



LABOUR MARKET SHORTAGES AND MIGRATION

Determining labour market shortages and the need for labour migration of third-country nationals in the Netherlands



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EXECUTIVE SUMMARY

Is labour migration of third-country nationals in the Member States used as a policy instrument to structurally resolve shortages in the labour market? That is the key question in the EU-wide study of the European Migration Network (EMN), of which this report highlights the Dutch situation. This specifically does not concern mobility of labour of EU/EEA nationals, which, in public debate, is often also typified as labour migration. From the report it seems that the migration policy for third-country nationals in the Netherlands is almost exclusively demand-driven.

In 2014, on commission for the European Commission, the study *Mapping and analysing the bottleneck vacancies in EU labour markets* was carried out. This study states a number of important challenges for the European labour market: an ageing society in which the workforce should be used more effectively, rapid technological changes and developments, an increasing demand for highly skilled labour and uncertainty about the future growth in European economies. It is expected that these developments will lead to structural shortages in the labour market.

Firstly, this Dutch report maps out how the Netherlands identifies labour market shortages. This is followed by a description of the role that the labour migration policy plays in counteracting these (expected) shortages.

Labour market shortages

In the Netherlands a great deal of attention is paid to shortages in the labour market. Various organisations play a role in this. The Employee Insurance Agency (UWV) has a legal duty to make the labour market more transparent. In its analyses, the UWV makes use of various instruments, an example of this is the Sector descriptions, which describe shortages and surpluses per sector (e.g. building industry, financial services). Aside from the UWV, the Research centre for Education and the Labour market (ROA) regularly draws up an overview of the current and future developments in the Dutch labour market. Furthermore, Statistics Netherlands (CBS) publishes Workforce Survey, among other things.

The shortages in the labour market are concentrated at this point in time on technology, IT and a number of specific niches, such as chartered accountants and district nurses. This mainly concerns occupations on a secondary, higher and academic level.

Labour migration policy

These analyses of labour market shortages do not play a role in the labour migration policy. Labour migration of third-country nationals, as a policy instrument, is not generally used in the Netherlands to address identified shortages. An exception is the top of the labour market where labour migration is used as a means for strengthening the economy. So the migration policy pursued for this segment is particularly inviting. But

neither in this policy do the existing and expected shortages in the labour market play a role.

The remaining policy measures used to resolve labour market shortages mainly provide for the already existing supply of labour within the Netherlands and are not geared towards labour migration of third-country nationals. Examples of this are student information, employment mediation, and retraining programmes. When there's an absence in the supply of labour in the Netherlands, then the range on offer in the EU/EEA is the first to be consulted. Only if that also doesn't seem to be on offer can there be a question of filling a vacancy by a labour migrant from a third country, but always only at the initiative of the employer (demand-driven policy). Here migration for third-country nationals is meant as a last resort.

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LIST OF ABBREVIATIONS

| | |
|---------|--|
| CBS | Statistics Netherlands |
| EEA | European Economic Area |
| EMN | European Migration Network |
| ETUC | European Trade Union Confederation |
| EU | European Union |
| EURES | European Employment Services |
| FNV | Dutch Trade Union Confederation |
| GVVA | Combined residence and work permit |
| IND | Immigration and Naturalisation Service |
| ISCO | International Standard Classification of Occupations |
| ROA | Research Centre for Education and Labour Market |
| SBB | Cooperation Vocational Education, Training and Labour Market |
| SBC | Standard Occupations Classification |
| SER | Social and Economic Council |
| StvdA | Labour Foundation |
| SUWI | Work and Income Implementation Organisation Structure |
| TCN | Third Country National |
| TWV | Work permit |
| UWV | Employee Insurance Agency |
| Vb | Aliens Decree |
| Vc | Aliens Circular |
| VV | Regulations on Aliens |
| Vw 2000 | Aliens Act 2000 |
| Wav | Labour Act for Aliens |

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1 INTRODUCTION

Labour migration is high on the European agenda and plays a key role within the external migration policy of the European Union (EU). The European commitment for stronger economies with more jobs is one of the core priorities in the strategic agenda adopted by the European Council in June 2014 for the coming five years.¹ In the European Migration Agenda which appeared May 2015, a new legal migration policy is mentioned as one of the four mainstays which must lead to (labour)migration being managed better structurally.²

Europe's future labour market is faced with a number of important challenges: ageing society in which the workforce should be used more effectively, rapid technological changes and developments, an increasing demand for highly skilled labour and uncertainty about the future growth of European economies.³ In this respect it is essential to identify and tackle shortages in the labour market that could be of influence to labour productivity. The question is then raised whether and how Europe, and the Netherlands in particular, can resolve the demand for labour. One of the objectives of this study is to gain an insight into (national) strategies of the various Member States to fulfil the labour market needs by means of labour migration.

This present report reflects a current overview of what measures and instruments are used in the Netherlands to analyse and fulfil certain labour shortages. This report maps out how the Netherlands identifies labour market shortages and responds to the question as to what extent labour migration of third-country nationals is used as a policy instrument to tackle those identified shortages.

Methodology

This report is written on the instruction of the European Migration Network (EMN). In the EMN, which was set up on the initiative of the European Commission, information about migration and asylum is collected and analysed. This information, among other things, concerns social and political debates, scientific research, statistics, policy and case law. By collecting and analysing this information on both a European as well as on a national level, policy-making in the area of migration and asylum is supported.

The research specifications of the report are determined on a European level. As the national contact for the EMN in the Netherlands, the Information and Analysis Centre (INDIAC) of the Immigration and Naturalisation Service (IND) is responsible for the Dutch report. On the basis of this report and the reports published by the other EU Member States, the EMN draws up an EU-wide comparative Synthesis Report.

1 For more information see: <http://www.neth-er.eu/nl/nieuws/Europese-Raad-beschrijft-kernprioriteiten-tot-2020>.

2 For more information see: http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/european-agenda-migration/background-information/docs/communication_on_the_european_agenda_on_migration_en.pdf

3 "Mapping and analysing the bottleneck vacancies in EU labour markets" (September 2014) commissioned by the European Commission, Available at: ec.europa.eu/social/BlobServlet?docId=12625&langId=en

The study is supervised by a focus group consisting of employees from the Ministry of Security and Justice, the Ministry of Social Affairs and Employment, the Employee Insurance Agency (UWV), Statistics Netherlands (CBS) and the Dutch Federation of Trade Unions (FNV). Furthermore, the study was supervised by an academic from the Research Centre for Education and the Labour Market (ROA). Desk research was conducted and in so far as information could not be found from written independent sources, members of the focus group were consulted on their expertise.

2 ANALYSIS OF LABOUR MARKET SHORTAGES

In the Netherlands a great deal of attention is paid to labour market shortages. According to Section 31 of the Work and Income Act (*Wet SUWI*) it is the UWV's task to provide labour market information. This Section states that the UWV will take care of the issuing of sound solicited and unsolicited information and recommendations about the labour market. The classifications of shortages, however, are not determined in legislative and regulatory requirements. As a rule, classifications by the CBS and ROA are followed.

Shortages in the labour market are analysed in the Netherlands in various ways. These analyses of labour market shortages can take place at different levels.

2.1 Shortage occupations

In its definition of shortages the UWV uses the term shortage occupations. Shortage occupations occur when there is a relatively high demand for personnel in relation to the available supply of job seekers.⁴

The UWV regularly publishes an overview of shortage and surplus occupations. In May 2014 UWV published the memorandum *Promising occupations: where are the shortages in the labour market?* This publication provided an overview of shortage occupations in both the current as well as the medium term. In most cases job vacancies for this are often (more) difficult to fulfil.⁵ In February 2015 the UWV published an update of this memorandum, both for the current situation and in a couple of years' time. In addition, the update contains an overview of the largest surplus occupations.⁶

The overview is established on the basis of figures available at UWV on job vacancies and registered job seekers, an analysis of (often sectoral) reports, and forecasts available from the ROA. On the basis of this available data a tentative comprehensive list is drawn up which is then presented to labour market professionals (from knowledge centres, sectors and private intermediaries to individual employers). These experts provide active input and make suggestions about occupations which they consider as showing shortages. The final overviews are established in close conjunction with sectors and intermediaries, in which the input from the various sources is carefully weighed up.

Analysis of the shortage occupations takes place per occupational group and, until now, has been on a national level. Regionalisation is being developed. The tentative results for 6 pilot regions will follow in mid 2015. The national launch for all regions will be at a later date in 2015.

4 https://www.werk.nl/werk_nl/arbeidsmarktinformatie/publicaties/thematische-publicaties/kansrijke-beroepen

5 For more information see UWV (2014): *Kansrijke beroepen: waar is de arbeidsmarkt krap?* [Promising occupations: where are the shortages in the labour market?]

6 For more information see UWV (2015): *Welke beroepen bieden kansen?* [Which occupations offer opportunities?]

2.2 Sector descriptions

Sector descriptions outline the shortages and surpluses per sector. The sector descriptions provide a current picture of the shortages and surpluses in the labour market.⁷ The analysis of the developments and shortages in various sectors takes place on a national level. Sector descriptions are drawn up by UWV on assignment for social partners and by making use of the sectoral labour market analyses.

2.3 Tension meter

For short-term shortages use is made of the tension meter. The tension meter provides an overview of tensions in the labour market for employers per occupational group, level of education and per region (province and labour market region).

The labour market tension meter offers detailed labour market information in relation to the occupational group and region. It covers all sectors and all levels of education. The ratio between the number of open job vacancies and the supply directly available, gives an indication of tension in the labour market. It is not an indication of future tension in the labour market.

The labour market tension meter is calculated by dividing the number of open job vacancies in the total job vacancy market by the number of UWV-registered unemployed job seekers who have been unemployed for less than six months.

When the tension meter indicates that the labour market for the particular occupation is tight or very tight, this shows an initial indication of shortages. Shortage Occupations occur when there is a relatively high demand for personnel in relation to the available supply of job seekers. The tension meter can provide a number between 0 and infinite. The higher the number, the tighter the tension is in the labour market for employers. For an indicator of 0 the labour market is slack, as there are no open job vacancies but there are unemployed for short periods. The labour market is very tight if there are many open job vacancies in respect of the number of unemployed for short periods. The boundaries are determined by carrying out a time series analysis. A classification of five categories is assumed: very slack, slack, average, tight and very tight.

This interactive tool measures shortages per occupational group on a regional level.⁸

The data is made available on a quarterly basis, about 2 to 3 weeks after publication of the job vacancy figures by the CBS.

7 For more information see: https://www.werk.nl/werk_nl/arbeidsmarktinformatie/sector.

8 For more information see: https://www.werk.nl/werk_nl/arbeidsmarktinformatie/tabellen.

2.4 Labour market forecasts of the ROA

The ROA reports every two years on expected developments in the relationship between supply and demand for every training, occupation and sector in the medium term (coming 6 years).⁹ The forecasts thus provide a picture of the expected friction between supply and demand. These forecasts are not only used by the UWV, but also for student information and employment mediation.¹⁰ The friction between supply and demand is derived from own (explanatory) econometric models (for employee expansion and replacement requirements and staff influx) and is expressed in numerous indicators, such as:

- Indicator of future labour market situation (ITA; School-leaver's prospects: chances of finding work in relation to training)
- Indicator of future critical personnel provision (ITKP; Employers' prospects: bottlenecks in recruiting in relation to training)
- Indicator of future critical occupation groups (ITKB; Employers' prospects: bottlenecks in recruiting in relation to occupation). The indicators are presented on the basis of qualitative characterisations ranging from, for example, 'bad' to 'very good' for the prospects in relation to training. The forecasts as well as the figures relating to the current labour market situation form part of a system which is available online, the Labour Market Information System.¹¹

These forecasts take place in the Education-Labour Market project carried out by the ROA.¹² Financial contributions are made to the Education-Labour Market project by the Ministry of Education, Culture and Science (OCW), the UWV, the Ministry of Economic Affairs (EZ) the Cooperation Vocational Education, Training and Labour Market foundation (SBB), the Ministry of the Interior and Kingdom Relations (BZK) and Randstad Nederland.

2.5 Workforce Survey

The aim of the Workforce Survey by the CBS is to render information about the relationship between people and the labour market. In this, features of people are correlated to their current or future position in the labour market. Aside from personal and household features, data is also collected about the labour market position, the labour market history and the level of education of the Dutch population aged 15 years and older.

Mobility in the labour market plays a major role in staff replacement requirements. If workers switch occupations or leave the labour market (e.g. by retiring) a staff replace-

9 For more information see: <http://roa.sbe.maastrichtuniversity.nl/?portfolio=poa-project-onderwijs-arbeidsmarkt>.

10 For more information see: http://roa.sbe.maastrichtuniversity.nl/roanew/wp-content/uploads/2015/01/Valorisatie_en_impact_POA.pdf.

11 For more information see: <http://www.cbs.nl/NR/rdonlyres/2EBB4DBA-0911-4188-9DFC-C1A5609E2097/0/11roasanderdijksmanarbeidsmarktinformatiesysteem.pdf>.

12 For more information see: <http://roa.sbe.maastrichtuniversity.nl/?portfolio=poa-project-onderwijs-arbeidsmarkt>.

ment requirement is created. It is possible to check the extent of these flows by means of longitudinal data. The Workforce Survey by the CBS has contained longitudinal data since 2000.

3 RESULTS OF THE ANALYSIS OF LABOUR MARKET SHORTAGES

The instruments as described in Chapter 2 contribute to the collection of labour market information. The labour market information about shortage occupations contributes to a greater transparency of the labour market, better matching supply and demand to one another, reducing mismatches and addressing labour market issues more effectively. This then concerns providing labour market insights related to the combating and prevention of unemployment, which can be applied on a national, regional and sectoral level. Important ingredients in this respect are insights into job opportunity developments as well as chances and possibilities.

3.1 Present situation

The overviews of shortage and surplus occupations provide good leads for implementing labour market policy. Firstly, it makes (future) shortages in the above mentioned sectors more concrete, because this analysis has deliberately been carried out on the level of specific occupations. The combination with the surplus occupations clearly shows which facets are mismatches in the labour market: the shortages and surpluses are concentrated in totally different segments.

For the inventoried shortage occupations there is a relatively high demand in relation to the available supply. This makes it difficult for employers to fulfil job vacancies, it is possible that this even implies shortages (now or in a couple of years time). At the same time there are opportunities for work in these occupations. Thus the overviews form a usable starting point, for example, for retraining projects in which employees go from their current jobs to other jobs, or are supervised from a position of unemployment back to the workforce. The shortages in the labour market are concentrated in the field of technology, IT and in a number of specific niches. This mainly concerns occupations on a secondary, higher and academic level:

- At this point in time there is a shortage on a secondary level in technical occupations (various technicians, computer numerical control (CNC) operators, welders) and in the technical 'field' (draughtsmen, structural engineers, calculators, technical sales people). In the meanwhile there are also indications of shortages for gardeners and some medically technical occupations (e.g. optician and hearing care professional). On a higher and academic level, other than many technical occupations, there are also indications of shortages in others directions, e.g. certain IT occupations (programmers), in education and teaching (exact sciences and languages), and in specific financial occupations (e.g. chartered accountants). In the care sector there are indications of shortages in very specific occupations on a higher and academic level (e.g. district nursing, nurse practitioners for general practitioners or specialists in geriatric medicine).

- For the medium term (2017-2019) most of the same occupational groups will be affected by shortages. Here it should be noted that in certain segments like IT and the technical sectors the shortages will only increase in the coming time. In addition, there are forecasts of shortages in other occupational groups, e.g. process engineering occupations or production planners.

On the other hand, due to the crisis there are many occupations with an extensive labour market or 'surplus occupations' at this point in time. For these occupations there's a relatively large supply in relation to the demand. Sometimes there are many job vacancies in this occupation, but the supply is then even greater. There is therefore less chance of work in these occupations for most of the job seekers.

In contrast to the shortage occupations the surplus occupations are on an elementary and lower level, e.g. office assistant, receptionist, administrative assistant, concierge, class assistant or a facility services employee. On a secondary and higher level, in various cases, it concerns economic administrative occupations. The increasing digitisation, in combination with the crisis, has led to a loss of jobs in recent years of financial administrative staff, secretaries and bookkeepers. In addition, there are a number of sector-specific surplus occupations caused by developments in the labour market. In healthcare and welfare it's particularly helpers, socio-cultural workers and child day care personnel who lose their jobs. In the insurance sector digitisation is accelerating rapidly at the moment. This explains the large numbers of job seekers for the position of Administrative Assistant for Insurances.¹³

In the Dutch labour market policy, however, labour migration is the last resort in taking measures to combat the identified shortages. The emphasis is placed on national measures such as student information, employment mediation, and retraining programmes. Only if a vacancy cannot be filled from the range on offer domestically or the range on offer from another country within the EU, will a labour migrant from a third country be eligible. The combating of labour shortages on a macro-level through labour migration is not relevant in the Netherlands. The Dutch labour migration policy is mainly geared towards enhancing the knowledge-based economy and attracting highly skilled workers. The labour migration policy is inviting for the upper range of the labour market, which provides a significant positive contribution to the Dutch economy and culture. Dutch policy, however, is restrictive for third-country nationals who have a lesser education and/or who earn lower salaries.

This can also be seen in the figures. In 2014 the IND received approximately 11,000 applications for a residence permit in view of 'Knowledge & Talent', and approximately 1,700 applications in view of 'Labour'.

| KNOWLEDGE & TALENT | | 2014 | 2013 |
|---|-------------------------|--------|--------|
| Applications | (7,920 TEV + 2,980 VVR) | 10,900 | 10,280 |
| Decisions | (7,910 TEV + 3,350 VVR) | 11,260 | 10,300 |
| Granted | (TEV: 97% / VVR: 67%) | 88% | 93% |
| LABOUR MIGRANTS | | | |
| | | 2014 | 2013 |
| Applications | (920 TEV + 770 VVR) | 1,690 | 2,470 |
| Decisions | (910 TEV + 810 VVR) | 1,720 | 2,750 |
| Granted | | 69% | 67% |
| <i>This concerns labour migrants who have applied for a residence permit. These are generally not EU nationals.</i> | | | |
| Source: IND | | | |

Knowledge & Talent: *Highly skilled migration, orientation-year graduates, scientific researchers and independent entrepreneurs*

Labour migrants: *labour in employment, cross-border service providers, labour as non-privileged military or civilian personnel, interns, students on work placement, seasonal labour*

Since the introduction of the Modern Migration Policy Act, individual applications for an MVV (Authorisation for Provisional Stay) and a VVR (Regular Residence Permit) are combined in a single application, a TEV (Entry and Residence Permit). For applications that are not subject to an MVV, the application for a VVR suffices.

3.2 Future situation

The Social and Economic Council (SER) provides recommendations to both the Dutch cabinet and parliament about the main features of the socio-economic policy to be pursued. The SER recently published a recommendation about the future of the labour migration policy. In that recommendation too, labour migration of third-country nationals is not considered as a solution for shortages in the labour market. The SER largely provides recommendations for the continuation of current policy. In its recommendations to the Minister of Social Affairs and Employment the Council states that shortages associated with future labour market requirements are difficult to predict. That also correlates with the functioning of the labour market and with technological developments which could ease trade, for example. These developments could also have a direct influence on the nature of the occupations and the number of workers required. A pragmatic and effective approach to the labour migration policy, according to the SER, starts with a labour market policy which is geared as far as possible towards a more efficient use of domestic labour potential.

4 THE DUTCH LABOUR MIGRATION POLICY

The purpose of this study is to map out how the labour migration policy in the Netherlands is deployed as a policy instrument to reduce identified shortages in the labour market. The combating of specific labour shortages assisted by labour migration in the Netherlands, however, is not relevant. This chapter describes how the Dutch labour migration policy does provide for the needs of the labour market and the Dutch economy.

4.1 The judicial framework for labour migration

In respect of labour migration, the Aliens Act 2000 (*Vw 2000*) and the Labour Act for Aliens (*Wav*) are of importance. Both Acts are elaborated in subordinate legislation. The *Vw 2000* is elaborated sequentially in the Aliens Decree (*Vb*), the Regulations on Aliens (*VV*) and the Aliens Circular (*Vc*). The Labour Act for Aliens (*Wav*) respectively incorporates the Implementation Decree for the execution of the *Wav*, the Regulation for the execution of the *Wav*, the Policy Regulation Imposition of a Fine 2014 and the Decree UWV Policy Regulation execution of the *Wav*. These laws and regulations form the judicial framework for labour migration.

There is a mutual correlation between the *Vw 2000* and the *Wav* in the area of labour migration. The *Vw 2000* organises the conditions for admission as well as the stay in the Netherlands of a third-country national. The *Wav* contains regulations for access to the Dutch labour market. The principle rule of the *Wav* is that an employer is prohibited from getting a third-country national to carry out activities without being in possession of a work permit (*TWV*) or without the third-country national being in possession of a combined residence and work permit (*GVVA*). This *TWV*/*GVVA* is not required for nationals from the EU and from the European Economic Area (EEA).¹⁴

4.2 National vision outline and policy

As is the case in most European Member States, in the last decade the Netherlands has become far more selective in its recruitment of employees of non-European origin.¹⁵ The labour migration policy is geared towards enhancing the knowledge-based economy and attracting highly educated people. The labour migration policy is inviting for the upper range of the labour market, which provides a significant positive contribution to the Dutch economy and culture. Dutch policy is restrictive for third-country nationals who have a lesser education and/or who earn lower salaries. Their employer must be in possession of a work permit (*TWV*) or the third-country national must be in possession of a combined residence and work permit (*GVVA*). This combined residence and work permit was introduced on 1 April 2014.

14 An exception to this is Croatia. For more information see: <http://www.rijksoverheid.nl/nieuws/2015/06/05/kabinet-stelt-vrij-werknemersverkeer-met-kroatie-opnieuw-uit.html>

15 *WRR* [Scientific Council for Government Policy] (2012) *In betere banen* [In better jobs], p.14.

The labour migration policy cannot be seen separately from the labour market policy. In filling job vacancies, the primary focus is therefore to see whether unemployed Dutch people can be employed, possibly by means of retraining. If that's not possible, we look further to the contributions that could be made by EU employees from other EU countries (test of prioritised labour supply).¹⁶ As a last step it is investigated whether migrants from third countries could make some sort of contribution.

For employers who want third-country nationals to work for them in the Netherlands, the *Wav* applies. The review of *Wav* entered into force on 1 January 2014. This review contains several stricter enforcements for a better operation of the law, such as a more stringent testing of the prioritised labour supply. A work permit will be refused if there is a sufficiently prioritised labour supply present in the Dutch labour market. This review relates to the cabinet's ambition of having everyone participate in society as far as possible to the best of their ability. The Dutch cabinet is committed to preventing labour migrants from crowding the domestic supply.

The expansion of the EU has also led to a new supply of labour. Through the expansion of the EU the number of granted work permits in recent years has dropped from almost 75,000¹⁷ in 2006 to more than 7,000 (including positive recommendations in view of the combined residence and work permit *GVVA*) in 2014.¹⁸ The labour potential in the Netherlands and in the rest of the EU is considered to be sufficient to provide for the labour requirement.¹⁹ In particular this applies to low-skilled and unskilled labour for which *TWV/GVVA* (work permits) are now being granted.²⁰ Both developments, according to the Dutch government, mean that it is now less desirable and no longer necessary for people from outside the EU to come to work in the Netherlands. The review of the *Wav* mentioned previously ensures that labour migrants from outside Europe are less able to gain access to the Dutch labour market.²¹

In the review of the *Wav* the temporariness of the *TWV/GVVA* is also emphasized more: the *TWV/GVVA* is granted for a maximum of one year instead of three years.

Employers of highly skilled migrants don't require a work permit for them to be allowed to work in the Netherlands. Only a residence permit is required, of which the admission criterion is correlated to income or training. In the review of the *Wav* the government recognises that knowledge is crucial for the Dutch economy in order to be internationally competitive. So the review also contains amendments which will encourage the arrival of highly skilled migrants.

16 Request for advice SER 2015

17 This number is somewhat distorted, because since 2004, a work permit was increasingly being granted without undergoing a labour market test for employees arriving from the new EU Member States.

18 For more information see: http://jaarverslag.uwv.nl/FbContent.ashx/pub_1000/Downloads/UWV_KWANTITATIEVE_INFORMATIE_2014.pdf.

19 For more information see: http://www.eerstekamer.nl/wetsvoorstel/33475_herziening_van_de_wet_arbeid.

20 *Parliamentary Papers II* 2012-2013, 33475, no. 3.

21 Request for advice SER 2015 p.19.

Another group of third-country nationals who can work in the Netherlands without a work permit are entrepreneurs. Here the admission criterion is correlated to the expected contribution to the Dutch economy.

In addition, free trade agreements concluded between the EU and third countries provide for a simplified access to the Dutch labour market for highly educated service providers, among others.²²

The migration policy for knowledge workers is demand-driven. This mainly leaves the labour migration policy in the hands of employers, who – depending on the job vacancies they have available – attract knowledge workers to the Netherlands on an ad hoc basis.²³

Highly skilled migration continues to be important to overcome obstacles in the labour market and to maintain Dutch competitiveness.²⁴ Attracting and granting entry to highly skilled migrants contributes to both the development of the Netherlands as well as to the knowledge-based economy. In 2013 the SER emphasised in its recommendation 'Make it in the Netherlands', that more joint efforts are required from businesses, educational institutions and the government to attract and retain foreign students.²⁵ In the recently published SER report on labour migration, at the request of the Dutch government the SER not only paid attention to the possible contribution of labour migration to the Dutch economy in the future, but also to the commitment of the unutilised labour potential in the Netherlands. The recommendation also addresses the social consequences that this labour migration entails.

The combating of (bogus)schemes to prevent unfair competition of the supply of domestic labour and labour from abroad is one of the priorities of the Dutch government.

In matters relating to highly skilled migrants the admissions policy is flexible; they have an added value for the Dutch economy. Besides, it is expected that the demand for highly skilled migrants will continue to increase, so that the risk of displacement is significantly less.

4.3 Managing labour migration

Dutch labour migration policy is demand-driven. The Netherlands makes use of the following instruments to ensure orderly management of the labour migration:

Labour market test: Third-country nationals who want to work in the Netherlands can submit an application via their employer for an 'application for a combined work and resident permit' (*GVVA*). For this the employer must apply for a residence permit on the grounds of work for the employee. In response to this application the IND calls for advice from the UWV about admission to the labour market. The UWV subsequently carries out

22 EMN (2014) Admission of third-country nationals for business purposes. Policy and practice in the Netherlands.

23 Request for advice SER 2013 p.2.

24 Ibidem, p.2.

25 Ibidem, p.4.

a labour market test, the previously mentioned test on prioritised labour supply. For this an investigation is undertaken to see whether there are any candidates present in the Dutch labour market or within the EEA. The IND will only agree to a GVVA application if the UWV provides a positive recommendation. No test of the labour market is required for: interns, employees who hold key functions in an international concern, foreign students studying in the Netherlands who also want to work for a maximum of 10 hours per week, and certain groups of artists.²⁶ The labour market test is also not required for a maximised number of third-country nationals working in the Asian hotel and catering industry.²⁷ For these applications, the IND also requests a recommendation from the UWV. UWV tests these applications pursuant to specific criteria in the *Wav*.

Salary criterion: Third-country nationals who want to be eligible for a residence permit as a knowledge migrant must earn a minimum gross annual income which is age-dependent. Moreover, they must already be in possession of an employment contract with an employer established in the Netherlands.

| Standard amounts for knowledge migrant | | |
|--|---|---|
| Type of knowledge migrant | Gross standard amount per month* | Standard amount per month excluding holiday pay* |
| Knowledge migrant 30 years or older | | € 4,189 |
| Knowledge migrant younger than 30 years | | € 3,071 |
| Knowledge migrant after orientation-year graduate/highly educated | | € 2,201 |
| Holders of EU Blue Card | | € 4,908 |
| *Fixed contractually agreed to wage determined in money. The standard amounts for stay as a knowledge migrant is adjusted <u>every</u> year. | | |
| Source: IND | | |

Level of education: Third-country nationals who have obtained a Master's degree (or have a doctorate) at one of the top 200 universities, or third-country nationals who have obtained a Master's degree (or have a doctorate) at an accredited degree programme in the Netherlands and who have temporarily left the Netherlands, qualify for a residence permit in view of the Highly Educated Migrants Scheme. Third-country nationals who have graduated in the Netherlands and who want to seek employment, may apply for an orientation year for graduates in the Netherlands. Both regulations offer highly skilled third-country nationals a year to seek employment as a knowledge migrant (job with a salary of at least € 2,201 gross per month) or to start up an innovative company.²⁸

Quota: If it appears that a sector is inadequately compliant in taking its responsibility to fill job vacancies from the prioritised labour supply, a permit restriction could be institu-

26 Further information see https://www.werk.nl/werk_nl/werkgever/meerweten/werkvergunning/voorwaarden-werkvergunning

27 The Minister of Social Affairs and Employment (SZW) has taken a provisional measure. During a period of 2 years a maximised number of GVVA's can be granted without a test of the supply present. In contrast to this the sector is obliged to employ and/or to train personnel who are not subject to requiring a permit.

28 WODC (Research and Documentation Centre) 2014: Sought: top talent from abroad.

ted for that sector. This restriction can also be set at zero. A quota can be established if it is ascertained that a sector has made insufficient efforts for ensuring that a potentially suitable supply of labour is trained or educated to fulfil the job vacancies for which work permits are applied, while there is a sufficient supply of prioritised labour present.²⁹ No use is made of this regulation in the Netherlands.

Points system for self-employed persons: In view of the recruitment of highly qualified third-country nationals who can make a contribution of high-grade knowledge to the Dutch economy in the form of independent entrepreneurship, a points system has been developed which will ease the admission procedure for this category. This points system comprises three parts being, personal experience, a business plan and value added to the economic activities for the Dutch economy.³⁰

4.4 Political debate and stakeholders involved

The political debate about labour migration in the Netherlands is mainly geared towards the free movement of people within the EU. This concerns, for example, nuisance caused by migrants in the older city suburbs, the exploitation of migrants by rogue employers, and about the fear of even more migrants occupying the jobs which then become inaccessible for Dutch nationals, and also about the fear of the abuse by migrants of the social security facilities. In this the image and trend are mainly determined by the discussions about current labour migrants from the Middle and Eastern European countries.³¹ In their latest recommendations, the national employers' federations and the national trade union confederations in the SER have insisted on conducting a rational debate on the basis of facts and figures and the combating of abuses in the labour market.

Furthermore, the political debate also addresses third-country nationals. The crux of the issue here is what the Netherlands can do better to attract highly skilled migrants. On 1 January 2015 a new admissions regulation for start-ups entered into force, for example.

Stakeholders involved

On a national level, two institutions play an important role: the SER and the Labour Foundation (StvdA). The SER is a tripartite body: it comprises three groups. In total the council has 33 members: eleven entrepreneurial members, eleven members to represent employees and eleven independent experts. Jointly, they are a reflection of the socio-economic Netherlands. Every two years the SER advises the Minister of Social Affairs and Employment.³²

The SER has issued various recommendations about labour migration, in which the focus is generally twofold: providing a contribution to the social debate and streamlining labour migration. In respect of third-country nationals the SER published the recommendation 'Make it in the Netherlands' in 2013. It was geared towards getting students from third countries to bind themselves more to the Netherlands. The representatives of

29 *Parliamentary Papers II*, Year of Session 2012-2013, 33 475.

30 EMN (2015) Admission of third-country nationals for business purposes. Policy and practice in the Netherlands.

31 *Ibidem*, p. 19.

32 For more information see: https://www.ser.nl/nl/raad/ser_kort/drie_groeperingen.aspx.

employers' and employees' organisations in the SER also participate in a follow-on project which was established together with the Ministry of Education, Culture and Science (OCW) and is entitled "The red carpet".

In 2014 the SER issued a recommendation about labour migration which mainly focused on mobility of labour within the EU. This recommendation was an appeal to the government to put a "fair mobility" plan of action in place on an EU level. Fair mobility will constitute the primary object of the Dutch chairmanship of the EU.

The Labour Foundation (*StvdA*) is the national consultative body of national organisations of both employers and employees in the Netherlands. The Labour Foundation's focus, among other things, lies on streamlining labour migration. This concerns mobility of labour within the EU. An enforcement framework has been agreed with the Ministry of Social Affairs and Employment.

The European Trade Union Confederation (ETUC) plays a prominent role on a European level. The aim of this Trade Union Confederation is to manage the interests of employees on a European level. A component at ETUC is a "labour migration and social inclusion" working group.

5 CONCLUSION AND CHALLENGES

The key question in this report is what role labour migration in the analysis of labour market shortages has in the policy to resolve identified labour market shortages. On the basis of the collected information it appears that labour migration as a policy instrument, is not deployed to address the identified shortages.

In the report it has come to the fore that the Netherlands almost exclusively has a demand-driven labour migration policy. When there is no supply of labour within the Netherlands and the EU/EEA, this could mean filling a vacancy with a labour migrant from a third country, but this is always at the initiative of the employer. Third-country nationals who want to come to the Netherlands to work must be in possession of a combined residence and work permit (GVVA) or their employer must have a work permit (TWV). Both permits are subject to a labour market test. For this, an investigation is undertaken to see whether there are any candidates present in the Dutch labour market or within the EEA.³³ This labour market test is a process in which there is not a test of the professional sector, but a testing takes place per individual vacancy. In this the focus lies on the position that the third-country national must fulfil. In that respect the Dutch labour migration policy does not gear itself towards solving labour shortages on a macro-level. These solutions are especially sought in national policy measures. Examples of this are student information, employment mediation, and retraining programmes. Migration is seen as the last resort of the labour market policy. This is different for the top of the labour market. The policy for this segment is particularly inviting.

Future of the labour migration policy

The SER notes in its recommendation that future needs in the labour market and the thus correlated shortages are difficult to predict. On the one hand that is a result of the functioning of the labour market, and on the other hand, with technological developments which, for example, simplify trade, but which could also be of a direct influence on the nature of the occupations and the number of workers who are needed for it, and with economic and political developments in which proportions could change between sectors and also between countries. In addition, social developments are likewise of influence in the labour market.³⁴

Many EU countries in the forthcoming years will have to deal with a strongly declining workforce.³⁵ That doesn't apply to the Netherlands as yet. The most recent population prognosis by the CBS envisages an increase in the potential workforce up to middle of the 2020s by 200,000, followed by a decrease.³⁶ In 2040 the potential workforce would then be the same size as in the beginning of 2012.

33 No test of the labour market is required for: interns, employees who hold key functions in an international concern, foreign students studying in the Netherlands who also want to work for a maximum of 10 hours per week, and certain groups of artists. The labour market test is also not required for a maximised number of people working in the Asian hotel and catering industry.

34 Request for advice SER 2014.

35 European Commission (2012) *The 2012 Ageing Report: Economic and budgetary projections for the 27 EU Member States* (2012-2016). Brussels.

36 CBS (2012) *Population prognosis 2012-2060: Living longer, working longer*. CBS, p. 17.

The need for labour migrants will additionally be cushioned by raising the pensionable age. A smaller and older workforce in other EU countries reduces the potential number of EU migrants for the Netherlands. Then there are not only less migrants available from EU countries, but the competition with other countries who attract labour migrants will also pick up. For example, Germany, a country that takes up many migrants, will have to deal with a strongly declining workforce in the forthcoming years and will therefore have a correspondingly great need for migrants.

APPENDIX: DEFINITIONS

This report, where possible, assumes definitions of the relevant terms in the EMN Asylum and Migration Glossary.³⁷ The terms and definitions in this explanatory glossary developed by the EMN are aimed to increase the comparableness of the information exchanged between EU Member States. In cases where the EMN does not provide a definition, the definition provided below assumes other relevant sources.

Labour market shortage: a shortage or insufficiently qualified candidates for the job market (in an economy, country).

Labour market test: a mechanism that is meant to ensure that migrants are only admitted after employers have sought in vain for national employees, citizens of the EU (in the EU Member States this also means EEA employees) or legally staying third-country nationals with access to the labour market according to national legislation.

Labour migration: a relocation of people from one State to another, or within their own country, for job market purposes.

Third-country national: a person who is not a citizen of the EU, as meant in Article 20 paragraph 1 of the Treaty on the Functioning of the European Union (TFEU), and who cannot derive any rights to the freedom of movement of people as meant in Article 2 paragraph 5 of the Schengen Borders Code.

Immigration Quota: a quota set up by a country, generally for the purposes of regulating (labour)migration.

Mobility within the EU: EU nationals and legally staying nationals from third countries who, through their Right to Freedom of Movement, move from one EU Member State to another.

Entrepreneurs from third countries: Third-country nationals who comply with the criteria set down by the Netherlands. They are admitted as independent entrepreneurs because they have an added value for the Dutch economy.

Social partners: Representatives of the organisations of employers and employees.

Residence permit: An authorisation issued by the Dutch government allowing third-country nationals to stay legally in its territory, in line with the conditions of Article 1(2) (a) of the Council Regulation (EC) No. 1030/2002 of 13 June 2002 laying down a uniform format for residence permits for third-country nationals.

Aliens Act 2000: Framework act for Dutch policy on foreign nationals. This organises the

conditions for admission as well as the stay in the Netherlands of third-country nationals.



Immigration and Naturalisation
Service
Ministry of Security and Justice



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www.emnnetherlands.nl