

01 February 2023

SAME BUT DIFFERENT: STRATEGIES IN THE GLOBAL RACE FOR TALENT

by Marissa Weigle and Paula Zünkler

In the global race for talent, the EU is struggling to keep up with frontrunners like Canada and Australia. Despite their differences, the EU and its Member States could turn to leading nations for inspiration on attracting and retaining global talent.

The global race for talent is on and the frontrunners are easily identifiable: Canada, Australia, and the US lead the way on talent attractiveness, according to [OECD indicators](#). Though some European countries (like Sweden, Germany, and Finland) also rank at the top, the EU overall finds itself trailing far behind. Despite attempts to provide more attractive conditions for highly skilled workers, the EU27 is nowhere close to catching up in what is sometimes considered not just a race, but a ‘war’ for talent, as the Australian Minister for Home Affairs Clare O’Neil [put it recently](#).

While visa and labour policies are important components to promoting labour migration, additional factors include the overall environment (such as the openness of respective societies), diaspora engagement, cultural aspects, and other circumstances related to integration. Although policies that favour labour migration are not alone sufficient to attract talent, disadvantageous policies could certainly deter individuals. The EU, consequently, could stand to benefit from adapting its migration management system and pursuing a different battle strategy in the race for talent. For inspiration, why not turn to those who excel in this area?

Rethinking the definition of talent

There is no single definition of what is considered high-, medium-, or low-skilled work, and the notion of talent continues to evolve as the qualifications that are most sought after change. This dynamic contributes to varying immigration policies both over time and across different countries. Hence, countries like Australia and Canada, and even various EU Member States, each have distinct lists of occupations which are considered to require (highly) skilled workers. The categories, though, are usually defined by level of university education and/or work experience. In an effort to harmonise visa policies, an EU-wide definition for high-skilled

migration was introduced under the [Blue Card Directive](#). However, for their national schemes, Member States continue to use varying criteria.

While global talent attraction efforts have typically been directed at higher skilled migrants, the impacts of the COVID-19 pandemic prompted a shift in perceptions about relevant talent. The pandemic exacerbated labour shortages in many countries across nearly all sectors and at all skill levels. [Australia](#) and [Canada](#) have since started to broaden their notion of talent and labour migration policies to also encompass lower skilled workers. The Australian government is currently adapting all programmes under the ‘Pacific Australia Labour Mobility’ (PALM) scheme for lower skilled seasonal workers to increase their attractiveness by moving away from temporary migration towards permanency and citizenship. Similarly, Canada’s latest [Workforce Solutions Road Map for the Temporary Foreign Worker Program](#), launched in April 2022, promotes lower skilled migration by, for example, raising the cap on the proportion of low-wage temporary foreign workers that employers can hire. In the EU, the [Seasonal Workers Directive](#) and the new [Talent Partnerships](#) are ways in which employers in Member States can recruit medium- and lower skilled workers – particularly important given current labour shortages.

The EU’s challenging hunt for talent

Notwithstanding the multifaceted notion of global talent, what are the underlying reasons behind the Union’s struggles in attaining it? While the EU shares competences on migration, border, and asylum policies with its Member States, labour market policies remain under national jurisdiction; the same applies to admission conditions and labour migrant quotas. While fragmentation on labour migration is a challenging starting position, the EU has made it a priority to promote the attraction of international talent: In her latest [State of the Union speech](#), European Commission President Ursula von der Leyen announced that 2023 would be the “European Year of Skills”. One of the EU’s defined goals is to strengthen its workforce to match the skills needs of EU labour markets, including by attracting skilled workers from outside the bloc.

The EU’s focus on talent, however, is not new. For more than a decade, the Union has tried to attract and retain highly qualified workers by harmonising Member State conditions for entry and residence for certain categories of third country nationals (TCNs). This includes, for example, the [EU Blue Card Directive](#) – an EU-wide admission system aimed at easing immigration procedures, facilitating intra-EU mobility, and granting broad access to the EU labour market – or the [Single Permit Directive](#), which introduced a single application

procedure for residence and work permits for TCNs. In practice, however, the potential of all of these Directives remains under-exploited, as the [2019 evaluation of the EU legal migration system](#) ('fitness check') showed.

The EU Blue Card, for example, has been under-utilised by most Member States, as it is often seen as more restrictive than national work and residence permits. Through the latter, Member States seek to maintain their respective comparative advantages over their EU peers. Some countries also prefer the fact that a national permitting system heeds their different political views on migration. To render a European solution more attractive to both Member States and migrants, the EU Blue Card Directive was revised in 2021 (changes that are to be transposed into national law by November 2023). The reforms introduce simplified procedures, lower requirements, and more favourable conditions, including better use of the EU's main selling point: intra-EU mobility benefits. Similarly, the recasting of the Single Permit Directive (which is currently still under discussion) aims to broaden its scope and improve migrant worker protections against exploitation.

However, the current figures remain sobering: In 2021, [first residence permits](#) issued for employment-related reasons hit a record high of 1.3 million, with only 24,500 [Blue Cards](#) issued across the EU for highly skilled workers. Yet [labour needs](#) are nowhere close to being met, even when taking additional national schemes into consideration. Combined with the [average job vacancy rate](#) in the EU at 2.6 per cent by the end of 2021, the numbers seem downright trivial, painting a rather pessimistic picture of the EU's capabilities of attracting in-demand workers – especially in comparison to Australia and Canada. While workforce needs in both Australia and Canada are [not nearly saturated](#), they have an excellent track [record of attracting talent](#), which has recently further improved. In September 2022, Australia adjusted its planning levels upwards by 30 per cent, leading to a total of 142,400 visas for skilled labour in the upcoming year. In November 2022, Canada [announced new plans](#) to expand its highly skilled workforce by making over 300,000 visas available to highly skilled migrants through its federal [Express Entry Programme](#) between 2023 and 2025. The aim of those adjusted visa programmes is to address labour shortages, especially in healthcare, manufacturing, engineering, and trade. Overall, both Australia and Canada have been particularly successful in attracting talent in accordance with their defined targets.

What are the strategies with which these frontrunners have managed to maintain their pole position in the race for global talent? And which of these can serve as inspiration for the EU and its Member States?

Finding the perfect match: Points-based ranking systems

Australia and Canada both use an Expression of Interest (EoI) system, with an integrated points-based ranking for certain visa categories, as a central pillar in their strategy for attracting highly skilled workers. These systems are used to classify potential immigrants according to their job and integration potential and their likely benefit to the economy. By collecting candidate data on previous experience and education, they also allow countries to identify potential migrants that are a good fit for their labour market needs and potentially match them with future employers. Furthermore, EoI systems increase the transparency and predictability of the application procedure for migrants.

Some components of implementing such an EoI system have already been adopted by the EU or are currently planned. The [EU Skills Profile Tool](#) enables the collection of TCNs' skills, qualifications, and experience via an online questionnaire. Additionally, the [EU Talent Pool](#), an EU-wide job matching mechanism, is in its pilot phase. The platform brings together a pool of candidates from non-EU countries and employers, national public employment services, and private employment agencies across the EU. Candidates can then be selected on the basis of their indicated specific skills levels and other relevant criteria. However, given the EU's lack of competences in this area, participation in the Talent Pool is voluntary. This mechanism will most likely not reap the benefits that a points-based immigration system could deliver.

An EoI system, however, is currently under [discussion in Germany](#) and is expected to be adopted in the first quarter of 2023. The criteria Germany introduced for workers, as well as the quotas and conditions which are set each year (related to which industries are most in need of workers), resemble the Canadian system. Yet the latter remains more refined. Other EU countries have also tested or put in place comparable systems to attract labour. Denmark used a comparable points-based scheme, but [repealed it in 2016](#). However, on 1 January 2023, the country re-introduced a different system to tackle skill shortages by using a [Positive List](#) for professions in need of additional labour (similar to Canada's [National Occupational Classification](#)). Austria combines these approaches and offers its [Red-White-Red Card](#), a points-based system for skilled workers in occupations where there is a shortage. These examples underline the fact that Member States tend to stick with national regulations in this area to address their skills shortages. They have preferred to align their migration strategies more closely to their respective needs, including specific requirements regarding language or education.

Tapping into refugees' potential

Displaced persons can offer significant skills to European and other labour markets, but their potential remains largely untapped. In this regard, Australia's and Canada's investments in refugees' potential are relevant to consider; both countries have made their labour markets accessible for vulnerable yet skilled individuals and are piloting labour mobility schemes (Australia's [Skilled Refugee Labour Agreement Pilot](#) and Canada's [Economic Mobility Pathways Pilot](#)). Under these pilots, beneficiaries of international protection in another country are admitted based on a job offer or sector-specific labour shortage. Both countries also collaborate with the NGO [Talent Beyond Boundaries](#) (TBB) as well as within the [Global Task Force on Refugee Labour Mobility](#), providing refugees with access to skilled migration pathways as a complementary solution to resettlement. In terms of numbers, these pathways are neither significant nor the right tool to singlehandedly counter labour shortages. However, they provide concrete mechanisms that enable refugees to make better use of their talent – for their benefit and that of receiving economies. The EU's recent promotion of complementary pathways, which includes new funding streams and a recent [High-Level Forum on Legal Pathways to Protection and Resettlement](#), can hence only be welcomed.

This currently untapped skill potential, however, does not solely refer to attracting skilled individuals under international protection who are currently outside of the EU, but it also includes those who are already residing within the Union. As Andrew Rose from the Australian Permanent Mission to the UN asked at [Vienna Migration Conference 2022](#), “why deprive yourself of a large pool of talent when we have labour shortages?” The key to making full use of this potential is to better recognise foreign qualifications as well as re- or upskilling opportunities for refugees and other migrants. Refugees from Ukraine and the favourable work regulations under the [Temporary Protection Directive](#) represent an example for the possible [swift integration of refugees into the European labour market](#).

The way forward

Despite the leading role of Canada and Australia, it is apparent that not all strategies may be a perfect fit for the EU or all of its diverse Member States. The language barrier could be one issue – while Canada and Australia are predominantly English-speaking countries, the EU is home to 24 different official languages. Furthermore, it is easier to coordinate labour policies within a single country than for a union of 27 countries, each with its own procedures, labour needs, and skills requirements. In this context and given the competition among Member States when it comes to the race for talent, it is not surprising that they do not want to surrender their competences and position in the driver's seat. Yet the EU's substantial internal

market, as well as intra-EU mobility, offer distinctive opportunities to attract talent that should neither remain unexploited nor unadvertised. Canada and Australia both have deployed very effective marketing strategies which the EU could emulate. Incorporating coordinated ranking and matching systems, as well as exploring new pathways, should be a priority if the EU wants to catch up in the global race for talent.

This commentary was inspired by discussions during Vienna Migration Conference 2022. You can find the full VMC2022 programme [here](#) and watch all video recordings [here](#).

Marissa Weigle is Associate Policy and Liaison Officer at ICMPD's Brussels Mission. She follows and analyses EU policy developments and liaises with relevant stakeholders in Brussels.

Paula Zünkler is Junior Expert at ICMPD's Brussels Mission, where she monitors EU migration policies and supports liaison activities with Member States.

Contact Information

For more information please contact:

Policy Unit

International Centre for Migration Policy Development (ICMPD)
Gonzagagasse 1, 5th floor
1010 Vienna, Austria

Email: Policy_Unit@icmpd.org

ICMPD 2023. All rights reserved. Short sections, not to exceed two paragraphs, may be quoted in the original language without explicit permission provided that the source is acknowledged. Opinions expressed in this publication are those of the author(s) alone.