkey	168,000	4.0	174,000	4.0	225,000	4.6
Germany	114,000	2.7	123,000	2.8	128,000	2.6
Poland	129,000	3.1	99,000	2.3	90,000	1.8
Belgium	92,000	2.2	93,000	2.2	102,000	2.1
Algeria	558,000	13.4	574,000	13.3	677,000	13.7
Morocco	457,000	11.0	523,000	12.1	619,000	12.6
Tunisia	207,000	5.0	202,000	4.7	220,000	4.5
Algeria + Morocco + Tunisia	1,222,000	29.3	1,299,000	30.1	1,516,000	30.8
Other African country	273,000	6.6	393,000	9.1	570,000	11.6
Other country	687,000	16.5	872,000	20.2	1,106,000	22.5
Total	4,166,000	100.0	4,310,000	100.0	4,924,000	100.0

Source: IMISCOE<sup>26</sup>

<sup>22</sup> Portugal. Instituto Nacional de Estatística, Statistics Portugal. *Estatísticas Demográficas 2009*, page 27. 2010. November 13 2012

[http://www.google.hr/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&ved=0CCQOFjAB&url=http%3A%2F%2Fwww.ine.pt%2Fngt\\_server%2Fattachfileu.jsp%3Flook\\_parentBoui%3D102686145%26att\\_display%3Dn%26att\\_download%3Dy&ei=IVeiUJGyJsW0tAbk7YD4DQ&usq=AFQjCNEkyTBDZO-a4cYAnXaSLXkjRBNpTg&sig2=2w7BxS06-3km8KfbxOzNyg](http://www.google.hr/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&ved=0CCQOFjAB&url=http%3A%2F%2Fwww.ine.pt%2Fngt_server%2Fattachfileu.jsp%3Flook_parentBoui%3D102686145%26att_display%3Dn%26att_download%3Dy&ei=IVeiUJGyJsW0tAbk7YD4DQ&usq=AFQjCNEkyTBDZO-a4cYAnXaSLXkjRBNpTg&sig2=2w7BxS06-3km8KfbxOzNyg)

<sup>23</sup> Spain. Instituto Nacional de Estadística. *Avance del Padrón municipal a 1 de enero de 2011*. 4 April 2011. November 13 2012 <http://www.ine.es/prensa/np648.pdf>

<sup>24</sup> The UK. The Migration Observatory at the University of Oxford. *Migrants in the UK: An Overview*. 15 May 2012. November 25, 2012 <http://www.migrationobservatory.ox.ac.uk/briefings/migrants-uk-overview>

<sup>25</sup> The UK. Office for National Statistics. *Population by Country of Birth and Nationality Estimates, Frequently Asked Questions*, page 4. August 2012. November 13 2012 <https://www.google.hr/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CCsQFjAA&url=http%3A%2F%2Fwww.ons.gov.uk%2Fons%2Fguide-method%2Fmethod-quality%2Fspecific%2Fpopulation-and->

On the given examples of France and the UK, it is safe to conclude that colonial ties have significant influence on the global migration trends.

#### 4.1.4. Recent Migration Trends in the EU

Based on the available data, here the focus is put on the migration trends in the EU in s 2008, 2010 and 2011, in order to show the recent trends in that area.

As seen in the Table 3, from the EU countries the EU received most immigrants from Romania, Poland and Germany and from non-EU countries the EU received most immigrants from Morocco, China and India in 2008.

Table 3 Top 10 citizenships for immigrants residing in the EU in 2008

THE EU COUNTRIES	NUMBER (IN 000s)	NON-EU COUNTRIES	NUMBER (IN 000s)
Romania	384	Morocco	157
Poland	302	China	97
Germany	196	India	93
The UK	146	Albania	81
France	126	Ukraine	80
Italy	105	Brazil	62
Bulgaria	92	The USA	61
The Netherlands	81	Turkey	51
Spain	61	Russian Federation	50
Belgium	48	Colombia	49

Source: Eurostat<sup>27</sup>

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[migration%2Finternational-migration-methodology%2Fpopulation-by-country-of-birth-and-nationality--frequently-asked-questions.pdf&ei=bPwcUYzgL4OA4gTjnoCgCQ&usg=AFQjCNEimDoFt8DrxToWECgk4YmQXndFXw&sig2=a8jJBTJzfHKzfWIrFWNOMA](https://www.oopen.org/2Fdownload%3Ftype%3Ddocument%26docid%3D340025&ei=Jf4cUfPAJM2M4gSz5oDIBg&usg=AFQjCNHhfOhHp6Tdiii9CtJVdOAOjfnfQ&sig2=K1SnyWA6jT_SYU5JvBkGrw)

<sup>26</sup> Fassmann Heinz, Reeger Ursula and Sievers Wiebke, *Concepts and Measurements of Migration in Europe*, page 73. 12 May 2009. November 13 2012

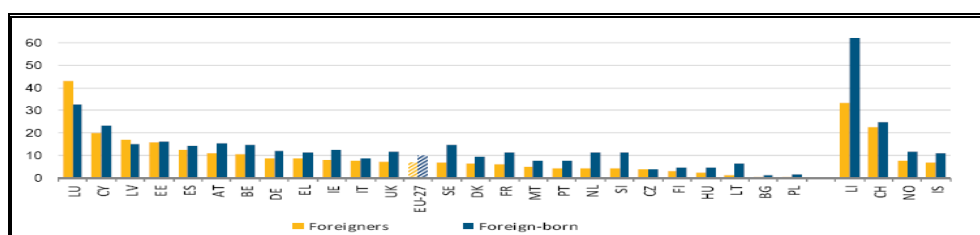
[https://www.google.hr/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&ved=0CDkQFjAC&url=http%3A%2F%2Fwww.oopen.org%2Fdownload%3Ftype%3Ddocument%26docid%3D340025&ei=Jf4cUfPAJM2M4gSz5oDIBg&usg=AFQjCNHhfOhHp6Tdiii9CtJVdOAOjfnfQ&sig2=K1SnyWA6jT\\_SYU5JvBkGrw](https://www.google.hr/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&ved=0CDkQFjAC&url=http%3A%2F%2Fwww.oopen.org%2Fdownload%3Ftype%3Ddocument%26docid%3D340025&ei=Jf4cUfPAJM2M4gSz5oDIBg&usg=AFQjCNHhfOhHp6Tdiii9CtJVdOAOjfnfQ&sig2=K1SnyWA6jT_SYU5JvBkGrw)

<sup>27</sup> International. European Commission, Eurostat. *Migrants in Europe, a statistical portrait of the first and second generation, 2011 edition*, page 18. 2011. November 13 2012

[http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-31-10-539/EN/KS-31-10-539-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-31-10-539/EN/KS-31-10-539-EN.PDF)

“There were 48.9 million foreign-born residents in the EU in 2011, 9.7% of the total population. Of these 48.9 million, 32.4 million were born outside the EU and 16.5 million were born in another EU Member State.”<sup>28</sup> The share of foreign-born residents was especially high in the Member States Cyprus, Luxembourg and Liechtenstein, and in the EFTA countries, which is visible from the Figure 3<sup>29</sup>. Just in the Member States Ireland, Luxembourg, Cyprus, Hungary and Malta foreign residents from another Member State outnumbered those from outside the EU.<sup>30</sup>

Figure 3 Percentage of foreigners and foreign born people in the EU in 2011



Source: Eurostat

When putting together data from 2008 and 2011, it is obvious that there is a trend in the EU immigration; most immigrants in the EU come from Romania, Turkey, Morocco and Poland, which is also visible in the Figure 4<sup>31</sup>. The Romanians reside as immigrants mostly in Italy (42 percent of them) and Spain (36 percent of them), Turks reside mostly in Germany (75 percent of them), Moroccans reside mostly in France, Spain and Italy (64 percent of them reside in these three countries) and the Poles reside most in the UK (64 percent of them).<sup>32</sup>

<sup>28</sup> International. European Commission, Eurostat. Nearly two-thirds of the foreigners living in EU Member States are citizens of countries outside the EU-27, page 1. 2012. 16 July 2012

[http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-SF-12-031/EN/KS-SF-12-031-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-12-031/EN/KS-SF-12-031-EN.PDF)

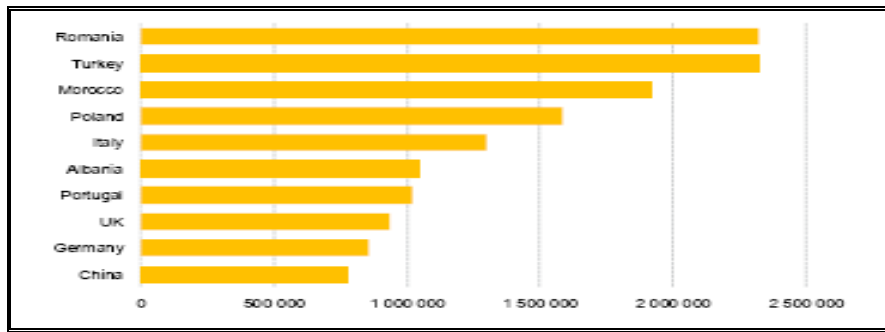
<sup>29</sup> IBID

<sup>30</sup> IBID

<sup>31</sup> IBID, page 2

<sup>32</sup> IBID

Figure 4 Top citizenships for the immigrants residing in the EU in 2011



Source: Eurostat, Population and Social Conditions

After the general European migration overview, the rest of this thesis will focus on the high-skilled labour migration.

## 4.2. High-Skilled Labour Migration

### 4.2.1. Definition of High-skilled Workers

Defining high-skilled workers is connected with certain difficulties, because there isn't a strict definition of high-skilled workers. This definition changes depending on its purpose. The most basic definition of high-skilled workers is that a high-skilled worker is a worker with at least a tertiary education (college level or higher). This definition is usually supplemented with additional requirements. For example, the National Science Foundation of the USA set the educational minimum at a doctoral level.<sup>33</sup> Usually are high-skilled workers defined as the holders of at least a tertiary education who are skilled in certain occupations (they have some kind of special knowledge and skill). For example, to get the H-1B visa (the

<sup>33</sup> Lowell, Lindsay. Highly Skilled Migration, page 52. 2008. 1 October 2012  
<http://www.iadb.org/intal/intalcdi/PE/2008/02382a04.pdf>

USA's visa for high-skilled workers) in the USA, one needs to have at least a Bachelor's degree and to find his/her occupation on the list of specific occupations.<sup>34</sup>

For the purpose of this thesis high-skilled workers are holders of at least a tertiary education who are skilled in certain occupations; like scientists, IT experts and engineers.

#### 4.2.2. The Origin of High-skilled Labour Migration

According to Sunita Dodani and Ronald E. LaPorte, the Journal of the Royal Society of Medicine's writers, "brain drain"<sup>35</sup> is defined as the migration of health personnel in search of the better standard of living and quality of life, higher salaries, access to advanced technology and more stable political conditions in different places worldwide."<sup>36</sup> Just like health personnel, other high-skilled workers migrate because of these reasons.

In their mentioned article "The Battle for Brains: How to Attract Talent" Bertoli, Brücker, Facchini, Mayda and Peri found that, setting aside sending countries' reasons such as war and poverty, "after tax, wages are the key determinant for the scale of high-skilled immigration as well as for total migration. The wage premium for education increases the share of high-skilled in the immigrant population strongly and is thus the main economic factor which affects the skill composition of this group. Similarly, changes in the immigration legislation which favours high-skilled immigrants relative to the less educated have a positive and strongly significant impact. Generous welfare benefits and labour market regulations, like stronger employment protection, increase the total inflow of migrants including the high-

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<sup>34</sup> IBID, page 53

<sup>35</sup> The term „brain drain“ refers to high-skilled workers who emigrate from their sending countries

<sup>36</sup> Dodani Sunita and LaPorte Ronald E. Brain drain from developing countries: how can brain drain be converted into wisdom gain? November 2005. 7October 2012  
<http://jrsm.rsmjournals.com/content/98/11/487.full>



skilled, but reduce the favourable skill-selectivity of the immigrant population. Finally, research and development expenditures have a strong positive impact on selecting the highly educated.”<sup>37</sup>

In addition, according to Ahmed Driouchi, Cristina Boboc and Nada Zouag from “Al Akhawayn University’s Institute of Economic Analysis & Prospective Studies in Morocco”, world development and globalization are increasing the emigration rates from the developing countries to the developed ones.<sup>38</sup> Furthermore, according to OECD’s article “International Mobility of the Highly Skilled”, high-skilled immigrants are also influenced by the self-employment, intellectual opportunities (like research, education and language courses), innovation and entrepreneurship possibilities in the receiving countries. However, some high-skilled workers migrate as a result of the pursuit of safety; they are escaping wars, economic breakdown or religious and political persecution. High-skilled immigrants are often found among asylum seekers and refugees.<sup>39</sup>

In general, migratory trends of high-skilled workers are the result of different political, economic, cultural, social, religious and linguistic reasons. Psychological reasons also play their role and so do each immigrant’s own personality and his/her personal goals and ambitions.<sup>40</sup> Although immigrants are mostly influenced by economic reasons, they will decide where to migrate also based on their informal connections; where they have family

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<sup>37</sup> Bertoli Simone, Brücker Herbert, Facchini Giovanni, Mayda Anna Maria and Peri Giovanni. The Battle for Brains: How to Attract Talent, page 44. 23 May 2009. 10 June 2012  
<http://www.frdp.org/upload/file/Bruckeretal.pdf>

<sup>38</sup> Driouchi Ahmed, Boboc Cristina and Zouag Nada. Emigration of Highly Skilled Labor: Determinants & Impacts, page 27. 16 September 2009. 7 October 2012 [http://mpa.ub.uni-muenchen.de/21567/1/MPRA\\_paper\\_21567.pdf](http://mpa.ub.uni-muenchen.de/21567/1/MPRA_paper_21567.pdf)

<sup>39</sup> International. The Organisation for Economic Co-operation and Development - OECD, Policy Brief. International Mobility of the Highly Skilled, pages 3 – 4. July 2002. 7 October 7 2012  
<http://www.oecd.org/science/innovationinsciencetechnologyandindustry/1950028.pdf>

<sup>40</sup> Dzvimbo, Kuzvinetsa Peter. The International Migration of Skilled Human Capital from Developing Countries, page 1. 23 – 25 September 2003. October 7 2012  
<http://www.geocities.ws/iaclaca/PushAndPullFactorsWorldBankReport.pdf>

members and friends.<sup>41</sup> In addition, according to Peri from the University of California, the geographical distance between the sending country and the receiving country is also relevant, although it is more relevant for unskilled immigrants than for high-skilled immigrants. High-skilled immigrants are ready to migrate further away for better opportunities, while the unskilled ones prefer to migrate to the neighbouring countries, Peri concludes.<sup>42</sup>

#### 4.2.3. The Trends of High-skilled Labour Migration

Nowadays high-skilled workers of all occupations are migrating; business executives and managers, IT experts, researchers, doctors, engineers, scientists and other. Some of them migrate on a temporary basis, but some migrate with a plan to permanently stay in the receiving country. For example, between 1990 and 2000 some 900,000 high-skilled workers immigrated to the USA on the H-1B visa, based on the OECD data.<sup>43</sup>

According to the International Organization for Migration, high-skilled labour migration to the EU grew from the beginning of the 1990s until 2001; at the beginning of this time period the percentage of high-skilled immigrants in the EU was 15 percent out of all immigrants it received and at the end of it the percentage was 25 percent out of all immigrants it received. In the USA, thank to the USA's Immigration Act of 1990, "which increased both permanent and temporary visas for highly skilled workers"<sup>44</sup>, the number of these immigrants in the USA grew faster than the one in the EU, which is visible in the Figure 5 that shows the

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<sup>41</sup> IBID, page 4

<sup>42</sup> Peri, Giovanni. International Migrations: Some Comparisons and Lessons for the European Union, page 13. December 2005. October 7 2012 [http://old.econ.ucdavis.edu/working\\_papers/06-36.pdf](http://old.econ.ucdavis.edu/working_papers/06-36.pdf)

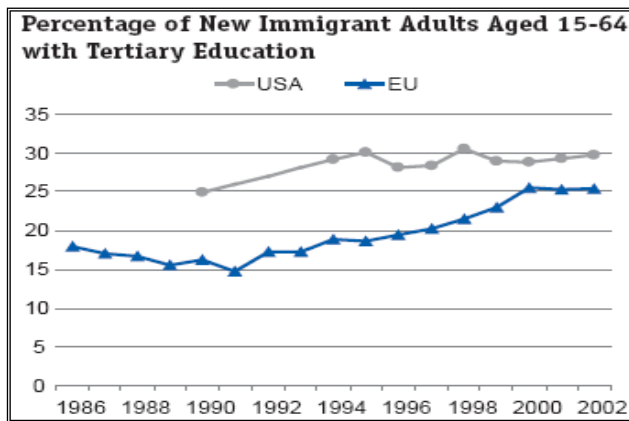
<sup>43</sup> International. The Organisation for Economic Co-operation and Development - OECD, Policy Brief. International Mobility of the Highly Skilled, page 2. July 2002. 7 October 7 2012 <http://www.oecd.org/science/innovationinsciencetechnologyandindustry/1950028.pdf>

<sup>44</sup> Lowell, Lindsay. Highly Skilled Migration, page 53. 2008. 1 October 2012 <http://www.iadb.org/intal/intalcdi/PE/2008/02382a04.pdf>

number of these immigrants in the USA and in the EU in the time period between 1986 and 2012.<sup>45</sup>

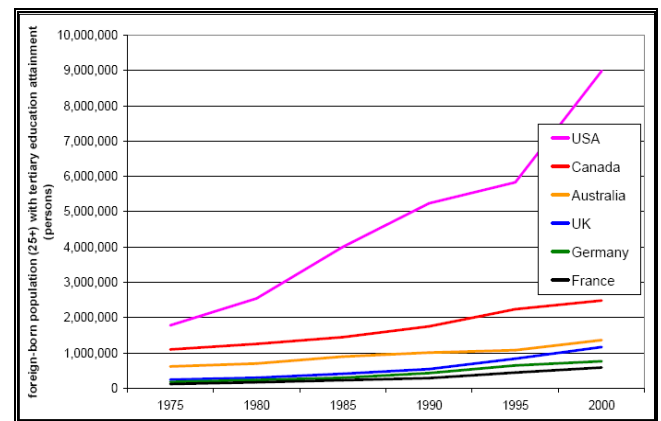
When comparing the USA, Canada, Australia, the UK, Germany and France, visible in Figure 6<sup>46</sup> that shows the number of high-skilled immigrants in those countries during the time period between 1975 and 2000, it is obvious that the USA, Canada and Australia have had for a significant time period more high-skilled immigrants than the mentioned EU countries.

Figure 5



Source: European Commission

Figure 6



Source: Bertoli and others

Most recent available data show that nowadays just 5 percent of high-skilled immigrants go to the EU and that 55 percent go to the USA. On the other side, the EU receives 85 percent of unskilled immigrants, while the USA receives just 5 percent of these immigrants.<sup>47</sup>

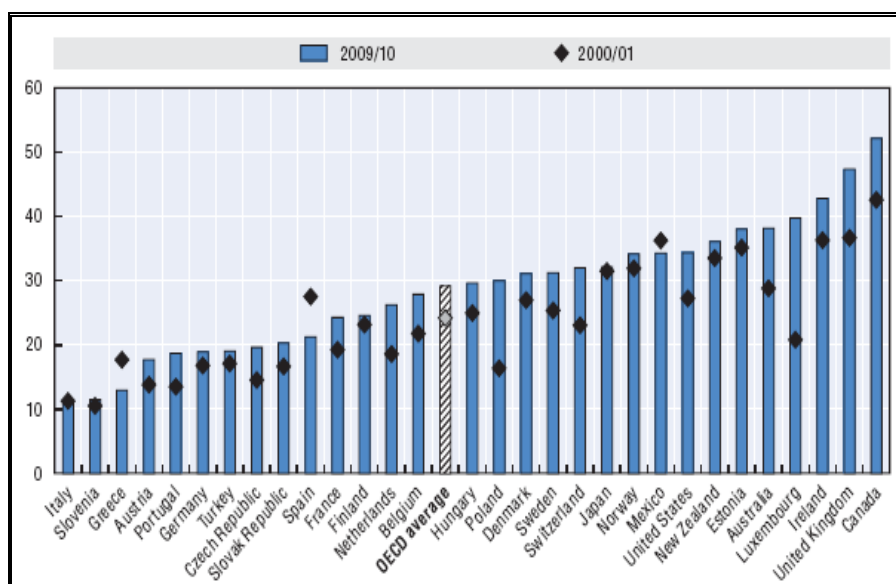
<sup>45</sup> IBID, pages 53-54

<sup>46</sup> Bertoli Simone, Brücker Herbert, Facchini Giovanni, Mayda Anna Maria and Peri Giovanni. The Battle for Brains: How to Attract Talent, page 27. 23 May 2009. 10 June 2012 <http://www.frdb.org/upload/file/Bruckeretal.pdf>

<sup>47</sup> The UK. Work Permit, web portal. European Union seeking skilled migrants with 'Blue Card'. 27 September 2007. 14 June 2012 <http://www.workpermit.com/news/2007-09-27/europe/frattini-blue-card-legislation-moving-forward.htm>

The rise of high-skilled immigrants in the countries in focus, and some other countries, in the time period between 2000/2001 and 2009/2010 is given in the Figure 7.<sup>48</sup> This figure shows that in the countries in focus, Germany had in this time period an insignificant rise in the number of high-skilled immigrants, Sweden had a bigger increase, the UK even bigger, and the non-EU countries had similar increase in the number of high-skilled immigrants where Canada had the biggest one. Based on this figure, among the countries in focus, Canada had the most high-skilled immigrants, then come the UK, Australia, the USA, Sweden and at the end Germany. Canada also has the highest percentage of high-skilled immigrants in the total number of immigrants; over 50 percent. On the other side, Germany has the smallest percentage; less than 20 percent of immigrants in Germany are high-skilled. This shows that Canada has the best experience when it comes to high-skilled labour immigration and Germany the worse among the countries in focus. Canada will be in special focus later on in this thesis and its experience in this area will be thoroughly analyzed.

Figure 7 Increase in number of high-skilled immigrants in selected countries



Source: DIOC, Labour Force Surveys

<sup>48</sup> International. OECD. International Migration Outlook 2012. 2012. 14 June 2012 <http://www.npdata.be/BuG/165-NV-A-migratie/OECD-Migration-Outlook-2012.pdf>

As for the origin of high-skilled immigrants in the EU, according to Bertoli, Brücker, Facchini, Mayda and Peri, at the moment immigrants from Asia are largest in number (they make 35 percent of the total global high-skilled immigrating population). After the Asian high-skilled immigrants are the high-skilled immigrants from Europe (they make 34 percent of the total global high-skilled immigrating population); most of them are from the EU Member States when the EU had 25 of them – before Bulgaria and Romania joined in 2007. After the Asian and European high-skilled immigrants are the high-skilled immigrants from North America, South America and the Caribbean (they make 23 percent of the total global high-skilled immigrating population) and after them are the African high-skilled immigrants (they make 7 percent of the total global high-skilled immigrating population).<sup>49</sup>

Since most of the Asian high-skilled immigrants come from developing countries it is not much of a surprise that they would emigrate and search for a better future, but it is a surprise that European high-skilled workers would do the same. Still, European high-skilled workers mostly migrate within the EU due to their open borders, common history and cultural similarities.<sup>50</sup> Thus, most of the European high-skilled labour migration happens between European countries, according to Bertoli and others.<sup>51</sup> In addition, Bertoli and others state that although Canada and the USA get most of their high-skilled immigrants from Asia, a large proportion of the high-skilled labour migration occurs between the countries in North America. Thus, although the USA and Canada receive most of their high-skilled immigrants

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<sup>49</sup> Lowell, Lindsay. Highly Skilled Migration, page 54. 2008. 1 October 2012  
<http://www.iadb.org/intal/inalcdi/PE/2008/02382a04.pdf>

<sup>50</sup> Bertoli Simone, Brücker Herbert, Facchini Giovanni, Mayda Anna Maria and Peri Giovanni. The Battle for Brains: How to Attract Talent, page 19. 23 May 2009. 10 June 2012

<http://www.frdb.org/upload/file/Bruckeretal.pdf>

<sup>51</sup> IBID, page 55

from Asia, they have the leading position of countries of high-skilled labour immigration due to the regional high-skilled labour migration. In that sense, the USA has 33 percent of high-skilled immigrants from the region; Mexico and Canada.<sup>52</sup>

Hence, high-skilled labour migration is the easiest (because of historical connections, reduced cost of moving and familiarity) between countries in the same region and close to home.

When there is a case of more distant migrations, like when Asians migrate to North America (the USA or Canada) historical connections and reasons often are the causes for it. Nowadays we can conclude that world high-skilled labour migration is regionally clustered, but it is also moving further. This happens not just because of the high-skilled labour shortage but also because local employers can easily attract those high-skilled immigrants from around the globe; thank to the globalization, it is easy to advertise and recruit workers from another part of the world.<sup>53</sup>

According to the International Labour Organization, it is likely that the number of migrants will rise, due to the fact that globalization is failing to provide economic opportunities and jobs in the developing countries. Worldwide, millions and millions of people are migrating and doing jobs abroad, from the manual ones to the ones in the IT sector. All together, these migrants form a huge population which is equal to what would be population of the fifth largest country in the world.<sup>54</sup>

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<sup>52</sup> IBID

<sup>53</sup> IBID

<sup>54</sup> International. International Labour Organization. Labour migration. 7 October 2012  
<http://www.ilo.org/global/topics/labour-migration/lang--en/index.htm>

## 5. HIGH-SKILLED LABOUR SHORTAGE IN THE EU

According to “the European Vacancy and Recruitment Report 2012”, the EU’s “overall labour demand is still affected by the recession, yet vacancies are hard to fill in the health, communication technology (ICT), engineering, sales and finance sectors.”<sup>55</sup> Actually, all STEM jobs are in demand. As stated in the report for the European Commission by the EU Skills Panorama Highlight, on the topic of the STEM workers shortage in the EU, “the current supply of STEM skills is not sufficient due to declining numbers of STEM graduates, continuing low achievement in science at schools, ageing of current STEM professionals, some negative perceptions about STEM related careers (such as lower pay) and increasing global competition for STEM graduates.”<sup>56</sup> Center for the Development of Vocational Training - CEDEFOP made an educated estimate on the future shortage of STEM and other high-skilled workers (Figure 9 shows future job opportunities in the EU by group in the time period between 2010 and 2020<sup>57</sup>) till 2020 and the estimate shows that this shortage will be significant. The “replacement needs” from this figure, according to the European CEDEFOP’s report on the topic of supply and demand of skills in Europe, refers to the needed number of these workers (and other in this figure) due to their absence from the work force (because of retirement, death or other reasons)<sup>58</sup>. It is obvious that these workers will be in high demand in the recent future. Another evidence of high-skilled workers is offered in

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<sup>55</sup> International. European Commission. New report shows recent developments in skills and labour demand during the recession. 7 December 2012. 15 January 2013  
<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1739&furtherNews=yes>

<sup>56</sup> International. European Commission, EU Skills Panorama. Science, technology, engineering and mathematics (STEM) skills, page 1. December 2012. 15 January 2013  
[http://euskillspanorama.ec.europa.eu/docs/AnalyticalHighlights/STEMskills\\_en.pdf](http://euskillspanorama.ec.europa.eu/docs/AnalyticalHighlights/STEMskills_en.pdf)

<sup>57</sup> Belgium. Bert Maes, web portal. Full Report: Skills Shortage EU. 8 September 2010. 15 August 2012  
<http://bertmaes.wordpress.com/report-skills-shortage/>

<sup>58</sup> International. European Centre for the Development of Vocational Training – CEDEFOP. Skills Supply and Demand in Europe, page 27. 2010. 15 August 2012 [http://www.cedefop.europa.eu/EN/Files/3052\\_en.pdf](http://www.cedefop.europa.eu/EN/Files/3052_en.pdf)

the Figure 10<sup>59</sup> which shows the decline of high-skilled workers in the areas of metal and electrical sectors in the Netherlands.

BUSINESSEUROPE<sup>60</sup> estimated that in 2015 in the EU there will be a shortage of information and ICT staff of between 384,000 and 700,000 jobs. Furthermore, at the moment “over 10,100 ICT practitioners are currently lacking in Italy, 18,300 in Poland, 41,800 in Spain and 87,800 in Germany.”<sup>61</sup> Austria needs experts in the fields of electrical and industrial engineering, informatics and business administration.<sup>62</sup> “In Germany, the shortage of STEM-skilled workers is not a cyclical problem but a structural one”<sup>63</sup>. In 2008 Germany lacked 114,000 STEM experts. The demand for them decreased during the Global Economic Crisis, but at the moment there is even higher shortage than in 2008; in February 2011 Germany had a shortage of 117,000 STEM experts.<sup>64</sup> As stated in the article “The EU's labour-shortage time bomb”, Germany’s shortage of engineers is rapidly rising and is causing Germany, according to “the Institute for the German Economy’s” study on this topic, the cost of around 3,5 billion Euro per year.<sup>65</sup> Germany’s giant Siemens AG is struggling to get enough engineers and recently offered a 3,000 Euro prize to anyone who can help it recruit an engineer.<sup>66</sup> In the UK the annual growth of demand for experts in the fields of technology

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<sup>59</sup> Belgium. Bert Maes, web portal. Full Report: Skills Shortage EU. 8 September 2010. 15 August 2012 <http://bertmaes.wordpress.com/report-skills-shortage/>

<sup>60</sup> BUSINESSEUROPE is an organisation of “small, medium and large companies through its members, 41 leading national business organisations in 35 European countries which work together to achieve growth and competitiveness in Europe”, definition from Wikipedia, BUSINESSEUROPE. 15 August 2012 <http://en.wikipedia.org/wiki/BUSINESSEUROPE>

<sup>61</sup> International. BUSINESSEUROPE. Plugging the skills gap – The clock is ticking, page 5. 18 May 2011. 13 October 2012 [http://www.spcr.cz/files/Publication\\_skills\\_in\\_STEM\\_May\\_2011.pdf](http://www.spcr.cz/files/Publication_skills_in_STEM_May_2011.pdf)

<sup>62</sup> IBID, page 4

<sup>63</sup> IBID, page 6

<sup>64</sup> IBID

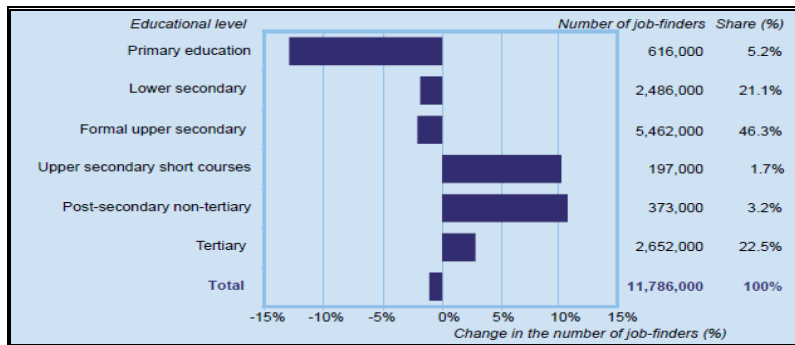
<sup>65</sup> Belgium. EurActiv, web portal. The EU's labour-shortage 'time bomb'. 5 June 2007. 17 July 2012 <http://www.euractiv.com/socialeurope/eus-labour-shortage-time-bomb-news-218294>

<sup>66</sup> IBID



and science is 18 percent, while the growth of demand for experts in other occupations is 4 percent; in 2014 the UK will have a shortage of 2, 4 million STEM experts.<sup>67</sup>

Figure 8 Changes in labour demand in the EU, 2010 - 2011



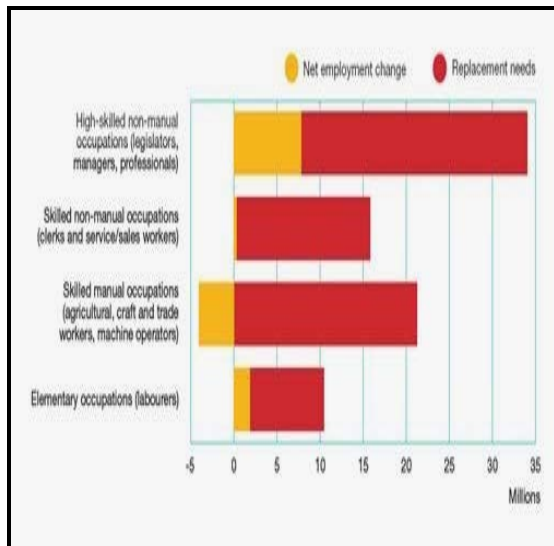
Source: European Commission<sup>68</sup>

Another evidence that high-skilled jobs are in demand in the EU is showed in the Figure 8. This figure shows that in 2011, compared to 2010, even during the recession caused by the Global Economic Crisis, there was an increase in the demand for the jobs that require higher education.

<sup>67</sup> International. BUSINESSEUROPE. *Plugging the skills gap – The clock is ticking*, page 6. 18 May 2011. 13 October 2012 <http://www.buinessurope.eu/Content/Default.asp?PageID=650>

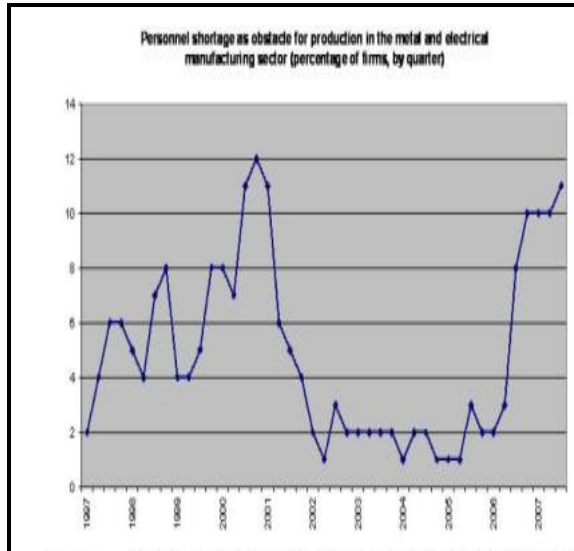
<sup>68</sup> International. European Commission. *European Vacancy Monitor*, page 17. April 12. 13 October 2012 <http://www.google.hr/url?sa=t&rct=j&q=european%20vacancy%20monitor%20issue%206%20april%202012&source=web&cd=1&ved=0CCkQFjAA&url=http%3A%2F%2Fec.europa.eu%2Fsocial%2FblobServlet%3FdocId%3D7695%26langId%3Den&ei=q9QgUeGIH8SD4ASlzoGgDQ&usg=AFQjCNGWAfoDFuCyVpeW5A8-jZ92DJ1eBw&bvm=bv.42553238,d.d2k>

Figure 9 Estimated STEM shortage,  
2010-2020



Source: CEDEFOP 2012

Figure 10 Labour shortage in metal and electrical manufacturing sector, the Netherlands



Source: Statistics Netherlands

In addition, on the same topic, as stated in the article “Plugging the Skills Gap, the Clock is Ticking”, provided by BUSINESSEUROPE, the shortage of experts in the STEM fields will be a significant barrier for the EU’s economic growth.<sup>69</sup> This article emphasizes that, in order to cross the gap in the STEM experts supply, a broad number of participants should take part, including governments and education providers on all levels. However, it also concludes that new ways of finding enough STEM experts need to be explored.<sup>70</sup>

Thomas K. Bauer and Astrid Kunze with “the University of Bochum”, “Institute for the Study of Labor – IZA” in Bonn and “the Centre for Economic Policy Research – CEPR” in London, in the article “The Demand for High-Skilled Workers and Immigration Policy”,

<sup>69</sup> International. BUSINESSEUROPE. *Plugging the skills gap – The clock is ticking*, page 35. 18 May 2011. 13 October 2012 [http://www.spcr.cz/files/Publication\\_skills\\_in\\_STEM\\_May\\_2011.pdf](http://www.spcr.cz/files/Publication_skills_in_STEM_May_2011.pdf)

<sup>70</sup> IBID, page 3

conclude that over the last decade there is an increased demand for high-skilled workers in all developed countries. Due to the increased development of integrated labour market and skill-biased technologies, which require ICT experts, and also due to the workplace reorganization there is an increased need for STEM experts. The supply for these experts is rising but the demand is rising even faster. Bauer and Kunze claim that wages for workers in the STEM fields are rising which indicates that higher supply hasn't met the demand yet.<sup>71</sup>

According to Bauer and Kunze, the consequences of the STEM experts' shortage are very heavy for the EU; if it doesn't find these experts in satisfying numbers, the EU will fall behind other economies which are its competitors. The shortage of scientists and engineers will result in the loss of international trade share, the loss of domestic market share and decreased levels of productivity. Also, on a firm level, this shortage could put at risk planned investments and influence location decisions. For example, due to the lack of available experts, the world's biggest airplane maker, Airbus, decided to have a large proportion of its engineering work done overseas, in India.<sup>72</sup>

Bauer and Kunze conclude that the demand for STEM experts will not stop due to the modern way of life; many things are nowadays taken for granted, like health care, infrastructure solutions and the wide range of services provided in society and all of these would not be possible without the adequate number of STEM experts.<sup>73</sup>

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<sup>71</sup> Bauer, Thomas K. and Kunze, Astrid. The Demand for High-Skilled Workers and Immigration Policy, page 1. January 2004. 13 October 2012 <http://ftp.iza.org/dp999.pdf>

<sup>72</sup> IBID, page 6

<sup>73</sup> IBID, page 6

## **6. SOLUTIONS FOR HIGH-SKILLED LABOUR SHORTAGE IN THE EU**

High-skilled labour shortage can be dealt with in different ways; through high-skilled labour immigration and differently.

### **6.1. Solving High-skilled Labour Shortage through Immigration**

The EU has developed the Blue Card policy in 2009 and it is a high-skilled labour immigration policy on the EU level, with the exclusion of three countries; the UK, Ireland and Denmark. Before this policy, high-skilled labour shortage coverage through high-skilled labour immigration was not dealt with in this common manner; it was left to individual Member States' measures.

#### **6.1.1. High-skilled Labour Development Policies Before the Blue Card Policy**

Up to 2009, when the Blue Card policy was adopted in the EU, the EU didn't have a unified high-skilled labour migration policy. As mentioned before, individual Member States had their own measures of attracting these immigrants and most of them proved insufficient, which called for a unified high-skilled labour immigration policy on the broad EU level.

One of such measures prior to the Blue Card policy was, for example, Germany's "green card" policy from 2004, which was supposed to attract primarily Asian high-skilled migrants, like Indian IT experts, according to "the German Institute for Global and area Studies". This

policy had an insignificant impact on the high-skilled labour migration of Indian and other Asian high-skilled migrants to Germany.<sup>74</sup>

The first step towards the creation of the EU's unified immigration regulation, without a special focus on high-skilled immigrants, was "the Tampere European Council". The heads of government or state of the Member States met in Tampere, Finland on October 15 and 16, 1999 to address the topic of creation of "an area of freedom, security and justice in the EU".<sup>75</sup> They stressed out that the EU, from its beginning, was committed to the preservation of the rule of law, human rights and democratic institutions, all of which are necessary for the preservation of prosperity and peace in the EU. On the issue of immigration, they concluded that the freedom to free movement across the EU should not be limited just to its citizens, but should be extended to those who were forced to search for a better life in the EU due to poor living conditions in their countries of origin. To secure this task, the members of the European Council concluded, the EU must come up with unified policies on immigration and asylum, all while controlling its borders in connection to international crimes and illegal immigration.<sup>76</sup>

"The Tampere European Council" didn't address high-skilled labour migration specifically, but it did point out the significance of unified EU policies in the field of migration. That will not happen before the Blue Card policy in 2009, but "the Policy Plan on Legal Migration" from 2005 was the next step in that direction.

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<sup>74</sup> Wogart, Jan Peter and Schüller, Margot. The EU's Blue Card: Will It Attract Asia's Highly Skilled?. page 1. 2011. 4 December 2012 [http://www.giga-hamburg.de/dl/download.php?d=/content/publikationen/pdf/gf\\_international\\_1103.pdf](http://www.giga-hamburg.de/dl/download.php?d=/content/publikationen/pdf/gf_international_1103.pdf)

<sup>75</sup> International. European Parliament. Tampere European Council 15 and 16 October 1999, Presidency Conclusions. 28 November 2012 [http://www.europarl.europa.eu/summits/tam\\_en.htm](http://www.europarl.europa.eu/summits/tam_en.htm)

<sup>76</sup> IBID

“The Policy Plan on Legal Migration” was European Commission’s act from 2007 that proposed the development of unified EU rules in the area of immigration. In detail, it suggested the creation of an EU directive which would be the general immigration framework and the mean of securing legal immigrant workers’ rights. The legal immigrant workers who would not be covered with this directive are long-term residents. In addition, “the Policy Plan on Legal Migration” suggested four other directives that would regulate the entry and residence in the EU, for “seasonal workers, intra-corporate transferees, remunerated trainees” and high-skilled workers. Likewise, it urged the acceleration of the entrance of high-skilled immigrants, which is to be regulated with the mentioned high-skilled labour directive and it stressed out that the acceptance of immigrants should be based on two things: “economic need and work contract”.<sup>77</sup>

The next step towards the Blue Card policy was “the Hague Programme”. “The Hague Programme” was European Commission’s act which recognised the significance of high-skilled immigrants, since they increase the level of the knowledge-based economy and improve development.<sup>78</sup> This act was formed in May 2005 and it set 10 priorities for the EU during next five years. These priorities are: “strengthening fundamental rights and citizenship”, “anti-terrorist measures”, “defining a balanced approach to migration”, “developing integrated management of the union’s external borders”, “setting up a common asylum procedure”, “maximising the positive impact of immigration”, “striking the right balance between privacy and security while sharing information”, “developing a strategic

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<sup>77</sup> International. European Commission. Policy plan on legal migration. 1 August 2007. 28 November 2012 [http://europa.eu/legislation\\_summaries/internal\\_market/living\\_and\\_working\\_in\\_the\\_internal\\_market/114507\\_en.htm](http://europa.eu/legislation_summaries/internal_market/living_and_working_in_the_internal_market/114507_en.htm)

<sup>78</sup> International. European Parliament. Common rights and single work and residence permit for non-EU workers. 13 December 2011. 28 November 2012 <http://www.europarl.europa.eu/news/en/pressroom/content/20111213IPR33946/html/Common-rights-and-single-work-and-residence-permit-for-non-EU-workers>

concept on tackling organised crime”, and “a genuine European area of justice”<sup>79</sup>. Regarding the “defining a balanced approach to migration” priority, the European Commission, pledged to accomplish a new immigration approach, for both legal and illegal immigration.<sup>80</sup>

The next and the final step before the Blue Card policy was “the European Pact on Immigration and Asylum” from September 2008. This pact was designed to be a starting point for EU-wide immigration and asylum policies that will form solidarity among Member States and partnership among the EU and its partner countries. Having in consideration that immigration can bring good outcomes to both the sending countries and to the EU, according to this pact, immigration should be dealt with in an efficient way. Likewise, immigration should be dealt with in a way that takes into consideration immigration’s impact on the EU’s “labour market, housing and health management, education and social services”, and other similar issues. In addition, this pact emphasises the importance of immigrants’ legal status. Regarding high-skilled immigrants, this pact states that the EU has to make itself more attractive to these immigrants, it has to accept legal immigrant researchers and students, and it has to make sure that the EU’s high-skilled workers are not leaving the EU.<sup>81</sup>

Around the same time when the Blue Card policy was introduced in the EU, came “the Stockholm Programme”. This programme, from December 2009, was another aim at an integrated EU-wide approach to the areas of justice, freedom and security. According to “the Stockholm Programme”, there should be free movement throughout the EU for its citizens

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<sup>79</sup> International. European Commission. The Hague Programme: 10 priorities for the next five years. 13 November 2009. 28 November 2012  
[http://europa.eu/legislation\\_summaries/human\\_rights/fundamental\\_rights\\_within\\_european\\_union/116002\\_en.htm](http://europa.eu/legislation_summaries/human_rights/fundamental_rights_within_european_union/116002_en.htm)

<sup>80</sup> IBID

<sup>81</sup> International. European Commission. European Pact on Immigration and Asylum. 24 August 2010. 8 December 2012  
[http://europa.eu/legislation\\_summaries/justice\\_freedom\\_security/free\\_movement\\_of\\_persons\\_asylum\\_immigration/jl0038\\_en.htm](http://europa.eu/legislation_summaries/justice_freedom_security/free_movement_of_persons_asylum_immigration/jl0038_en.htm)

and their family members. Regarding the immigration, "the Stockholm Programme" stated that the EU needs to design its immigration policy in a way that it protects the EU citizens and, at the same time, addresses immigrants in an effective manner. The EU's immigration policy needs to be flexible and adjustable, based on responsibility and solidarity towards the immigrants and it needs to address the EU labour market's specific needs and demands. Furthermore, this policy has to stop the EU high-skilled workers from emigrating. According to "the Stockholm Programme", all this should happen through cooperation and dialogue with the non-EU countries, both the ones where immigrants come from and the ones through which the immigrants just pass on their way to the EU.<sup>82</sup>

### 6.1.2. Blue Card Policy

#### Reasons for the Blue Card Policy

As stated before, the statistics show that the EU receives most of the world's unskilled labour and a very small amount of the world's high-skilled labour. Hence, the Blue Card policy was designed to reverse this trend and to attract high-skilled immigrants to the EU.<sup>83</sup>

On the EU level, before the Blue Card policy different Member States had different high-skilled labour immigration policies, which made it difficult for high-skilled immigrants to understand and to follow changes and trends regarding these immigration policies in the EU. In order to solve this situation and to apply good practices from the USA, Canada and Australia (countries that have the most high-skilled immigrants in the world and thus good

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<sup>82</sup> International. European Commission. The Stockholm Programme. 16 March 2010. 8 December 2012 [http://europa.eu/legislation\\_summaries/human\\_rights/fundamental\\_rights\\_within\\_european\\_union/jl0034\\_en.htm](http://europa.eu/legislation_summaries/human_rights/fundamental_rights_within_european_union/jl0034_en.htm)

<sup>83</sup> Ayazi, Roya. Blue Card: single European work visa for highly qualified. 8 December 2012 [http://www.e-y-e.eu/index.php?id=59&tx\\_ttnews%5Btt\\_news%5D=5&tx\\_ttnews%5BbackPid%5D=69&cHash=155c01f6b3](http://www.e-y-e.eu/index.php?id=59&tx_ttnews%5Btt_news%5D=5&tx_ttnews%5BbackPid%5D=69&cHash=155c01f6b3)



high-skilled labour immigration practices others can learn from), the EU came up with the Blue Card policy in 2009. It was also designed to attract high-skilled immigrants, especially in the STEM fields, and to make the EU the world leader in the field of high-skilled labour immigration. In addition, this policy was designed to make the EU an attractive destination for high-skilled immigrants and thus decrease the EU's high-skilled labour shortage, and increase its economic growth and its level of competitiveness.

### Analysis of the Blue Card Policy

The Blue Card policy was introduced by the “Council Directive 2009/50/EC of 25 May 2009 on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment, known as the Blue Card directive”<sup>84</sup>.

The Blue Card policy should make its goals happen through speedy admission of high-skilled immigrants and their family members and through giving them the same economic and social right as the ones that the EU citizens have. Furthermore, the Blue Card directive determines the conditions under which high-skilled immigrants and their families can enter the EU and reside in it for a time period longer than three months. Likewise, it sets the conditions under which high-skilled immigrants and their families can reside in a different Member State from the one that they migrated to and resided in. Thus, the Blue Card directive addresses high-skilled immigrants and their family members.<sup>85</sup>

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<sup>84</sup> The Netherlands. Maastricht University. 2010. Policy brief: Making Europe More Competitive for Highly Skilled Immigration - Reflections on the EU Blue Card, page 2. 8 December 2012  
<http://i.unu.edu/media/unu.edu/publication/000/028/799/PB2.pdf>

<sup>85</sup> International. EUR-Lex, Access to European Union Law. Council Directive 2009/50/EC. 8 December 2012  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32009L0050:EN:NOT>

The Blue Card policy allows high-skilled immigrants to “apply for a work permit of up to four years if they have a job offer with a salary at least 50 per cent higher than the average wage in the immigration countries”<sup>86</sup>. This work permit is renewable and can lead to the permanent residence status. Also, the blue card holder will be granted most of the rights that EU citizens have, like favourable family reunion rights and social security.<sup>87</sup>

One of the most important creations of the Blue Card policy is the Blue Card itself, which is “a single residence permit for highly qualified workers at EU level”<sup>88</sup> who possess required minimum salary and required qualifications – educational or other, according to Germany’s “Federal Office for Migration and Refugees”.<sup>89</sup> The Member States which are not implementing this policy are the UK, Ireland and Denmark.<sup>90</sup>

According to the Blue Card directive, to get the Blue Card, which looks like a bank card,<sup>91</sup> a high-skilled immigrant is required to have, before entering the EU, the following attributes:

1. work contract that is valid or, according to a Member State’s inner regulations, a job offer which is binding; these two need to be for a time period of one year at least,
2. a document that proves that a Member State’s conditions have been met; in the case of occupations that are regulated by a Member State’s inner regulations,

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<sup>86</sup> Wogart, Jan Peter and Schüller, Margot. The EU’s Blue Card: Will It Attract Asia’s Highly Skilled?. page 2. 2011. 4 December 2012 [http://www.giga-hamburg.de/dl/download.php?d=/content/publikationen/pdf/gf\\_international\\_1103.pdf](http://www.giga-hamburg.de/dl/download.php?d=/content/publikationen/pdf/gf_international_1103.pdf)

<sup>87</sup> IBID

<sup>88</sup> Germany. Federal Office for Migration and Refugees. The EU Blue Card. 7 August 2012. 7 December 2012 <http://www.bamf.de/EN/DasBAMF/Aufgaben/BlaueKarte/blauekarte-node.html>

<sup>89</sup> IBID

<sup>90</sup> International. EUR-Lex, Access to European Union Law. Council Directive 2009/50/EC. 8 December 2012 <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32009L0050:EN:NOT>

<sup>91</sup> Austria. Government of the Republic of Austria, Living and working in Austria, web portal. Frequently asked questions. 7 December 2012 <http://www.migration.gv.at/en/service-and-links/frequently-asked-questions.html>

3. a document that proves that a high-skilled immigrant holds relevant work related qualifications; in the case of occupations that are not regulated by a Member State's inner regulations,
4. passport or other document that allows international travelling and, if necessary, a visa or a visa application,
5. insurance in the case of sickness,
6. a work contract or a binding offer that will allow a high-skilled immigrant to receive a salary that is 50 percent higher than the average salary in a Member State he/she plans to work in, and
7. a high-skilled immigrant shouldn't be "a threat to policy public, public security or public health".<sup>92</sup>

Regarding the sixth requirement, in the case of occupations which are in high demand in a Member State and which are in ISCO's groups 1 and 2<sup>93</sup>, a Member State can set this rule to 20 percent. In this case, a Member State needs to inform the EU every year about these professionals.<sup>94</sup>

In addition, in the case of high-skilled immigrant's salary, a Member State can demand for all criteria in the laws which are applicable, practices and collective agreements to be satisfied.

Also, a Member State can demand that this person provides a relevant authority with an address where he/she will live at in a Member State.<sup>95</sup>

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<sup>92</sup> International. EUR-Lex, Access to European Union Law. Council Directive 2009/50/EC. 8 December 2012 <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32009L0050:EN:NOT>

<sup>93</sup> ISCO stands "for the International Standard Classification of Occupations and it is one of the main international classifications for which ILO is responsible" – definition from "ISCO, the International Standard Classification of Occupations", International Labour Organisation. <http://www.ilo.org/public/english/bureau/stat/isco/index.htm>

<sup>94</sup> IBID

<sup>95</sup> IBID

It is relevant to point out the meaning of the term “work related qualifications”, which is one of the requirements that have to be met by a high-skilled immigrant in order for him/her to get the Blue Card. The term “work related qualifications” means a level of education higher than the high-school level, or alternatively, if a Member State’s legislation allows it, such work experience of at least five years in duration which can be compared to a mentioned level of education and which is significant for a type of job high-skilled worker will perform in a Member State.<sup>96</sup> This means that a high-skilled immigrant has to have either education higher than the one of high-school level or a relevant work experience.

Regarding the labour market access for high-skilled immigrants, they are limited for the first two years upon the receiving of the Blue Card. For these two years they are limited to the work they fulfilled requirements for, but after these two years their access to high-skilled labour market is the same as the one of a Member State’s citizens.<sup>97</sup>

As for validity, the Blue Card directive states that “Member States shall set a standard period of validity of the EU Blue Card, which shall be comprised between one and four years.”<sup>98</sup> Hence, the validity depends on individual Member State’s decision. The Blue Card can also be renewed and its holder can submit a permanent residence application after continuously and legally residing in the EU as a holder of the Blue Card for five years and, at the same time, after continuously and legally residing at least two years in a Member State where

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<sup>96</sup> International. EUR-Lex, Access to European Union Law. Council Directive 2009/50/EC. 8 December 2012 <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32009L0050:EN:NOT>

<sup>97</sup> IBID

<sup>98</sup> IBID

he/she wants to submit this application in.<sup>99</sup> For example, if a high-skilled immigrant wants to submit a permanent residence application in Hungary, he/she has to, at the moment when this application is submitted, live at least five years in the EU and the last two years of these five must be from his/her life in Hungary, given that his/her life both in the EU and in Hungary has been continuous and legal.

After a year and a half of legally residing as a Blue Card holder in a Member State, one can move for the purpose of high-skilled employment to another Member State with his/her family.<sup>100</sup> Within one month of entering a second Member State's territory, he/she or his/her employer has to submit an application for a new Blue Card in this new Member State. The same criteria have to be met as when a high-skilled immigrant applied for the Blue Card for the first time. Every Member State is free to prescribe that this immigrant will not be allowed to work in this Member State before a relevant authority has been convinced that all the needed criteria have been met.<sup>101</sup>

As for the status of high-skilled immigrants' families, it is regulated with the Directive 2003/86/EC on the Right to Family Reunification, from 2003, with corrections set in the article 15 of the Blue Card directive. Accordingly, high-skilled immigrant who is a Blue Card holder can reunite with his/her family members. The mentioned Directive 2003/86/EC required that an "sponsor" (an immigrant that is not seeking any specific protection such as a refugee status, as prescribed in the article 3 paragraph 2 of this directive) should have in a Member State a residence permit that is valid for more than one year and he/she should be likely to become a long-term EU resident, but, due to corrections set in the article 15 of the Blue Card directive, this doesn't apply to the high-skilled immigrants. This sets the Blue Card

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<sup>99</sup> IBID

<sup>100</sup> IBID

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holders apart from other immigrants and gives them privileged status. Family member, that is a spouse and a child under the age of majority (a Member State can also decide to include children above the age of majority), will be given the residence permit which will be valid as long as the high-skilled immigrant's, that they are reuniting with, residence permit is valid.<sup>102</sup> Family members have also the right to vocational training, employment and education.<sup>103</sup> Regarding the employment (both if family members have employers and if they are self-employed), Member States are free to decide on it, depending on their specific regulation in this area.<sup>104</sup>

The Blue Card directive left to every Member State the right to impose on high-skilled immigrant workers this Member State's unique residence permits, different from the Blue Card. In this case, high-skilled immigrants are able to choose if they want to apply for these permits or for the Blue Card. Also, Member States are free to give high-skilled immigrants additional benefits and rights.<sup>105</sup> Also, every Member States will decide on how many high-skilled immigrants it wants to receive and it will decide whether the high-skilled immigrant will apply personally for the Blue Card or it will be done by his/her employer.<sup>106</sup> Hence, the Blue Card policy doesn't set quotas for the number of high-skilled immigrants, but it allows them.

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<sup>102</sup> IBID

<sup>103</sup> International. European Commission. Family reunification. 27 October 2011. 8 December 2012 [http://europa.eu/legislation\\_summaries/justice\\_freedom\\_security/free\\_movement\\_of\\_persons\\_asylum\\_immigration/133118\\_en.htm](http://europa.eu/legislation_summaries/justice_freedom_security/free_movement_of_persons_asylum_immigration/133118_en.htm)

<sup>104</sup> International. EUR-Lex, Access to European Union Law. Council Directive 2003/86/EC. 8 December 2012 <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2003:251:0012:0018:en:PDF>

<sup>105</sup> International. EUR-Lex, Access to European Union Law. Council Directive 2009/50/EC. 8 December 2012 <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32009L0050:EN:NOT>

<sup>106</sup> International. European Commission. Entry and residence of highly qualified workers (EU Blue Card) 18 August 2009. 7 December 2012 [http://europa.eu/legislation\\_summaries/internal\\_market/living\\_and\\_working\\_in\\_the\\_internal\\_market/114573\\_en.htm](http://europa.eu/legislation_summaries/internal_market/living_and_working_in_the_internal_market/114573_en.htm)

According to the Blue Card directive, Member States will deny the Blue Card in these cases:

1. when the applicant doesn't fulfil the conditions to receive it, if he/she falsified the documents on which he/she attempts to receive the Blue Card or if he/she tampered with these documents,
2. when a Member State applies its own rules and procedures in regard to the conditions to fill out a job vacancy, depending on the labour situation in this Member State,
3. when a Member State sets volume of the high-skilled immigrants who can work in it,
4. when countries, where high-skilled workers come from, lack qualified labour in this sector in which a high-skilled immigrant wishes to work in, in the EU and
5. when the employer, who wishes to employ a high-skilled immigrant, has been previously sanctioned for breaking the national regulations regarding the undeclared or illegal labour.<sup>107</sup>

Above-mentioned numbers 2, 3 and 4 are very significant. Numbers 2 and 3 refer to a Member State's right to apply its own rules and procedures regarding the number of high-skilled immigrants it will accept and the conditions it will set for high-skilled jobs vacancies; this way a Member State addresses its high-skilled labour shortage in an individual way. Number 4 refers to the situation when countries where high-skilled immigrants come from have the same high-skilled labour shortage. In that case, a Member State can decide not to accept such immigrants, and thus honours other countries' labour needs and act in an ethical way.

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<sup>107</sup> International. EUR-Lex, Access to European Union Law. [Council Directive 2009/50/EC](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32009L0050:EN:NOT). 8 December 2012  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32009L0050:EN:NOT>

Member States will withdraw or not renew the Blue Card in these cases:

1. when it discovers that its holder gained it in a fraudulent way, falsified it or tampered with it,
2. when it discovers that its holder did not fulfil the needed conditions to gain it, if he/she stopped fulfilling these conditions or when it is discovered that its holder resides in the EU for the reasons other than the ones he/she was entitled to,
3. when it discovers that its holder has not respected the limitations regarding the labour market access and temporary unemployment,
4. when this is necessary “for reasons of public policy, public security or public health”,
5. when “the EU Blue Card holder does not have sufficient resources to maintain himself and, where applicable, the members of his family, without having recourse to the social assistance system of the Member State concerned”,
6. when the Blue Card holder hasn’t informed the relevant authorities about his/her address, and
7. “when the EU Blue Card holder applies for social assistance, provided that the appropriate written information has been provided to him in advance by the Member State concerned.”<sup>108</sup>

Another point is that the Blue Card holder will have equal treatment as the citizens of the Member State which issued him/her the Blue Card in connection to:

1. work conditions, including workplace, safety requirements, dismissal and pay,
2. free participation in associations and organizations which represent employers or workers,

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<sup>108</sup> IBID



3. vocational training and education,
4. “recognition of diplomas, certificates and other professional qualifications in accordance with the relevant national procedures”<sup>109</sup>,
5. national regulation in the field of social security branches,
6. pensions,
7. free access to services and goods and their availability to the public and
8. free access to the concerned Member State’s whole territory, within the limitation prescribed in the national legislation.<sup>110</sup>

Given that the EU consists of, at the moment, 27 Member States out of which 24 are implementing the Blue Card Policy, this policy had difficulties with sorting out all of the high-skilled labour immigration issues and thus left many of them to each concerned Member State to sort out individually. Still, this policy is a big accomplishment on the topic of high-skilled labour immigration in the EU.

### 6.1.3. Tackling High-skilled Labour Shortage – Cases of Germany, Sweden and the UK

As discussed before, due to the high number of Member States and an enormous amount of data connected to the analysis of every Member State’s high-skilled labour immigration situation and uniqueness, this thesis analyses high-skilled labour immigration situation in Germany, Sweden and the UK.

Germany, Sweden and the UK are dealing with the high-skilled labour shortage and thus are good EU representatives when writing about this issue in the EU. Germany and Sweden are

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<sup>109</sup> IBID

<sup>110</sup> IBID

implementing the Blue Card policy, but the UK is not; such diverse Member States offer a comprehensive insight into the problem of high-skilled labour shortage in the EU and into its solution.

## Tackling High-skilled Labour Shortage in Germany

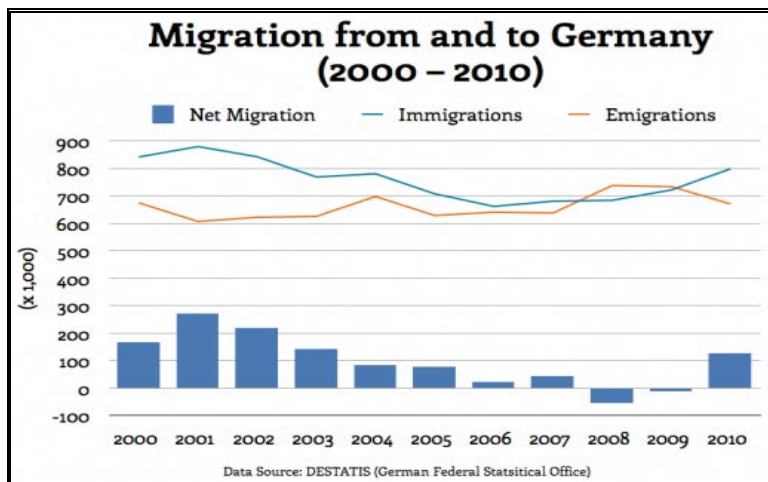
### Current situation in Germany

Germany is the EU's largest economy and a country with a large number of immigrants. According to "the German Federal Labour Agency's" labour market analysis from June 2012, Germany has 15.7 million immigrants (around 19 percent of its population); 7.1 million of them don't have German passport. All these people form a strong part of the German society. Germany's economic sectors employ 3.4 million immigrants and most of these 3.4 million people work in the gastronomy sector (20 percent of them); the importance of these immigrants is highly significant for Germany's economy. Most of Germany's immigrants come from Turkey, and there are 2.9 million of them living in Germany. Turkish immigrants started coming in 1961, when Turkey and Germany signed "the Labour Recruitment Agreement". Around that time Germany made similar agreements with Greece and Italy. All of the Germany's immigrants helped make Germany an economic power it is now.<sup>111</sup>

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<sup>111</sup> International. Arabia MSN, web portal. [Germany needs its immigrants](http://beta.arabia.msn.com/news/world/354104/germany-needs-its-immigrants/). 16 October 2012. 18 October 2012

Figure 11 Migration from and to Germany, 2000 - 2010



Source: DESTATIC

Figure 11<sup>112</sup> shows net migration (“net migration is the difference between immigration to and emigration from a given area during the year”<sup>113</sup>) in Germany in the time period between 2000 and 2010. The peak of immigration was in 2001 and the peak of emigration was in 2008. However, starting with 2010 Germany has positive net migration.

Germany had bounced back very efficiently after the beginning of the Global Economic Crisis. Its economy shows a dynamic structure and a secure future, but (similar to most of other Member States’ economies) it lacks high-skilled workers.<sup>114</sup> Due to the positive effects of Germany’s stable economic growth and low unemployment, German companies are seeking high-skilled immigrants, primarily (apart from in the field of engineering) in the

<sup>112</sup> Bauer, Ramon. *Gastarbeiter 2.0*. 9 April 2012. 18 October 2012 <http://www.metropop.eu/gastarbeiter-2-0.html>

<sup>113</sup> International. European Commission, Eurostat. *Glossary: Migration*. 18 October 2012 [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Glossary:Emigrant](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Glossary:Emigrant)

<sup>114</sup> Constant, Amelie F. and Tien, Bienvenue N. *Germany’s Immigration Policy and Labor Shortages*, page 6. October 2011. 18 October 2012 [http://www.iza.org/en/webcontent/publications/reports/report\\_pdfs/iza\\_report\\_41.pdf](http://www.iza.org/en/webcontent/publications/reports/report_pdfs/iza_report_41.pdf)

fields of mathematics, informatics and natural sciences; STEM experts in general.<sup>115</sup> One of the fields where Germany especially lacks high-skilled workers is engineering, which will be the focus of this chapter, and the situation in this field is as follows. According to the report made in June 2011 by “the Association of German Engineers”, Germany had at that time 76,400 vacant engineering jobs. This number grew in comparison to the previous years and the situation in Germany is becoming very serious.<sup>116</sup> Some of the reasons for the shortage of engineers in Germany are its growing economy, its declining population (with 1,38 children per mother, Germany has Europe’s lowest birth rate), and its rising demand for energy solutions and sustainable mobility development.<sup>117</sup> Reiner Klingholz, director of “the Berlin Institute for Population and Development”, states that Germany’s productivity will decrease if it doesn’t receive high-skilled immigrants from abroad and also that “the overall gross domestic product in Germany will shrink if demographics continue this way to 2050”.<sup>118</sup> Other Member States are also suffering from the shortage of engineers and it is not likely that Germany will be able to cover its shortage with engineers from other Member States.<sup>119</sup>

Based on the data given in the aforementioned report, there were 40,000 graduates in the field of engineering in Germany in 2011. All these graduates still couldn’t cover all vacant engineering jobs. For this reason Germany sponsored programs to attract engineers from other Member States. Also, it focused on reducing the number of dropouts from engineering universities (for example, the dropout rate of electrical engineers in Germany is 50 percent)

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<sup>115</sup> Croatia. German Embassy in Zagreb, Croatia. Make it in Germany- portal za strane stručnjake. 18 October 2012 <http://www.zagreb.diplo.de/Vertretung/zagreb/hr/01/Make-it-in-Germany.html>

<sup>116</sup> Blau, John. Germany Faces a Shortage of Engineers. September 2011. 13 October 2012 <http://spectrum.ieee.org/at-work/education/germany-faces-a-shortage-of-engineers>

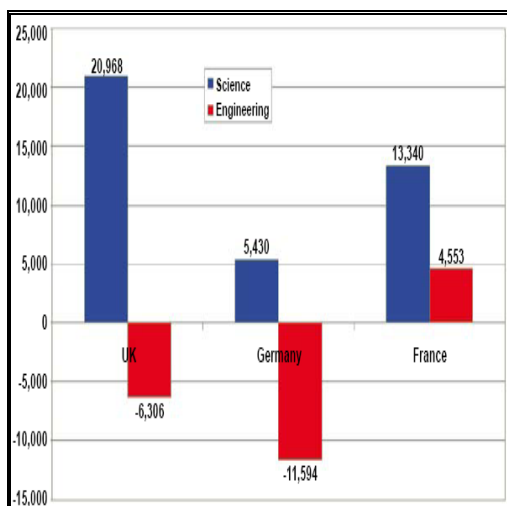
<sup>117</sup> IBID

<sup>118</sup> Nasr, Joseph. Germany looks to migrants to fight labor shortage. 12 August 2011. 13 October 2012 <http://www.reuters.com/article/2011/08/12/us-germany-labour-immigration-idUSTRE77B1S120110812>

<sup>119</sup> Blau, John. Germany Faces a Shortage of Engineers. September 2011. 13 October 2012 <http://spectrum.ieee.org/at-work/education/germany-faces-a-shortage-of-engineers>

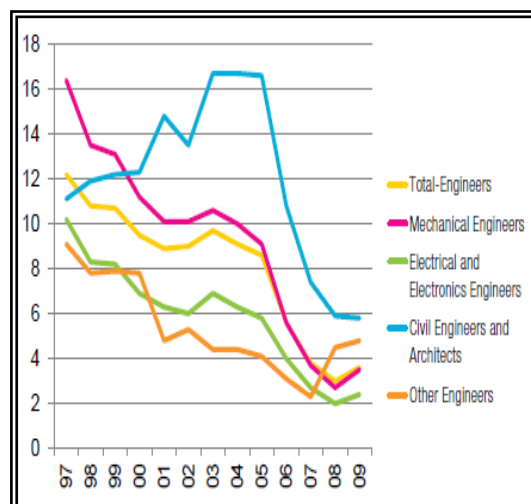
and on increasing the number of women who study engineering.<sup>120</sup> Germany is suffering from the decreased number of engineering graduates, as visible in the Figure 12<sup>121</sup> that shows the change in the number of science and engineering graduates in Germany in the time period between 1998 and 2005. Figure 13<sup>122</sup> shows change in unemployment for engineers in Germany in the time period between 1997 and 2009. Both figures prove that recently fewer engineers graduated from German universities and that their unemployment rate was getting lower and lower over the time, which means that they are in demand.

Figure 12



Source: OECD

Figure 13



Source: VDI Engineer Monitor

However, although Germany’s official institutions realise that Germany depends on high-skilled immigrants to cover its high-skilled labour needs, it is still a very controversial question in Germany. On one side, people like Klingholz claim that Germany needs high-skilled immigrants, but on the other side, people like “Georg Nuesslein, a member of

<sup>120</sup> IBID

<sup>121</sup> Rüdiger. Katerina. *Towards a Global Labour Market? Globalisation and the Knowledge Economy*, page 25. June 2008. 13 October 2012 [http://www.theworkfoundation.com/assets/docs/publications/30\\_globalisation.pdf](http://www.theworkfoundation.com/assets/docs/publications/30_globalisation.pdf)

<sup>122</sup> Canada. Alberta Government, Alberta Canada. 2010. *Engineering Labour Force in Germany* 13 October 2012 [http://www.albertacanada.com/Ger\\_EngCFS\\_w.pdf](http://www.albertacanada.com/Ger_EngCFS_w.pdf)

parliament from the conservative Christian Social Union”<sup>123</sup>, claim that Germany doesn’t need immigrants to cover its high-skilled labour shortage.<sup>124</sup> According to a study from 2010 conducted by “the Friedrich Ebert Stiftung”, a Germany’s think tank, more than one third of Germans think that immigrants come to Germany just to take advantage of its social welfare system and that Germany will be run over by immigrants. These people also think that Germany’s immigrants should be sent back to their sending countries once Germany’s labour market gets tight. Between 2000 and 2006 nine Germans (one of them of Greek descent and the rest of Turkish descent) were killed in xenophobic and racist attacks.<sup>125</sup>

Germany is definitely suffering from rising xenophobia and another example of it is the launch of Thilo Sarrazin’s (he is a member of Germany’s Social Democratic Party) book “Germany does away with itself”. This book is selling explosively and it is the most sold non-fiction book in Germany since the Second World War. In this book Sarrazin is stating that Germans have too few children and immigrants too many and, since immigrants are less intelligent and less educated than Germans, Germany is getting more stupid. Official Germany is against these and other xenophobic statements in Sarrazin’s book. Germany’s chancellor Angela Merkel accused him of dividing the society and the Social Democratic Party threatened to expel him.<sup>126</sup>

Merkel advocates an immigrant-friendly labour immigration policy and has introduced several such measures. Some of these measures will be mentioned in the next section of this

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<sup>123</sup> Nasr, Joseph. Germany looks to migrants to fight labor shortage. 12 August 2011. 13 October 2012 <http://www.reuters.com/article/2011/08/12/us-germany-labour-immigration-idUSTRE77B1S120110812>

<sup>124</sup> IBID

<sup>125</sup> Kuzmany, Stefan. Neo-Nazi Killings Expose Broad German Xenophobia. 17 November 2011. 18 October 2012 <http://www.spiegel.de/international/germany/latent-racism-neo-nazi-killings-expose-broad-german-xenophobia-a-798450.html>

<sup>126</sup> Kuzmany, Stefan. An immigration row in Germany, Sarrazin vs the Saracens. 1 September 2010. 18 October 2012 [http://www.economist.com/blogs/newsbook/2010/09/immigration\\_row\\_germany](http://www.economist.com/blogs/newsbook/2010/09/immigration_row_germany)

thesis. However, some experts argue that Merkel's measures will not be enough to cover Germany's high-skilled labour shortage. For example, "Herbert Bruecker, an economist and immigration specialist with the Federal Labour Office"<sup>127</sup>, suggests that Germany should follow Canada's example and introduce a points-based system when accepting high-skilled immigrants.<sup>128</sup> Germany so far hasn't opted for a points-based system but since August 1, 2012 the Blue Card directive is implemented in Germany and Germany hopes to cover its high-skilled labour shortage this way.

### Germany's High-Skilled Labour Immigration Policy Before the Blue Card Policy

Germany first recognized that it has high-skilled labour shortage in 1990s and its chancellor of the time, Gerhard Schröder, then introduced a set of measures in order to cover this labour shortage. Those labour market reforms aimed at the integration of immigrants, welfare benefits and at the unemployment reduction. Schröder introduced in the 2000s measures to attract high-skilled professional immigrants to Germany but they did not work.<sup>129</sup>

"The Schröder government of the early 2000s took a pioneering stance to admit that Germany is an immigration country and to pass a new immigration bill"<sup>130</sup>. This regulation didn't address high-skilled immigration especially and these are the main changes it caused:

1. a new citizenship act was passed; it was in effect since 2000, and
2. "the Green Card regulation"<sup>131</sup> was introduced in 2000; it aimed at attracting more high-skilled immigrants to Germany.<sup>132</sup> According to "the Hamburg Institute of

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<sup>127</sup> Nasr, Joseph. Germany looks to migrants to fight labor shortage. 12 August 2011. 13 October 2012  
<http://www.reuters.com/article/2011/08/12/us-germany-labour-immigration-idUSTRE77B1S120110812>

<sup>128</sup> IBID

<sup>129</sup> Constant, Amelie F. and Tien, Bienvenue N. Germany's Immigration Policy and Labor Shortages, page 6. October 2011. 18 October 2012

[http://www.iza.org/en/webcontent/publications/reports/report\\_pdfs/iza\\_report\\_41.pdf](http://www.iza.org/en/webcontent/publications/reports/report_pdfs/iza_report_41.pdf)

<sup>130</sup> IBID, page 7

International Economics”, Green Card is “a work permit limited to five years granted to the high skilled workers of third world.”<sup>133</sup>

According to IZA’s report “Germany’s Immigration Policy and Labor Shortages”, these measures (new citizenship act and the Green Card) were directed firstly towards immigrant IT experts and they failed in their goal. There was a ceiling of 20,000 green cards for immigrant IT experts, but only 17,111 green cards were given between 2000 and 2005. While Germany was debating about immigrants – whether it should except them and how it can make them leave once their contracts expire, other countries, like the USA, Canada and Australia, managed to get these experts with their skilled/high-skilled labour immigration policies. Due to its failure, Germany abandoned the green card scheme in 2005.<sup>134</sup>

As an answer to high unemployment and high-skilled labour shortage, Germany passed a far-reaching Immigration Act in 2005, which “laid down the foundation for immigration policy and the social integration of migrants, and finally recognized that Germany is an immigration country.”<sup>135</sup> “Act identified three types of legal residence permits:

1. permit of stay,
2. settlement permit and
3. residence permit.”<sup>136</sup>

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<sup>131</sup> IBID

<sup>132</sup> IBID

<sup>133</sup> Pacaci Elitok, Secil. International Conference at RWTH Aachen University, 17-18 March 2011. Skill-biased migration policies of Germany: the case of green card and new migration act. 18 October 2012

<http://www.tuhh.de/agentec/forschung/migrantinnen/downloads/presentations/Elitok%20Presentation.pdf>

<sup>134</sup> Constant, Amelie F. and Tien, Bienvenue N. Germany’s Immigration Policy and Labor Shortages, page 8. October 2011. 18 October 2012

[http://www.iza.org/en/webcontent/publications/reports/report\\_pdfs/iza\\_report\\_41.pdf](http://www.iza.org/en/webcontent/publications/reports/report_pdfs/iza_report_41.pdf)

<sup>135</sup> IBID

<sup>136</sup> IBID



According to the mentioned regulation, “the Federal Employment Agency” was the body which gave approval for residence permits to immigrants who searched for a job in Germany. Residence permits were given for the time period of up to three years. Immigrants were scrutinized respectively in connection to the unemployment rate in Germany and Germany’s labour shortage. An immigrant could be employed in Germany only if there wasn’t a German person who could fill this vacant position and if the employment of immigrant wouldn’t have a negative effect on German labour market (the labour market test).<sup>137</sup>

Based on the Immigration Act, after working for a German employer for at least one year, an immigrant could prolong his/her residence permit without a new labour market test. “If a foreigner has successfully completed a top degree at a German university, a residence permit can be prolonged for up to one year in order to search for a job where migrant recruitment is permitted.”<sup>138</sup> If immigrant could prove that he/she earns a salary of at least 85,000 Euro per year he/she could get unrestricted residence permit. “Self-employed persons receive a residence permit if they invest at least 250,000 Euro and create a minimum of five jobs”.<sup>139</sup>

In the time period between 2005 and 2008 Germany implemented several types of high-skilled labour migration policies. One of them included bilateral agreements and referred to seasonal workers; “companies in partner countries could send their workers to Germany for a limited period of time for the purpose of completing work in cooperation with a German company”.<sup>140</sup>

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<sup>137</sup> IBID

<sup>138</sup> IBID

<sup>139</sup> IBID

<sup>140</sup> IBID, page 9

Employing people from outside the EU was not simple in Germany; it was often connected to a lot of hurdles and bureaucracy and was often very expensive and time-consuming.

According to the labour regulation in Germany after 2005 and before the Blue Card directive implementation, as stated in Reuters' article "Germany looks to migrants to fight labor shortage", in order to employ a person from outside the EU, German employer needed to prove that the vacant job at hand could not be filled by the EU nationals. Furthermore, people from outside the EU could get a visa only if their German employer guaranteed that he/she will get paid "an annual wage of at least 66,000 euros"<sup>141</sup>, which was more than twice the average annual salary in Germany.<sup>142</sup>

Bureaucratic obstacles discouraged non-EU engineers from immigrating to the EU and the German government was aware of this, but hadn't succeeded in finding a solution for this problem. One of the government's attempts to solve this issue was chancellor Angela Merkel's proposing – allowing German companies to hire non-EU engineers and doctors (in these areas Germany has a serious labour shortage, according to the mentioned Reuters' article) without having to prove that they couldn't find these experts within the EU. Merkel, additionally, suggested that the minimum annual salary to non-EU workers should be reduced from 66,000 Euro to 40,000 Euro.<sup>143</sup>

Germany continued to facilitate high-skilled immigrants and in 2009 it introduced a new measure – a so called "tolerated stay". With this change, high-skilled immigrants who were

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<sup>141</sup> Nasr, Joseph. Germany looks to migrants to fight labor shortage. 12 August 2011. 13 October 2012  
<http://www.reuters.com/article/2011/08/12/us-germany-labour-immigration-idUSTRE77B1S120110812>

<sup>142</sup> IBID

<sup>143</sup> IBID

about to be deported, but their deportation has been temporarily stopped, were entitled to access the labour market.<sup>144</sup>

Based on the German regulation in 2011, while other high-skilled immigrants needed to go through the labour market check, high-skilled immigrants with “university degrees in human medicine, vehicle manufacturing, as well as mechanical or electrical engineering”, starting with July 2011 no longer had to go through this check, according to German Missions in the United States’ article “Foreign Doctors and Engineers Receive Warmer Welcome in Germany“.<sup>145</sup>

There was another policy in Germany connected to the high-skilled labour immigration and it especially addressed non-EU nationals “who had obtained a university degree or another comparable qualification in the field of information and communication technology. These immigrants were granted a temporary residence permit with the approval of the Federal Employment Agency”.<sup>146</sup> In addition, new policies referred to immigrants’ family members as well; “the new act allowed dependents, who came to Germany for the purposes of family reunification, to pursue an economic activity.”<sup>147</sup>

According to the IZA’s mentioned report “Germany’s Immigration Policy and Labor Shortages”, Germany was suffering from “brain drain”; in 2009, 154,988 of German high-

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<sup>144</sup> Constant, Amelie F. and Tien, Bienvenue N. Germany’s Immigration Policy and Labor Shortages, page 6. October 2011. 18 October 2012

[http://www.iza.org/en/webcontent/publications/reports/report\\_pdfs/iza\\_report\\_41.pdf](http://www.iza.org/en/webcontent/publications/reports/report_pdfs/iza_report_41.pdf)

<sup>145</sup> The USA. German Missions in the United States. Foreign Doctors and Engineers Receive Warmer Welcome in Germany. 31 July 2012. 20 October 2012

[http://www.germany.info/Vertretung/usa/en/\\_pr/P\\_Wash/2012/07/31ForeignEngineersDoctors.html](http://www.germany.info/Vertretung/usa/en/_pr/P_Wash/2012/07/31ForeignEngineersDoctors.html)

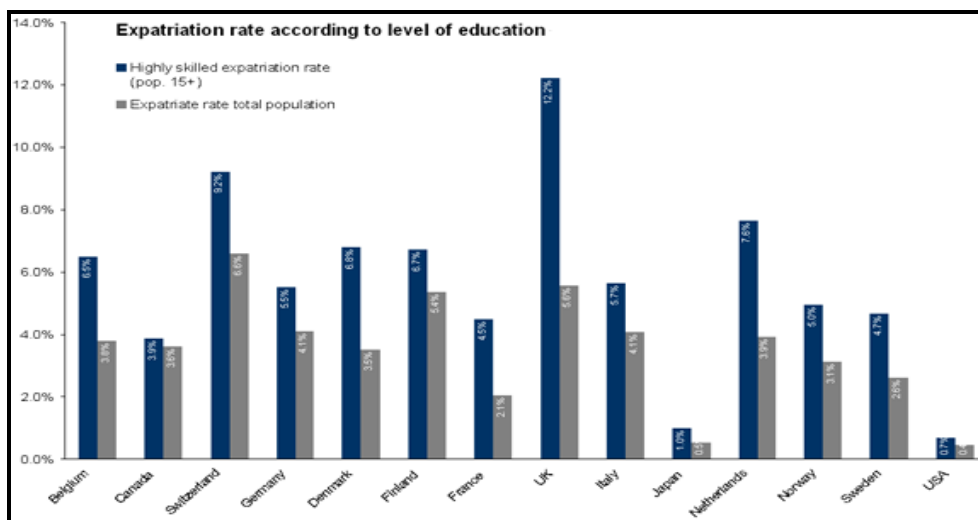
<sup>146</sup> Constant, Amelie F. and Tien, Bienvenue N. Germany’s Immigration Policy and Labor Shortages, page 6. October 2011. 18 October 2012

[http://www.iza.org/en/webcontent/publications/reports/report\\_pdfs/iza\\_report\\_41.pdf](http://www.iza.org/en/webcontent/publications/reports/report_pdfs/iza_report_41.pdf)

<sup>147</sup> IBID, page 10

skilled workers emigrated from Germany, firstly to Switzerland and the USA.<sup>148</sup> Figure 14<sup>149</sup> shows the Emigration rate in Germany and other selected countries by education in 2007. It is visible that in that year Germany had more emigrants among high-skilled workers than among other workers. This shows that Germany had a serious “brain drain” problem. However, the situation has changed over the last few years. According to the article “How Germans Are Engineering a Reverse Brain Drain”, Germany suffered significantly from recession in 2008 and in 2009, but it bounced back quickly to become world’s fifth largest economy and nowadays it is no longer suffering from “brain drain”.<sup>150</sup> Now Germany is attracting high-skilled immigrants not losing them. Figure 15<sup>151</sup> shows this recent trend.

Figure 14 Emigration rate in Germany by education, 2007



Source: OECD

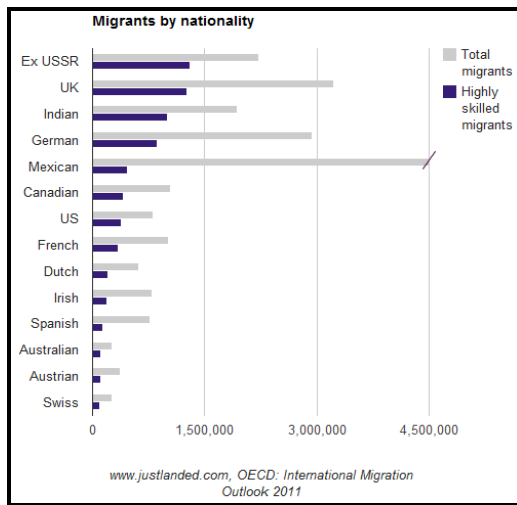
<sup>148</sup> IBID, page 18

<sup>149</sup> The UK. Just Landed, web portal. [Profiling expatriates, Expatriate statistics and characteristics](http://www.justlanded.com/english/Common/Footer/Expatriates/Expatriate-statistics-and-characteristics). 12 September 2012 <http://www.justlanded.com/english/Common/Footer/Expatriates/Expatriate-statistics-and-characteristics>

<sup>150</sup> The USA. Northwestern University. [How Germans Are Engineering a Reverse Brain Drain](http://memnorthwestern.wordpress.com/2012/05/23/how-germans-are-engineering-a-reverse-brain-drain/). 12 September 2012 <http://memnorthwestern.wordpress.com/2012/05/23/how-germans-are-engineering-a-reverse-brain-drain/>

<sup>151</sup> The UK. Just Landed, web portal. [OECD: International migration, Outlook 2011](http://expatmarketing.com/wp-content/uploads/2012/02/High-Income-Expatriates.png). 12 September 2012 <http://expatmarketing.com/wp-content/uploads/2012/02/High-Income-Expatriates.png>

Figure 15 Emigration rate in Germany by education, 2011



Source: OECD

When analyzing Figure 14 and Figure 15 together, it is obvious that Germany' high-skilled labour emigration ("brain drain") became much smaller during the time period between 2007 and 2011.

However, the number of some high-skilled immigrants has been increasing over the last few years. For example, in 2008, there were 64 immigrant researchers employed in Germany and in 2009 this number increased by 122 percent. Number of employed highly qualified immigrants went up by 12 percent. Number of self-employed immigrants went up by 15 percent.<sup>152</sup> Furthermore, Germany has succeeded in attracting immigrants to enrol and graduate from universities in Germany.<sup>153</sup>

One of the newest measures for high-skilled immigrants by German government is the launch of the web portal "Make it in Germany". It is focused on high-skilled immigrants and it gives them all needed information to get employed in Germany.

<sup>152</sup> Constant, Amelie F. and Tien, Bienvenue N. *Germany's Immigration Policy and Labor Shortages*, page 24. October 2011. 18 October 2012

[http://www.iza.org/en/webcontent/publications/reports/report\\_pdfs/iza\\_report\\_41.pdf](http://www.iza.org/en/webcontent/publications/reports/report_pdfs/iza_report_41.pdf)

<sup>153</sup> IBID, page 28

## Blue Card policy in Germany

The Blue Card policy was implemented in Germany on August 1, 2012. According to the article “EU Blue Card in effect from 1 August 2012” on the web portal “German Missions in India”, “Germany's 'Blue Card initiative' to attract more highly qualified workers to Germany enters into effect on 1 August 2012. In addition to the Recognition Act, which facilitates the recognition of foreign professional credentials, several changes have been made to the German Residence Act in order to implement the European Union's Directive on Highly Qualified Workers.”<sup>154</sup>

Based on these changes, major conditions which need to be satisfied, in order for a high-skilled immigrant to get a Blue Card, are that he/she should “have a degree from an accredited University or at least five years experience in a related profession and an employment contract from a German company about 44,800 Euro which is reduced to 35,000 Euro for scientists, IT-Experts, Engineers and medical Doctors”.<sup>155</sup>

There are different views in Germany regarding this reduced minimum salary for medical doctors, IT experts, scientists and engineers. Some think that Germany will attract more of these experts this way, but some think that this will have a dumping influence on starting salaries for these experts in Germany. The latter ones think that the amount of salaries should not go down as a measure to attract more high-skilled immigrants in the mentioned fields. For example, Daniela Kolbe of the Social Democrat Party thinks that this salary shouldn't be

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<sup>154</sup> India. German Missions in India. EU Blue Card in effect from 1 August 2012. 27 July 2012. 18 October 2012 [http://www.india.diplo.de/Vertretung/indien/en/\\_pr/Business\\_News/Blue\\_card\\_1\\_August.html](http://www.india.diplo.de/Vertretung/indien/en/_pr/Business_News/Blue_card_1_August.html)

<sup>155</sup> Germany. Bluecard-Germany, web portal. Info about the new Bluecard for Germany. October 22, 2012 <http://www.bluecard-germany.com/>

lower than 40,000 Euro and Jörn Wunderlich of the Left Party thinks that this salary shouldn't be lower than 63,150 Euro.<sup>156</sup>

There are different views on German language requirement too. For example, Memet Kilic from the Green party states that high-skilled immigrants shouldn't be discriminated if they don't speak proper German, because they will often not need it any way. He added that high-skilled labour immigration regulation in Germany was more favourable to these immigrants before the Blue Card policy was introduced in Germany. He stated also that this would limit Germany to high-skilled immigrants from German-speaking part of Switzerland and from Austria.<sup>157</sup>

One of the most important changes that the Blue Card Act introduced in the German labour market check is that the priority check is cancelled; this makes the whole process of employing non-nationals much faster, for several weeks. Furthermore, the previous rule that very highly qualified immigrants with a salary of at least 66,000 Euro can get the residence permit right away (when they come to Germany) is cancelled. With the Blue Card Act everybody who has a work permit can after three years get the unlimited residence permit and if this person speaks German he/she can get the unlimited residence permit after two years. This is very significant, since this requirement was set at five years before the Blue Card.<sup>158</sup>

Furthermore, the Blue Card made it possible for its applicants to acquire a 6 - month visa in order to search for a job in Germany. When non-EU students finish their studies in Germany they are given eighteen months to search for a job in Germany; before the Blue Card Act they

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<sup>156</sup> Poland. Visa Free Europe, web portal. German 'Blue Card' to simplify immigration. 7 May 2012. 19 October 2012 <http://visa-free-europe.eu/2012/05/german-blue-card-to-simplify-immigration/>

<sup>157</sup> IBID

<sup>158</sup> Germany. Bluecard-Germany, web portal. Info about the new Bluecard for Germany. October 22, 2012 <http://www.bluecard-germany.com/>

were given twelve months for this purpose.<sup>159</sup> Furthermore, non-EU students at German universities are allowed to work 120 full days or 240 half-days annually while studying (before the Blue Card policy in Germany these working days were limited to 90 full days or 180 half-days annually).<sup>160</sup>

One more thing that the Blue Card policy in Germany made more favourable for high-skilled immigrants is their families' status; Blue Card holder's family members are granted unrestricted right to work in Germany. In addition, in order to join the Blue Card holders in Germany, their spouses do not have to speak German.<sup>161</sup>

Germany announced in August 2012 the Recognition Act, which regulates high-skilled immigrants' foreign credentials recognition. This measure is also aimed at high-skilled immigrants' attraction.<sup>162</sup>

## Tackling High-skilled Labour Shortage in Sweden

### Current situation in Sweden

According to IZA's report "High-Skilled Immigration Policy in Europe", Sweden is a welfare state and a part of the cluster of Scandinavian welfare states which, apart from Sweden, includes Finland, Iceland, Denmark and Norway. These countries are worldwide famous for their economic prosperity, high democratic tradition and social awareness. They have also a

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<sup>159</sup> IBID

<sup>160</sup> Germany. How to Germany, web portal. The EU Blue Card for Germany. 19 October 2012 <http://www.howtogermany.com/pages/eu-blue-card.html>

<sup>161</sup> IBID

<sup>162</sup> Sweden. Sweden Visa, web portal. Blue Card Advantage: Opportunities for Indian Techies in Germany. 24 September 2012. 19 October 2012 <http://www.swedenvisas.com/immigration/news-details/blue-card-advantage-opportunities-for-indian-techies-in-germany/755>



constant inflow of immigrants to whom they generously give asylums and protection.<sup>163</sup>

According to Britannica Online Encyclopaedia, the concept of “welfare state” refers to “a government in which the state plays a key role in the protection and promotion of the economic and social well-being of its citizens. It is based on the principles of equality of opportunity, equitable distribution of wealth, and public responsibility for those unable to avail themselves of the minimal provisions for a good life”.<sup>164</sup> As a welfare state Sweden recognizes social needs of its citizens and its immigrants, and tries to cover social gaps within the society. Sweden has a high level of elderly care and, in general, a high level of public services and benefits.<sup>165</sup>

Based on the article “Sweden asylum seeker figures jump 30 percent”, Sweden is very friendly towards the asylum seekers and thus the number of them in Sweden is increasing. According to the available data from July 2012, more asylum seekers came to Sweden in the first half of 2012 (16,335) than in the first half of 2011 (12,595). Most of them were from Somalia and Afghanistan, with the increasing number of Syrians.<sup>166</sup> Sweden, as a welfare state, is giving these people protection. The newest one of such measures in Sweden, from June 2012, was to give undocumented (illegal) immigrants the same healthcare rights as to the asylum seekers; the legal right to subsidized healthcare. In addition, children younger than 18 have the right to full healthcare, just like Swedish children, and adults have the right

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<sup>163</sup> Kahanec, Martin and Zimmermann, Klaus F. High-Skilled Immigration Policy in Europe, page 7. December 2010. 15 October 2012 <http://ftp.iza.org/dp5399.pdf>

<sup>164</sup> International. Britannica, web portal. Welfare state. 15 October 2012 <http://www.britannica.com/EBchecked/topic/639266/welfare-state>

<sup>165</sup> Faher, Nicole. Country Case Studies and Links. 15 October 2012

[http://www.pitt.edu/~heinisch/ca\\_swehttp://www.pitt.edu/~heinisch/ca\\_swed.html](http://www.pitt.edu/~heinisch/ca_swehttp://www.pitt.edu/~heinisch/ca_swed.html)

<sup>166</sup> Sweden. The Local. Sweden asylum seeker figures jump 30 percent. 3 July 2012. 15 October 2012 <http://www.thelocal.se/41790/20120703/>

to the urgent healthcare. Furthermore, Sweden is planning to grant undocumented immigrants soon the right to education.<sup>167</sup>

Table 4<sup>168</sup> shows decisions on asylum applications in the EU, Switzerland, Liechtenstein, Norway and Iceland in 2011. This table shows that in 2011 among these selected countries France received the most asylum applications (42,220), after it Germany (40,295) and then Sweden (26,720). When compared by population, Sweden is significantly smaller than the other two countries (according to Eurostat, in 2011 France had 65,3 million people, Germany 81,8 million people and Sweden 9,4 million people<sup>169</sup>) which makes its received number of asylum applications even more significant. Furthermore, based on Table 4<sup>170</sup>, Sweden's percentage of given asylums in 2011 is higher than the ones of France and Germany; France responded positively to 4,615 asylum applications, Germany to 9,675 and Sweden to 8,805. Hence, France responded positively to roughly one ninth, Germany to roughly one fourth and Sweden to roughly one third of asylum applications. In addition, even Sweden's absolute number of positive decisions is bigger than the one of France. Conclusion to be made is that, among the selected countries in Table 4, France receives the most asylum application but rarely grants asylum, Germany is the second one and it has more favourable attitude towards the asylum seekers, but Sweden has the most favourable attitude towards the asylum seekers among these three countries.

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<sup>167</sup> Sweden. The Local. Sweden to give illegal immigrants healthcare. 28 June 2012. 15 October 2012  
<http://www.thelocal.se/41702/20120628/>

<sup>168</sup> International. European Commission, Eurostat. First instance decisions on (non-EU-27) asylum applications, 2011 15 October 2012  
[http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php?title=File:First\\_instance\\_decisions\\_on\\_\(non-EU-27\)\\_asylum\\_applications,\\_2011\\_\(number,\\_rounded\\_figures\).png&filetimestamp=20121012123318](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:First_instance_decisions_on_(non-EU-27)_asylum_applications,_2011_(number,_rounded_figures).png&filetimestamp=20121012123318)

<sup>169</sup> International. European Commission. Demographic balance, 2011, 15 October 2012  
[http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php?title=File:Demographic\\_balance,\\_2011\\_\(1\)\\_1\\_000.png&filetimestamp=20130129110805](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Demographic_balance,_2011_(1)_1_000.png&filetimestamp=20130129110805)

<sup>170</sup> International. European Commission. Asylum Statistics. 15 October 2012  
[http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Asylum\\_statistics](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Asylum_statistics)

Table 4

	Total number of decisions	Positive decisions				Rejected
		Total	Refugee status	Subsidiary protection	Humanitarian reasons	
<b>EU-27</b>	237 410	59 515	29 000	21 440	9 070	177 895
Belgium	19 825	5 075	3 810	1 265	-	14 750
Bulgaria	605	190	10	180	-	410
Czech Republic	685	320	105	200	10	365
Denmark	3 570	1 315	735	385	190	2 255
Germany	40 295	9 675	7 100	665	1 910	30 620
Estonia	65	15	10	5	5	50
Ireland	1 365	75	60	15	-	1 295
Greece	8 670	180	45	85	45	8 490
Spain	3 395	990	335	630	20	2 410
France	42 220	4 615	3 340	1 275	-	37 600
Italy	24 150	7 155	1 805	2 265	3 085	16 995
Cyprus	2 630	70	55	0	15	2 560
Latvia	90	20	5	15	-	70
Lithuania	305	25	5	15	-	285
Luxembourg	1 015	35	30	5	-	980
Hungary	895	155	45	100	10	740
Malta	1 605	885	70	690	125	720
Netherlands	15 790	6 830	710	4 065	2 050	8 965
Austria	13 245	4 085	2 480	1 605	-	9 160
Poland	3 215	475	155	155	170	2 740
Portugal	115	65	25	40	-	50
Romania	1 075	75	70	10	0	1 000
Slovenia	215	20	15	5	-	190
Slovakia	215	115	5	80	35	100
Finland	2 595	1 065	160	715	190	1 535
Sweden	26 720	8 805	2 335	5 390	1 075	17 915
United Kingdom	22 835	7 190	5 480	1 590	120	15 645
Iceland	40	10	10	0	0	30
Liechtenstein	45	15	0	10	0	30
Norway	9 545	4 015	2 810	765	435	5 535
Switzerland	14 295	6 445	3 675	975	1 790	7 850

Source: Eurostat (online data code: migr\_asydcfsta)

Source: Eurostat

Sweden's favourable attitude towards immigrants is also visible through the level of immigrants' integration in Sweden. According to the article "Sweden is top country at integrating immigrants", among thirty-one countries (the EU countries plus the USA, Canada, Norway and Switzerland) Sweden has the highest level of immigrants' integration. This is the result of a "study published by the British Council and the Migration Policy Group" in 2011. After Sweden come Portugal, Canada, Finland and the Netherlands.<sup>171</sup>

Due to the Sweden's favourable attitude toward immigrants, especially since 2008, which will be analysed in the next chapter, Sweden eventually came to the point that it needs to

<sup>171</sup> Hyslop, Leah. *Sweden is top country at integrating immigrants*. 4 March 2011. 14 September 2012 <http://www.telegraph.co.uk/expat/expatnews/8359653/Sweden-is-top-country-at-integrating-immigrants.html>

reduce the number of immigrants. According to the article “Minister: immigrant 'volumes' too high”, Tobias Billström, “Sweden’s Minister for Migration and Asylum Policy”<sup>172</sup>, said on January 26, 2013: "Today Sweden is one of the countries that receives the most immigrants in the EU. That's not sustainable." Billström said that Sweden is working on the ways to decrease the number of immigrants, but these ways need to be humane.<sup>173</sup> On a totally different note, few years ago – in December 2009, Olle Wästberg, head of the Swedish Institute, as stated in the article “Sweden risks facing severe labour shortages”, claimed that Sweden needs immigrants due to its aging population. He stated in the mentioned article that, in order for Sweden to keep its high living standard, it needs immigrants.<sup>174</sup> A lot has happened in Sweden in the time period between 2009 and 2013 and nowadays Sweden needs to reassess its immigration policy if it wants to keep afloat. Figure 16 shows immigration and emigration changes in Sweden in the time period between 1960 and 2011, and projections for Sweden’s immigration and emigration from 2012. Recent development shows that over the last decade there has been a sharp increase in immigration in Sweden. In 2009 immigration decreased a bit, but not in a significant amount, and in 2010 and 2011 immigration continued to rise. However, projections indicate that immigration in Sweden will decrease. As for emigration, over the last decade it has been growing also but not even close to the growth of immigration which means that over that period of time Sweden had a positive net migration.<sup>175</sup> According to SCB - Statistics Sweden, immigration in Sweden decreased in 2011 mostly because fewer immigrants from Somalia arrived compared to 2010.<sup>176</sup>

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<sup>172</sup> Sweden. The Local. Minister: immigrant 'volumes' too high. 2 February 2013. 14 February 2013 <http://www.thelocal.se/45968/20130202/>

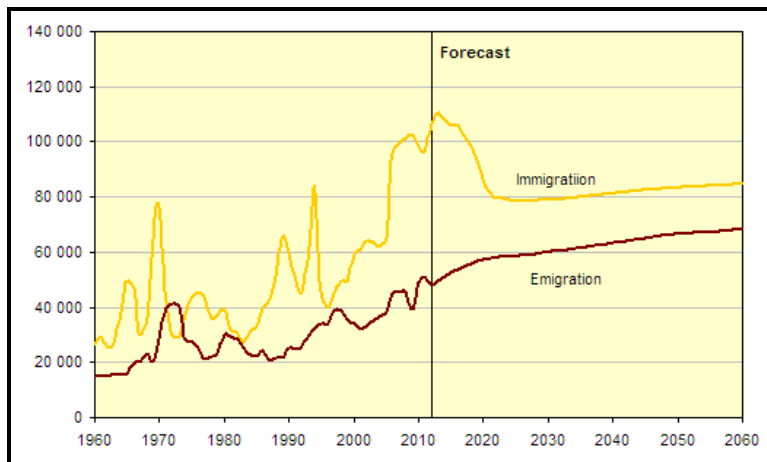
<sup>173</sup> IBID

<sup>174</sup> Sweden. The Local. Sweden risks facing severe labour shortages. 22 December 2009. 13 October 2012 <http://www.thelocal.se/24004/20091222/>

<sup>175</sup> Sweden. Statistics Sweden, web portal. Population projections. 22 May 2012. 14 February 2013 [http://www.scb.se/Pages/TableAndChart\\_\\_\\_\\_\\_91833.aspx](http://www.scb.se/Pages/TableAndChart_____91833.aspx)

<sup>176</sup> Sweden. Statistics Sweden, web portal. Sweden's population 31/12/2011, preliminary figures. 21 December 2011. 14 February 2013 [http://www.scb.se/Pages/PressRelease\\_\\_\\_\\_\\_325912.aspx](http://www.scb.se/Pages/PressRelease_____325912.aspx)

Figure 16



Source: SCB

But, what is the situation like in Sweden regarding high-skilled labour immigration?

As stated on the web portal “Sweden”, “Sweden's labor shortage list is published twice a year.

The list is compiled by the Swedish Public Employment Service and the National Institute of Economic Research based on statistics that predict the country's future labor needs. The list is published by the Swedish Migration Board.”<sup>177</sup> Some of the high-skilled jobs from the last

labour shortage list are “accountants, college, university and higher education teaching professionals, dentists, doctors, electrical engineers and electrical technicians, electronics and telecommunications engineering technicians, engineers - building and construction, engineers -building services/technical building, engineers - electrical power, engineers - electronics and telecommunications, engineers - heating, plumbing and ventilation, engineers – mechanical, IT architects and IT test analysts, pharmacists, physicists and astronomers.”<sup>178</sup> It is obvious that Sweden firstly needs engineers. In addition, it needs computer specialists too, which is

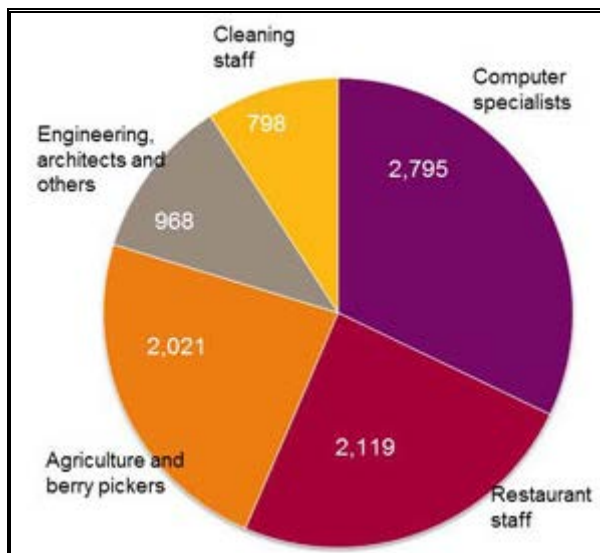
<sup>177</sup> Sweden. Sweden, web portal. Sweden's labor shortage list. 11 January 2013

<http://www.sweden.se/eng/Home/Work/Get-a-job/Labor-shortage-list/>

<sup>178</sup> IBID

visible in Figure 17<sup>179</sup> that shows most common occupations among the first-time applicants in Sweden in 2012. Most of them were computer specialists, which shows that there is a demand for this occupation in Sweden.

Figure 17 Most common occupations for first-time applicants in Sweden in 2012



Source: Migrationsverket

However, even though the recent data show that Sweden needs to decrease its overall number of immigrants, Sweden still realizes their value due to the skills and knowledge they bring along with them. The magazine “Ekonomisk debatt” published a study in November 2009 that showed that Sweden’s foreign trade increases with the increased number of immigrants. In connection to this acknowledgement, on Swedish Government’s instructions, “the Swedish Institute” is working on marketing Sweden as an appealing working and living destination for immigrants. One of the ways to do so is through the web portal “Working in Sweden”; this web portal was designed to guide potential immigrants to the Swedish labour market. Also, government started a project called “Kosmopolit“ which promotes trade through the usage of

<sup>179</sup> Sweden. Migrationsverket, web portal. [Mithun contributes his IT skills](http://www.migrationsverket.se/info/1889_en.html). 4 February 2013. 11 February 2013 [http://www.migrationsverket.se/info/1889\\_en.html](http://www.migrationsverket.se/info/1889_en.html)

immigrants' skills.<sup>180</sup> "Minister for Trade Ewa Björling" initiated this project in 2007 because she realized that it can be very useful for Sweden to use immigrants' skills and knowledge when trading with their countries of origin.<sup>181</sup>

### Sweden's High-Skilled Labour Immigration Policy before the Blue Card policy

According to the mentioned article "Sweden risks facing severe labour shortages", due to its aging population and both high-skilled and unskilled labour shortage, Sweden realized the importance of these immigrants and adjusted its immigration policy accordingly. Sweden's immigration goes back to the time after the Second World War. However, it increased significantly in the 1970s, but most of the immigrants were refugees and asylum seekers.<sup>182</sup> While Sweden showed generosity towards refugees and asylum seekers it completely ignored "labour immigrants", states Wästberg.<sup>183</sup>

Sweden's recent regulation aiming at labour shortage coverage that entered into force in December 2008 allowed a Swedish employer, who cannot cover his/her labour shortage with the labour from Sweden or the EU, to employ someone from outside the EU. This immigrant can be given a work permit for two years, with the possibility to have it prolonged once or more but for the total maximum of four years. After these four years this immigrant can be given a permanent residence permit for which he/she can apply for in Sweden and doesn't need to go back home to do so.<sup>184</sup> This regulation gave immigrants practically full rights

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<sup>180</sup> IBID

<sup>181</sup> Sweden. Government Offices of Sweden. Kosmopolit project. 25 January 2011. 13 October 2012 <http://www.sweden.gov.se/sb/d/14317>

<sup>182</sup> Sweden. Government Offices of Sweden. Sweden opens doors for migrants. 4 November 2008. 13 October 2012 <http://www.sweden.gov.se/sb/d/11160/a/115467>

<sup>183</sup> Sweden. The Local. Sweden risks facing severe labour shortages. 22 December 2009. 13 October 2012 <http://www.thelocal.se/24004/20091222/>

<sup>184</sup> Sweden. Government Offices of Sweden. Sweden opens doors for migrants. 4 November 2008. 13 October 2012 <http://www.sweden.gov.se/sb/d/11160/a/115467>

equal to the ones that Swedish citizens have, apart from the voting right. Also, their spouses were given full and free access to the Swedish labour market.<sup>185</sup> For one to be able to receive a work permit in Sweden, he/she needs to have the following: employment offer, employment terms equal to the ones that Swedish citizens have or better, monthly salary of at least 1,300 Euro and a valid passport. Also, a job vacancy needs to be posted for at least ten days.<sup>186</sup> During the first two years work permits are limited to specific employer and occupation and during the last two years they are limited to specific occupation; to change employer and/or occupation one needs to apply for a new permit.<sup>187</sup> This means that these immigrants can change his/her employer after two years but he/she cannot change his/her occupation during the mentioned four years.

The regulation prior to December 2008, based on the guidelines from 1968 and 1984, was not demand driven; it was limited to the listed labour shortage which limited Swedish employers. According to this prior regulation, a job application from an immigrant would firstly be examined by “the Swedish National Labour Market Board” and then by “the County Labour Board”. These examinations were focused on the fact whether a person from EU/EEA countries could be employed and in this relation these two bodies could give their recommendation. If a person from the mentioned countries could not be employed in Sweden then an immigrant from other countries could be employed. In such case, the application would then be given to “the Swedish Migration Board”. This board would then, in accordance with the Aliens Act, issue a work and residence permit to an immigrant from non-EU/EEA countries.<sup>188</sup>

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<sup>185</sup> Canada. Carleton University, The International Metropolis Project. Labour Immigration to Sweden, page 7. 13 October 2012 [http://international.metropolis.net/pdf/intl\\_site/WS76\\_Dippel.pdf](http://international.metropolis.net/pdf/intl_site/WS76_Dippel.pdf)

<sup>186</sup> IBID, page 9

<sup>187</sup> IBID, page 11

<sup>188</sup> Sweden. European Migration Network, web portal. Satisfying Labour Demand through Migration, page 16. June 2010. 14 October 2012



The mentioned legislation, which entered into force in December 2008, changed Sweden from a restrictive country regarding immigrants' labour to a demand-driven country. After these changes it was the employer who examines if there is a need for labour or not and he/she is the one who examines skills and suitability of the worker for a job at hand.<sup>189</sup> That way Sweden allowed labour demand to determine immigration amount. This new regulation also made it easier for immigrants from outside the EU/EEA to immigrate to Sweden and work there.<sup>190</sup> There are no quotas, no caps and no international agreements limiting Swedish employers when employing workers from outside the EU/EEA.<sup>191</sup>

#### Blue Card policy in Sweden

The Blue Card directive was created in May 2009 and it was supposed to be implemented within two years. Sweden failed to do so and, according to the available data, still hasn't implemented the Blue Card directive by the time this thesis was finished.

Together with Sweden five other Member States failed to implement the Blue Card directive in their legal system by the deadline which was on June 19, 2011, and these countries were Italy, Portugal, Germany, Poland and Malta. The European Commission sent on July 18, 2011 a formal request to these six countries to correct their behaviour within two months. In

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[http://www.emnsweden.se/download/18.4db6a176132f440ac3680001142/SE+national+report+on+satisfying+labour+demand\\_Aug10+\(ENG+version\).pdf](http://www.emnsweden.se/download/18.4db6a176132f440ac3680001142/SE+national+report+on+satisfying+labour+demand_Aug10+(ENG+version).pdf)

<sup>189</sup> IBID

<sup>190</sup> IBID, page 2

<sup>191</sup> Canada. Carleton University, The International Metropolis Project. Labour Immigration to Sweden, page 4. 13 October 2012 [http://international.metropolis.net/pdf/intl\\_site/WS76\\_Dippel.pdf](http://international.metropolis.net/pdf/intl_site/WS76_Dippel.pdf)

its reply Sweden stated that it will implement the Blue Card directive in 2012, when the needed new legislation will enter into force.<sup>192</sup>

## Tackling High-skilled Labour Shortage in the UK

### Current situation in the UK

According to the article "Immigration to the United Kingdom", the UK has a large number of immigrants and most of them come from Ireland and UK's previous colonies; India, Pakistan, Bangladesh, Sri Lanka, the Caribbean, South Africa and Hong Kong (these countries are now part of the Commonwealth, an organisation of 54 countries which were, apart from Rwanda and Mozambique, previously part of the British Empire out of which this organisation was formed<sup>193</sup>). This recent immigration started in 1922 and has so far been significant. All Commonwealth citizens could freely enter the UK and reside there until the Commonwealth Immigrants Act of 1962, according to this article. The Commonwealth Immigrants Act put under immigration control UK citizens and its colonies' citizens whose passports were not issued by the UK.<sup>194</sup> In practice this didn't really reduce the immigration from the Commonwealth countries. "The average number of acceptances for settlement in the 1970s was 72,000 per year, in the 1980s and early 1990s it was about 54,000 per year. Since 1996 that figure has nearly doubled to 97,000 in 1999".<sup>195</sup> In 2010 there were 7,354,000 immigrants in the UK which made 11.9 percent of its total population.<sup>196</sup>

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<sup>192</sup> International. Work Permit, web portal. 6 Member States not complying with Blue Card Rules. 1 November 2011. 17 October 2012 <http://www.workpermit.com/news/2011-11-01/europe/6-eu-member-states-not-complying-with-blue-card-rules.htm>

<sup>193</sup> International. Wikipedia, web portal. Commonwealth of Nations. 24 October 2012 [http://en.wikipedia.org/wiki/Commonwealth\\_of\\_Nations](http://en.wikipedia.org/wiki/Commonwealth_of_Nations)

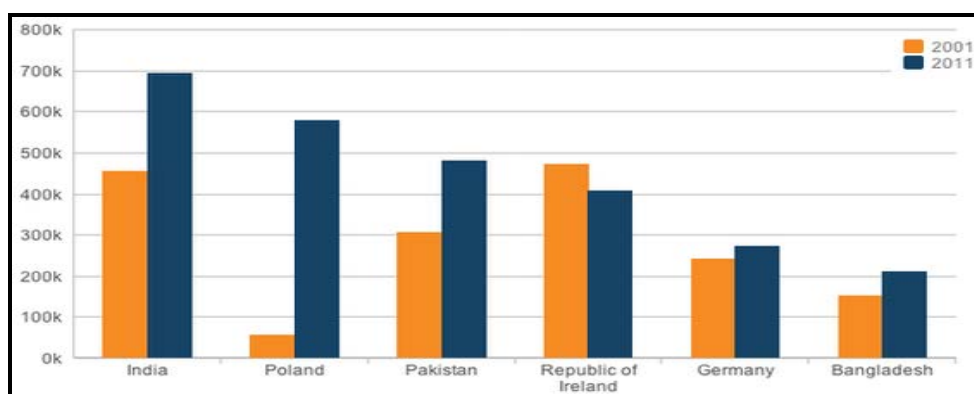
<sup>194</sup> International. Articles Base, web portal. Immigration to the United Kingdom. 1 May 2009. 20 October 2012 <http://www.articlesbase.com/immigration-articles/immigration-to-the-united-kingdom-895680.html>

<sup>195</sup> The UK. Migration Watch UK, web portal. The history of migration to the UK. 10 August 2001. 20 October 2012 [http://migrationwatchuk.com/pdfs/6\\_1\\_History\\_of\\_immigration.pdf](http://migrationwatchuk.com/pdfs/6_1_History_of_immigration.pdf)

<sup>196</sup> International. Wikipedia, web portal. Foreign-born population of the United Kingdom. 20 October 2012 [http://en.wikipedia.org/wiki/Foreign-born\\_population\\_of\\_the\\_United\\_Kingdom](http://en.wikipedia.org/wiki/Foreign-born_population_of_the_United_Kingdom)

According to the UK's census from 2001, 8.3 percent of its population was born abroad. This number grew next few years and in 2005 it went up to 9.1 percent (this number in the whole EU is 8.6 percent). For comparison, in 2001 most immigrants came from Ireland (533,901), India (467,634), Pakistan (321,167), Germany (266,136) and the USA (158,434), and in 2011 most immigrants came from India (729,000), Poland (634,000), Pakistan (457,000), Ireland (457,000) and Germany (297,000).<sup>197</sup> These numbers show some changes in immigration to the UK. First, while in 2001 most immigrants came from Ireland, in 2011 immigrants from Ireland fell to fourth place. Immigrants from Poland started migrating to the UK in large numbers; in 2011 more than one million of them came to the UK. Actually, Polish immigrants form the biggest immigration group in the UK from within the EU.<sup>198</sup> Figure 18 shows top nationalities of people who migrated to the UK in the years 2001 and 2011.<sup>199</sup>

Figure 18 Top nationalities of people who migrated to the UK, 2010 - 2011



Source: ONS – Office for National Statistics

<sup>197</sup> International. Wikipedia, web portal. Foreign-born population of the United Kingdom. 20 October 2012 [http://en.wikipedia.org/wiki/Foreign-born\\_population\\_of\\_the\\_United\\_Kingdom](http://en.wikipedia.org/wiki/Foreign-born_population_of_the_United_Kingdom)

<sup>198</sup> IBID

<sup>199</sup> The UK. British Broadcasting Corporation – BBC, web portal. Census shows rise in foreign-born. 11 December 2012. 20 October 2012 <http://www.bbc.co.uk/news/uk-20677321>

## Recent UK's Immigration Policies

Regarding the immigrants in the UK who come from within the EU, situation involving the Romanian and Bulgarian immigrants is very specific and deserves a special focus.

Furthermore, it shows the attitude of the UK towards immigrants and that attitude is mostly negative; the UK has many immigrants and wants to stop their inflow. Thus, this situation will be addressed first.

Bulgaria and Romania entered the EU in 2007 and since then have been its poorest Member States, according to the Economist.<sup>200</sup> Many of their citizens are looking for a better life abroad and have migrated to other countries, including the UK. In 2001 there were 5,351 Bulgarian citizens and 7,631 Romanian citizens in the UK, while in 2011 there were 52,000 Bulgarian citizens and 87,000 Romanian citizens in the UK. Compared to the countries that entered the EU in 2004 (Czech Republic, Cyprus, Hungary, Latvia, Lithuania, Estonia, Poland, Malta, Slovenia and Slovakia) Bulgaria and Romania are discriminated. “Although both groups have the same rights to freely enter the UK, they do not enjoy the same rights to work, or free movement of labour”<sup>201</sup>. In order to be able to study and work in the UK, Bulgarian and Romanian citizens need to acquire an adequate card; yellow, blue or purple. Yellow card is given to “students, self-employed or self-sufficient persons” from these countries and it gives them a very limited access to the UK labour market. Blue card is given to high-skilled immigrants, immigrants settled in the UK and to spouses of UK citizens who are citizens of Bulgaria and Romania, and it gives them full access to the UK labour market.

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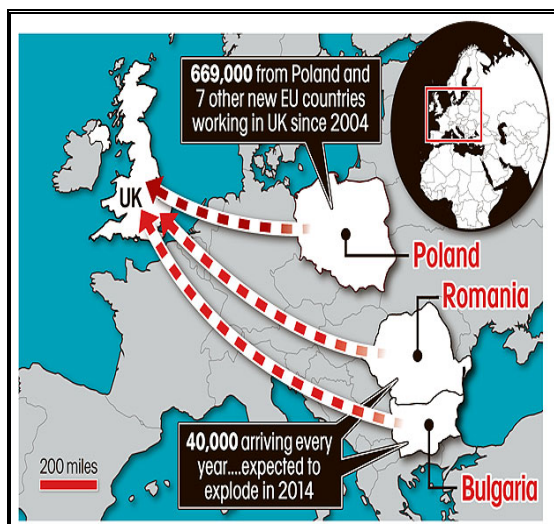
<sup>200</sup> The USA. The Economist, web portal. A lighter shade of grey. 17 March 2012. 22 October 2012 <http://www.economist.com/node/21550330>

<sup>201</sup> Kelly, Charles. Restrictions on Romanian workers in the UK labour market are ‘discriminatory’, says Keith Vaz MP. 8 November 2011. 22 October 2012 <http://www.immigrationmatters.co.uk/restrictions-on-romanian-workers-in-the-uk-labour-market-are-discriminatory-says-keith-vaz-mp.html>

Purple card is given to Romanian and Bulgarian citizens who are looking for employment in specific areas, like to work as “teachers or language assistants”, “domestic workers in a private household“, “ministers of religion, missionaries or members of a religious order”, “postgraduate doctors, dentists and trainee general practitioners” and “overseas qualified nurses coming for a period of supervised practice”, and this card doesn’t allow them to take on a supplementary employment.<sup>202</sup> Obviously, Romanian and Bulgarian citizens have a different position regarding the right to live and work in the UK, when compared to other EU citizens.

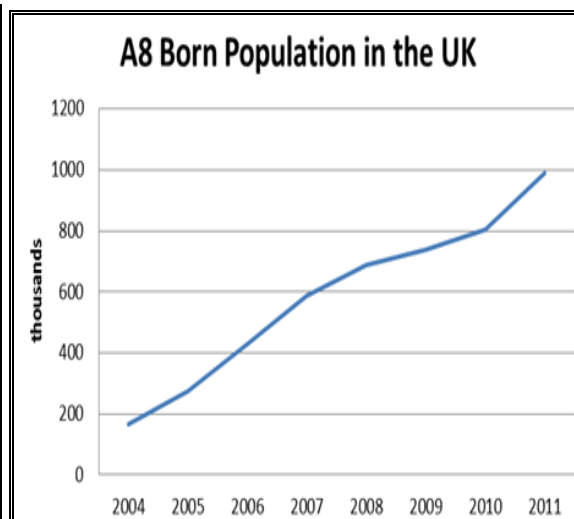
Figures 19 and 20 demonstrate the increase of immigrants from the “new” Member States in the UK. The term “new” Member States here refers to the mentioned countries that entered the EU in 2004 plus to Romania and Bulgaria, which entered the EU in 2007. Figure 19 was taken from the Sun’s article “The UK is much better than Romania. All my mates will come in 2014” from November 11, 2012, and Figure 20 was taken from MigrationWatch UK. In the latter figure, the term A8 refers to countries that entered the EU in 2004.

Figure 19



Source: the Sun

Figure 20



Source: MigrationWatch UK

<sup>202</sup> The UK. UK Border Agency. Employing a Bulgarian or Romanian National in the UK, page 3. 22 October 2012  
<http://www.ukba.homeoffice.gov.uk/sitecontent/applicationforms/bulgariaromania/Employingabulgarianroman0408>

The European Commission was threatening the UK on April 26, 2012 with legal actions against it because it is not respecting the Free Movement Directive from 2004 in connection to Bulgarian and Romanian citizens. This Directive grants all EU citizens the right “to freely travel, live and work anywhere in the EU”<sup>203</sup>. Furthermore, this Directive gives the right to EU citizens’ family members to freely travel around the EU with their family members who are EU citizens without needing to obtain a visa. The European Commission came to the conclusion that the UK is breaking this rule too. In addition, the UK was accused of not issuing “workers from Bulgaria and Romania, for the first 12 months”<sup>204</sup> after they come to the UK, the same residence documents that it issues to workers from other Member States.<sup>205</sup> According to the survey conducted by “the German-Marshall Fund” think tank, which included the UK, the Netherlands, France, Germany, Spain, Italy, Canada and the USA, the UK is the only western European country that thinks that immigration issues should be dealt with on the national level instead of on the EU level. Having this attitude towards the immigration issues, the UK acts in a way that it always chooses to retain its national border controls and, although it is part of the EU, it is “not part of the passport-free Schengen zone”.<sup>206</sup> (The Schengen zone includes all Member States apart from Ireland and the UK and four non-EU countries - Norway, Switzerland, Iceland and Lichtenstein, and it is an area that acts almost like a single country in a way that it doesn’t have any internal border controls. While internal border controls are eliminated, the external ones are strengthened.<sup>207</sup>). In this note, the UK negotiated to exclude itself from the common principles and policies in the

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<sup>203</sup> Kelly, Charles. UK faces fine from EU over immigration and free movement restrictions on Eastern Europeans. 27 April 2012. 22 October 2012 <http://www.immigrationmatters.co.uk/uk-faces-fine-from-eu-over-immigration-and-free-movement-restrictions-on-eastern-europeans.html>

<sup>204</sup> IBID

<sup>205</sup> IBID

<sup>206</sup> Traynor, Ian. Two in three Britons think UK has immigration problem. 3 December 2009. 23 October 2012 <http://www.guardian.co.uk/uk/2009/dec/03/british-against-eu-immigration-powers>

<sup>207</sup> International. Wikipedia, web portal. Schengen area. 23 October 2012 [http://en.wikipedia.org/wiki/Schengen\\_Area](http://en.wikipedia.org/wiki/Schengen_Area)

areas of immigration and asylum, which are decided on the EU level; the UK simply wants to decide on these issues by itself, according to the Guardian.<sup>208</sup>

Furthermore, according to the mentioned survey, the UK citizens think that the immigrants are taking their jobs and that illegal immigrants should be denied equal social benefits that the UK citizens have. In addition, among the countries that were covered by this survey, the number of citizens who want illegal immigrants to have a legal status is the smallest in the UK.<sup>209</sup>

The UK government announced on July 9, 2012 new immigration rules regarding the family migration (when a UK citizen marries a non-UK citizen and when they have family together but their children are non-UK citizens) and the changes that these new rules introduce are as follows. In order to sponsor the settlement of a fiancé, a spouse, a partner or a proposed civil partner of a non-EEA citizen in the UK, a new minimum income was determined; 18,600 GBP (Great Britain Pounds). In addition, minimum income to sponsor a child was determined at 22,400 GBP for one child and additional 2,400 GBP for each further child.<sup>210</sup>

Another new measure was set to make sure that these relationships are real and not set to misuse the immigration system of the UK; the minimum probationary period for non-EEA spouses and partners' settlement was prolonged from two to five years. The practice that immigrants' spouses and partners were immediately settled in the UK if they lived together abroad with a UK citizen was cancelled and now this couple needs to obey by the mentioned time period of five years.<sup>211</sup>

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<sup>208</sup> Traynor, Ian. Two in three Britons think UK has immigration problem. 3 December 2009. 23 October 2012 <http://www.guardian.co.uk/uk/2009/dec/03/british-against-eu-immigration->

<sup>209</sup> IBID

<sup>210</sup> The UK. Hempling Law, web portal. June 13 Announcement to changes to Family Migration. 24 October 2012 <http://www.hemplinglaw.com/legal-advice/june-13-announcement-to-changes-to-family-migration>

<sup>211</sup> IBID

Regarding the immigrants who are dependent on others due to disability, illness or old age, the UK has a new measure by which these people can immigrate to the UK to be cared for by their family member in the UK only if they can prove that they need such long-term personal care that only their family member in the UK can provide.<sup>212</sup> Likewise, starting with October 2013, all immigrants will need to pass “the Life in the UK Test” and demonstrate an adequate knowledge of the English language.<sup>213</sup>

While human rights organisations are determining the impact of these introduced measures and while immigration welfare campaigners are showing concern with them, the UK government is planning on even stricter new measures. In that sense, home secretary Theresa May confirmed on July 9, 2012 that the UK will introduce a new minimum income that the UK citizen must have in order to sponsor his/her non-UK family member (but just in cases when children are not involved ); this minimum income will be set at 25,700 GBP a year. Immigration welfare campaigners are estimating that two thirds of UK citizens don’t have this amount of money and that they would not be able to fulfil this requirement if it came down to it. Furthermore, they estimate that between 45 and 60 percent of current annually issued family visas, which is around 53,000, would not be issued according to this announced minimum income.<sup>214</sup>

### UK’s High-skilled Labour Immigration Policy

The UK has not implemented the Blue Card directive and has its own policies to attract high-skilled immigrants. Design and handling of high-skilled labour immigration policies are in

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<sup>212</sup> IBID

<sup>213</sup> IBID

<sup>214</sup> IBID



the hands of “the UK Border Agency”.<sup>215</sup> The UK has been actively working on the ways to attract high-skilled immigrants since 2002; at first through its High-skilled Migrant Programme (HSMP), then through its Tier 1 (General) programme and eventually through its Tier 1 (Exceptional talent) programme.<sup>216</sup>

The first of these three programmes, HSMP, was introduced on January 28, 2002 and it allowed high-skilled immigrants to come to the UK to look for work. Its purpose was to make it easier for these people to come to the UK for work or business. These immigrants didn't need to have an employment offer before coming to the UK, which was not the case with the regular work permit programme. Regarding the business people from abroad, this programme made it also easier for them in a way that they didn't have to have a business plan to invest in the UK or to create a working place in the UK before coming there, which was not the case with other business programmes.<sup>217</sup>

HSMP was a points-based system and, in order for a high-skilled immigrant to be able to come and work in the UK under this programme, he/she needed to have at least 75 points. These points were gathered through immigrant's education, his/her previous earnings, his/her previous job(s) and his/her prior achievements. Regarding the prior achievements, immigrant seeking a high-skilled job in the UK needed to provide evidence that he/she contributed significantly to the development of the field they worked in and that they were acknowledged among their peers for this previous job that they did; this way they could earn 25 points. In

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<sup>215</sup> The UK. House of Commons, Committee of Public Accounts. Immigration: the Points Based System – Work Routes, page 3. 9 May 2011. 24 October 2012

<http://www.publications.parliament.uk/pa/cm201012/cmselect/cmpubacc/913/913.pdf>

<sup>216</sup> International. Work Permit, web portal. Tier 1 Visa (General) Overview. 24 October 2012

<http://www.workpermit.com/uk/tier-1-visas-general-highly-skilled-migrants.htm>

<sup>217</sup> International. Migratinfo, web portal. Work, United Kingdom 24 October 2012

[http://www.migrantinfo.org.ua/index.php?tbl=countries\\_topics&recid=84&menu=show&lng=eng&topic=Work&country=United%20Kingdom](http://www.migrantinfo.org.ua/index.php?tbl=countries_topics&recid=84&menu=show&lng=eng&topic=Work&country=United%20Kingdom)

addition, these high-skilled immigrants needed to provide UK authorities with a written declaration stating that they are determined to make the UK their main home. Once they acquired permission to live and work in the UK under HSMP, high-skilled immigrants could stay in the UK for twelve months. They could extend their stay for three years and after that they could apply for settlement in the UK. Exception was given to the Indian software specialists who could immediately apply for multiple-entry in the UK which allowed them to enter the UK as many times as they wanted while their high-skilled work permits were valid, which was not the case for other high-skilled immigrants.<sup>218</sup>

The second of the mentioned high-skilled labour immigration programmes, Tier 1 (General), was implemented in 2008 as a part of the Points-based system and it was to serve as a control of immigration from outside the EEA. The Points-based system, as a whole, was designed for high-skilled, skilled (the UK distinguishes high-skilled and skilled workers) and other immigrants and it consisted of five tiers. Tier 1 (General) replaced HSMP and it was designed for high-skilled immigrants looking for a job in the UK, for entrepreneurs, for graduates who just completed their studies in the UK and for investors. Tier 2 replaced the Work Permit scheme and it was designed for “skilled workers with a job offer”<sup>219</sup> and for the multinational organisations which have branches outside the UK and it allowed them to transfer these workers to the UK. Tier 3 was designed for unskilled immigrants and it was never implemented. Tier 4 was designed for students who came to the UK for the reason of studying there and Tier 5 was designed “for temporary workers with a position offered”.<sup>220</sup>

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<sup>218</sup> International. Trade Angles, web portal. Immigration rules for highly skilled migrants. February 2002. 24 October 2012 [http://www.tradeangles.fsbusiness.co.uk/articles/skilled\\_migration.htm](http://www.tradeangles.fsbusiness.co.uk/articles/skilled_migration.htm)

<sup>219</sup> The UK. House of Commons, Committee of Public Accounts. Immigration: the Points Based System – Work Routes, page 7. 9 May 2011. 24 October 2012

<http://www.publications.parliament.uk/pa/cm201012/cmselect/cmpubacc/913/913.pdf>

<sup>220</sup> IBID

In comparison, Tier 1 (General) programme was very similar to HSMP. One of the differences was that, unlike HSMP, Tier 1 (General) didn't automatically give 75 points to high-skilled immigrants who held a MBA degree from a list of specific universities. Tier 1 (General) also required higher English language knowledge requirements.<sup>221</sup>

The third of the mentioned high-skilled labour immigration programmes, Tier 1 (Exceptional talent) programme, was implemented on August 9, 2011 and it replaced Tier 1 (General) programme.<sup>222</sup> Tier 1 (Exceptional talent) programme aims at especially gifted leaders from the areas of humanities, science, engineering and the arts.<sup>223</sup> When applying for Tier 1 (Exceptional talent), immigrants don't "have to be sponsored by an employer"<sup>224</sup>, but they have to have "one of the designated competent body application forms and supporting documents."<sup>225</sup> Designated Competent Bodies are "Arts Council England (for arts and culture applications), the British Academy (for humanities and social science applications), the Royal Society (for natural sciences and medical science research applications) and the Royal Academy of Engineering (for engineering applications)."<sup>226</sup> Every one of these bodies assesses applications from high-skilled immigrants and then gives advice to "the UK Border Agency" whether to grant entry to this immigrant or not. "The UK Border Agency" then decides whether to provide these immigrants with Tier 1 (Exceptional Talent) visas or not. The number of these visas is limited and, for example, there was a limit of 1,000 of such

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<sup>221</sup> International. Work Permit, web portal. Tier 1 Visa (General) Overview. 24 October 2012 <http://www.workpermit.com/uk/tier-1-visas-general-highly-skilled-migrants.htm>

<sup>222</sup> IBID

<sup>223</sup> The UK. University of Cambridge. Tier 1 (Exceptional Talent). 12 August 2011. 24 October 2012 <http://www.admin.cam.ac.uk/offices/hr/immigration/updates/20110810.pdf>

<sup>224</sup> The UK. CC Legal Services, web portal. Tier 1 Applications (Highly Skilled Migrant Programme). 24 October 2012 <http://www.clegalsservices.co.uk/index.php/immigration-guide/>

<sup>225</sup> The UK. UK Border Agency. Tier 1 (Exceptional Talent) of the Points Based System – Policy Guidance, page 6. December 2012. 24 January 2013

<http://www.ukba.homeoffice.gov.uk/sitecontent/applicationforms/pbs/t1-exceptional-talent-guide.pdf>

<sup>226</sup> IBID

visas for the time period from August 9, 2011 to April 5, 2012.<sup>227</sup> Also, there is the same limit for the next time period; from April 6, 2012 to April 5, 2013.<sup>228</sup>

With Tier 1 (Exceptional talent), high-skilled immigrants are “allowed to stay in the UK for three years and four months”<sup>229</sup>, which can be prolonged for additional two years. After a total of residing in the UK for five years these immigrants are entitled to settle in the UK.<sup>230</sup>

The UK has policies for skilled immigrants, as it does for high-skilled. Before Tier 2 (a part of the Points-based system) came into effect skilled immigrants were regulated with “the Work Permit scheme”. For one to get a work permit under “the Work Permit scheme”, he/she needed to have an offer from an UK employer. If this employment was to cover shortages listed on the shortage occupation list, then the employer didn’t need to advertise this job in a place accredited by the government. Work permit was given for the time period of between one month and five years; it depended on the employer’s needs and on “the Home Office’s” discretion (“the Home Office” is UK’s main “department for immigration, passports, counter-terrorism, policing, drugs and crime”<sup>231</sup>). Skilled immigrant was limited to the employer named in his/her work permit; in order to change the current employer, the new potential employer needed to, before the current work permit expires, apply for another work permit to the “UK Border Agency to transfer the work permit prior to starting work with the new employer”.<sup>232</sup>

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<sup>227</sup> The UK. University of Cambridge. Tier 1 (Exceptional Talent). 12 August 2011. 24 October 2012 <http://www.admin.cam.ac.uk/offices/hr/immigration/updates/20110810.pdf>

<sup>228</sup> The UK. UK Border Agency. Tier 1 (Exceptional Talent) of the Points Based System – Policy Guidance, page 6. December 2012. 24 January 2013 <http://www.ukba.homeoffice.gov.uk/sitecontent/applicationforms/pbs/t1-exceptional-talent-guide.pdf>

<sup>229</sup> The UK. University of Cambridge. Tier 1 (Exceptional Talent). 12 August 2011. 24 October 2012 <http://www.admin.cam.ac.uk/offices/hr/immigration/updates/20110810.pdf>

<sup>230</sup> IBID

<sup>231</sup> The UK. UK Home Office. About us. 25 October 2012 <http://www.homeoffice.gov.uk/about-us/>

<sup>232</sup> International. Wikipedia, web portal. Work permit (United Kingdom). 25 October 2012 [http://en.wikipedia.org/wiki/Work\\_permit\\_\(United\\_Kingdom\)](http://en.wikipedia.org/wiki/Work_permit_(United_Kingdom))

For an immigrant to receive the Tier 2 visa, his/her occupation needs to be on “the Shortage Occupation list”. Occupations on this list are divided in four main categories: “Engineering Occupations, Healthcare Occupations, Arts and Entertainment Occupations and Other Occupations”. For example, occupations in the “Engineering Occupations” category are “Civil Engineers”, “Mechanical Engineers”, “Electrical Engineers” and “Chemical Engineers”, occupations in the “Healthcare Occupations” category are “Medical Practitioners”, “Biological Scientists and Biochemists”, “Social Workers” and “Nurses”, occupations in the “Arts and Entertainment Occupations” category are “Artists”, “Musicians”, “Dancers and Choreographers” and “Graphic Designers”, and occupations in the “Other Occupations” category are “Physicists, Geologists and Meteorologists”, “Software Professionals”, “Managers in Mining and Energy”, “Chefs, Cooks” and “Management Consultants, Actuaries, Economists and Statisticians”.<sup>233</sup>

Tier 1 (full name: Tier 1 Visa - High-skilled Migrants) replaced, apart from HSMP, also “entrepreneur visa programme, innovator visa programme and International Graduates Scheme (IGS) programme”.<sup>234</sup> Current Tier 1 involves, apart from “Exceptional Talent”, these categories: “Graduate Entrepreneur, Investors and Entrepreneurs”.<sup>235</sup>

Altogether, the whole UK’s immigration policy is designed in a way to reduce the net migration, according to web portal “Skill Clear”. The UK wants to reduce the number of unskilled immigrants but, on the other hand, it wants to attract the other immigrants. In addition, the UK wants to create incentives for the UK employers to train resident workers in

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<sup>233</sup> The UK. UK Visa Bureau, web portal. UK Shortage Occupations List. 25 October 2012 <http://www.visabureau.com/uk/shortage-occupations-list.aspx>

<sup>234</sup> The UK. Skill Clear, web portal. UK Points Based System - Work Permits & UK Visas. 25 October 2012 <http://www.skillclear.co.uk/pointsbasedvisas/default.asp>

<sup>235</sup> The UK. Work Permit, web portal. Tier 1 Visa. 25 October 2012 <http://www.workpermit.com/uk/tier-1-visa.htm>

order to allow residents to perform skilled jobs instead of immigrants.<sup>236</sup> Due to the fact that many immigrants come through Tier 1 (high-skilled immigrants) and Tier 2 (skilled immigrants) visas, the UK decided to lower the number of these visas too.<sup>237</sup> As mentioned before, the annual number of Tier 1 visas is limited to 1,000, but there is also a limit to the annual number of Tier 2 visas - 20,700.<sup>238</sup> However, regarding Tier 1 and Tier 2 visa limitations, the UK remains determined not to exclude “the brightest and the best”, according to “the UK Border Agency”.<sup>239</sup>

Since the current UK’s net migration is at a record high level - more than 250,000, the UK’s government decided to lower this number to less than 100,000 “by the next elections”. This was announced in May 2012.<sup>240</sup> In this manner, the government plans to cancel the right of skilled and high-skilled immigrants to come to the UK for the purpose of settlement after living in it for five years, as skilled or high-skilled visa holders, if they earn less than 35,000 GBP annually. This way immigrants are kept temporarily and then escorted out of the UK after five years; it creates a temporal labour force, known as guest workers. This kind of immigration management was proven unsuccessful in past, like in Germany in 1970s and 1980s. Regarding the mentioned minimum of earning at least 35,000 GBP annually, it is expected that the UK government will soon implement exceptions to this rule, in the cases of

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<sup>236</sup> The UK. UK Home Office. Impact Assessment, page 1. 25 October 2012  
<http://www.ukba.homeoffice.gov.uk/sitecontent/documents/policyandlaw/ia/migration-perm-limit-pbs/ia-pbs-t1-t2.pdf?view=Binary>

<sup>237</sup> IBID, page 8

<sup>238</sup> The UK. NHS Employers, web portal. Tier 2: annual limit for 2012/13. 9 January 2012. 25 October 2012  
<http://www.nhsemployers.org/RECRUITMENTANDRETENTION/INTERNATIONALRECRUITMENT/CURRENT-IMMIGRATION-RULES/TIER2/Pages/MACCallforEvidence-tier2CoLimits.aspx>

<sup>239</sup> The UK. UK Home Office. Impact Assessment, page 9. 25 October 2012  
<http://www.ukba.homeoffice.gov.uk/sitecontent/documents/policyandlaw/ia/migration-perm-limit-pbs/ia-pbs-t1-t2.pdf?view=Binary>

<sup>240</sup> Travis, Alan. Net migration to UK remains at more than 250,000 a year. 24 May 2012. 25 October 2012  
<http://www.guardian.co.uk/uk/2012/may/24/net-migration-uk-250000-a-year>

immigrants with PhDs and immigrants who work in the areas for which there is a labour shortage in the UK.<sup>241</sup>

One of the reasons for limitations on the amount of immigrants who can come to the UK on Tier 1 and on Tier 2 visas is the fact that many immigrants are obtaining these visas and then doing unskilled jobs that can be done by UK citizens. The study conducted by the UK government came to the result that just 25 percent of these immigrants work in high-skilled and skilled jobs, while others work in the unskilled ones. The UK sees this as a way of misusing its immigration system. The official view is that unskilled jobs should be saved primarily for the UK citizens and not, in a fraudulent way, saved for immigrants.<sup>242</sup>

## **6.2. Other Ways to Solve High-skilled Labour Shortage**

As showed previously in this thesis, some other ways, apart from high-skilled labour immigration, to solve high-skilled labour shortage are as follows: encouraging people to study science, temporary high-skilled immigrant workers, labour adapted courses, worker's retraining and workers' relocation.

One of such attempts is the EU's Student Directive 2004/114/EC that regulated foreign students' status when studying in the EU. These students are required to have sickness insurance and to be able to cover their own costs. They are given the status of residents while they are students and they are allowed to work, but their maximum working hours can be

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<sup>241</sup> Travis, Alan. Skilled migrants to lose right to settle in UK. 29 February 2012. October 2012  
<http://www.guardian.co.uk/uk/2012/feb/29/skilled-migrants-lose-right-settle?INTCMP=ILCNETTXT3487>

<sup>242</sup> Whitehead, Tom. Just one in four highly skilled migrants in skilled jobs. 28 October 2010. 25 October 2012  
<http://www.telegraph.co.uk/news/uknews/immigration/8090774/Just-one-in-four-highly-skilled-migrants-in-skilled-jobs.html>

limited by each Member State's individual rules and regulations.<sup>243</sup> As mentioned in “the European Migration Network Conference 2012”, which took place in Cyprus in October 2012, countries are targeting foreign students for several reasons, such as for “developing their national education and training ‘markets’, improving international relations with third countries, benefiting from revenue at local level and satisfying labour market needs particularly for high skills and business creators/entrepreneurs.”<sup>244</sup>

However, often are just these aforementioned ways proved insufficient in the high-skilled labour shortage coverage, so involved authorities are forced to turn to high-skilled labour immigration.

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<sup>243</sup> International. EUR-Lex, Access to European Union Law. 8 December 2012  
[lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:375:0012:0018:En:PDF](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:375:0012:0018:En:PDF)

<sup>244</sup> European Migration Network Conference 2012, Paralimni Cyprus, 29<sup>th</sup> and 30<sup>th</sup> October 2012. The Immigration of International Students to the EU. 8 December 2012  
[http://extranjeros.empleo.gob.es/es/RedEuropeaMigraciones/Archivos/EMN\\_2012\\_Conference\\_Conclusions\\_October\\_2012.pdf](http://extranjeros.empleo.gob.es/es/RedEuropeaMigraciones/Archivos/EMN_2012_Conference_Conclusions_October_2012.pdf)



## **7. THE EU'S MAIN CHALLENGES REGARDING THE HIGH-SKILLED LABOUR IMMIGRATION**

As stated before in this thesis, the EU has high-skilled labour shortage due to its impossibility to cover this shortage from its own resources. Its population is getting older and older, but its economy is growing, so the EU is forced to seek high-skilled immigrants to cover its high-skilled labour shortage.

The EU is competing with the USA, Canada and Australia and so far it is losing. The EU is putting a lot of hope in its Blue Card policy, a policy in force since 2009. It is a question whether this policy will be sufficient to cover the mentioned labour shortage, since the EU is not the only one to work on high-skilled labour immigration; its main competitors, the USA, Canada and Australia have been developing their high-skilled labour immigration policies much longer than the EU and these policies have proved to be very sufficient. These policies are even managing to “steal” some of the EU’s high-skilled workers. David Reizenzein, in charge of media relations with the Vienna-based International Organization for Migration, said in the seminar held on the topic of “EU Blue Card: towards a proactive legal migration policy”, on June 25, 2008, in the European Parliament in Brussels, that this is happening because the EU’s high-skilled experts are looking for better salaries, meritocracy, modern job procedures and job approaches outside the EU.<sup>245</sup>

As mentioned before, before the Blue Card policy, each Member State had its own high-skilled labour immigration policy. That prior situation was very confusing for high-skilled

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<sup>245</sup> Costelloe, Sinéad. Creating a more attractive European Union – is the EU Blue Card just cosmetic?, pages 1-2. May 2009. 15 December 2012 [http://canada-europe-dialogue.ca/publication/2009-05-21-EU\\_Blue\\_Card\(Costelloe-Schmidtke\).pdf](http://canada-europe-dialogue.ca/publication/2009-05-21-EU_Blue_Card(Costelloe-Schmidtke).pdf)

immigrants, but now the rules are unified and high-skilled immigrants are welcome to immigrate to the EU and contribute to the EU's economy and development with their skills and knowledge. These immigrants can also freely move from one Member State to another, excluding the UK, Ireland and Denmark. However, even with the new Blue Card policy, these immigrants face several challenges. Almost every Member State has its own language. The exceptions are, for example, Germany and Austria - they both have German as the official language and Cyprus and Greece - they both have Greek as the official language.

Regarding the integration of high-skilled immigrants, there are two main approaches to this issue; multiculturalism or assimilation. Through multiculturalism high-skilled immigrants are able to preserve their unique culture, customs, tradition and uniqueness in a country they immigrate to<sup>246</sup>, while through assimilation they are not able to do so, instead their culture, customs, tradition and uniqueness are simply lost and they should begin to practice the culture, customs and tradition of a country they immigrate to.<sup>247</sup> As will be analysed later, the USA chose assimilation, while Canada and Australia chose multiculturalism.

As for the EU, it doesn't have a unified policy regarding integration of immigrants, being it through multiculturalism or through assimilation. Every Member State is free to choose for itself. For example, France<sup>248</sup> and Germany<sup>249</sup> chose assimilation and the UK<sup>250</sup> and the

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<sup>246</sup> International. Citizen Warrior, web portal. Definition of multiculturalism. 15 December 2012 <http://www.citizenwarrior.com/2008/09/definition-of-multiculturalism.html>

<sup>247</sup> The USA. Teacher Web, web portal. AP Human Exam, Vocabulary Definitions. 15 December 2012 <http://teacherweb.ftl.pinecrest.edu/snyderd/MWH/AP/definitions/APdefinitions1.htm>

<sup>248</sup> International. European Alternatives, web portal. MULTICULTURALISM vs. ASSIMILATION. 15 December 2012 <http://www.euroalter.com/2011/multiculturalism-vs-assimilation/>

<sup>249</sup> Evan, Stephen. Germany's charged immigration debate. 17 October 2010. 15 December 2012 <http://www.bbc.co.uk/news/world-europe-11532699>

<sup>250</sup> International. European Alternatives, web portal. MULTICULTURALISM vs. ASSIMILATION. 15 December 2012 <http://www.euroalter.com/2011/multiculturalism-vs-assimilation/>

Netherlands<sup>251</sup> chose multiculturalism. However, the Netherlands is abandoning this system.<sup>252</sup> Multiculturalism is in crisis in the EU and its future is very uncertain. Germany, the EU's biggest economy and a Member State that needs the most high-skilled immigrants, has such practice that its immigrants, in general, are poorly integrated in German society since Germany didn't create a proper political or social atmosphere for them to do so. Hence, German immigrants are not integrated well at all, being it through any of the two approaches.<sup>253</sup> The crisis of multiculturalism in the EU is so severe that some Member States' governments declared to end multiculturalism. Furthermore, these governments are also challenging the Schengen agreement which "erased" borders within the EU and demanding control back in their hands.<sup>254</sup>

Figure 21 shows the level of multiculturalism in selected countries. This level was measured on several principals, which included "official affirmation of multiculturalism, multiculturalism in the school curriculum, inclusion of ethnic representation/sensitivity in public media and licensing, exemptions from dress codes in public laws, acceptance of dual citizenship, funding of ethnic organizations to support cultural activities, funding of bilingual and mother-tongue instruction and affirmative action for immigrant groups", according to the article "The Debate Over Multiculturalism: Philosophy, Politics, and Policy" by Irene Bloemraad from the University of California.<sup>255</sup>

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<sup>251</sup> Kern, Soeren. The Netherlands to Abandon Multiculturalism. 23 June 2012. 15 December 2012 <http://www.amren.com/news/2012/06/the-netherlands-to-abandon-multiculturalism/>

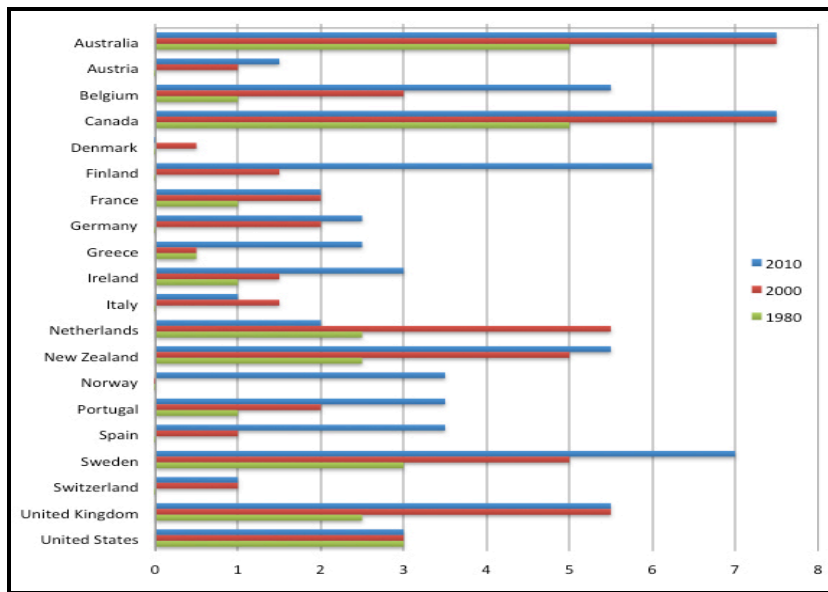
<sup>252</sup> IBID

<sup>253</sup> Kalin, Ibrahim. The slow death of multiculturalism in Europe. 1 November 2010. 15 December 2012 <http://blogs.reuters.com/faithworld/2010/11/01/guestview-the-slow-death-of-multiculturalism-in-europe/>

<sup>254</sup> The USA. Wilson Center, web portal. The End of Multiculturalism in Europe? Migrants, Refugees, and their Integration. 24 May 2012. 15 December 2012 <http://www.wilsoncenter.org/event/the-end-multiculturalism-europe-migrants-refugees-and-their-integration>

<sup>255</sup> Bloemraad, Irene. The Debate over Multiculturalism: Philosophy, Politics, and Policy. September 2011. 15 December 2012 <http://www.migrationinformation.org/Feature/display.cfm?ID=854>

Figure 21 Level of multiculturalism in selected countries in 1980, 2000 and 2010



Source: Multiculturalism Policy Index

This figure clearly shows that Canada and Australia for two decades have had high level of multiculturalism, while it only recently increased in some EU countries such as Sweden and Finland. The USA has had for three decades very low level of multiculturalism.

Apart from multiculturalism, the EU is facing other problems that influence its high-skilled labour immigration. Some of them are xenophobia and racism. For example, based on a study done by “the Expert Council of German Foundations on Integration and Migration (SVR)”<sup>256</sup>, only 12.5 percent of immigrants who study in Germany want to remain in Germany after they graduate. Also, 40 percent of these students claim to have experienced xenophobia. This research included several other countries (the UK, the Netherlands, Italy and France) among which only France turned out to be more xenophobic than Germany.<sup>257</sup> Furthermore, there is a rise in the number of extreme right-wing happenings in the Northern Europe and in the

<sup>256</sup> Sweden. The Local. *Foreign students quit Germany in droves*, 24 April 2012. 15 December 2012

<http://www.thelocal.de/education/20120424-42127.html#.UOeVYW-RS1U>

<sup>257</sup> IBID

Western Europe. Countries like Sweden, Norway and Denmark, known globally for their tolerance, openness and solidarity, are nowadays electing right-wing party members in their parliaments.<sup>258</sup> One of the most atrocious xenophobic and racist attacks against immigrants in the resent era happened in Norway. In June 2011 Anders Behring Breivik, a Norwegian ultranationalist, killed 77 people in an attempt to stop multiculturalism in Norway.<sup>259</sup>

Apart from having problems with attracting high-skilled immigrants from outside the EU, the EU has significant problems with high-skilled workers mobility within the EU and, in addition, many of its high-skilled workers are emigrating outside the EU. Some of the reasons why high-skilled labour mobility within the EU is very poor are that in Member States these workers are often given some privileges that cannot be transferred to another Member State so these workers have fewer incentives to move to another Member State. Also, immobility is an answer to credit market, labour market and housing market rigidness. Compared to other Member States, the UK is the most capable of attracting high-skilled immigrants, according to Peri's study "International Migration: Some Comparisons and Lessons for the EU".<sup>260</sup>

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<sup>258</sup> Dede, Orhan. EU's test with Racism and Xenophobia. 21 November 2011. 11 July 2012 [http://www.bilgesam.org/en/index.php?option=com\\_content&view=article&id=434:eus-test-with-racism-and-xenophobia-&catid=113:analizler-sosyo-kultur&Itemid=148](http://www.bilgesam.org/en/index.php?option=com_content&view=article&id=434:eus-test-with-racism-and-xenophobia-&catid=113:analizler-sosyo-kultur&Itemid=148)

<sup>259</sup> Smith-Spark, Laura. Norway killer Anders Breivik ruled sane, given 21-year prison term. 24 August 2012. 11 September 2012 <http://edition.cnn.com/2012/08/24/world/europe/norway-breivik-trial/index.html>

<sup>260</sup> Peri, Giovanni. International Migration: Some Comparisons and Lessons for the EU, page 26. September 2005. 11 September 2012 <http://ies.berkeley.edu/calendar/files/Berkeley-Vienna%20Papers%2005/Peri.pdf>

## **8. THE EU'S BIGGEST COMPETITORS – ANALYSIS OF HIGH-SKILLED LABOUR IMMIGRATION POLICY IN THE USA, CANADA AND AUSTRALIA**

### **8.1. High-skilled Labour Immigration Policy in the USA**

#### **8.1.1. Contribution of High-skilled Immigrants to the USA**

As stated in the report “Regaining America’s Competitive Advantage: Making Our Immigration System Work”, created “by the U.S. Chamber of Commerce and American Council on International Personnel”<sup>261</sup>, high-skilled immigrants made so far enormous contributions to the economy of the USA. They create new jobs through their entrepreneurship and innovation, and boost economic growth.<sup>262</sup>

In addition, a study from December 2011, conducted “by Stuart Anderson of the National Foundation for American Policy”<sup>263</sup>, came to the conclusion that high-skilled immigrants were founders or cofounders in 24 out of top 50 private venture-financed firms in the USA. Most of them had key positions in the fields of technology, management and engineering, and came from India.<sup>264</sup> Another study, the one conducted by the researchers at Harvard University and Duke University came to the conclusion that one fourth of all technology-related and engineering companies created in the USA in the time period between 1995 and

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<sup>261</sup> The USA. The American Immigration Council, Immigration Impact. New Report Highlights Economic Contributions of High-Skilled Immigrants. 18 August 2010. 13 July 2012 <http://immigrationimpact.com/2010/08/18/new-report-highlights-economic-contributions-of-high-skilled-immigrants/>

<sup>262</sup> IBID

<sup>263</sup> Wadhwa, Vivek. Bloomberg BusinessWeek: Fix U.S. Immigration Policy, Create Jobs. 3 January 2012. 13 July 2012 <http://wadhwa.com/2012/01/03/fix-u-s-immigration-policy-create-jobs/>

<sup>264</sup> IBID

2005 had as a founder at least one immigrant. Furthermore, these firms employed 450,000 workers and created \$52 billion in sales in 2005. Without a doubt, these immigrants contribute to the economy of the USA. If these professionals are not welcome in the USA they will go to other countries which will then have the mentioned benefits, because investments and progress tend to follow talent and knowledge, according to the researchers.<sup>265</sup>

On the same issue, "Madeline Zavodny, an economics professor at Agnes Scott College"<sup>266</sup> in the state of Georgia, conducted a research in December 2011, "sponsored by the American Enterprise Institute and the Partnership for a New American Economy"<sup>267</sup> and it showed that, on average, 262 new jobs for native-born workers in the USA are created by 100 newly employed high-skilled immigrants with STEM degrees. Furthermore, this research "showed that Chinese and Indian engineers managed 24 percent of the technology businesses started in Silicon Valley"<sup>268</sup> in the time period between 1980 and 1998.<sup>269</sup>

For the purpose of calculating the contribution that high-skilled immigrants have for the USA's economy, Arlene Holen, a senior fellow with the Technology Policy Institute, in her article "The Budgetary Effects of High-Skilled Immigration Reform" made an educated guess on what would have happened with the USA's budget in 2008 if there weren't any green card and H-1B visa constraints, and if in the time period between 2003 and 2007, 182,000 foreigners who graduated in the USA from the STEM fields related universities and

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<sup>265</sup> The USA. The American Immigration Council, Immigration Impact. [New Report Highlights Economic Contributions of High-Skilled Immigrants](http://immigrationimpact.com/2010/08/18/new-report-highlights-economic-contributions-of-high-skilled-immigrants/). 18 August 2010. 13 July 2012

<sup>266</sup> Wadhwa, Vivek. [Bloomberg BusinessWeek: Fix U.S. Immigration Policy, Create Jobs](http://wadhwa.com/2012/01/03/fix-u-s-immigration-policy-create-jobs/). 3 January 2012. 13 July 2012

<sup>267</sup> IBID

<sup>268</sup> IBID

<sup>269</sup> IBID

colleges stayed in the USA. Holen concluded that they would have earned \$13.6 billion for the USA's budget in 2008.<sup>270</sup>

On the topic of skill levels and education of the immigrants at working-age, "the Brookings Institution's Metropolitan Policy Program", a program designed in 1996 to secure policy and research analysis regarding the changing situation of metropolitan and city areas<sup>271</sup>, issued in June 2011 the report "The Geography of Immigrant Skills: Educational Profiles of Metropolitan Areas".<sup>272</sup>

Main report's findings are:

1. "The share of working-age immigrants in the United States who have a bachelor's degree has risen considerably since 1980, and now exceeds the share without a high school diploma."<sup>273</sup>
2. "Almost half of immigrants with a bachelor's degree, across all destinations, appear to be over-qualified for their jobs"<sup>274</sup>, unlike their counterparts who were born in the USA. Also unlike their counterparts who were born in the USA, they are often likely to be unemployed.<sup>275</sup>

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<sup>270</sup> Holen, Arlene. The Budgetary Effects of High-Skilled Immigration Reform, pages 10-11. March 2009. 11 October 2012 <http://www.techpolicyinstitute.org/files/the%20budgetary%20effects%20of%20high-skilled%20immigration%20reform.pdf>

<sup>271</sup> The USA. Community-Wealth, web portal. Metropolitan Policy Program, The Brookings Institution. 15 December 2012 <http://www.community-wealth.org/content/metropolitan-policy-program-brookings-institution>

<sup>272</sup> The USA. Law Professors, web portal. The Geography of Immigrant Skills: Educational Profiles of Metropolitan Areas. 10 June 2011. 15 December 2012 <http://lawprofessors.typepad.com/immigration/2011/06/the-geography-of-immigrant-skills-educational-profiles-of-metropolitan-areas.html>

<sup>273</sup> Fairbanks, John and Harvey, Rachel. Skilled Immigrants a Growing Force in The U.S. Economy. 9 June 2011. 15 December 2012 [http://www.brookings.edu/~media/research/files/papers/2011/6/immigrants%20singer/06\\_immigrant\\_skills\\_media\\_memo](http://www.brookings.edu/~media/research/files/papers/2011/6/immigrants%20singer/06_immigrant_skills_media_memo)

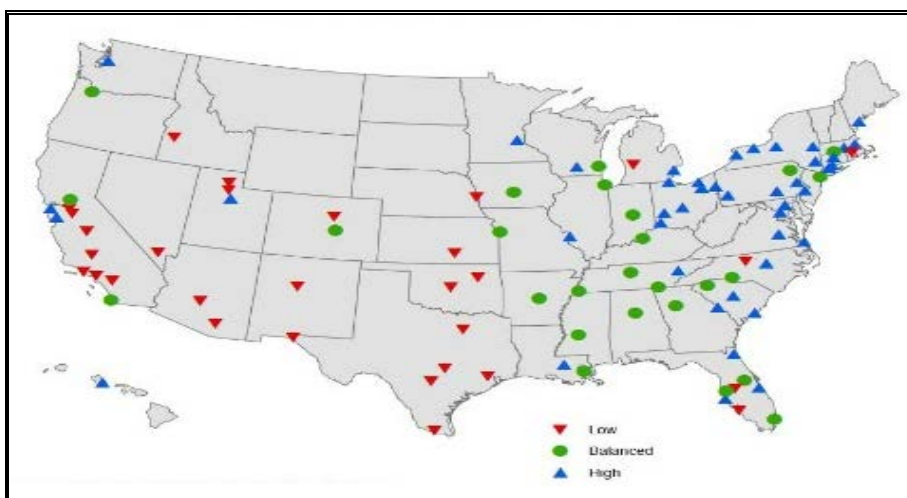
<sup>274</sup> IBID

<sup>275</sup> IBID



Audrey Singer, the co-author of the report and a Brookings Senior Fellow, states that high-skilled immigrants are mostly clustered in coastal metropolitan areas of the USA, like Washington, D.C. and Seattle, and in older industrial metropolitan areas of the USA, like Cleveland, Pittsburgh, Detroit and St. Louis.<sup>276</sup> Figure 22<sup>277</sup> shows immigrants' destinations in the USA by their skills.

Figure 22 Immigrants' destinations by skill in the USA in 2009



Source: “Authors’ analysis of 2009 American Community Survey data”<sup>278</sup>

To conclude, the USA has many high-skilled immigrants, actually most of its immigrants are high-skilled, and it realises their value and contribution.

### 8.1.2. Shortage of STEM Experts in the USA

The USA needs workers. According to the web portal “Career Builder”, jobs that are in high demand across the USA are “Computer specialists”, “Marketing managers”, “Network and computer systems administrators”, “Medical and health services managers”, “Industrial

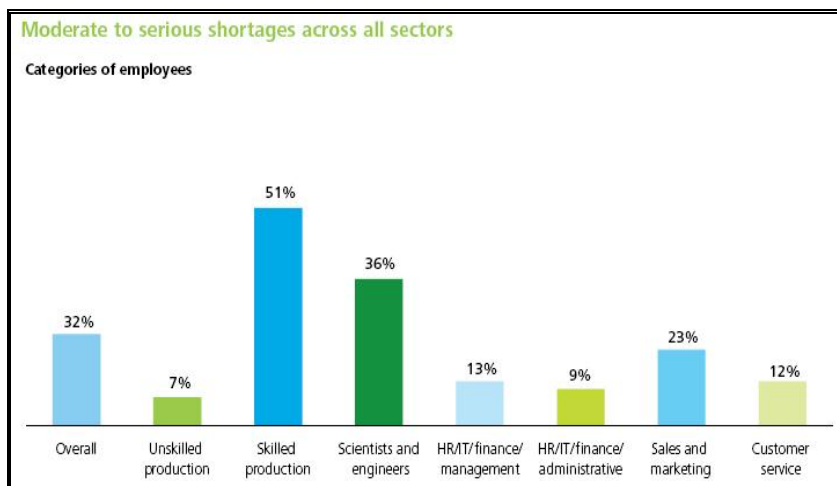
<sup>276</sup> IBID

<sup>277</sup> Florida, Richard. *Why Immigrants Are Good for Our Economy*. 10 June 2011. 15 December 2012  
<http://www.theatlantic.com/business/archive/2011/06/why-immigrants-are-good-for-our-economy/240209/>

<sup>278</sup> IBID

engineers”, “Occupational therapists”, “Merchandise displayers and window trimmers”, “Medical scientists, except epidemiologists”, “Occupational therapist assistants” and “Physical therapist assistants”.<sup>279</sup> Another study, on the topic of high-skilled labour shortage, showed labour demand in high-skilled jobs also; “in May 2009, Deloitte, The Manufacturing Institute, and Oracle jointly conducted a national survey of manufacturing organizations”<sup>280</sup> and this survey showed high-skilled labour shortage, as seen in Figure 23.<sup>281</sup> Low labour shortage is visible in the unskilled occupations, while significant labour shortage is visible in skilled occupations and in the “Scientists and Engineers” occupations.

Figure 23 High-skilled labour shortage among manufacturers in the USA in 2009



Source: “the Manufacturing Institute and Oracle”<sup>282</sup>

<sup>279</sup> Gurion, Hope. 10 occupations in high demand. 11 June 2012. 15 December 2012

<http://msn.careerbuilder.com/Article/MSN-3018-Job-Info-and-Trends-10-occupations-in-high-demand/>

<sup>280</sup> The USA. Area Development, web portal. People and profitability, a time for change. A 2009 people management practices survey of the manufacturing industry, page 4. 2009. 15 December 2012

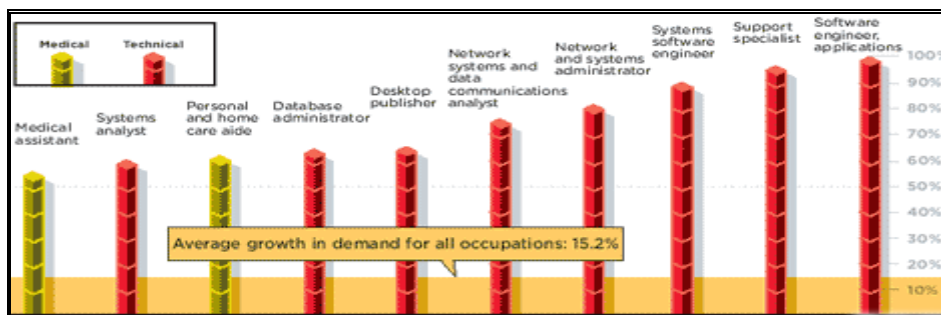
[http://www.areadevelopment.com/article\\_pdf/id45626\\_skilled-manufacturing-workers.pdf](http://www.areadevelopment.com/article_pdf/id45626_skilled-manufacturing-workers.pdf)

<sup>281</sup> IBID

<sup>282</sup> IBID

Figure 24<sup>283</sup> shows 10 fastest growing occupations in medical and technical categories in USA in the time period between 2000 and 2010; the highest growth was observed in the “Software engineer applications”, “Support specialist” and “System software engineer” sectors.<sup>284</sup>

Figure 24 Fastest growing occupations in USA in the time period between 2000 and 2010



Source: “U.S. Bureau of Labor Statistics”

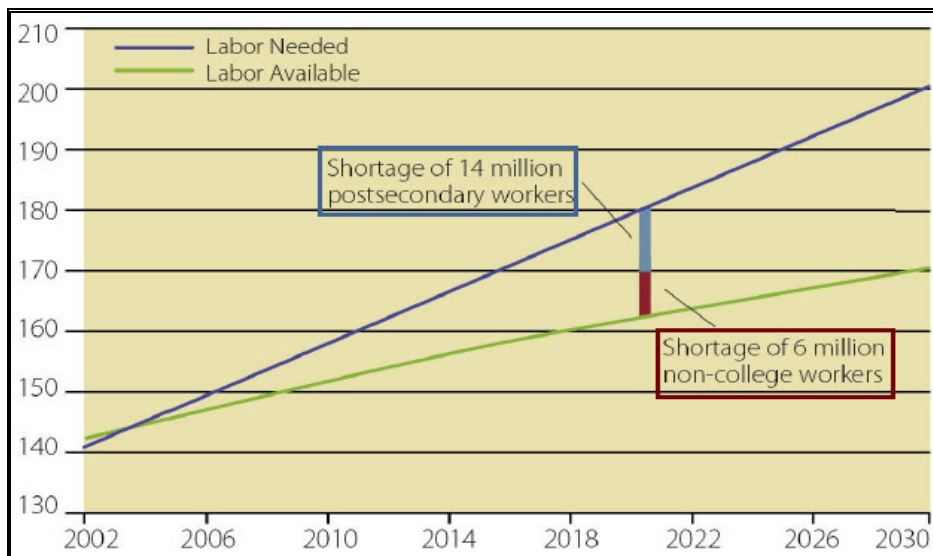
Figure 25 shows estimated projections of labour shortage in the USA till 2030. These projections were calculated by the Employment Policy Foundation and they show significant labour shortage to come in the fields of “postsecondary” (high-skilled) and “non-college” workers. Both categories will be needed, but the first one will be needed more. According to the article “America’s Perfect Storms: Part I – Workforce Challenges”, in connection to this figure, “in approximately 2020 a shortage of 14 million college workers is predicted alongside a predicted shortage of 6 million non-college workers.”<sup>285</sup>

<sup>283</sup> IBID

<sup>284</sup> Kaihla, Paul. *The Coming Job Boom*. September 2003. 30 June 2012  
<http://www.lukevision.com/jobboom.htm>

<sup>285</sup> Morrison, Michael. *America’s Perfect Storms: Part I – Workforce Challenges*. 13 September 2011. 15 December 2012  
<http://www.decisionsonevidence.com/2011/09/americas-perfect-storms-part-i-workforce-challenges/>

Figure 25 Labour shortage projections in the USA



Source: “Adapted from Employment Policy Foundation, 2001”<sup>286</sup>

On the topic of STEM students in the USA, “David Skorton, President of Cornell University”<sup>287</sup>, claims that there is a shortage of STEM students among American citizens and, as a mean of solving this problem, he suggests “streamlining the green card process for international students with STEM degrees from U.S. universities”, “reducing the backlog for skilled legal immigrants, enacting policies that keep families together, and passing the DREAM Act”.<sup>288</sup> This act, which is not in force yet, was designed to “create a path to legal immigration status for undocumented immigrants born outside the United States who were brought there illegally as children”, according to the web portal “Nafsa”.<sup>289</sup>

<sup>286</sup> IBID

<sup>287</sup> The USA. The American Immigration Council, Immigration Impact. Microsoft, Experts Stress Need for High-Skilled Immigration in Senate Committee Hearing. 27 July 2011. 15 December 2012  
<http://immigrationimpact.com/2011/07/27/microsoft-experts-stress-need-for-high-skilled-immigration-in-senate-committee-hearing/>

<sup>288</sup> IBID

<sup>289</sup> Oaks, Ursula. The DREAM Act: Myths and Facts. January 2012. 15 December 2012  
[http://www.nafsa.org/uploadedFiles/NAFSA\\_Home/Resource\\_Library\\_Assets/Public\\_Policy/The%20DREAM%20Act%20T%20and%20M%20-%20Jan%202012\(1\).pdf](http://www.nafsa.org/uploadedFiles/NAFSA_Home/Resource_Library_Assets/Public_Policy/The%20DREAM%20Act%20T%20and%20M%20-%20Jan%202012(1).pdf)

### 8.1.3. Legal Ways for High-skilled Immigrants to Live in the USA

According to the article “Study on Fiscal Benefits of Highly Skilled Immigrants”, there are two ways that high-skilled immigrants can enter the USA’s work force; “by obtaining either the highly desirable employment green card that allows the worker to stay in the United States as a permanent resident or an H-1B visa, which only allows the worker to remain in this country for a maximum of six years.”<sup>290</sup>

The H-1B visa is the first legal way to live in the USA for high-skilled immigrants. The H-1B visa was introduced in 1990<sup>291</sup> and by its nature it is a non-immigration visa since it limits its holders to the maximum of six years in the USA. To gain this visa, one needs to have at least a bachelor degree and get employed in so called “specialty occupations”, which are, for example, “architecture, engineering, auditing, accounting, mathematics, medicine, dental medicine, theology and religion, psychology, meteorology, astronomy, agriculture, social sciences, jurisprudence and law, recreation and entertainment, welfare and social work, and fashion”.<sup>292</sup> Unlike for other “specialty occupations”, fashion models don’t need to have at least a bachelor degree. But, they do need to have “distinguished merit and ability”.<sup>293</sup>

The green card is the second legal way to live in the USA for high-skilled immigrants. The green card is not limited to high-skilled immigrants, it is an “alien registration card” given to other countries’ citizens once they are permitted to indefinitely work and live in the USA;

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<sup>290</sup> The USA. Kauffman, web portal. Study on Fiscal Benefits of Highly Skilled Immigrants. 15 December 2012 <http://www.kauffman.org/research-and-policy/fiscal-benefits-of-highly-skilled-immigrants.aspx>

<sup>291</sup> The USA. GAO – U.S. Government Accountability Office. Reforms Are Needed to Minimize the Risks and Costs of Current Program. 14 January 2011. 15 December 2012 <http://www.gao.gov/products/GAO-11-26>

<sup>292</sup> The USA. H1 Base, web portal. H1B Visa Professions/Occupations. 15 December 2012 <http://www.h1base.com/content/h1boccupations>

<sup>293</sup> The USA. Richards Kruger, web portal. H1B3 Fashion Models. 15 December 2012 <http://www.richardskruger.com/h1b3-fashion-models>

once they become permanent residents.<sup>294</sup> The green card is always applied for by the employer, not by the employee<sup>295</sup>, and it is a proof that a person is allowed to indefinitely work and live in the USA – to become a permanent resident in the USA.<sup>296</sup> According to the web portal “H1 base”, these are employment-based green cards; “EB-1” (for “priority workers”), “EB-2” (for “professionals with 'advanced' degrees or exceptional ability”), “EB-3” (for “skilled or professional workers”), “EB-4” (for “special Immigrants”) and “EB-5” (for “immigrant Investors”).<sup>297</sup> EB-1 deserves a special focus. This green card is designed for “Individuals with 'extraordinary' ability in the sciences, arts, education, business or athletics which have demonstrated sustained national or international acclaim and whose achievements have been recognized in the field through extensive documentation.”<sup>298</sup> This green card resembles the O-1 visa, and the main difference is, according to the article “The Difference Between an EB-1 & an O-1 Visa”, that the “O-1 Visa holders are coming to the U.S. temporarily while EB-1 holders intend to stay”.<sup>299</sup> Furthermore, the O-1 visa is not aimed at high-skilled immigrants *per se*, but it still attracts high-skilled and able immigrants to the USA. This visa is not limited to any time period (although it will normally be given for the time period of three years) or to any special field. It can result in a green card. To get this visa, a person needs to prove that he/she IS really exceptional, for example, in the field of science, sport, education or arts. Their exceptional

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<sup>294</sup> The USA. Business Dictionary, web portal. Green Card. 15 December 2012  
<http://www.businessdictionary.com/definition/green-card.html>

<sup>295</sup> McFadyen, Jennifer. Employer-Sponsored Green Card. 15 December 2012  
<http://immigration.about.com/od/usvisas/a/EVisas.htm>

<sup>296</sup> The USA. U.S. Citizenship and Immigration Services, web portal. Green Card (Permanent Residence). 13 May 2011. 15 December 2012  
<http://www.uscis.gov/portal/site/uscis/menuitem.eb1d4c2a3e5b9ac89243c6a7543f6d1a/?vgnextoid=ae853ad15c673210VgnVCM100000082ca60aRCRD&vgnnextchannel=ae853ad15c673210VgnVCM100000082ca60aRCRD>

<sup>297</sup> The USA. H1 Base, web portal. Green Card Eligibility/Preference System. 15 December 2012  
[http://www.h1base.com/visa/work/Green%20Card%20EB%20Preferences/ref/1185/#advanced degrees](http://www.h1base.com/visa/work/Green%20Card%20EB%20Preferences/ref/1185/#advanced%20degrees)

<sup>298</sup> IBID

<sup>299</sup> Campbell, Meg. The Difference Between an EB-1 & an O-1 Visa. 17 November 2012  
[http://www.ehow.com/about\\_6602864\\_difference-between-eb\\_1-o\\_1-visa.html](http://www.ehow.com/about_6602864_difference-between-eb_1-o_1-visa.html)

abilities can be proved, for example, by gained “Olympic Gold Medal, a Nobel Prize, Emmy Award, Academy Award or Grammy Award”.<sup>300</sup>

There is usually a five-year backlog and annually 40,000 immigrant workers receive a green card. It is a long process to receive the H-1B visa too and, as a result, many foreign students who study in the USA in the STEM fields are forced to return to their sending countries every year.<sup>301</sup>

In addition, for an American employer to employ an immigrant instead of a domestic worker, he/she needs to get “the labour certification from the Department of Labor (DOL)”.

According to the Cornell University Law School’s information on this topic, “the DOL must certify, based on the employer’s submissions, to that there are no qualified U.S. workers able, willing, qualified and available to accept the proposed job at the prevailing wage for that occupation in the area of intended employment and that employment of the foreign worker will not adversely affect the wages and working conditions of similarly employed U.S. workers. Once the application is certified (approved), the employer must petition the U.S. Citizenship and Immigration Services (USCIS) for a work visa on behalf of the foreign worker.”<sup>302</sup> Hence, labour certification must be obtained from American employer before he/she starts the visa process for the foreign worker.

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<sup>300</sup> The UK. Skill Clear, web portal. USA Immigration Work Permits and Visas, Immigration to the US for those with Extraordinary Ability - O-1 Visa. 17 November 2012 <http://www.skillclear.co.uk/usa/extraordinary-ability-o1.asp>

<sup>301</sup> The USA. Kauffman, web portal. Study on Fiscal Benefits of Highly Skilled Immigrants. 15 December 2012 <http://www.kauffman.org/research-and-policy/fiscal-benefits-of-highly-skilled-immigrants.aspx>

<sup>302</sup> The USA. Cornell University. Labor Certification. 19 August 2010. 17 November 2012 [http://www.law.cornell.edu/wex/labor\\_certification](http://www.law.cornell.edu/wex/labor_certification)

#### 8.1.4. Ways to Keep High-skilled Immigrants

As stated before, the mentioned “report from the Brookings Institution Metropolitan Policy Program”<sup>303</sup> came to the conclusion that nowadays less immigrants who come to the USA lack a high-school diploma than there are immigrants in the USA “with at least a bachelor’s degree”<sup>304</sup>. The USA’s immigrants are becoming, in general, more and more high-skilled and the USA is in perfect situation to seize these immigrants while it already has them and before they leave for their sending countries or for third countries, according to the mentioned report.<sup>305</sup>

The USA realizes the significance of high-skilled immigrants and is doing many things in order to make them come to the USA and work there. One of the things that the USA is doing, in order to allow more high-skilled immigrants to come to the USA, is passing a new act which would allow more high-skilled immigrants from the same country to receive the USA’s green cards. This act, called “the Fairness for High-Skilled Immigrants Act of 2011”<sup>306</sup> is, at the time when this thesis was written, undergoing a proper legislative procedure. Once it enters into force it will change a current green card distribution.<sup>307</sup> In fact, the current regulation defines that, out of 140,000 employment green cards issued every year, 7 percent can go to the immigrants from the same country. This will be eliminated by the mentioned new act and, apart from the limit of total 140,000 of such green cards, there will

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<sup>303</sup> Fairbanks, John and Harvey, Rachel. Skilled Immigrants a Growing Force in The U.S. Economy. 9 June 2011. 15 December 2012  
[http://www.brookings.edu/~media/research/files/papers/2011/6/immigrants%20singer/06\\_immigrant\\_skills\\_media\\_memo](http://www.brookings.edu/~media/research/files/papers/2011/6/immigrants%20singer/06_immigrant_skills_media_memo)

<sup>304</sup> IBID

<sup>305</sup> IBID

<sup>306</sup> The USA. Bloomberg, web portal. Visa Law Would Give U.S. World’s Tired, Poor Technologists: View. 15 December 2012  
<http://www.bloomberg.com/news/2011-12-01/expanded-visa-law-would-give-u-s-world-s-tired-poor-technologists-view.html>

<sup>307</sup> IBID



be no limit regarding how many employment green cards can go to the immigrants from the same country. Thus, more Indians and Chinese will be able to receive employment green cards.<sup>308</sup> In addition, “the Fairness for High-Skilled Immigrants Act of 2011”<sup>309</sup> changes the distribution of family green cards; the maximum of 7 percent immigrants from the same country (out of a total of 226,000 family green cards) to the maximum of 15 percent immigrants from the same country (out of the same total of family green cards).<sup>310</sup> As stated, “the total number of green cards”<sup>311</sup> will not change; 140,000 employment green cards and 226,000 family green cards.<sup>312</sup> Put in simple words, more Indian and Chinese high-skilled immigrants and their family members will be able to receive green cards with this regulation.

On the topic “of the Fairness for High Skilled Immigrants Act of 2011”<sup>313</sup>, “Peter Muller, director of government relations and immigration policy at Intel Cooperation”<sup>314</sup>, stated in his article “Opinion: A Fairer Immigration System is Within Reach”, on the web portal “National Journal” that this “act would adjust the way in which the 140,000 employment-based visas are awarded each year. Instead of the current system, which places an arbitrary 7 percent cap on the number of visas that can be awarded to applicants from any one country, the bill would establish a first-come, first-served system for awarding green cards. This more equitable system would mean that visa applicants from the highest demand countries would be on level terms with all other applicants and would not experience unfairly long wait times. The bill would also raise the ‘per country’ cap on family-based visas from 7 percent to 15 percent.”<sup>315</sup>

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<sup>308</sup> IBID

<sup>309</sup> IBID

<sup>310</sup> IBID

<sup>311</sup> IBID

<sup>312</sup> IBID

<sup>313</sup> IBID

<sup>314</sup> Muller, Peter. Opinion: A Fairer Immigration System is Within Reach. 10 December 2012. 10 January 2013 <http://www.nationaljournal.com/thenextamerica/immigration/opinion-a-fairer-immigration-system-is-within-reach-20121210>

<sup>315</sup> IBID

Furthermore, at the end of 2011 a new bill was put into procedure in the representative bodies of the USA; the bill of “Bringing and Retaining Accomplished Innovators for the Nation Act” (BRAIN Act).<sup>316</sup> The BRAIN Act should “help secure green cards for foreigners who earn advanced degrees from accredited American universities and find employment opportunities in the fields of science, technology, engineering or math.”<sup>317</sup>

In the USA there is a need to solve legal status of high-skilled immigrants who studied in that country after their H-1B visa expires. Process of gaining a new H-1B visa or a green card is long, exhausting and often negative for the applicant due to quotas. Current quota for H-1B visa is 65,000<sup>318</sup> and for green card quotas “are 226,000 (family-based green cards) and 140,000 (employment-based green cards)”.<sup>319</sup> When he addressed this issue in 2011 President of the USA Barack Obama said: "Others come here from abroad to study in our colleges and universities. But as soon as they obtain advanced degrees, we send them back home to compete against us. It makes no sense."<sup>320</sup>

The USA is trying to keep its high-skilled immigrants with one more act, “the Stopping Trained in America PhDs from Leaving the Economy”<sup>321</sup> (STAPLE) Act, which was

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<sup>316</sup> Harrison, J. D. House lawmakers drafting BRAIN Act to retain highly educated immigrants. 15 December 2011. 10 January 2013 [http://www.washingtonpost.com/blogs/on-small-business/post/house-lawmakers-drafting-brain-act-to-retain-highly-educated-immigrants/2011/12/15/gIQAZCiGwO\\_blog.html](http://www.washingtonpost.com/blogs/on-small-business/post/house-lawmakers-drafting-brain-act-to-retain-highly-educated-immigrants/2011/12/15/gIQAZCiGwO_blog.html)

<sup>317</sup> IBID

<sup>318</sup> The USA. U.S. Citizenship and Immigration Services, web portal. H-1B Fiscal Year (FY) 2014 Cap Season. 10 January 2013

<http://www.uscis.gov/portal/site/uscis/menuitem.5af9bb95919f35e66f614176543f6d1a/?vgnextoid=4b7cdd1d5fd37210VgnVCM100000082ca60aRCRD&vgnnextchannel=73566811264a3210VgnVCM100000b92ca60aRCRD>

<sup>319</sup> The USA. Immigralaw, web portal. Visa Quota Chart. 10 January 2013  
<http://www.immigralaw.com/english/immigrationquotas.html>

<sup>320</sup> The USA. The Huffington Post, web portal. State Of The Union Text: Read Obama's Address [FULL TEXT]. 12 February 2013. 19 February 2013 [http://www.huffingtonpost.com/2013/02/12/state-of-the-union-text-n\\_2646646.html](http://www.huffingtonpost.com/2013/02/12/state-of-the-union-text-n_2646646.html)

<sup>321</sup> Nowrasteh, Alex. Obama's Immigration Dance Partner. 16 July 2011. 18 July 2012  
<http://www.foxnews.com/opinion/2011/07/26/obamas-immigration-dance-partner/>

proposed in 2009.<sup>322</sup> The STAPLE Act cancels quotas on green cards that are sponsored by employers and given to foreign-born Ph.D. graduates who graduated from universities in the USA in the fields of technology, sciences, mathematics and engineering, and it also cancels quotas on H-1B visas.<sup>323</sup>

The demand for H-1B visa is high and, for example, “in 2008, the quota was met on April 2, the first day that applications were accepted”<sup>324</sup>, according to the article “America's Cap on Foreign Skilled Labor”.<sup>325</sup> In the Silicon Valley there is a high demand for high-skilled technicians, there is a lack of H-1B visas and it is considered to be the biggest limitation to that region's economic growth.<sup>326</sup> However, due to the recession which hit the USA hard in the time period between 2007 and 2009, the demand for H-1B visas slightly declined. The reason for this is that, due to the recession, many high-tech and similar firms have experienced worsening in business and thus many high-skilled workers lost their jobs. With many high-skilled USA citizens out of jobs there was at the moment no need to hire high-skilled immigrants.<sup>327</sup> Figure 26 shows employment situation in different high-tech areas in Silicon Valley in the years 2000 and 2009. It is obvious that in most sectors the employment decreased, especially in the “Computer systems design & related services”.<sup>328</sup>

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<sup>322</sup> IBID

<sup>323</sup> IBID

<sup>324</sup> The USA. US Immigration Support, web portal. America's Cap on Foreign Skilled Labor. 18 July 2012 <http://www.usimmigrationsupport.org/america-cap-foreign-skilled-labor.html>

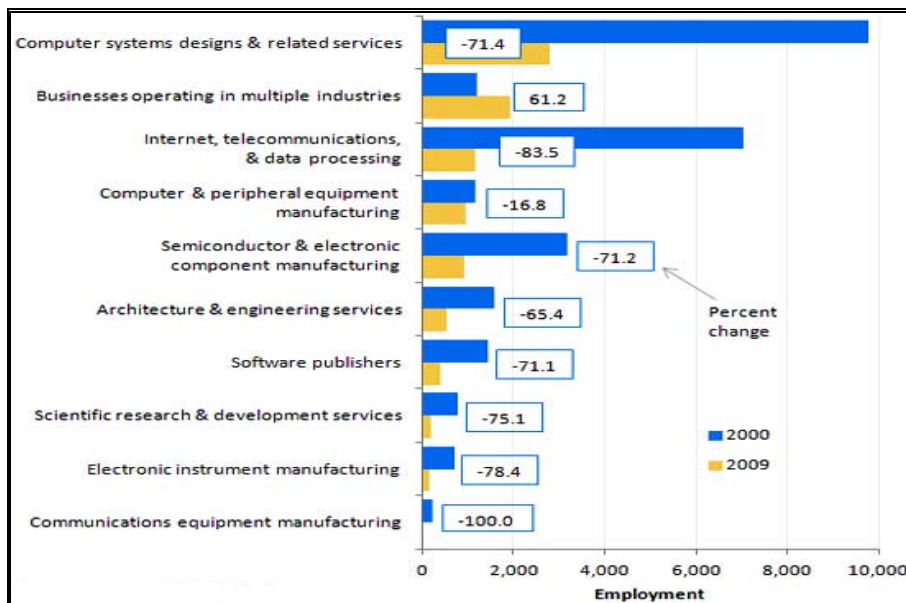
<sup>325</sup> IBID

<sup>326</sup> IBID

<sup>327</sup> The USA. US Immigration Support, web portal. H-1B Visa Demand At a 7-Year Low. 18 July 2012 <http://www.usimmigrationsupport.org/h1b-visa-demand-low.html>

<sup>328</sup> The USA. Bureau of Labor Statistics. Employment in Silicon Valley high-tech businesses, 2000–2009. 14 October 2011. 18 July 2012 [http://www.bls.gov/opub/ted/2011/ted\\_20111014.htm](http://www.bls.gov/opub/ted/2011/ted_20111014.htm)

Figure 26 Silicon Valley’s employment in high-tech sectors, 2000 - 2009



Source: “U.S. Bureau of Labor Statistics”<sup>329</sup>

However, after 2009 the Silicon Valley has managed to bounce back and, according to the article “Silicon Valley Job Growth Has Reached Dot-com Boom Levels, Report Says”, “Silicon Valley's job growth has returned to dot-com boom levels and San Francisco has emerged as a major new tech hub”.<sup>330</sup>

As for the nature of the USA’s immigration system, it doesn’t have the points-based system like Canada, Australia and the UK. However, in 2007 the USA tried to implement this system, because it proved successful in the aforementioned countries, according to the article from New York Times “Point system for immigrants at heart of U.S. immigration debate”.<sup>331</sup> The Senate proposed in May 2007 an immigration bill which would introduce this system in the

<sup>329</sup> IBID

<sup>330</sup> Avalos, George. Silicon Valley job growth has reached dot-com boom levels, report says. 7 February 2013. 25 February 2013 [http://www.mercurynews.com/business/ci\\_22524360/silicon-valley-job-growth-prodigious-returned-dot-com-boom-levels](http://www.mercurynews.com/business/ci_22524360/silicon-valley-job-growth-prodigious-returned-dot-com-boom-levels)

<sup>331</sup> Pear, Robert. Point system for immigrants at heart of U.S. immigration debate. 4 June 2007. 25 February 2013 [http://www.nytimes.com/2007/06/05/world/americas/05iht-05immig.6000279.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2007/06/05/world/americas/05iht-05immig.6000279.html?pagewanted=all&_r=0)

USA, but in June 2007 the Congress voted against it, so the points-based system was not implemented in the USA.<sup>332</sup>

In conclusion, the USA recognizes the asset it has in high-skilled immigrants and it is changing its legal system in order to attract them and to keep them. As proved before, the USA is by no means losing the global fight for high-skilled immigrants.

## **8.2. High-skilled Labour Immigration Policy in Canada**

Similar to the USA, Canada has got a favourable attitude towards skilled immigrants for almost fifty years. Canada introduced its “points-based system” in 1967. “The objective of the Canadian migration system has traditionally been to promote long term economic growth by admitting productive immigrants. The points-based system built on this as it gave special entrance advantages to people with tertiary education and those who were considered to have an ability to become economically established in Canada. One of the features of this system is that the amount of points needed to enter Canada can be changed depending on needs within the Canadian labour market”.<sup>333</sup>

Canada has many immigrants and, according to the article from October 2008 on the web portal “Canadian Council of Learning”, “nearly one out of five Canadian residents was born outside of Canada and approximately two-thirds of Canada’s population growth results from

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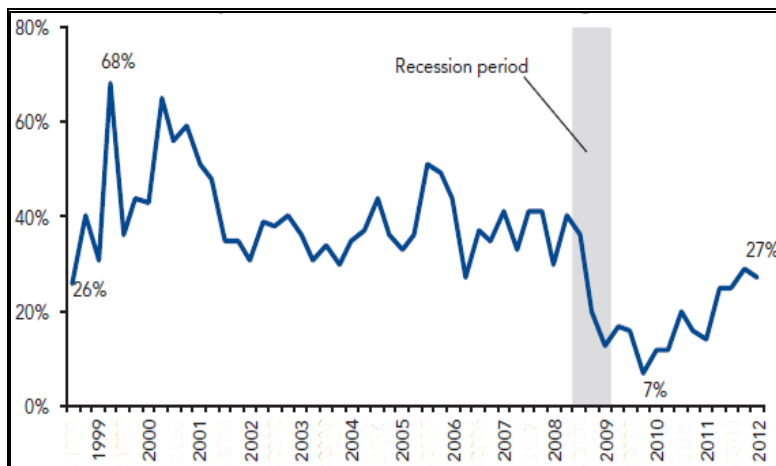
<sup>332</sup> The USA. Govtrack, web portal. S. 1348 (110<sup>th</sup>): Comprehensive Immigration Reform Act of 2007. 25 February 2013 <http://www.govtrack.us/congress/bills/110/s1348>

<sup>333</sup> Ulrich, Alexander. Taxing talent. How Britain can attract and retain the world’s best workers, page 5. 11 December 2012 [http://www.adamsmith.org/sites/default/files/research/files/ASI\\_Immigration\\_AW.pdf](http://www.adamsmith.org/sites/default/files/research/files/ASI_Immigration_AW.pdf)

net international migration. Only Australia, where immigrants represent 24% of the population, has a greater percentage of immigrants than Canada (18%).”<sup>334</sup>

Just like the mentioned countries, Canada is also experiencing labour shortage. Figure 27<sup>335</sup> shows the percentage of companies that are experiencing labour shortage in Canada. It is obvious that there has been a sharp increase since 2010, after the recession ended in Canada. According to the web portal “Canada Newswire”, some of the areas where Canada has labour shortage are health (for example, doctors and dentists), engineering and science.<sup>336</sup>

Figure 27 Percentages of firms that suffer from labour shortage in Canada, 1999 - 2012



Source: “Business Outlook Survey, Bank of Canada”<sup>337</sup>

As stated on the web portal “Canadian Immigration”, Canada’s skilled labour immigration is regulated through the Federal Skilled Worker Program (only Quebec has its own program for

<sup>334</sup> Canada. Canadian Council of Learning – CCL, web portal. More education, less employment: Immigrants and the labour market. 30 October 2008. 25 February 2013 <http://www.ccl-cca.ca/CCL/Reports/LessonsinLearning/LinL20081030Immigrantsandlabourmarket.html>

<sup>335</sup> Lefebvre Rock, Simonova Elena and Wang Liang. Labour Shortages in Skilled Trades – The Best Guestimate? page 13. July 2012. 25 February 2013 [http://ppm.cga-canada.org/en-ca/Documents/ca\\_rep\\_2012-07\\_labour-shortage.pdf](http://ppm.cga-canada.org/en-ca/Documents/ca_rep_2012-07_labour-shortage.pdf)

<sup>336</sup> Canada. Canada Newswire, web portal. Canadian job market increasingly a tale of have and have not occupations: CIBC. 3 December 2012. 22 December 2012 <http://www.newswire.ca/en/story/1082363/canadian-job-market-increasingly-a-tale-of-have-and-have-not-occupations-cibc>

<sup>337</sup> IBID

such immigrants<sup>338</sup>) which is a points-based system constructed in a way that every applicant is evaluated on the basis of his/her total score which is derived from a test that includes these categories: “Education, Language Ability in English and/or French, Work Experience, Age, Arranged Employment and Adaptability.”<sup>339</sup> Furthermore, points-based system gives additional points to applicants whose spouses (“or common-law partners”) are also pursuing careers; depending on applicants’ spouses’ study or work situation an applicant can receive additional points. By the latter measure Canada is fighting against Australia’s similar measure.<sup>340</sup> An applicant has to have at least 67 points (out of 100) and his/her occupation has to be among listed 29 occupation categories to qualify for the mentioned program. He/she has to also prove that they possess sufficient funds to cover their costs, except in the case when they have arranged employment in Canada, then the proof of sufficient funds is not needed.<sup>341</sup> Some of the mentioned 29 listed occupations are “Professional Occupations in Business Services to Management”, “Biologists and Related Scientists”, “Architects”, “Specialist Physicians”, “Dentists”, “Pharmacists”, “Physiotherapists”, “Psychologists” and “Social Workers”.<sup>342</sup>

Canada doesn’t specifically regulate high-skilled immigration; it regulates skilled immigration in general and if an immigrant has high education he/she will be given additional points.

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<sup>338</sup> Canada. Canada Immigration Newsletter, web portal. The Case Against the Federal Skilled Worker Backlog Reduction (And What You Can Do!). July 2012. 17 September 2012 <http://www.cicnews.com/2012/07/case-federal-skilled-worker-backlog-reduction-071663.html>

<sup>339</sup> Canada. Visa V, web portal. Skilled Workers. 17 December 2012 <http://www.visav.com/federal-skilled-worker-immigration/>

<sup>340</sup> IBID

<sup>341</sup> Canada. Canadian Immigration, web portal. Federal Skilled Worker Immigration to Canada. 10 March 2013 <http://www.canadianimmigration.net/immigrate-to-canada/federal-skilled-worker-program-immigration-to-canada.html#.UN4HfW-RS1U>

<sup>342</sup> The UK. Wm Immigration, web portal. Canada Federal skilled worker visa shortage occupational list. 17 December 2012 <http://www.wmimmigration.com/canada-immigration/canada-federal-skilled-worker-visa-shortage-occupational-list/>

According to the web portal “Citizenship and Immigration Canada”, Canada’s Federal Skilled Worker Program was adjusted in January 2013 in a way that makes sure that Canada will receive the most skilled immigrants who will help its economy. Some of the changes are that the language knowledge was set as the most important selection criterion. Furthermore, the focus was set on young skilled immigrants and more points are given to experience gained in Canada and less to the one gained abroad as compared to before these changes. Likewise, the arranged employment was simplified and points are given if immigrant’s spouse has a satisfying language capability and an experience gained in Canada. Also, immigrant’s education gained from abroad will be evaluated by the Canadian education criteria and points will be given accordingly.<sup>343</sup> In addition, Canada’s recent changes targeted at making Canada’s skilled immigration policy adaptable to changes that come along the way. For example, Canada’s Immigration Minister authority is allowed to deal with the applications without needing to consult with the Parliament. This way, the mentioned authority can easily address Canada’s current immigration needs. Likewise, Canada’s territories and provinces are entitled to address their own immigration needs on individual basis.<sup>344</sup>

Because many skilled immigrants apply to immigrate to Canada and their applications are very difficult to process due to their amount, there is a cap set at 10,000 applications (“for the period of July 1, 2012 to June 30, 2013”<sup>345</sup>). Given that most of these immigrants will be accompanied with family member and that additional skilled immigrants can enter Canada if

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<sup>343</sup> Canada. Citizenship and Immigration Canada, web portal. New Release – Revised Federal Skilled Worker Program Unveiled. 17 August 2012. 17 December 2012  
<http://www.cic.gc.ca/english/department/media/releases/2012/2012-08-17.asp>

<sup>344</sup> Pasell, Shelby. U.S. Losing High-Skilled Workers to Australia, Canada, and China, Report Says. 4 June 2012. 17 December 2012 <http://immigrationimpact.com/2012/06/04/america-losing-high-skilled-workers-to-australia-canada-and-china-report-says/>

<sup>345</sup> Canada. AK Canada, web portal. New Federal Skilled Worker Program to Take Effect May 4, 2013 – Now is the Time for Interested Applicants to Get Started. 19 December 2012. 29 December 2012  
<http://www.akcanada.com/wordpress/?tag=canadian-immigration>



they have a “qualifying job offer” or if they apply through a “PhD eligibility stream” it is estimated that between “55,000 and 57,000” immigrants enter Canada during this one year period through Canada’s skilled immigration program.<sup>346</sup>

According to Shachar, starting with 1995 every year skilled immigrants represent at least 50 percent of Canada’s annual immigrants’ inflow. These skilled immigrants, together with their families, immediately after they arrive to Canada receive permanent residency. This makes their situation much easier than if they had to constantly prolong their visas or feel the insecurity of temporarily employed person’s status. Also, this sets them automatically on the way to Canadian citizenship.<sup>347</sup> In order to receive permanent residency upon entering Canada, one has to have a passport and a Canada Permanent Resident Visa that are valid.<sup>348</sup>

According to the web portal “Canada Visa”, Canada has a very efficient policy to attract skilled immigrants and its points-based system represents an excellent example of “talent-for-citizenship exchange”.<sup>349</sup> Many foreign policy makers recognized Canadian skilled labour immigration policy as a very successful one and introduced it in their skilled labour immigration policies.<sup>350</sup>

Furthermore, Canada is aware of the significance that international students play in its economy. They bring along innovation, diversification and skills. Canada was in the 8<sup>th</sup> place as the most favourite destination for international students and most of them came from the

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<sup>346</sup> Canada. Citizenship and Immigration Canada, web portal. Notice – Canada’s Federal Skilled Worker Cap Reached. 8 May 2012. 29 December 2012 <http://www.cic.gc.ca/english/department/media/notices/notice-fsw.asp>

<sup>347</sup> Shachar, Ayelet. The race for talent: highly skilled migrants and competitive immigration regimes, page 128. 24 July 2012 [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=883739](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=883739)

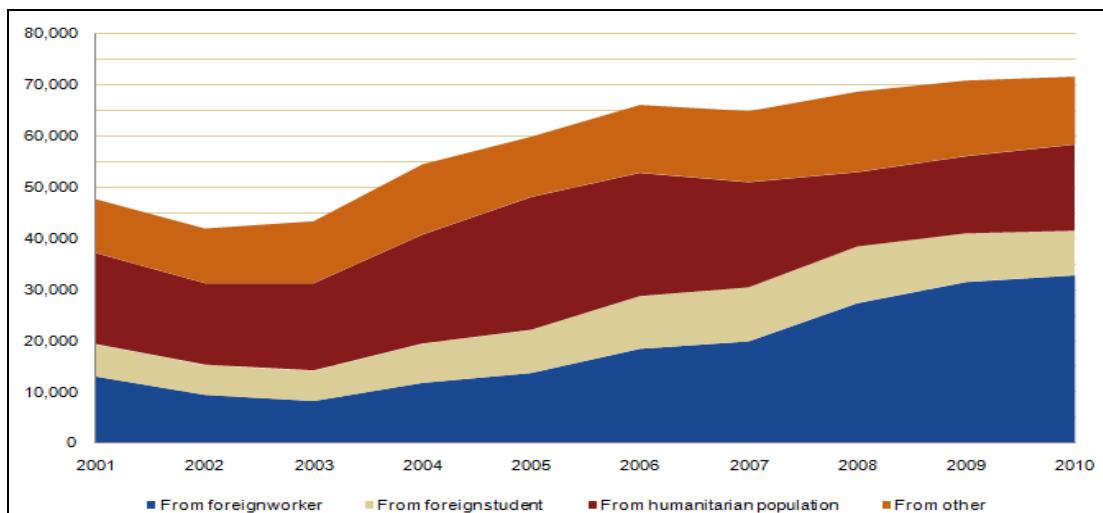
<sup>348</sup> Canada. Canada Visa, web portal. Landing in Canada as a Permanent Resident FAQ. 29 December 2012 <http://www.canadavisa.com/canadian-immigration-faq-landing.html>

<sup>349</sup> IBID

<sup>350</sup> IBID

USA, China, India, France and South Korea. Canada recognizes this potential and is trying to change these temporary visitors into permanent skilled residents. In that sense, Canada allowed in 2010 that 86 percent of applicants, who came from the group of international students, become its permanent residents.<sup>351</sup> Figure 28<sup>352</sup> shows the growth from temporary residence to permanent residence in Canada in the time period between 2001 and 2010. Over this time period in the category “foreign workers” there has been a high increase in their number.

Figure 28 Changes from temporary to permanent residence in Canada, 2001 – 2010



Source: Government of Canada

### 8.3. High-skilled Labour Immigration Policy in Australia

According to the Australian Parliament, Australia was the first country in the world to open a governmental department dedicated only to immigration, in 1945. Since then some 7 million immigrants permanently settled in Australia through its programs designed for permanent

<sup>351</sup> Lowe, Sophia. International Students as Canada's New Skilled Migrants. December 2010. 29 December 2012 <http://www.wes.org/ewenr/10dec/feature.htm>

<sup>352</sup> Canada. Citizenship and Immigration Canada, web portal. Immigration Overview: Permanent and Temporary Residents. 12 January 2013. <http://www.cic.gc.ca/english/resources/statistics/facts2010/temporary/32.asp>

immigrants; either through “the Humanitarian Program for refugees and those in refugee-like situations” or through “the Migration Program for skilled and family migrants“.<sup>353</sup> Just like in Canada, Australia’s Migration Program doesn’t distinguish between high-skilled and skilled immigrants.

At the beginning, Australia was simply trying to fill its population needs, but nowadays it is attempting to meet its labour needs. Over the last decade most immigrants came as permanent skilled workers.<sup>354</sup>

Table 5 Australia’s Migration Program’s immigrants’ inflow, 2007 - 2013

<b>Category</b>	<b>2007–08</b>	<b>2008–09</b>	<b>2009–10</b>	<b>2010–11</b>	<b>2011–12</b>	<b>2012–13</b>
	<b>Outcome</b>	<b>Outcome</b>	<b>Outcome</b>	<b>Outcome</b>	<b>Outcome</b>	<b>Planning Levels<sup>9</sup></b>
Partner <sup>1</sup>	39 931	42 098	44 755	41 994	45 150	46 325
Child <sup>2</sup>	3062	3238	3544	3300	3700	3850
Preferential/Other Family <sup>3</sup>	2378	2530	2468	750	1252	1285
Parent <sup>4</sup>	4499	8500	9487	8499	8502	8725
<b>Total Family</b>	<b>49 870</b>	<b>56 366</b>	<b>60 254</b>	<b>54 543</b>	<b>58 604</b>	<b>60 185</b>
Family as per cent of total program	31.4%	32.9%	35.7%	32.3%	31.7%	31.7%

<sup>353</sup> Phillips, Janet and Spinks, Harriet. Skilled Migration: Temporary and Permanent Flows to Australia. 6 December 2012. 29 December 2012

[http://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/BN/2012-2013/SkilledMigration](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BN/2012-2013/SkilledMigration)

<sup>354</sup> IBID

Employer	23 762	38 026	40 987	44 345	46 554	47 250
Sponsored <sup>5</sup>						
RSMS (included above)				11 120	16 471	16 000
Skilled Independent	55 891	44 594	37 315	36 167	37 772	45 550
State/Territory Sponsored <sup>6</sup>	7530	14 055	18 889	16 175	22 247	24 650
Skilled Australian Sponsored <sup>7</sup>	14 579	10 504	3688	9117	11 800	4200
Distinguished Talent	211	201	199	125	180	200
Business Skills <sup>8</sup>	6565	7397	6789	7796	7202	7400
1 November Onshore	2	0	1	0	0	0
<b>Total Skill</b>	<b>108 540</b>	<b>114 777</b>	<b>107 868</b>	<b>113 725</b>	<b>125 755</b>	<b>129 250</b>
Skill as per cent of total program	68.4%	67.0%	64.0%	67.4%	68.0%	68.0%
<b>Total Special Eligibility</b>	<b>220</b>	<b>175</b>	<b>501</b>	<b>417</b>	<b>639</b>	<b>565</b>
<b>Total Program</b>	<b>158 630</b>	<b>171 318</b>	<b>168 623</b>	<b>168 685</b>	<b>184 998</b>	<b>190 000</b>

Source: "Department of Immigration and Citizenship"<sup>355</sup>

<sup>355</sup> Australia. Australian Government, Department of Immigration and Citizenship. Fact Sheet 20 - Migration Program Planning Levels. May 2010. 22 December 2012 <http://www.immi.gov.au/media/fact-sheets/20planning.htm>

According to “the Department of Immigration and Citizenship, the 2012–13 Migration Program is set at 190 000 places. This comprises:

- 60,185 places for family migrants who are sponsored by family members already in Australia
- 129,250 places for skilled migrants who gain entry essentially because of their work or business experience, business qualifications, skills or sponsorship
- 565 places for special eligibility migrants who are former permanent residents and have maintained close business, cultural or personal ties with Australia.”<sup>356</sup>

Table 5<sup>357</sup> shows Australia’s Migration Program’s immigrants inflow starting with 2007.

Australia has a skilled labour immigration policy since 1973 and that Australian system was similar to the Canadian one from 1967. It was created to make selection of skilled immigrants open to the officials’ discretion and more objective, and it copied Canadian points-based system. In 1973 Australia fully developed its points-based system; to the Canadian one they added the category of “personal suitability.”<sup>358</sup>

Australia’s approach towards skilled immigration is similar to the one in Canada. Australia also offers its citizenship to skilled immigrants in the exchange for their skills and talents. Those immigrants who enter Australia as skilled-independent immigrants have the right to be permanent residents and they are immediately and automatically placed on the way to Australia’s citizenship. Starting with 1970s Australia has showed friendly and proactive approach towards skilled immigrants, and it has invested a lot of funds into it. Also, Australia

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<sup>356</sup> IBID

<sup>357</sup> IBID

<sup>358</sup> Shachar, Ayelet. The race for talent: highly skilled migrants and competitive immigration regimes, page 129. 24 July 2012 [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=883739](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=883739)

has developed its citizenship-for-skill approach more than any other country.<sup>359</sup> In addition, apart from the skilled-independent immigrants, immigrants who enter Australia on the Skilled Nominated Visa (Subclass 190) – skilled-sponsored visa, also become immediately permanent residents of Australia, according to the web portal “Migration Expert”.<sup>360</sup>

According to the Australian Parliament, there are four main categories in Australia’s Migration Program’s skill stream, under which skilled immigrants can immigrate to Australia:

- “General skilled migration – for skilled workers who do not have an employer sponsoring them. Migrants are selected on the basis of their nominated occupation, age, skills, qualifications, English language ability and employability
- Employer nomination - for those who have an employer willing to sponsor them
- Business skills migration - which encourages successful business people to settle in Australia and develop new business opportunities and
- Distinguished talent - small category for ‘distinguished individuals with special or unique talents of benefit to Australia’ such as sports people, musicians, artists and designers, who are internationally recognised as outstanding in their field.”<sup>361</sup>

“According to the Department of Immigration and Citizenship”<sup>362</sup>, it is also possible to separate Australia’s Migration Program’s skill stream into two big categories: skilled-independent category (when immigrant doesn’t have an employer before arriving in

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<sup>359</sup> IBID, page 131

<sup>360</sup> Australia. Migration Expert, web portal. Visas to Australia. 12 January 2013  
[http://www.migrationexpert.com.au/permanent\\_residency/](http://www.migrationexpert.com.au/permanent_residency/)

<sup>361</sup> Phillips, Janet and Spinks, Harriet. Skilled Migration: Temporary and Permanent Flows to Australia. 6 December 2012. 29 December 2012

[http://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/BN/2012-2013/SkilledMigration](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BN/2012-2013/SkilledMigration)

<sup>362</sup> Australia. Australian Government, Department of Immigration and Citizenship. Fact Sheet 1 - Immigration: The Background Part One. May 2010. 22 December 2012 <http://www.immi.gov.au/media/fact-sheets/01backgd.htm>

Australia) and skilled-sponsored category (when immigrant has an employer before arriving in Australia). Entry is in both cases dependant on the points from the points-based test.<sup>363</sup>

However, “according to the Department of Immigration and Citizenship”<sup>364</sup>, Australia offers other visas for skilled immigrants that are not dependant on the points from the points-based test such as the Temporary Work (Skilled) (subclass 457) visa. This is a multiple-entry visa that allows an Australian employer to employ a skilled immigrant for a limited time period – up to four years. If a skilled immigrant wants to stay in Australia longer, or permanently, he/she needs to apply for such visa, it cannot be done with this one. To obtain this visa, a skilled immigrant needs to be sponsored by an Australian employer for a job position that has been declared as a skilled job position, possess qualifications, skills and experience needed for this job position, knowledge of English language, health insurance and possess, if necessary, required licenses.<sup>365</sup> Holders of this visa also need to have a certain minimum salary amount. This way Australia is trying to secure needed skilled immigrants but not take advantage of them or disturb local employment possibilities.<sup>366</sup>

Table 6 shows numbers of foreign students who came to Australia, including foreign students who arrived on the 457 visa, in the time period between 1996 and 2012. The numbers show that there has been mostly a steady growth of the number of foreign student who came to Australia to study (on the 457 visa or otherwise). As for the total number of foreign students their number decreased in the time periods between 1997 and 1998 and between 2009 and 2011. As for the number of foreign students who arrived on the 457 visa, their number

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<sup>363</sup> IBID

<sup>364</sup> IBID

<sup>365</sup> Australia. Australian Government, Department of Immigration and Citizenship. Subclass 457 visa. May 2010. 22 December 2012 <http://www.immi.gov.au/skills/skillselect/index/visas/subclass-457/>

<sup>366</sup> Australia. Workplace Solutions, web portal. Changes for ‘457’ Visa Regulations (33/2009). 22 December 2012 [http://www.workplacesolutions.asn.au/workplace\\_relations/alerts/2009/457\\_changes](http://www.workplacesolutions.asn.au/workplace_relations/alerts/2009/457_changes)

decreased in the time periods between 1998 and 1999 and between 2009 and 2010. Likewise, the numbers show that the percentage of foreign students who entered Australia on the 457 visa has been increasing over time; in 1996 roughly one fourth of foreign students entered Australia on the 457 visa, while in 2012 roughly one half of them entered Australia on this visa.

Table 6 Arrival of foreign students, including those on the 457 visa in Australia, 1996 – 2012

<b>Year</b>	<b>Overseas students</b>	<b>Temporary business (long stay) 457 visas</b>
1996–97	113 000	25 786
1997–98	108 827	30 880
1998–99	110 894	29 320
1999–00	119 806	31 070
2000–01	146 577	36 900
2001–02	151 894	38 592
2002–03	162 575	41 936
2003–04	171 616	42 437
2004–05	174 786	49 137
2005–06	190 674	71 737
2006–07	228 592	87 937
2007–08	278 180	111 019
2008–09	320 368	101 432
2009–10	269 828	67 980



2010–11	250 438	90 120
2011–12	253 046	125 070

Sources: “J. Phillips, M. Klapdor and J Simon-Davies”, “Migration to Australia since Federation: a guide to the statistics”, August 27, 2010, page 16, and DIAC, “Trends in migration: Australia 2010–11”, February 2012, page 37; and DIAC, annual reports and student visa statistics web page

Furthermore, “according to the Department of Immigration and Citizenship”, skilled immigrants are entitled to apply through regional (states’ or territories’) programs that don’t include whole “Australia. For example, the Regional Sponsored Migration Scheme (RSMS)” includes “all areas except Sydney, Wollongong, Newcastle, Melbourne, Brisbane and the Gold Coast”, and through it employers from areas with low population rate can give skilled immigrants permanent residency as a mean of covering their skilled labour needs. In addition, Australia is continuously working with its states and territories on addressing their specific skilled labour needs.<sup>367</sup>

Australia set quota for skilled immigrants for the time period between 2012 and 2013, to 129,250 skilled immigrants, which represents an increase compared to the previous years, according to the Minister for Immigration and Citizenship.<sup>368</sup>

In addition, according to the Australian Parliament, in order to achieve the best economic outcome of the Migration Program, Australia conducted various policy measures over the last

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<sup>367</sup> Australia. Australian Government, Department of Immigration and Citizenship. Fact Sheet 1 - Immigration: The Background Part One. May 2010. 22 December 2012 <http://www.immi.gov.au/media/fact-sheets/01backgd.htm>

<sup>368</sup> Australia. Minister for Immigration and Citizenship. Targeted migration increase to fill skills gap. 8 May 2012. 12 December 2012. <http://www.minister.immi.gov.au/media/cb/2012/cb186408.htm>

twenty years. To receive immigrants who have skills in the fields which are in shortage in Australia, Australian government developed several policies since the 1980s. Since January 1, 2009, skilled immigrants who were given sponsorship by their employers in Australia were given processing priority. Priority was also given to experts in the fields which were in the critical shortage in Australia; to IT professionals, medical professionals, construction trade workers and engineers.<sup>369</sup>

To make sure that the Skilled Migration Program is not demand-driven but supply-driven, Australian government announced a new Skilled Occupation List (SOL) on July 1, 2010. SOL consisted of 181 occupations which were in demand in Australia. To be able to qualify for skilled-independent immigration, an immigrant must have relevant qualifications from the occupations listed in the SOL.<sup>370</sup> According to the web portal “My Australian Visa”, “the SOL comprises of 4 major groups: managers and administrators; professionals; associate professionals and tradespersons and related workers.”<sup>371</sup> “According to the Department of Immigration and Citizenship”, some of the occupations on this list are “Construction Project Manager”, “Engineering Manager”, “Ship's Engineer”, “Architect”, “Landscape Architect”, “Land Economist”, “Surveyor”, “Chemical Engineer”, “Civil Engineer”, “Electronics Engineer”, “Biomedical Engineer”, “Veterinarian”, “Medical Radiation Therapist” and “Nuclear Medicine Technologist”.<sup>372</sup>

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<sup>369</sup> Phillips, Janet and Spinks, Harriet. Skilled Migration: Temporary and Permanent Flows to Australia. 6 December 2012. 29 December 2012 [http://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/BN/2012-2013/SkilledMigration](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BN/2012-2013/SkilledMigration)

<sup>370</sup> IBID

<sup>371</sup> Australia. My Australian Visa, web portal. Skilled Occupation List. 29 December 2012 <http://www.myaustrianvisa.com/visas/skilled-visas-for-migrating-to-australia/skilled-occupations-list-sol-mainmenu-180.html>

<sup>372</sup> Australia. Department of Immigration and Citizenship. Skilled Occupation List (SOL): Schedule 1. July 2012. 12 August 2012 [http://www.immi.gov.au/skilled/\\_pdf/sol-schedule1.pdf](http://www.immi.gov.au/skilled/_pdf/sol-schedule1.pdf)

Australian Ministry for Immigration and Citizenship conducted a survey to determine the outcome of employer sponsored skilled migration and on October 28, 2010 announced that the outcomes are very good for Australian economy. The survey showed “that 60 per cent of employer sponsored migrants work in either management or professions, with 90 per cent in skilled employment”. The survey also showed that two-thirds of skilled visa holders had a university qualification and that the demand driven employer sponsored skilled labour immigration covered the vacancies in Australian labour market and thus contributed to its productivity and to the Australian economy. The participation rate of skilled immigrants was 95 percent and the unemployment rate was 5 percent.<sup>373</sup>

As for the origin of Australia’s skilled immigrants, “according to the Department of Immigration and Citizenship”, in the time period between 2010 and 2011 most of skilled immigrants in Australia were from “China (29,547), the UK (23,931), India (21,768), the Philippines (10,825), South Africa (8,612) and Malaysia (5,130)”.<sup>374</sup>

## **9. COMPARISON OF THE EU’S BLUE CARD AND THE USA’S H1-B VISA**

This chapter will offer the comparison of the EU’s Blue Card and of the USA’s H1-B visa, in order to show objectively how the Blue Card compares to the H1-B visa, which is the EU’s biggest competitors’, in a way, Blue Card counterpart.

According to Lucy Haley, a Stanford Law School graduate who conducted an analysis of the EU’s and the USA’s high-skilled labour immigration lawmaking, the EU and the USA have

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<sup>373</sup> Australia. Minister for Immigration and Citizenship. Survey shows success of employer sponsored skilled migration. 28 October 2010. 30 October 2012 <http://www.minister.immi.gov.au/media/media-releases/2010/cb10074.htm>

<sup>374</sup> Australia. Department of Immigration and Citizenship. 2010-11 Migration Program Report, Program Year to 30 June 2011. 12 August 2012 <http://www.immi.gov.au/media/statistics/pdf/report-on-migration-program-2010-11.pdf>

similar high-skilled labour immigration systems; the EU's Blue Card policy and the USA's H-1B visa system are both employer-based systems; unlike in the points-based system, where applicants are rejected/accepted depending on their points, in the employer-based system they are chosen by employers.<sup>375</sup>

When compared, according to Haley, the Blue Card system is more favourable towards high-skilled immigrants than the H-1B visa system, as seen in the Table 7. High-skilled immigrants can apply by themselves for the Blue Card while it is only the employers who can apply for high-skilled immigrants' H-1B visa. While in both systems high-skilled immigrants can change employers, it is easier to do so with the Blue Card; after being employed and having the Blue Card for two years a high-skilled immigrant in the EU can start working for another employer without needing to inform the Member State. This could not happen in the USA; if a high-skilled worker wants to change his/her employer, his/her new employer has to inform the authorities and submit an application "for a new H-1B visa". Furthermore, while in the USA a high-skilled worker is an illegal immigrant from the same moment he/she loses his/her job, in the Blue Card system this immigrant would have period of three months available to find a new high-skilled employment during which he/she would have a legal status in the EU. Maybe the most significant difference between the two systems is that the Blue Card holders can "apply for the long-term residence after five years of owning the Blue Card" and residing in the EU, while in the USA, again, it is the employers who can apply for the long-term residence for their high-skilled employees. With the Blue Card high-skilled immigrants can easier move from one employer to the next and they are less dependent on them, which is very significant for these immigrants and that really makes the Blue Card system more favourable towards high-skilled immigrants compared to the H-1B visa system.

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<sup>375</sup> Haley, Lucy. The Challenges to Lawmaking With Respect to Highly Qualified Immigration: A Comparison of the European Union and United States, page 2. 2012. 12 February 2013  
[http://www.law.stanford.edu/sites/default/files/child-page/205024/doc/slspublic/haley\\_eulawwp8.pdf](http://www.law.stanford.edu/sites/default/files/child-page/205024/doc/slspublic/haley_eulawwp8.pdf)

In addition, the H-1B visa system has quotas while the Blue Card system doesn't; this allows Member States to address labour market needs effectively and precisely. However, every Member State is free to implement quotas.<sup>376</sup>

Table 7 Comparison of “the H1-B visa and of the Blue Card”

	H-1B Visa	Blue Card
Qualifications required	Undergraduate degree; special priority given to those with graduate degrees	Professional qualifications as specified by the requirements of the Member State
Minimum Salary	Employer must attest that the job is being offered at the prevailing wage or actual wage to similar individuals	Wages must be at least equal to an EU-wide minimum salary threshold and at least 1.5 times the average gross annual salary in the Member State
Number granted per year	Capped at 65,000 per year with limited exceptions	Member States may determine volume of admission based on labor market conditions
Who applies	Employer	Member states may determine whether application is to be submitted by employer or immigrant
Length of stay	3 years	1-4 years, depending on Member State
Extensions	1-year extensions for a period of up to 6 years (longer if a green card application was pending in the 5 <sup>th</sup> year)	May be renewed indefinitely for the same period of time for which it was originally issued (1-4 years)
Change of employer	Visa holder may change employers at any time; however, the subsequent employer must go through the expense of sponsoring a new visa that may be subject to the 65,000 cap.	For the first 2 years, changes in employer must be approved by the Member State.
Dismissal from employment	Visa holder is illegally present in the U.S. immediately upon dismissal unless an application for another temporary visa is currently pending.	Upon dismissal, Blue Card holders have a 3-month grace period to find another employer.
Freedom of movement	Visa holder has total freedom to move around the United States and to leave the U.S., although the immigrant may not travel while an application for an extension or change of status (from H-1B to green card, for example) is pending. A move to another office of the employer in another state does not affect the visa.	Blue Card holder may enter and re-enter and pass through other Member States. 18 months after issuance of the Blue Card, the immigrant may move to another Member State as long as they remain in highly qualified employment.
Conversion to permanent residence	Employer must apply for employee's green card; employee may not apply unilaterally.	Blue Card holder may apply unilaterally after 5 years of continuous residence.

Source: Haley, “The Challenges to Lawmaking with Respect to Highly Qualified Immigration: A Comparison of the European Union and United States,”<sup>377</sup>

<sup>376</sup> IBID, pages 23-25

## **10. COMPARISON OF THE HIGH-SKILLED LABOUR IMMIGRATION ACHIEVEMENTS IN THE EU TO THE ONES IN THE USA, CANADA AND AUSTRALIA**

### **10.1. High-skilled Labour Immigration Achievements in the EU**

As mentioned before, until the Blue Card policy was introduced in the EU in 2009, every Member State had its own high-skilled labour immigration policy. The Blue Card policy was designed as a mean of covering the EU's high-skilled labour shortage, increasing its level of competitiveness and increasing its economic growth. This policy made it much easier for high-skilled immigrants to immigrate to the EU for the purpose of high-skilled employment.

High-skilled immigrants were told that they are wanted in the EU and for the first time they could rely on some common ground on the EU level regarding their employment status.

Furthermore, these immigrants were given some of the same rights that the EU citizens have. Furthermore, they were free to take part in labour connected associations and organizations, participate in vocational training and education, their diplomas and certificates were recognized in the EU and they were entitled to pension. Every Member State is also free to give high-skilled immigrants additional rights and freedoms.

However, Member States have, apart from the common measures introduced by the Blue Card policy, their own high-skilled labour immigration measures, but so far the latter were insufficient to deter high-skilled immigrants from mostly immigrating to the USA, Canada

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<sup>377</sup> IBID, page 22

and Australia. Thus, the Blue Card policy represents hope that the EU will attract most of the world's high-skilled immigrants and it is, in addition, a strong mean to achieve this goal.

## **10.2. High-skilled Labour Immigration Achievements in the USA, Canada and Australia**

The USA, Canada and Australia are number one destinations for high-skilled workers around the world. These countries have been working for almost fifty years on their skilled/high-skilled labour immigration policies; they recognized the significance of skilled/high-skilled workers and are letting them know that they are welcome.

Canada and Australia recognize skilled workers in general, not high-skilled workers especially. Furthermore, both countries have a points-based system where skilled immigrants are allowed to work and live in these countries if they have enough points in the tests that they have to take and if their occupations are on the occupations shortage list. The USA recognizes high-skilled workers and has a special policy just for attracting them. Unlike Canada and Australia, the USA doesn't have a points-based system nor does it have the occupations shortage list.

Canada and Australia give their skilled immigrants the permanent resident status and set them off on the road to citizenship immediately when they enter their territory, which is not the case for the USA. The USA has stricter demands and often it happens that its high-skilled immigrants have to leave the USA because their permanent visa expired; only when a person has the green card can he/she stay in the USA indefinitely.

The USA, Canada and Australia don't have the same skilled/high-skilled labour immigration systems, but they have found a way to address global skilled/high-skilled labour immigration trends efficiently and skilled/high-skilled immigrants recognize them as the best destinations.

Furthermore, these three countries are constantly adjusting these policies to be sure that they will be fruitful and attract world's best minds. They are also allowing their separate states, territories or regions to implement their own skilled/high-skilled labour immigration rules that will recognize their own skilled/high-skilled specific labour needs and address changes in the best way.

### **10.3. Analysis of the Findings**

Global high-skilled labour migration trends show that high-skilled immigrants mostly migrate to the USA, Canada and Australia. For decades these countries have showed successful skilled/high-skilled labour immigration policies and over the years they, as a result, have been favourite destinations for skilled/high-skilled immigrants.

The USA, Canada and Australia are competing for the mentioned immigrants among themselves, but they are also competing with other countries. The EU decided to join the race and in 2009 introduced for the first time a comprehensive and unique high-skilled labour immigration policy, the Blue Card policy. This policy represents a revolutionary approach for the EU since it was then that the EU for the first time admitted that it needs high-skilled immigrants. It needs them because its population is aging and this is effecting its development and economic growth.



Even though it is a praiseworthy effort to attract high-skilled immigrants to the EU, it is very uncertain whether the Blue Card policy will succeed. The reason for this conclusion is that the USA, Canada and Australia, which are the EU's biggest competitors and countries with the most high-skilled immigrants in the world, already have efficient and well-functioning high-skilled labour immigration policies.

It is still too early to analyse the effects of the Blue Card policy in the EU since this policy is still not in effect in all the Member States that implement it; only the time will tell whether the EU will be able to attract world's high-skilled immigrants with this policy. However, it is unlikely that it will happen this way, because trends already exist; high-skilled immigrants are already mostly moving to the USA, Canada and Australia, and for this trend to change there needs to be a strong incentive on the side of these immigrants. If something works, why would we change it? Likewise, if moving to the aforementioned countries is efficient, why would high-skilled immigrant decide to stop it and move to the EU instead?

The USA has traditionally and historically been a very popular destination for high-skilled immigrants and it seems like it will continue to be that, even though its high-skilled labour immigration policies seem less "friendly" than the Canada and Australia's ones. Canada and Australia have very well designed and very efficient skilled/high-skilled labour immigration policies and it seems very likely that they will prevail in the skilled/high-skilled labour immigration competition.

Canada and Australia, just like the UK, decided on attracting firstly skilled/high-skilled immigrants and, in that manner, implemented the points-based system where many points are gained through education. The points-based system limits, together with the quotas on the number of immigrants, the number of unskilled immigrants and secures that the most skilled

and the brightest immigrants are chosen. The USA also has quotas on the number of immigrants, but the EU doesn't, although each Member State can decide to implement them.

Apart from the fact that there are already well-functioning trends regarding high-skilled labour migration, another reason why the Blue Card policy might not attract high-skilled immigrants to the EU is its restrictive effect; high-skilled immigrants cannot enter the EU as such unless they receive a salary in a Member State that is at least 50 percent higher than the average salary in this Member State. There is an exception to this rule, but it is limited to certain groups. In addition, Blue Card holders are not free to work in another Member State with the gained Blue Card; if they want to move to another Member State in that new Member State they need to apply for another Blue Card. Also, Blue Card holders cannot access labour market freely; only after owning the Blue Card for at least two years they have the same labour market access as the EU citizens.

Furthermore, just like with the labour market access, high-skilled immigrants in the EU are limited regarding the free movement from one Member State to another for the purpose of high-skilled labour. High-skilled immigrants can move to another Member State for this reason after a year and a half of legally residing as Blue Card holders in a Member State. In addition, in the new Member State they have to apply for new Blue Card and, in order to obtain it, they have to fulfil all the needed requirements as before.

Regarding the permanent residence, a Blue Card holder has to continuously and legally reside all together at least five years in the EU and, within that time period, at least two years in a Member State in which he/she wants to submit permanent residence application in. In the USA it is difficult to gain the permanent residence – the green card, but unlike the EU and the

USA, Canada and Australia give some of their skilled immigrants the permanent residence immediately when they enter their territory and their citizenship path thus starts. Canada and Australia are willing to exchange their citizenships for immigrants' skills and knowledge.

As stated before, the EU and the USA have similar high-skilled labour immigration systems, and their Blue Card and H1-B visa are very similar. In addition, when compared to one another, the Blue Card system is more favourable towards high-skilled immigrants than the H-1B visa system. However, even though, in its design, the EU's Blue Card system is better than the USA's H-1B visa system, the USA is still, just like Canada and Australia, in the lead regarding high-skilled labour immigration on the global scale. More detailed analysis of why high-skilled immigrants prefer the USA, Canada and Australia to the EU will be given in the next chapter, in order to get to the bottom of the EU's high-skilled labour immigration problem and to give some recommendations for the solution of this problem.

#### **10.4. Why Do High-Skilled Immigrants Prefer the USA, Canada and Australia to the EU?**

##### **10.4.1. Nature of the USA, Canada and Australia and Their Attitude towards Immigrants**

The USA, Canada and Australia have a long history of immigration and through their whole history they depended on immigrants; first to cover their population needs and then to cover their labour needs. All three countries built their population with immigrants from Europe and from other parts of the world, and immigrants make these countries what they are now, population-wise and labour-wise. At their beginnings, and nowadays also, the USA, Canada and Australia recognized the contribution that both high-skilled/skilled and unskilled

immigrants give to their societies. They construct buildings, dams, bridges and roads, they create new businesses, they contribute through innovation, science and engineering, and they weave their societies in other ways.

The USA, Canada and Australia are the most preferable destinations for high-skilled immigrants from around the world, this is thank to their immigration histories, their “friendly” high-skilled/skilled labour immigration policies, their “friendly” attitude towards immigrants and other reasons that will be analysed in the next chapter.

As mentioned before, Canada set its points-based system in 1967 and Australia its points-based system in 1973. Australia was the first country in the world to form a special department just for immigration, but regarding the points-based system development Canada was the first country in the world, and countries like Australia and the UK followed its example.

When analysed separately and compared to the USA, Canada and Australia have more favourable high-skilled/skilled labour immigration policies and more favourable attitude towards immigrants, since they, for example, give some skilled immigrants permanent residence immediately when they enter these countries’ territories. On the other side, the USA, doesn’t give its immigrants permanent residence (green cards) that easily.

Canada and Australia both have limitations to the number of skilled immigrants they will take annually just like the USA, but unlike the USA they don’t put formal limitations on the number of permanent residence permits. As mentioned before, the USA’s current legislation is fixed in a way that only 7 percent of all green cards issued every year (both employment

and family green cards) can go to the people from the same country. In reality, H-1B visa quotas don't determine how many of such visas will be given to which country's citizens, but after high-skilled immigrant's H-1B visa expires, he/she has to leave the USA unless they have the green card, and that is when that 7 percent limit becomes an issue for this high-skilled immigrant. The USA realizes that this is a problem and they are in the process of introducing a different approach to this matter; the mentioned "Fairness for High-Skilled Immigrants Act of 2011"<sup>378</sup> will cancel this limit and, in theory, it will be possible to give all the green cards available annually (both employment and family green cards) to citizens of one country. In addition, based on the mentioned BRAIN Act, high-skilled immigrants with advance degrees in STEM fields will receive green cards if they graduated from the accredited American universities and get a job in these fields. Hence, the USA's high-skilled labour immigration policies have some problems, but the USA is trying to fix them, because it is determined to stay in the lead of the global high-skilled labour competition.

There is another issue that makes Canada and Australia more attractive to high-skilled immigrants; as mentioned before, these countries approach immigrants' integration on the principal of multiculturalism unlike the USA which approaches it on the principal of assimilation.<sup>379</sup> Canada decided on the multiculturalism back in 1972, but put it in 1982 in its Constitution and in 1988 in the Multiculturalism Act, according to the "University of Oxford's Centre on Migration, Policy and Society's" study "New Times? Economic Crisis, geo-political transformation and the emergent migration order". Furthermore, Canada

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<sup>378</sup> The USA. Bloomberg, web portal. Visa Law Would Give U.S. World's Tired, Poor Technologists: View. 15 December 2012

<http://www.bloomberg.com/news/2011-12-01/expanded-visa-law-would-give-u-s-world-s-tired-poor-technologists-view.html>

<sup>379</sup> Li, Wei and .Lo, Lucia. New Geographies of Highly-skilled Chinese and Indian Migrations?, page 10. 2009. 15 December 2012

[http://www.compas.ox.ac.uk/fileadmin/files/Events/Annual\\_conferences/conference\\_2009/F\\_Li%20and%20Lo\\_Indian%20and%20Chinese.pdf](http://www.compas.ox.ac.uk/fileadmin/files/Events/Annual_conferences/conference_2009/F_Li%20and%20Lo_Indian%20and%20Chinese.pdf)

recognizes its heritage as multicultural and chooses to have a social intercultural dialogue with the emphasis on the appreciation of different customs and traditions of all the people who live in it, according to the mentioned study.<sup>380</sup> Australia introduced its multiculturalism around the same time as Canada. It was in 1973 that for the first time that term was introduced in Australia's government and, as a result, advisory boards and associations formed just to address the issue connected to different languages and different cultures, as stated on the Web portal "Act Now" in its "Multiculturalism" article. Nowadays, multiculturalism is very common in Australia's society; for example, children learn about it in school.<sup>381</sup> Even though Australia introduced its multiculturalism approach decades ago, it introduced an official multiculturalism policy (under the name of "The People of Australia – Australia's Multicultural Policy") for the first time in 2011.<sup>382</sup>

As mentioned before, the EU doesn't have a common policy which would regulate that every Member State should practice multiculturalism or assimilation as a mean of high-skilled immigrants' integration; every Member State is free to choose its own approach to this matter. Some Member States chose multiculturalism and some assimilation, but the future looks very gloomy for the multiculturalism; it is in crises and, as mentioned before, it is questionable whether it will develop in the whole EU.

#### 10.4.2. Other Reasons for Immigration to the USA, Canada and Australia

The other reasons, apart from the USA's, Canada's and Australia's "friendly" attitude towards skilled/high-skilled immigrants and their efficient skilled/high-skilled labour

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<sup>380</sup> IBID, page 9

<sup>381</sup> Australia. Act Now, web portal. Multiculturalism. 4 May 2006. 15 December 2012  
<http://www.actnow.com.au/Issues/Multiculturalism.aspx>

<sup>382</sup> Australia. Department of Immigration and Citizenship. Australia's Multicultural Policy. 15 December 2012  
<http://www.immi.gov.au/living-in-australia/a-multicultural-australia/multicultural-policy/>

immigration policies, why immigrants chose to move to these three countries are complex and diverse.

First of all, these countries have economic growth and demand for skilled/high-skilled labour, they often represent freedom, escape from war, unemployment and poverty, free practice of religion and thus a better future for them and their families, according to the web portal “The Gramblinite”. Likewise, some of skilled/high-skilled immigrants have already their family members and friends living in these countries and want to reunite with them. These countries promote family reunification and allow family members to reside legally in them.<sup>383</sup>

Furthermore, some immigrants are attracted by opportunities for undergraduate or graduate studies. According to the BBC’s article “The statistics of studying abroad”, “the United States attracts the most international students, according to the Institute of International Education, with 691,000 students studying abroad in the US during the 2009 to 2010 school year. Of students who study in the US, the majority go to California, New York and Texas, respectively.”<sup>384</sup>

#### 10.4.3. Conclusion

For all the aforementioned reasons, it is safe to assume that with the Blue Card policy the EU will not be able to attract world’s high-skilled immigrants. That policy is in its design and theory more favourable towards skilled/high-skilled immigrants than the USA’s H-1B visa system, but it is not so when compared to Canada’s and Australia’s skilled labour immigration policies. The EU had a late start when compared to the USA, Canada and

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<sup>383</sup> Arizaga, Elizabeth. Why do immigrants come to United States of America? 17 November 2006. 15 December 2012 <http://www.thegramblinite.com/sports/why-do-immigrants-come-to-united-states-of-america-1.24479#.UBBuorQV2IN>

<sup>384</sup> Sood, Suemedha. The statistics of studying abroad. 26 September 2012. 30 October 2012 <http://www.bbc.com/travel/blog/20120926-the-statistics-of-studying-abroad>

Australia and it is still falling behind. Furthermore, Canada and Australia have such social systems that are based on multiculturalism which make them additionally attractive to skilled/high-skilled immigrants. The EU is struggling with racism and xenophobia, which are real obstacles when addressing high-skilled labour immigration. Recommendations for the high-skilled labour immigration problems solution and for the high-skilled labour shortage solution in the EU will be given in the next chapter.

## **11. RECOMMENDATIONS FOR THE SOLUTION OF THE EU'S HIGH-SKILLED LABOUR IMMIGRATION SHORTCOMINGS**

With the Blue Card policy which was launched in 2009 the EU for the first time made clear that it is joining the global competition for high-skilled immigrants. This policy targeted the world's top workers who are much needed in the EU due to its aging economy and the lack of high-skilled workers. The EU has a really low internal labour mobility which, together with its aging population, makes the EU depend on high-skilled labour immigration. While some Member States are experiencing economic growth and development, like Germany and France, some Member States are experiencing economic downturn, like Spain and Greece, and the other are in the middle. If the EU would increase its internal labour mobility certain amount of its high-skilled labour demand could be covered that way. In addition, each Member State is free to implement its own measures to increase the level of high-skilled workers. However, it is very clear that the EU as a whole needs to increase its high-skilled labour immigration level if it wants to cover its high-skilled labour needs in the long run.

Global high-skilled labour migration trends have already been set in the way that the EU gets most of the world's unskilled immigrants and the USA, Canada and Australia get most of the



world's high-skilled immigrants. In order to reverse these trends the EU has to undergo certain fundamental changes. Based on the research conducted on the topic of the EU's high-skilled labour shortage and its high-skilled labour immigration issues, the recommended changes are as follows.

The EU has to build an image of itself as of an immigrant-friendly place. The EU has to overcome its xenophobic and racist tendencies and chose multiculturalism. Even though high-skilled immigrants are firstly motivated by economic possibilities in the receiving countries they respond well to multiculturalism which, for example, exists in Canada and Australia. Multiculturalism might be one of the reasons why high-skilled immigrants would firstly chose the EU as their destination. The EU needs to work on the integration of these immigrants in its society; if they feel like they belong in the EU's society they will more likely want to stay there.

Furthermore, the EU needs to increase its skill premium because there is a connection between skill premium and the number of high-skilled immigrants. For example, skill premium is 20 percent higher in the USA compared to the EU, according to the European Commission.<sup>385</sup> When the EU increases its skill premium it should receive more high-skilled immigrants. Likewise, the EU should design its economic policies in the way that they increase economic growth, because economic growth and economic possibilities attract high-skilled immigrants. The EU, in addition, should let its market function freely; this kind of market together with the well design economic policies should attract high-skilled immigrants.

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<sup>385</sup> Werner Röger, Veld Jan and Janos Varga. How to close the Productivity Gap between the US and Europe: A quantitative assessment using a semi endogenous growth model, page 3. October 2008. 22 October 2012 [http://ec.europa.eu/economy\\_finance/events/2008/20081016/roger\\_s.pdf](http://ec.europa.eu/economy_finance/events/2008/20081016/roger_s.pdf)

Some of the other ways for the EU to attract high-skilled immigrants is to improve labour access for them and their family members, and to make it easier for them to move across the EU. Also, it might be wise for the EU to follow Canada and Australia's example and immediately give high-skilled immigrants permanent residence; this might make a lot of difference, especially when the USA makes permanent residence very difficult to achieve for its high-skilled immigrants.

Additional measures that the EU could implement and that might increase the number of high-skilled immigrants are, for example, increasing the access to health insurance for high-skilled immigrants and their families, free language courses for high-skilled immigrants and their families, free education for high-skilled immigrants' children, tax relief for high-skilled immigrants who are successful in creation and innovation, and who create new jobs, promotional high-skilled labour immigration activities through art, promotional seminars abroad, networking and international cooperation.

## 12. CONCLUSION

The EU, in general, has a significant high-skilled labour shortage. This shortage is not the same in the whole EU since some Member States are experiencing economic difficulties and are thus not in high demand for high-skilled labour. However, countries like Germany, France and the Scandinavian countries are in high demand for high-skilled labour, especially Germany since it is the EU's biggest economy. The high-skilled experts who are especially in demand are those from the STEM fields; scientists, technology experts, engineers and mathematicians. For example, in February 2011 Germany had shortage of 117,000 STEM experts. This shortage is costing Germany and the EU a lot of money; without the needed high-skilled workers technology cannot improve, innovation cannot happen and, as a result, the economy cannot develop. If it doesn't cover its high-skilled labour shortage the EU will fall behind its competitors, technology-wise and economy-wise. What makes this shortage even more serious is that the EU's population is aging (for example, the EU's biggest economy – Germany with 1,38 children per mother has Europe's lowest birth rate) and it will most likely not be able to cover this shortage with its own high-skilled workers. In addition, low internal labour mobility within the EU is not helping to solve this issue.

The EU realised that it needs high-skilled immigrants if it wants to cover its high-skilled labour shortage and thus continue with its development. In 2009 it launched, for the first time, a unified high-skilled labour immigration policy called the Blue Card policy. Prior to this policy each Member State had its own high-skilled labour immigration policy but these policies mostly proved to be ineffective and thus a unified effort was needed. All Member States, apart from the UK, Ireland and Denmark, decided to implement this policy, but at the

time when this thesis was written it was still not implemented fully in every included Member State. Thus, whether the Blue Card policy will have the desired effect and attract the needed number of high-skilled immigrants to the EU still remains to be seen.

So far, the EU receives most of the world's unskilled labour (85 percent of it) and only 5 percent of the world's high-skilled labour. Most of the world's high-skilled labour migrates to the USA, Canada and Australia. The USA receives 55 percent of the world's high-skilled immigrants and is in the lead.

The USA, Canada and Australia are the EU's biggest competitors regarding high-skilled labour immigration and it will not be easy for the EU to reverse the results in its favour. The USA, Canada and Australia have for a long time been open to immigrants. Australia was the first country in the world to open a governmental department dedicated only to immigration in 1945. Australia and Canada have similar skilled immigration systems; they don't distinguish high-skilled labour immigration from skilled labour Immigration and their systems are points-based systems where an applicant submits an application for him/herself and points are received based on his/her skills and education level. Furthermore, skilled immigrants need to apply for jobs that are in demand in these countries. In 1967 Canada introduced its points-based system, and Australia followed and did the same in 1973. The USA has a different kind of system that is not based on points. The USA distinguishes high-skilled labour immigration from skilled labour immigration and its high-skilled labour immigration system is called the H-1B visa system. This system was created in 1990.

Canada's and Australia's systems are similar and the USA's system is different, but all three have proved so far to be very efficient and all manage to attract most of the world's high-

skilled immigrants to these countries. The reasons for this are diverse, objective and subjective; these countries are developed, they experience economic growth and development, and they admitted a long time ago that they depend on and want high-skilled immigrants. In addition, Canada and Australia have chosen multiculturalism as a way of immigrants' integration; they allow every immigrant group to preserve its uniqueness and thus add its contribution to their societies. On the other side, the USA chose the other way, assimilation; in the USA it is desirable that every immigrant accepts their social rules and leaves his/her uniqueness behind. Multiculturalism is more favourable towards immigrants since it allows them to keep their uniqueness, but the USA's assimilation approach hasn't been much of an obstacle regarding high-skilled labour immigration. What certainly helps these three countries' image when viewed from the perspective of high-skilled immigrants is that they are considered to be pro-immigration countries. These immigrants feel like they are wanted; the USA, Canada and Australia have image of countries fond of high-skilled labour immigration, especially Canada and Australia. According to the conducted surveys, "98 per cent of the surveyed immigrants said that they had been made to feel welcome since coming to Australia"<sup>386</sup>, and "82% of new immigrants in Canada felt a warm welcome upon their arrival."<sup>387</sup> The EU had a late start and it needs to speed up if it wants to catch up with the USA, Canada and Australia. These three countries are already winning the high-skilled labour immigration competition plus they are constantly improving their skilled/high-skilled labour immigration policies; so is there anything that the EU can do in order to change this outcome in its favour?

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<sup>386</sup> Australia. Australian Government, Department of Immigration and Citizenship. Settlement. 22 December 2012 <http://www.immi.gov.au/media/research/Isia3/settlement.htm>

<sup>387</sup> Canada. Working in Canada, web portal. Immigrants feel welcomed to Canada. 6 November 2012. 22 December 2012 <http://www.workingin-canada.com/news/39764/immigrants-feel-welcomed-to-canada#.UUFDPHzqIKZ>

The EU's Blue Card policy is its strongest effort by so far regarding the high-skilled labour immigration. On paper the Blue Card policy is better than the USA's H-1B visa system and it is possible that it will "steal" some of the USA's high-skilled immigrants. However, it is unlikely because the USA's receiving continuously a steady inflow of high-skilled immigrants. The USA shows economic growth and offers opportunities for high-skilled immigrants to undergo education, research, innovation, self-development and self-employment. What is also very important, the USA has a significant skill premium; in the USA high-skilled workers are significantly better paid than the unskilled workers. When compared to the EU, the USA has 20 percent higher skill premium. And it has been proved that high-skilled immigration tends to follow significant skill premiums. On the other side, what the EU does have and what high-skilled immigrants are not very interested in are social benefits such as unemployment and retirement benefits. These benefits tend to attract unskilled immigrants and thus those immigrants are easily found in the EU. Significant skill premium, research and development tend to attract high-skilled immigrants and those are to be found in the USA. Social connections and networking that come from many immigrant groups in the USA are also playing a role in high-skilled labour immigration. This goes for Canada and Australia too; these countries have many immigrants from all over the world and that makes new immigrants from those countries feel like they belong, especially in Canada and Australia with their multiculturalism approach.

The USA offers its high-skilled immigrants H-1B visas for the maximum period of six years and green cards very reluctantly, which makes it often very difficult for high-skilled immigrants to remain in the USA in the long term; often they have to leave after six years even though they would like to stay in the USA. On the other side, Canada and Australia give some of their skilled immigrants permanent residence status immediately when they enter

their territories and at the same time they are set on the way for these countries' citizenships. The Blue Card serves as the residence permit but it has limited duration; between one and four years, depending on individual Member State's decision. In order to be able to apply for a permanent residence, a Blue card holder has to continuously and legally reside for five years in the EU (two years out of these five should be continuously and legally spent in a Member State where a high-skilled immigrant wants to permanently reside in).

If the EU really wants high-skilled immigrants it might be wise to follow Canada and Australia's example and immediately give them permanent residence; this might be a good measure against the USA's current dominance. If the USA makes it very difficult for high-skilled immigrants to remain in the USA in the long term and the EU makes it very easy it just might make all the difference for some high-skilled immigrants and make them chose the EU instead of the USA. However, since Canada and Australia already have this approach the EU will have to try to defeat their success by other means.

In addition, in order to attract high-skilled immigrants, the EU should increase skill premium and implement multiculturalism. Higher skill premium attracts more high-skilled immigrants, just like multiculturalism. By showing a friendly attitude towards these immigrants' unique customs and traditions the EU will make them feel welcome and that just might persuade them to come to the EU. In the EU some countries have multiculturalism, like the UK and the Netherlands, and some have assimilation, like France and Germany, but to embrace multiculturalism on the whole EU level might be better as far as the high-skilled labour immigration is concerned. Furthermore, the EU could increase the access to health insurance for high-skilled immigrants and their families, give free language courses for high-skilled immigrants and their families, give free education for high-skilled immigrants' children, tax

relief for high-skilled immigrants who are successful in creation and innovation and who create new jobs, do promotional high-skilled labour immigration activities through art, promotional seminars abroad, networking and international cooperation. In order to change the current high-skilled labour immigration trends the EU should go further than the Blue Card policy, because its competitors are still far ahead and moving quickly forward, and the Blue Card policy cannot give the EU the right speed to outrun them.

To conclude, this thesis proved the thesis statement true and proved that the EU should primarily focus on the economic policies development and on the creation of favourable social and labour conditions instead of on the high-skilled labour immigration policy development; once the efficient economic policies are implemented, and once favourable social and labour conditions are created high-skilled immigrants should migrate more to the EU.



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