



Launch of the OECD Review on the Management of Labour Migration in Germany

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Press conference remarks

by

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Dear Minister Von der Leyen, Ladies and Gentlemen,

It is a great pleasure for me to present to you today the OECD Review on the management of labour migration in Germany, [“Recruiting Immigrant Workers”](#).

Migration can help fill labour and skill shortages which are otherwise difficult to fill locally, and the OECD has long examined the means to achieving these ends. This report is part of a series of in-depth country studies on the management of labour migration. I would like to thank the Ministry of Labour and Social Affairs and all stakeholders for the strong support that they have given us.

Germany’s future prosperity will largely depend on remaining competitive despite an ageing population. By 2020, the number of young people entering the labour force in Germany will be almost 40% smaller than the number of people going into retirement. This is the most unfavourable figure in the OECD.

The German response to this challenge is multi-pronged, with a strong emphasis on bringing more people into employment via up-skilling the low-educated, especially youth; increasing participation by women, older workers; and better integration of already resident migrants and their children. Skilled labour migration is seen as an important complement.

So far, labour migration from outside the EU has been just a small, albeit increasing, part of long-term migration flows to Germany. About 16 000 skilled labour migrants arrived in 2011, led by engineers and health professionals. However, only half of labour migrants stays for more than three years.

More important have been free-mobility flows for employment. Between 2004 and 2010, new immigrants from Central and East European EU countries contributed 2.8% of all new

entries to the labour force, far outstripping the contribution of non-EU workers. But Germany still received relatively fewer workers from these countries than did other “old” EU countries; in the United Kingdom for example, their inflows were almost 4 times larger.

Job-seekers from Southern European countries have been coming in rising numbers, although in absolute terms their combined number is still less than inflows from Poland alone. Expected future labour demand can probably not be met by domestic sources and EU migration alone, especially as other EU countries will be facing their own demographic crunch. So skilled workers will also have to be partly attracted from outside the EU.

Germany has implemented a slew of reforms which move in the right direction. For highly-qualified workers with a matching job, Germany’s labour migration policy is now among the most open in the OECD. Employers may recruit these workers quickly and without paying high fees. For many, the new EU Blue Card makes procedures simpler. Conditions for international students to work and stay on after studies are among the most favourable in the OECD.

In spite of our overall favourable assessment of the German labour migration system, we have identified some challenges and shortcomings. Our report makes concrete suggestions to address these. Let me highlight the three most important challenges.

First, while the system is relatively open for the highly skilled, enterprises are not taking full advantage of it. As part of this report, we surveyed 1100 employers. 40% of them expect the number of vacancies to increase in the future at both medium and high skill levels. Out of these, only one in five plans to hire from abroad in the coming years. One reason is that the system is still perceived as restrictive. This is due to a lack of transparency, which is particularly a problem for small and medium enterprises unaccustomed to recruiting from abroad. The legacy of the general recruitment ban means

that labour migration is still based on exceptions and this perspective needs to shift. And more can be done to standardise application forms and implement on-line application, and to provide administrative support to small and medium enterprises.

The second challenge is that the system does not consider demand in medium-skilled occupations requiring upper secondary and post-secondary non-university education. This is again particularly an issue in small and medium enterprises, where current shortages are already most acute in medium-skilled rather than in high-skilled occupations. Yet the number of young people coming out of the vocational training system – the traditional source of middle-level skills – is falling sharply in skilled trades. New pathways for medium-skilled migration need to be provided. We recommend that the occupation shortage list also take into account shortages in medium-skill occupations.

This would be an important complement to initiatives to reinforce the internationalisation of vocational training. Germany has just launched a large programme for unemployed youth in other EU countries, with orientation and language courses for placement in apprenticeships or shortage occupations. Other OECD countries are looking at this programme with great interest.

Germany also now allows non-EU graduates of German apprenticeships to stay and work. Bringing apprentices from outside the EU, however, would require a largely new infrastructure for language training, support and oversight.

The third challenge is that putting in place the “right” migration policy may not be enough. The debate here often focuses on how to make Germany an “attractive” destination for skilled migrants. This term is frankly misleading. Many migrants with the needed skills would like to come to Germany to work, but there are high barriers to overcome. The German language itself is one obstacle. There is a shrinking pool of

German-speakers in Europe. Yet, knowledge of German is the number one skill that German employers demand – again, especially small and medium enterprises - and the current admission system largely ignores this. German-language training, focused on occupations in high demand, both prior to starting work and after employment, could make a big impact. The German-language training infrastructure abroad also needs to expand.

German universities are an ideal channel to provide labour migrants who have the German-language skills and international students represent a large share of those receiving work permits: about 30% in 2010. Recent changes have made it simpler for them to stay. However, Germany's share in the competitive international student market has been declining and more should be done to promote international study in Germany as a pathway to skilled employment, in particular through enhanced language training and better marketing of Germany as a destination for study.

Would opening Germany to jobseekers attract the workers Germany needs? The new 6-month job-search visa will show how attractive Germany is, and whether German employers end up hiring these candidates. Job-search visas in other European countries have rarely been successful, so expectations should not be high. Canada and Australia, who have been doing this for a long time, have found that it's hard to predict success based on qualifications alone, and both countries are making a job offer more important in deciding who to admit.

All in all, our review has demonstrated that an open policy is only one prerequisite for recruitment of workers from abroad to occur, even in a country – like Germany – where labour market conditions are favourable. Reforms such as those you have undertaken take time to change perceptions, both here in Germany and for potential migrants abroad. We

hope that this Review will help to change those perceptions, and that our recommendations will provide the grounds for further evolution of the German system.

Minister von der Leyen, Ladies and Gentlemen, let me conclude by thanking once again the Ministry of Labour and Social Affairs for its support in the preparation of this study and for having hosted us here today.