Determining labour shortages and the need for labour migration from third countries in the EU

Common Template of EMN Focussed Study 2015

Final Version

Subject: Common Template for the EMN Focussed Study 2015 on “Determining labour shortages and the need for labour migration from third countries in the EU”

Action: EMN NCPs are invited to submit their completed Common Templates by 11th May 2015. If needed, further clarifications can be provided by directly contacting the EMN Service Provider (ICF International) at emn@ghkint.com

1 STUDY AIMS AND RATIONALE

As identified in a recent study commissioned by the European Commission (DG Employment, Social Affairs and Inclusion), there are several important challenges affecting Europe’s future labour market, including an ageing society requiring more effective use of the labour force; rapid technological changes and development; increasing demand for highly skilled labour; and uncertainty about future growth in European economies.¹ In this respect, it is essential to identify and address labour market shortages, which could affect growth through their adverse effects on labour productivity.

While to a certain extent, skills mismatches will always exist as a part of the frictional dynamics of the labour market (i.e. cyclical labour shortages), persistent or structural shortages can be detrimental to economic recovery and growth. Some structural changes, such as the adoption of new technologies, may increase the demand for certain skills that are not immediately available in the labour market, creating skills shortages even when unemployment is high. In this respect, one of the main challenges faced by policy makers is identifying real, structural labour shortages, which cannot be met by the local labour force even if the labour market is functioning well or measures are taken to improve it, e.g. by supporting labour matching or by increasing the attractiveness of the work in light of scarce labour supply.

While migration is not necessarily a panacea for the economic problems in Europe, it is seen as part of the response to labour market policies and identified shortages. Labour and skills shortages are frequently cited by policymakers and employers as amongst the main reasons for attracting foreign labour. The ability to attract skills and talents and to recruit from abroad when necessary can help foster growth and innovation.

Access to information and analysis on the functioning of the labour market is crucial in order to develop relevant policy measures. Examining and assessing the extent of labour shortages is key to developing a credible labour migration policy. Mechanisms used for identifying current and future skills shortages and for anticipating the need for migrant labour can include lists of shortage occupations, employers’ needs analysis, labour market needs analysis, survey, forecasts and foresights, qualitative studies, etc.

¹ “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 aim of this focussed study is to provide an overview of the mechanisms in place in (Member) States to determine labour shortages and to quantify the needs for labour migration. The study will also assess how the impact of labour migration on national labour markets is monitored and what kind of instruments are used to that end.

The study includes in its scope all skill and qualification levels of third-country nationals and is not limited to highly skilled or skilled third-country nationals.

More specifically, the study aims to:

- Provide an overview of national labour migration policy and recent public and policy debates on labour migration;
- Analyse whether there is a link between identified labour shortages and labour migration policy;
- Provide an overview of mechanisms for identifying labour and skills shortages and for anticipating the need for migrant labour, and;
- Examine how are the lists of shortage occupations defined and classified as well as whether Member States make any distinctions between different types of shortages (e.g. current vs. longer-term shortages; temporary vs. permanent shortages);
- Explore the role of social partners and other stakeholders and whether there are any formal mechanisms to consult/involve social partners in determining labour shortages and the anticipated need for migrant labour;
- Compare across (Member) States how the impact of labour migration on shortage occupations is monitored;
- Where available, provide statistical overview on the number of workers employed by selected occupations and estimated unfilled vacancies of the top shortage occupations and occupations included in the shortage lists.

2 TARGET AUDIENCES

The study would benefit primarily national and EU policy makers and officials concerned with labour migration, economic policy and labour market analysis. The study would also be of interest to other stakeholders, including social partners, in the labour markets of the Member States and at the EU level. Finally, it could serve academia and researchers in the above-mentioned fields.

3 EU LEGAL AND POLICY CONTEXT

At EU level, the study should be seen in the context of the overarching Europe 2020 Strategy for economic growth and in particular, within one of its five objectives focusing on high employment levels as well as creation of new skills and jobs.

In March 2014, in view of the discussions on the post-Stockholm Programme (which covers the period from 2010 to 2014), the European Commission adopted a Communication “An open and secure Europe: making it happen which identified the central issues to be tackled over the next years”2. The Communication underlines that demographic changes in Europe, coupled with significant skill shortages in certain sectors (notably engineering, IT and health care) hinder the EU’s productivity and respectively its economic recovery. At the same time, increasing global competition for skills and talents affects labour markets in many Member States and will be a decisive factor for Europe's economic prosperity in the decade ahead. The Communication further highlighted that in recent years, the European Union has followed a sector-by-sector approach to legal migration, which has resulted in a common legal framework, which regulates the admission of certain categories of third-country nationals.

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To this effect, a number of policy and legislative measures have been introduced aim to produce flexible admission systems, responsive to the priorities of each EU State, while enabling migrant workers to make full use of their skills. These measures cover the conditions of entry and residence for certain categories of immigrants such as highly qualified workers (“EU Blue Card” Directive 2009/50/EC), seasonal workers (Directive 2014/36/EU) and intra-corporate transferees (Directive 2014/66/EU), as well as the establishment of a single work and residence permit (Directive 2011/98/EU).

With regard to **other initiatives at EU level**, as reported in the European Commission’s 5th Annual Report on Immigration and Asylum (2013), the Commission joined forces with the Organisation for Economic Cooperation and Development (OECD) in two consecutive projects focused on economic migration and labour market needs. The first project on "Matching Economic Migration with Labour Market Needs" aimed to identify policies and practices required to ensure that migration can effectively respond to labour market needs over the short-to-medium term (2020 horizon). It produced a series of studies aimed at analysing the challenges related to an efficient matching of immigrant skills to labour market needs, as well as policy recommendations. The second project, which will run in 2014 and 2015, aims to assess to which extent the EU, as a destination region for labour migrants from outside the Union, can compete on the global labour market for skills, and to which extent EU policy instruments have helped to foster EU attractiveness. On 11 December 2013, the Commission published a call for proposals containing a research topic on "The European growth agenda (EURO-2-2014)”, with a specific research dimension on Migration, prosperity and growth.

4 LIST OF RELEVANT SOURCES AND LITERATURE

**EMN Studies, Informs and Ad-Hoc Queries**

- Ad-Hoc Query No. 554: Campaigns to attract third country nationals requested by EE NCP on 10th April 2014
- "The application of quotas in EU Member States as a measure for managing labour migration from third countries", EMN Inform, published 2014
- "Approaches and tools used by Member States to identify labour market needs", EMN Inform, published December 2013
- "Attracting highly qualified and qualified third-country nationals", EMN focussed study, published 2013
- Ad-Hoc Query No.508: Regulatory inflow to control inflow of foreign workers launched by LT NCP on 27th September 2013
- Ad-Hoc Query No.388: Establishing a complex monitoring system of the factual employment of third-country nationals in EU Member States launched by PL NCP on 14th March 2012
- "Satisfying Labour Demand through Migration", EMN main study, published June 2011
- "Temporary and circular migration: empirical evidence, current policy practices and future options in the EU", EMN study, published October 2011
- "Conditions of entry and residence of third country highly skilled workers", EMN study, published 2007

**Other EU and international studies and reports**

- "European Vacancy and Recruitment Report 2014”, European Commission; Available at: http://ec.europa.eu/social/BlobServlet?docId=11897&langId=en
5 AVAILABLE STATISTICS

EU level

European Union Labour Force Survey (EU LFS)

Labour market statistics are available through the European Union Labour Force Survey (EU LFS).

There are limited indicators of labour market statistics that are disaggregated by nationality or national groups, including:

- Employment by sex, age and nationality (lfsa_ergan) (annual statistics)
- Inactive population by sex, age and nationality (lfsa_argan) (annual statistics)
- Self-employment by sex, age and nationality (lfsa_esgan) (annual statistics)
- Population by sex, age, nationality and labour status (lfsa_pganws) (annual statistics)

In addition, there are a number of labour market indicators which cannot be disaggregated by nationality, including:

- Job vacancy statistics by occupation and NUTS 2 regions (jvs_a_nace2) (annual statistics)
- Participants in labour market policy (LMP) interventions (lmp_particip)(annual statistics)
- Public expenditure on labour market policy (LMP) interventions (lmp_expend) (annual statistics)

Eurostat migration statistics provides another statistical source in terms of the following indicators:

- Residence permits by reason, length of validity and citizenship (migr_resval) (annual statistics)
- First permits issued for remunerated activities by reason, length of validity and citizenship (migr_resocc)
- EU Blue Cards by type of decision, occupation and citizenship (migr_resbc1)
- EU Blue Cards holders and family members by Member State of previous residence (migr_resbc3)

European Centre for the Development of Vocational Training (CEDEFOP) undertakes a number of activities for identifying skills needs. Forecasting skill demand and supply database - Cedefop produces regular skill supply and demand forecasts for Europe and analyses the potential labour market imbalances. The forecasts are for the period 2015-2025 and include forecasting data on the labour force, employment trends and job opportunities. It is based on Eurostat population projections Europop 2010 as and macroeconomic forecasts developed by DG ECFIN.

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3 Available at: http://www.cedefop.europa.eu/en/themes/identifying-skills-needs
National level

At national level, statistics on shortage occupations and estimated unfilled vacancies are likely to be available from Ministries of labour, Employment agencies, National statistical offices and authorities and other competent authorities. The present study aims to collect statistics for the period 2012-2014 on top 15 unfilled vacancies and shortage occupations. (Please see the Statistical Annex tables)

6 DEFINITIONS

*Circular migration* is a repetition of legal migration by the same person between two or more countries. (Source: EMN Glossary V3)

*Contract migrant worker* refers to a person working in a country other than their own under contractual arrangements that set limits on the period of employment and on the specific job held by the migrant. (Source: EMN Glossary V3)

*Economic migration* refers to migration mainly for economic reasons or in order to seek material improvements to livelihood. (Source: EMN Glossary V3)

*Employee* is defined as a worker holding an explicit or implicit employment contract, which gives them a basic remuneration that is not directly dependent upon the revenue of the unit for which they work. (Source: EMN Glossary V3)

*Employer* is considered any natural person or any legal entity, including temporary work agencies, for or under the direction and/or supervision of whom the employment is undertaken. (Source: EMN Glossary V3)

*Employment* is defined as the exercise of activities covering whatever form of labour or work regulated under national law or in accordance with established practice for or under the direction and/or supervision of an employer. (Source: EMN Glossary V3)

*Immigration quota* is defined as a quota established for and by the country, normally for the purposes of labour migration, for the entry of immigrants. (Source: EMN Glossary V3)

*Intra-corporate transferee* refers to a third-country national subject to a temporary secondment from an undertaking established outside the territory of a Member State and to which the third-country national is bound by a work contract to an entity belonging to the undertaking or to the same group of undertakings which is established inside this territory. (Source: EMN Glossary V3)

*Intra-EU mobility* is an action of persons (EU nationals or legally resident third-country nationals) undertaking their right to movement by moving from one EU Member State to another. (Source: EMN Glossary V3)

*Labour market test* a mechanism that aims to ensure that migrant workers are only admitted after employers have unsuccessfully searched for national workers, EU citizens (in EU Member States this also means EEA workers) or legally residing third-country nationals with access to the labour market according to national legislation. (Source: EMN Glossary V3)

*Labour migration* is a movement of persons from one state to another, or within their own country of residence, for the purpose of employment. (Source: EMN Glossary V3)
‘Labour shortage’ is a shortage or insufficiency of qualified candidates for employment (in an economy, country) (Collins Dictionary)

‘Mobility partnership’ refers to cooperation arrangement, on the basis of political declarations, that provides the bilateral framework for dialogue and practical cooperation to address relevant migration and mobility issues of mutual concern primarily with EU neighbourhood countries, including short and long-term mobility, on a voluntary basis. (Source: EMN Glossary V3)

‘Occupation’ is defined as a set of jobs whose main tasks and duties are characterised by a high degree of similarity. (Source: EMN Glossary V3)

‘Social partners’ refers to employers’ associations and trade unions forming the two sides of social dialogue (Source: European Quality Assurance in Vocational Education and Training (EQAVET); European Commission Glossary5)

‘Seasonal worker’ is a third-country national who retains their principal place of residence in a third country and stays legally and temporarily in the territory of a Member State to carry out an activity dependent on the passing of the seasons, under one or more fixed-term work contracts concluded directly between that third-country national and the employer established in that Member State. (Source: EMN Glossary V3)

‘Skills shortages’ refers to shortages of particular skills on the labour market. Skills shortages can be cyclical and structural. On the one hand, shortages are common during periods of rapid economic growth, when unemployment is low and the pool of available workers is reduced to a minimum. However, these types of shortages tend to be overcome along the cycle. On the other hand, some structural changes, such as the adoption of new technologies, may increase the demand for certain skills that are not immediately available in the labour market, creating skills shortages even when unemployment is high. In fact, having a large pool of unemployed people provides no guarantee that employers can find appropriately skilled individuals to fill their vacancies. (Source: OECD)

‘Social dumping’ refers to the practice whereby workers are given pay and/or working and living conditions which are sub-standard compared to those specified by law or collective agreements in the relevant labour market, or otherwise prevalent there. (Source: EMN Glossary V3)

7 ADVISORY GROUP

For the purpose of providing support to EMN NCPs while undertaking this focussed study and for developing the Synthesis Report, an “Advisory Group” has been established. The members of the Advisory Group for this study, in addition to COM and EMN Service Provider (ICF International), are HU, IE, LT, NL, SE and UK EMN NCPs. EMN NCPs are thus invited to send any requests for clarification or further information on the study to the following “Advisory Group” members:

★ COM: Jan.Saver@ec.europa.eu and Magnus.OVILIUS@ec.europa.eu
★ EMN Service Provider (ICF International): emn@ghkint.com
★ HU EMN NCP: agnes.tottos@bm.gov.hu
★ IE EMN NCP: EMN.Ireland@esri.ie; alan.barrett@esri.ie; egle.gusciute@esri.ie; emma.quinn@esri.ie
★ LT EMN NCP: emn@iom.lt
★ NL EMN NCP: emn@ind.minvenj.nl

5 Available at: http://www.eqavet.eu/qa/gns/glossary/s/social-partners.aspx
8  PROVISIONAL TIMETABLE

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<tr>
<td>w/c 1st December 2014</td>
<td>Advisory Group to review draft</td>
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<tr>
<td>w/c 1st December 2014</td>
<td>Circulate to EMN NCPs in advance of the 70th EMN NCP meeting</td>
</tr>
<tr>
<td>10th December 2015</td>
<td>Draft Common Template V1 to be discussed during 70th EMN NCP meeting</td>
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<tr>
<td>21st January 2015</td>
<td>Advisory Group Meeting to discuss draft study specifications</td>
</tr>
<tr>
<td>w/c 23rd February 2015</td>
<td>Finalisation of the Common Template and official launch of the study</td>
</tr>
<tr>
<td>w/c 11th May 2015</td>
<td>Completion of the National Reports by EMN NCPs</td>
</tr>
<tr>
<td>w/c 1st June 2015</td>
<td>First draft of the Synthesis Report</td>
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9  TEMPLATE FOR NATIONAL CONTRIBUTIONS

The template outlines the information that should be included in the National Contributions to this focussed study. The indicative number of pages to be covered by each section is provided in the guidance note. For national contributions, the total number of pages should not exceed 28 pages, including the questions and excluding the statistical annex. A limit of **25 pages** will apply to the Synthesis Report, in order to ensure that it remains concise and accessible.

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* Provided that a sufficient number of EMN NCPs submit their National Contribution in time for the Synthesis stage
The policy for the employment of third country nationals has been firstly introduced by the Cyprus government in the early 90’s aiming to satisfy pressing and short-term needs of the labour market. Due to high rates of economic growth the rapid increases in job creation led to the emergence of serious shortages of labour and a reduction in the unemployment rate at the levels of 2%-3%. Despite the efforts of the Government to tap labour from endogenous resources the labour shortages were so large at the time that they were constituting one of the major constraints to growth leading to pressures on labour costs and the competitiveness of Cyprus product and services in international markets at risk. In fact, these shortages were mostly identified for properly trained workers in technical and tourism occupations.

The employment of third country nationals in Cyprus is demand driven and foreign workers supplement rather compete with the local workforce. In this respect, a vacancy can be filled by a third country national, only in the case that there is no suitably qualified and available local labour, including Europeans. For this reason, the employment of TCNs is permitted on a temporary basis, and priority is allocated to the adjustment of the qualifications of local workers to the needed skills, where is applicable, either by taking advantage of the presence of qualified foreigners or by following specific training programmes applied by the Government or the employers.

This employment is governed by specific criteria which have been agreed by the social partners and approved by the Council of Ministers in 1991 and are still valid for the employment of foreign workers. These criteria do not apply in the case of employment of foreign domestic workers and the recruitment of skilled foreign labour by the international business companies or the companies of foreign interest.

Two procedures have been in place to facilitate the temporary employment of foreigners; one is quite restrictive and demands the completion of a labour market test and the other is a fast track one easing the employment of skilled personnel. The first one is applied mostly to the broad agricultural sector and to specific occupations facing real shortages of labour and the other to promising companies with development priorities and foreign companies operating from Cyprus.

The procedures for granting a work permit are based on a case – by case analysis which takes into consideration the policy restrictions on occupations and sectors facing high unemployment and doesn’t involve consultation from a shortage list. The competent instrument for policy making regarding economic migration is the Ministerial Committee for the Employment of Foreign workers while the responsibility for the right implementation of the employment policy of foreign workers lies with the Ministry of Labour, Welfare and Social Insurance. Within the process of examining applications for employment of a foreigner, tripartite technical committees are in place and operate as a consultative tool to the Government.

Nowadays the majority of the labour shortages concerns long term needs for unskilled labour identified in the broad
Executive Summary (Synthesis Report)

Synthesis Report (up to three pages)

Executive Summary of Synthesis Report: this will form the basis of an EMN Inform, which will have EU and National policymakers as its main target audience.

Section 1: General overview of the national labour migration policy and recent public and policy debates on labour migration

This section aims to outline the national migration policy and recent public policy debates on migration. Firstly, it examines whether the conditions for entry and stay for third-country nationals provided in national legislation are directly linked to shortage occupations. It further explores the policy instruments in place used for managing economic migration (for example quotas, labour market tests, points-based systems, other instruments). Secondly, the section focuses on recent public debated on labour migration especially with regard to debates on how labour migration is planned to be utilised to address labour market shortages. Thirdly, the section looks at the extent to which Member State view immigration as a tool to address labour shortages and the overall role envisaged by policy for migration to address labour shortages.

Q1. Please briefly describe how the national labour migration policy functions in your (Member) State. (Maximum 1 page)

Q1 (a). Are conditions for entry and stay for (categories of) third-country nationals provided in national legislation linked to shortage occupations?

Q1 (b). What are the instruments in place in your Member State for managing economic migration (quotas, labour market tests, points-based systems, other instruments) and how are they linked to labour shortages identified (for example, labour market test is not applied for third-country nationals applying for jobs listed in lists of shortage occupations)

Q1. (c) To what extent does you Member State view immigration as a tool to address labour shortages? What overall role for migration to address labour shortages is envisaged by policy in your Member State?

The policy for the employment of third country nationals has been firstly introduced by the Cyprus government in the early 90’s when the high rate of economic growth led to a rapid increase of employment creating serious shortages of labour and a reduction in unemployment (fluctuating at the levels of 2%-3%). The labour shortages were so large at the time that they constituted one of the major constraints to growth. In fact, these shortages which were mostly for properly trained workers in technical and tourism occupations, resulted to adverse effects not only in the productive sectors and tourism, where they were more intense, but on the economy as a whole as the tight labour market led to pressures on labour costs and the competitiveness of Cyprus product and services in international markets at risk.

Great needs existed also not only for increasing the supply of new workers with appropriate training in the occupations and sectors which faced shortages, but also for upgrading the skills of the existing labour force, so as to promote the smooth modernization of the economy through the introduction of advanced technology and new methods of organization and management.

Given that the prospects for economic development were favorable at that time and the economy was expected to continue its upward trend, the government, on the basis of clear and deliberate criteria adopted as a policy measure the temporary employment of foreign workers aiming at creating additional employment...
opportunities and maintaining conditions of full employment and low unemployment.

These criteria have been agreed by the social partners and approved by the Council of Ministers in 1991 and are still valid for the employment of foreign workers. They do not apply in the case of employment of foreign domestic workers and the recruitment of highly skilled foreign labour by the international business companies or the companies of foreign interest.

Moreover the aforesaid criteria are detailed and in line with international conventions which regulate employment issues of migrants and which Cyprus has ratified (such as ILO Convention No 97 of 1949 and No 143 of 1975, as well as Article 19 of the European Social Charter). In particular the criteria are securing the equal treatment of foreign labour with nationals as regards conditions of work, salaries, social insurance benefits etc.

Back at the early 90’s the criteria were applied for the employment of foreign labour in order to satisfy temporary labour needs of businesses which planned to upgrade and modernize their technology and to re-organize the production system and methods so that eventually they would achieve labour savings. This temporary engagement of foreign workers would apply also in cases where there were no available local applicants willing to take up jobs which characterized by unfavorable working conditions, until the business would improve them by introducing new technology or new methods of organization. The most profound imbalances, in relative terms, were observed in the sectors of hotels and restaurants, construction, agriculture and manufacturing. It was explicitly defined by the criteria that permits would be denied to employers who had dismissed local employees or had closed their business during the last months prior to their application. An additional condition was that the employer had to apply for a permit to employ a foreign worker or employee for a specific job while the worker or the employee was abroad. The permit for employment in the broad agricultural sector was valid for two years while in the other sectors for one year with the possibility for renewal.

The above mentioned criteria have been incorporated in the National Strategy for the Employment of Foreign Workers which was designed and applied in 2007 after long consultations with social partners and its approval by the council of Ministers. The new Strategy has taken into consideration the new situation in the labour market after the accession of Cyprus in the European Union and the new perspective for satisfying the shortages of labour through the free movement of Europeans within the Union. The Strategy emphasizes the need for the adjustment of the qualifications of local workers to the needed skills of the economy, where is applicable, either by taking advantage of the presence of qualified foreigners or by following specific training programmes applied by the Government or the employers.

According to the provisions of the National Strategy for the Employment of Foreign Workers, two procedures have been in place to facilitate the temporary employment of foreigners which both are governed by the above mentioned criteria of 1991. One procedure is quite restrictive and demands the completion of a labour market test the results of which are subject to discussion by a tripartite consultative technical committee. It is applied mostly to the broad agricultural sector and to specific occupations facing real shortages of labour. The other procedure is a fast track one easing the employment of skilled personnel which is rewarded by at least €35.000. This procedure is exempted from the completion of a labour market test and it is mostly applied to promising companies with development priorities and foreign companies operating from Cyprus.

By the time the economic crisis has hit the country the policy has been more restrictive prohibiting the employment of foreign workers from third countries in some subsectors and occupations which have been severely hit by the crisis mostly in the construction sector, retail trade, the tourism sector, manufacturing et. These restrictions applied for all the hierarchy of jobs including those requiring skilled labour.

Every year the outcomes of the employment policy of foreign workers are monitored and evaluated in
Q2. Please briefly describe any recent public and policy debates in the area of labour migration, especially with regard to debates on how labour migration is planned to be utilised to address labour market shortages.

(Maximum 0.5 pages)

The unprecedented crisis which hit the Cyprus economy last years has affected negatively the labour market situation giving a sharp rise to the number of jobs lost and the unemployed. Despite the fact that Cyprus has experienced large outflows of foreign workers (national from third countries and Europeans) during the economic downturn there are still public worries about the employment of nationals from third countries and especially that they are used as cheap substitute for native workers.

More specifically, the Independent Demographic Institute stresses in its report published last year, and in seminars launched in two big cities of the island, that “as Cyprus is faced with unprecedented economic crisis, negative growth rates, unemployment rate exceeding 16% and migration of unemployed young people it is at least inconceivable to continue employing foreign workers particularly in sectors of the economy with thousands of jobless Cypriots”.

It is worth mentioning however, that these worries have been thoroughly discussed and measures have been designed and promoted through the tripartite mechanism which is well functioned in Cyprus and very sensitive in such employment issues. It is well understood also that foreign workers are not competitive in some types of jobs such as unskilled agricultural or husbandry workers or jobs requiring skilled experts in high-tech, promising companies with development priorities.

Section 2: Overview of instruments used for identifying current and future labour and skills shortages and for anticipating the need for labour migration

This section aims to examine the existing instruments and approaches used in Member States to identify current and future labour and skills shortages and the anticipated need for migration labour. Firstly, it examines how labour shortages are defined and classified at national level (Q3) as well as whether there are any distinctions made among different types of shortages (Q4). Secondly, this section provides an overview of existing instruments and tools used in Member States to identify labour shortages and the need for migration labour to fill shortages in the labour market (Q5). The section explores the role and involvement of social partners and other national stakeholders (Q6). Finally, it aims to collect a summary of the results/findings of the identified instruments.

Q3. Definition and classification of labour shortages

Q3.(a) How are labour shortages **defined, identified and classified** in your Member State?

Q3.(b) What is the **level of analysis** (e.g. by sectors, by occupations or by qualifications or skill levels)?

Q3.(c) Are classifications of shortages defined in legislation or soft law (e.g. circulars, regulations, policy documents)? If yes, please describe and provide examples for each of the classifications.

Q3.(d) To which extent the level of analysis includes region/local level?

Labour shortages are defined as the number of vacancies offering working terms and conditions of employment...
in line with the sectoral collective agreement, that failed to be matched by the Public Employment Services (PES) with suitable local unemployed within a period of six weeks from the day of its notification to the PES. The quantity and quality of the unemployed concentrated in a sector or an occupation are both taken seriously into consideration for defining whether there is an employment opportunity for recruitment of a foreign worker.

Nowadays, due to the fact that the economic downturn led to the intensification of job competition and to a deterioration of terms and conditions offered by employers, it’s rather difficult to estimate actual labour shortages resulting from skills mismatching or the job itself rather than from low wages and poor working conditions. In Cyprus the procedures for granting a work permit are based on a case–by case analysis which takes into consideration the policy restrictions on occupations and sectors facing high unemployment and doesn’t involve consultation from a shortage list.

Q4. Do any distinctions between different types of labour shortages exist in your Member States, such as for example:
- **short-term** (current) shortages and **longer-term** (projected) shortages; or
- **cyclical** shortages (shortages occurring due to short-term imbalances in the supply and demand in the labour market and/or by providing incentives to the labour force) and **structural** shortages (which are due to changes, such as the adoption of new technologies, may increase the demand for certain skills that are not immediately available in the labour market, creating skills shortages even when unemployment is high).

If yes, please describe.

The majority of the labour shortages concerns long term needs for unskilled labour identified in the broad agricultural sector which is characterised by unfavourable working conditions. Additionally a small number of medium –term needs for skilled labour has been identified in high tech companies in the manufacturing and tourism sector for a limited number of occupations.
Q5. Please complete the table below identifying the instruments/tools in your (Member) State used to identify labour shortages and the need for migration labour. You can list more than one instrument/tool per category.

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<th>Is this instrument/tool used in your (Member) State? (Y/N)</th>
<th>Is this instrument used for determining labour migration needs? (Y/N)</th>
<th>Please briefly describe the respective tool(s) and the methodology(ies) used for anticipating the need for migration labour.</th>
<th>(1) Please describe the level of analysis of the particular instrument/tools (i.e. skills, occupations, sectors, professions, level of qualifications, others).</th>
<th>Which national organisation(s) use this mechanism/tool to produce information on skill shortages?</th>
<th>What is the geographical level of the mechanisms/tools used (e.g. national, regional, municipal)?</th>
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<td>Other instruments/tools (please describe)</td>
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**Labour market test applied on a case by case analysis which takes seriously into consideration the quality and quantity of the unemployed people**

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<tr>
<th>Yes</th>
<th>Yes (b)</th>
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A basic precondition for the granting a permit for employment of foreign workers is the completion of a labour market test for securing that there is no suitably qualified and available Cypriot or European citizen to fill a particular job vacancy. The procedure to complete a labour market test for a specific job includes the advertising of the available job, by the interested employer, in the daily newspapers via the Public Employment Services of District Labour Offices, as well as in the

The description of the job advertised must include the job title according to **ISCO-88**, the main duties and responsibilities of the job, the location of the job, an indication of the salary package or salary range, the skills and qualifications and experience needed.

The Labour Department of the Ministry of Labour, Welfare and Social Insurance

Regional
European Employment Services Network, the EURES. The advertisement must include the job title, the main duties and responsibilities of the job (the job description), the location of the job, an indication of the salary package or salary range, the skills and qualifications and experience needed. It is noted that the terms and conditions offered by each vacancy are checked before being advertised by the officers of the Public Employment Services so as to be in line with those offered by the collective agreements. If after following the above procedure no suitable applicant can be found then an approval could be issued for the employment of a suitably qualified national of a third
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<th>country.</th>
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Determining labour shortages and the need for labour migration from third countries
Q6. Concerning **lists of shortage occupations**, please briefly describe:
   a. The process for developing the shortage occupation lists;
   b. What are the criteria for selecting the shortage occupations (e.g. advertised vacancies are significantly higher than the qualified national job seekers available)?
   c. Which organisations/institutions play a role in determining lists of shortage occupations?
   d. How frequently are the lists of shortage occupations updated?

Q7. For each of the **instruments and tools used for identifying labour market shortages in Q5**, please outline how it is used for policy purposes? Is there a formalised mechanism to disseminate the information produced?  (Y/N)  If yes, please describe.

   The outcomes of the employment policy of foreign workers are monitored and evaluated on a yearly basis in comparison with the current situation of the local labour market. The main findings of this exercise constitute an important source of information used in determining the needs for training programmes for unemployed people. These results are also presented to the Ministerial Committee for the Employment of Foreign workers as the competent instrument for policy making regarding economic migration for future policy design purposes as well as to the National Employment Committee for discussion and suggestions. It is noted that the most valuable tool for policy making regarding economic migration is the situation of the labour market.

Q8. Are any of the tools/mechanisms for identifying labour market shortages identified above (e.g. lists of shortage occupations, employers’ needs analysis, surveys, forecasts, etc.) used to determine any of the policy instruments for managing economic migration (e.g. quotas, labour market tests, points-based systems, etc.)? (Yes/No)  If yes, please describe.

   No

Q9. Do any mechanisms or tools to monitor intra-EU mobility of workers filling job vacancies in the national labour market or leaving to work in other Member States exist in your Member State? (Y/N)  If yes, please describe.

   No

   If possible, please distinguish between mechanisms or tools to monitor intra-EU mobility with regard to (i) shortage occupations and (ii) other occupations not considered as shortage occupations.

   Please indicate the national sources of statistics or data on EU citizens working in your Member State.

   The Cyprus Statistical Service and the Department of Social Insurance.

Q10. Please outline the **role of social partners** (see definition of social partners above) and **other stakeholders** (please identify which stakeholders) in identifying the need for migrant labour? Is there a formalised mechanism to consult/involve social partners in identifying the anticipated need for migrant labour or is their involvement on an ad-hoc basis?

   Social partners have been involved in the design of the employment policy of foreigners after their consensus to use foreign labour for satisfying the large labour shortages which emerged in the economy in the beginning of the 90’s. Moreover, tripartite technical committees are also in place and are operating as a consultative tool to the Government analysing the results of the labour market test during the process of examining the employers’ applications for employing a foreigner. Such committees have been appointed for each sector of the economy.
Q11. Q5 in Section 2 examined the types of national instruments used in your Member State to identify labour shortages and the need for migrant workers. Please briefly summarise the results/findings of these instruments for the most recent year(s).

According to the basic results of the labour market tests applied on a case-by-case analysis during the most recent years three out of four foreigners are employed in the broad agricultural sector as unskilled agricultural or husbandry workers, one out of ten as a cook for international cooking and one out of twenty in both the manufacturing and the financial sector. Since 2010 when the unemployment rate started to rise at unprecedented levels, the policy makers in consultation with the social partners imposed restrictions on the employment of foreign labour in sectors and occupations concentrating big numbers of unemployed such as the construction and tourism sector, manufacturing etc. The implementation of these decisions combined with the negative impact and prospects of the economy resulted in a decrease in the employment of third country nationals at a rate reaching the top of 9% at the end of 2013. It is noted however that the economic crisis also affected negatively the employment of Europeans the number of which indicated a downturn trend at a rate of 5%. During 2014, the employment of both third country nationals and Europeans has taken a gradual upward trend.

Q12. (a) Please indicate any challenges and risks associated with the use of instruments for identifying labour shortages and the need for migration labour in your (Member) State. (based on existing studies/evaluations or information received from competent authorities)

Q12. (b) Are there shortage occupations which are not addressed through labour migration (for example because of political concern, sensitivity of the jobs, etc.). If so, how is this determined?
The identification of labour shortages satisfied by economic migration is based on the results of labour market tests as well as the occupational and sectoral concentration of unemployment. The need of specific enterprises to employ workers with particular and special skills, necessary for their operation is always taken into consideration, for avoiding the risk of hampering their business development. This is one of the basic risks associated with this method of labour shortages identification.

Section 3: Monitoring the outcomes of labour migration policy in relation to shortage occupations

This section examines the tools and mechanisms to monitor the outcomes of labour migration policy in relation to shortage occupations (e.g. workforce analysis, analysis of types of work permits granted, sector analysis, discussions with employers, etc.). It begins with a series of questions on the instruments used. The section also explores the use of these instruments; the role of social partners and other stakeholders and any challenges and risks associated with their use.

Q13. Are the outcomes of labour migration policies in relation to shortage occupations monitored in your (Member) State? If yes, please describe:

(a) What are the monitoring mechanisms (e.g. workforce analysis, analysis of types and number of work permits granted, sectoral analysis, discussions with employers, etc.)? Is there a formal mechanism(s) to monitor the effects of migration on the labour market in your (Member) State or is this done on an ad-hoc basis?

(b) At what level are labour migration policy outcomes monitored (e.g. workforce, sectors, skill levels, occupations)?

(c) Which organisations carry out such monitoring? For example, are these produced by national agencies; academics; NGOs?

(d) Is the monitoring laid out in legislation or soft law (e.g. circulars, policy documents)?

The Ministry of Labour, Welfare and Social Insurance which is responsible for the employment of foreign labour keeps on a yearly basis statistical data on the number of approvals granted to employers who employ third country nationals by sectors of economic activity and by occupations as well as statistics of illegal employment gathered through the inspection mechanism. The evaluation of these statistics in comparison with the numbers of unemployed by sector and occupation as well the general situation of the labour market are presented to the Ministerial Committee for the Employment of Foreign workers which is the competent instrument for policy making regarding economic migration as well as the National Employment Committee. The monitoring and evaluation of the policy implementation is an obligation emanating from the temporary nature of this policy as this is defined in the Strategy of Employment of Foreign Workers ensuring the immediate link between economic migration and the situation of the labour market and safeguarding equal treatment of foreign workers with nationals.

Q14. For each of the instruments and tools used for monitoring the outcomes of labour migration policy in relation to shortage occupations in Q13a, please outline how it is used? Are there formalised mechanisms to disseminate the results of each monitoring mechanism listed in Q13(a)? (Y/N) If yes, please describe

NO
Q15. Please outline the **role of social partners** (including organised representatives of employers and employees) and **other stakeholders** in monitoring the effects of labour migration on the labour market? Is there a formalised mechanism to consult/involve social partners or is their involvement on an ad-hoc basis?

The Social Partners are informed about the effects of the employment policy of third country nationals through the operation of the sectoral tripartite technical committees and also the National Employment Committee.

Q16. Please indicate any **challenges** associated with monitoring the outcomes of labour migration policy in relation to shortage occupations in your (Member) State or the impact of labour migration on the labour market at large (based on existing studies/evaluations or information received from competent authorities)

The monitoring of the outcomes of the employment policy of third country nationals ensures the immediate link between economic migration and the situation of the labour market and safeguards equal treatment of foreign workers with nationals.
Statistical Annex

A1. Workers employed by selected occupations and estimated unfilled vacancies (statistics for the latest available year)

Member States are requested to also provide statistics on a number of pre-selected occupations. The occupations in the table below are selected on the basis of the occupations that most frequently feature in (Member) States’ shortage lists identified in the recent EMN Inform "Approaches and tools used by Member States to identify labour market needs". This section of the Statistical Annex is also aimed at collecting statistics on intra-EU mobility in terms of filling in shortage occupations.

If statistics are available based on ISCO-08, please provide the statistic based on the ISCO-08 number in brackets.

If statistics are not available based on ISCO-08, please provide the national equivalent available.

If your Member State has not yet adopted ISCO-08, but can provide ISCO-88 statistics, please provide the ISCO-88 statistics where statistics is available for the categories and sub-categories below.

Table 1: Workers employed by specific occupations and estimated unfilled vacancies (last available year)

Since Cyprus has not yet applied ISCO 08 it is impossible to provide separate data for each of the below occupations.

<table>
<thead>
<tr>
<th>Specific occupations</th>
<th>Total employment</th>
<th>Employment of EU-nationals from other Member States</th>
<th>Employment of third-country nationals exclusively</th>
<th>Number of residence permits issued to third-country nationals for specific occupations</th>
<th>Number of unfilled vacancies</th>
<th>Comments</th>
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<tbody>
<tr>
<td>Health Professional (22)</td>
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<td>Of which: Medical doctors (221)</td>
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<td>Of which: Nursing and Midwifery Professionals (222)</td>
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<td>Personal care workers (53)</td>
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<td>Of which: Child Care Workers (5311)</td>
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<td>Of which: Health Care Assistants (5321)</td>
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</table>
### Of which: Personal Care Workers (5322)

- **Home-based Personal Care Workers (5322)**

### Of which: Personal Services Workers (51)

- **Personal Services Workers (51)**
  - Of which: Cooks (5120)
  - Of which: Waiters (5131)
  - Of which: Cleaning and Housekeeping services in offices, hotels and other establishments (5151)
  - Of which: Domestic Housekeepers (5152)

### Of which: Skilled Agricultural, Forestry and Fishery Workers (6)

- **Skilled Agricultural, Forestry and Fishery Workers (6)**
  - Of which: Field Crop and Vegetable Growers (6111)
  - Of which: Gardeners; Horticultural and Nursery Growers (6113)
  - Of which: Livestock and Dairy Producers (6121)

### Of which: Information and Communications Technology Professionals (25)

- **Information and Communications Technology Professionals (25)**
  - Of which: Software
**A2. Top 15 professions included in lists of shortage occupations (statistics for the latest available year)**

This part of the Statistical Annex aims to collect data on the occupations included in lists of shortage occupations and any estimations of unfilled vacancies.

If there are several regional lists of shortage occupations instead of a national list, please fill in the table below providing data for each region. You can create new tables below per region. Alternatively, you can use the box provided below to provide a descriptive overview and any available data.

If statistics is available based on ISCO-08, please provide the statistic based on the ISCO-08 number in brackets.

If statistics are not available based on ISCO-08, please provide the national equivalent available.

**Table 2: Statistics on lists of shortage occupations**

<table>
<thead>
<tr>
<th>Profession</th>
<th>ISCO-08 (4 digit level)</th>
<th>Equivalent national classification of occupations</th>
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<tbody>
<tr>
<td>and Applications Developers and Analysts (251)</td>
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<td>Of which: Database and Network Professionals (252)</td>
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<td>Teaching professionals (23)</td>
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<tr>
<td>Engineering Professionals (excluding Electro-technology) (214)</td>
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<tr>
<td>Architects, Planners, Surveyors and Designers (216)</td>
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<td>Accountants (2411)</td>
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## Determining labour shortages and the need for labour migration from third countries

<table>
<thead>
<tr>
<th>Occupation included in the list of shortage occupations</th>
<th>Is there a specified number of vacancies to be filled with labour migrants from third-countries? (Y/N) If yes, please provide the number</th>
<th>Are there any special conditions for migrants from third-countries applying for shortage occupations? (Y/N) If yes, please describe. Please describe conditions which are targeted to TCNs as well as other conditions that may affect TCNs’ employment (for example, some professions may be regulated and may concern only MS nationals)</th>
<th>Source and additional information</th>
<th>Occupation included in the list of shortage occupations</th>
<th>Is there a specified number of vacancies to be filled with labour migrants from third-countries? (Y/N) If yes, please provide the number</th>
<th>Are there any conditions that migrants from third-countries need to fulfil when applying for shortage occupations? (Y/N) If yes, please describe. Please describe conditions which are targeted to TCNs as well as other conditions that may affect TCNs’ employment (for example, some professions may be regulated and may concern only MS nationals)</th>
<th>Source and additional information</th>
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</table>
Please provide any additional statistics or information regarding the national/regional lists of shortage occupations (Maximum 1 page)