Germany’s Western Balkans Regulation: Inspiration for facilitating refugee labour mobility?

Policy brief

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EXECUTIVE SUMMARY

Complementary pathways provide an avenue for refugees to take up a job in another country, enabling them to use their skills to forge a sustainable future and helping to meet employer and labour market needs in countries of destination. Germany’s Western Balkans Regulation provides a model for the expansion of refugee labour mobility in Germany and other EU countries. Developed with an annual cap and a particular scope, such as a geographic focus on one or more third countries or on specific labour market sectors, an expansion of this approach would ease mobility requirements for people in need of protection who have secured a job offer. The possible expansion of the Regulation’s model to reach people in need of protection has the potential to introduce fresh ideas and positive change to EU migration and asylum policy more broadly.

Box 1: What are complementary pathways?

Complementary pathways to protection, for which there is no single definition, encompass different migration channels to third countries in Europe and elsewhere. These include opportunities to work, study, or reunite with family. They are termed ‘complementary’ because they are meant to come alongside (and in addition to) refugee resettlement. While complementary pathways target people in need of protection, in such cases their mobility is facilitated on the basis of their skills, educational aspirations, or family ties.

INTRODUCTION

The German Western Balkans Regulation (WBR), introduced in 2016, does not address people in need of international protection. It does, however, illustrate well the powerful role that mobility and networks can play in opening up livelihood opportunities outside of the asylum system – and the pivotal role of policy in making this happen. This Regulation opens the German labour market to Western Balkan nationals of all skill and German language proficiency levels. The main requirement is that individuals have a binding job offer from an employer in Germany, while employers must demonstrate both that they cannot find workers locally and that they provide appropriate working conditions. This model could be applied beyond the Western Balkans and used to expand solutions to displacement by providing more mobility options for refugees. This policy experiment presents lessons learned and offers inspiration for such an endeavour.

Conducted as part of the EU-funded and ICMPD-implemented Migration Partnership Facility project Making refugee talent visible and accessible to EU labour markets – tapping into the potential of skills-based complementary pathways, this policy brief explores the benefits of facilitating refugee labour mobility via complementary labour pathways and how the WBR could be adjusted for refugees. While directly relevant for German policymakers, such an approach could be used in other EU Member States to facilitate labour mobility for displaced persons with a job offer.

WHY FACILITATE REFUGEE LABOUR MOBILITY?

Refugee labour mobility offers humanitarian, economic, and pragmatic arguments: It enables displaced persons to utilise their human capital towards a sustainable future; provides employers and economies in receiving countries with needed talent; and helps reduce pressure on major refugee-hosting countries while demonstrating solidarity – a ‘triple win’.2 There is growing momentum behind ‘complementary pathways’ for work: Canada, Australia, and the United Kingdom have all launched pilot schemes in the last few years, with more in the making in a few EU Member States.3 Motivations are thus not solely altruistic. Given widespread labour shortages in Germany and throughout the EU, in nearly all industries and at various skill levels, as well as high and growing levels of global displacement, it is more important than ever to think creatively.

Following Russia’s invasion of Ukraine last year, the number of people displaced across the world surpassed the 100 million mark,4 a grim milestone for humanity. The number of people in protracted displacement situations has also grown because voluntary return, local integration, and resettlement – the three traditional ‘durable solutions’ to displacement – have proven elusive for most displaced persons. Many thus face long-term situations of vulnerability, dependency, and legal insecurity – despite having the capacity to build a new future – because they are rarely given the chance to do so.5 Three in four refugees reside in low- and middle-income countries,6 and in many cases cannot put their skills to use.7 The talent that refugees possess is often overlooked in policy and public discussions. Complementary labour pathways, a skills-based approach, can bring tangible benefits for refugees, receiving employers and economies, and countries of first asylum.

WHAT LABOUR SHORTAGES AND WHAT TOOLS TO RESPOND?

GERMANY

According to an Institute for Employment Research (IAB) job vacancy survey, there were 1.98 million job openings nationwide in Germany in Q4 2022.8 As of February 2023, there were 778,000 reported job vacancies registered with the Federal Employment Agency.9 Transportation and logistics occupations had the highest number of vacancies (63,000), followed by sales occupations (56,000), medical occupations (51,000), and mechatronics/energy/electrical occupations (51,000). Nearly 1 in

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3 See ICMPD (2023), Mapping of complementary labour and education pathways for people in need of protection.
4 UNHCR (2022), ‘More than 100 million people are forcibly displaced’.
6 UNHCR (2022), Mid-Year Trends 2022.
7 Center for Global Development (2022), 2022 Global Refugee Work Rights Report.
8 IAB (2023), ‘IAB-Stellenhebung 4/2022: Neuer Rekord mit 1,98 Millionen offenen Stellen’.
9 Bundesagentur für Arbeit (2023), Gemeldete Stellen: Top Ten der Berufe.
5 of all reported vacancies in February 2023 were for technical occupations (147,000 of 778,000 vacancies). Meanwhile, the German Institute for International and Security Affairs (SWP) estimates that Germany requires a net inflow of 400,000 people per year to maintain a relatively stable labour force. Shortages in the areas of social services and education, healthcare, construction and crafts, and STEM professions in particular will not be addressed through intra-EU mobility alone, as EU Member States are experiencing similar shortages.

At the same time, Germany is particularly affected by a shortage of apprentices and trainees. In 2021, the share of companies that could not fill all of their vacant apprenticeship positions grew to 42%, according to a survey by the Association of German Chambers of Industry and Commerce (DIHK). Industrial sectors (excluding the construction industry) recorded a particularly strong increase in vacancies, with similar developments in the hospitality industry and in transport and logistics. These findings indicate serious consequences for companies stemming from the lack of trainees, including the need to reduce opening hours or outsource services. In view of these difficulties, DIHK advised the facilitation of labour immigration.

In the meantime, needs are increasing: According to Bundesinstitut für Berufsbildung (BIBB), the rate of unfilled training positions rose from 12.2% in 2021 to 13% in 2022.

To help address its high labour needs and attract foreign labour, Germany recently launched a broad initiative to hire global talent by introducing a series of legal amendments. At the same time, the German coalition agreement announced a number of declarations of intent to support refugees and major host and transit countries and to avoid dangerous irregular journeys for people in need of protection. Interestingly, while most migration pathways in place in EU countries target higher skilled individuals, Germany has taken a broader approach. The 2020 Fachkräfteeinwanderungsgesetz (Skilled Immigration Act) seeks to address labour market needs for qualified professionals and support employers who have been unable to fill vacant positions and/or source required talent. It expands the definition of skilled workers to include those with qualified vocational training, making it easier for employers to recruit skilled workers with vocational training from a third country by removing the requirement that workers fill shortage occupations and that employers confirm that no German or EU citizens can be found to take up the position. The WBR goes even further – it does not require certain professional or language skills; rather, employers are trusted to identify the workers that would be a good fit for their vacancies.

10 Ibid.
12 Ibid.
16 The law to reform the Skilled Immigration Act of 2020, adopted in June 2023, aims to open up new opportunities for skilled workers and workers from non-EU countries who want to work in Germany. This reform, in general, identifies three pillars to enter the German labour market: via qualifications, via experience, or via potential. Among other measures, it introduces a so-called opportunity card that allows persons to come to Germany to find work based on a point system. In addition, extensions were decided with regard to the WBR. See Knight, B. (2023), ‘German parliament reforms skilled work immigration law’, Deutsche Welle, 23 June.
17 Koalitionsvertrag 2021-2025 zwischen SPD, Bündnis 90/die Grünen und FDP, pp. 137-144.
In the past, Germany has repeatedly adopted innovative policy approaches, including the above-mentioned WBR. Germany’s development programmes support major refugee-hosting countries, and, in addition to resettlement quotas, Germany has adopted national humanitarian admission programmes. Complementary labour pathways, if well thought through, could combine all of these strands. As the German example shows, they could provide an additional source of labour amid Germany’s urgent search for workers, and at the same time contribute to the development of a new, forward-looking, and modern migration and asylum policy.

THE EU

The same can be said for the EU more broadly. The EURES 2023 report confirms labour shortages across EU economies. An imbalance in labour demand and supply is present at every level of educational attainment and exists due to a multiplicity of factors including new technologies, the transition to a climate-neutral economy, the ageing of the workforce, and work and employment conditions. A closer look into demographic factors shows that, by 2050, there will be less than two people of working age (15-64) for every person aged 65 or over, more than halving the 2001 figure, when there were around four working-age people for every person aged 65 or over. The Center for Global Development calculated that, by 2050, the shortage of workers in the EU and the UK will reach 43.7 million without increased immigration.

While migration is not the only tool for addressing current and future labour needs, it is an important one. To help tackle labour shortages via migration, the European Commission proposed in April 2022 a skills package that aims to develop a more effective framework for legal pathways. The package includes the revision of the Single Permit Directive and the Long-Term Residents Directive, as well as the operationalisation of EU Talent Partnerships (launched in June 2021) and the establishment of an EU Talent Pool to make the EU more attractive for third-country nationals. Although these initiatives are a step in the right direction, they were portrayed by some as modest in scope. Indeed, when it comes to the global race for talent, most EU Member States lag behind other competitors such as New Zealand, Switzerland, Australia, and Norway. With regard to refugees in particular, the Talent Pool is designed to match EU employers with third-country nationals and is currently being piloted for displaced persons from Ukraine. However, the talent of refugees and displaced persons more generally is only addressed through the Pact on Migration and Asylum’s Recommendation on Resettlement and Complementary Pathways.

18 EURES (2023), *EURES Report on labour shortages and surpluses 2022*.
19 Ibid, p. 16.
20 Center for Global Development (2021), *Europe To Be Short 44 Million Workers by 2050 Without Increased Immigration, New Study Finds*, press release.
25 OECD (2023), *Talent Attractiveness 2023*.
HOW (WELL) DOES THE WBR WORK?

Starting in 2016, nationals of Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia have been granted facilitated access to the German labour market under the WBR. They are able to obtain the approval of the Federal Employment Agency for any employment, regardless of their language skills and professional qualifications. Prerequisites are the following: 1) a concrete job offer; 2) that no preferential domestic worker is available for the job (i.e., a priority check); and 3) that the working conditions are not less favourable than those of comparable German workers. Persons can then enter with an appropriate visa.

A 2020 IAB evaluation found that, between November 2015 and May 2020, around 244,000 preliminary approvals for applications for employment from the Western Balkans in Germany were granted (58,000 were rejected). This led to the arrival and employment of approximately 98,000 Western Balkans citizens, demonstrating a clear demand from both employers and workers, despite minimal official outreach. The majority of beneficiaries relied on personal or professional networks to find a job and make use of the opportunity presented by the Regulation. These workers possessed a variety of skill levels, indicating that the removal of qualification requirements still led to the arrival of many skilled workers. In addition, the evaluation found that the Regulation was successful in terms of labour market integration outcomes, namely job stability, income, and use of public benefits.

This scheme was initially set to run for five years (2016-2020) and has since been extended until 2023, with a new yearly quota of 25,000 persons. In 2021 and 2022, a total of 68,744 approvals were granted by the Federal Employment Agency (13,200 were rejected). Although the number of approvals is not equivalent to the number of employment relationships ultimately established, the figures clearly indicate that interest in the WBR remains high among potential employees from the Western Balkans and employers in Germany. In June 2023, Germany’s federal cabinet passed a law for the further development of skilled labour immigration, designed to open up new opportunities for the arrival of skilled workers from non-EU countries. Accordingly, the time limit on the WBR will be lifted and its annual quota will be doubled from 25,000 to 50,000 (with the quota to be reviewed annually and adjusted according to labour demand). In addition, the German government plans...
to expand the WBR to other countries in the framework of comprehensive migration agreements.34

From the outset, the WBR had the aim of opening legal channels to re-direct irregular migration into regular migration channels.35 Indeed, the numbers of asylum applications from citizens of the Western Balkans dropped significantly after the introduction of the Regulation, from 40,000 applications in 2014 and 120,000 in 2015 to an average of 5,000 annual applications from 2018 – 2022. However, the WBR was accompanied by legislative amendments, which, among other changes, declared Western Balkans countries as safe countries of origin. The impact of the WBR alone on this shift from asylum to legal pathways is therefore difficult to determine.36

HOW COULD THIS REGULATION BE ADAPTED TO REACH REFUGEES?

The WBR model has been proposed more generally as a blueprint for labour migration,37 but can also serve as a regulated pathway for refugee labour mobility. While some refugees have made use of existing labour migration channels on their own,38 most cannot take up a job in another country because they do not fulfil all visa requirements or otherwise lack the networks, documents, or financial means necessary to access existing pathways.39 Facilitating mobility by easing requirements, along the lines of the WBR, would provide the flexibility needed for refugees to be better able to move internationally for work.

The options below present different approaches to adapting the concept of the WBR to reach refugees. All of these options (as with the Regulation) could be designed 1) with an annual cap that is revisited after a certain period of time and 2) according to government priorities.

**Option 1:** A geographic labour pathway for refugees could facilitate the labour mobility of refugees from a specific third country (similar to the WBR) to Germany or another EU Member State if they can demonstrate that they have a job opportunity waiting for them. The geographic focus could be aligned with a major refugee-hosting country supported by development cooperation; for Germany, this might be Jordan or Pakistan.

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34 Ordinance of the Federal Ministry of Labor and Social Affairs and the Federal Ministry of the Interior and Homeland on the further development of skilled worker immigration (p. 64) states: “The feasibility evaluation of expanding the concept of the WBR to other regions comes in addition to the proposed Article 3, which specifies the increase of the quota to 50,000 (from 25,000).”
36 Bither, J. and Ziebarth, A. (2018), *Creating legal pathways to reduce irregular migration? What we can learn from Germany’s “Western Balkan Regulation”*. See also Crisp, J. (2022), ‘Unpicking the notion of ‘safe and legal’ routes’, *Mixed Migration Review* 2022, Mixed Migration Centre.
38 OECD and UNHCR (2021), *Safe Pathways for Refugees II – Study on Third-country Solutions for Refugees: Admissions for family reunification, education, and employment purposes between 2010 and 2019*.
39 For more on visa barriers, see Fratzke, S. et al. (2021), *Refugee Resettlement and Complementary Pathways: Opportunities for Growth*, UNHCR and Migration Policy Institute Europe, pp. 41-43.
Option 2: A sector-based labour pathway for refugees could be developed without a clear geographic focus but with a strong focus on labour sectors in high demand in Germany or other EU countries. Third-country nationals (including refugees) would have facilitated entry if they show that they have a job offer in this sector and country, in line with the concept of the WBR.

Option 3: An apprenticeship/traineeship labour pathway for refugees could facilitate the mobility of displaced persons for training in sectors with especially large shortages, such as the industrial sector and hospitality industry. This should be tied to language training to enable full participation in the programme. Such a scheme would enable displaced persons to obtain in-country work experience that would offer practical knowledge, negate the need to recognise foreign qualifications, and serve as a bridge to longer term employment in the country – in addition to mitigating the particular shortage of apprentices and trainees that Germany, for instance, faces. This option could, along the lines of the Western Balkans model, open pathways for refugees who have a confirmed traineeship offer from an employer.

Option 4: A pathway for refugee workers with post-arrival upskilling could target the top sectors in demand, such as healthcare in Germany— in high demand at present and even more so in the future, according to the German government’s Skilled Workforce Strategy but also in other Member States. The mobility of displaced healthcare workers could be supported in the same manner as option 2. Because the recognition of skills and qualifications is particularly difficult in the health sector, a healthcare worker scheme might provide post-arrival training and other support (e.g., bridging studies) to help fill more senior job vacancies in the receiving healthcare system, while also helping refugee workers to move up the career ladder into higher paying positions that make full use of their expertise.

Option 5: An EU-wide refugee labour mobility framework could be established along similar lines as the WBR, for instance to complement the EU Resettlement Framework or in connection with EU Talent Partnerships. It could be envisaged with a certain quota for people in need of international protection who are residing in major refugee-hosting countries and whose skills are in demand in EU Member States, as evidenced by a concrete employment offer by an EU employer. Such an approach could be combined with options 1-4.

**ALL DONE AND DUSTED?**

As promising as an adaptation of the WBR seems for people in refugee situations, there are obstacles to be overcome. Most of these are typically and inherently connected with the special status and situation of refugees as compared to other migrants (and more concretely, as compared to the target group of the original WBR). The following obstacles would require specific attention when considering the adaptation of the WBR for use in complementary labour pathway programmes:

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40 Bundesagentur für Arbeit (2022), Kurzinfo, Oktober 2022, Gemeldete Stellen: Top Ten der Berufe.
41 Die Bundesregierung (2022), Fachkräftestrategie der Bundesregierung.
No option to return/circulate. The WBR was designed for citizens of the Western Balkans, a region geographically close to Germany, which allows people to return in case, among other reasons, employment ends. Citizens of the Western Balkans also migrate voluntarily, different from people in need of international protection, who cannot return to the country they fled from and who may also not be able to return to their first country of asylum (where they resided previously).

Long-term solutions are necessary. Because of their specific situation, displaced persons could only benefit from a WBR-like pathway if the envisaged residence permit offers a longer term and sustainable prospect. Short-term or temporary permits are less viable options for displaced persons.

Safeguards against abuse and exploitation. Although this was initially identified as one of the perceived weaknesses of the WBR, a subsequent evaluation did not reveal a high incidence of abuse of the Regulation or exploitation of workers hired under it. However, given that any loss of employment would have far graver implications for people who cannot return to their country of origin or first asylum, safeguards against exploitation by employers are especially necessary if the WBR is to be extended to people in need of international protection. Among potential safeguards, residence should not be linked to a particular employer and working conditions must be monitored.

Awareness raising among target refugee population(s) and potential employers. Networks play an essential role in the success of the WBR. Awareness of and trust in the WBR, as well as the willingness to recruit and be recruited through this instrument, increases if employers and employees know each other. If and when extending the WBR to other regions – and particularly if targeting refugee populations – there may be smaller or weaker networks to facilitate job matching. The extension of the WBR may therefore require, particularly in the beginning, investment in building up supporting networks among both refugees (in countries of first asylum outside the EU) and employers (within Germany or other EU Member States). In addition to raising awareness and building trust in this avenue as a safe and legitimate (for refugees) and effective (for employers) channel, networks could also support job seekers in drafting CVs or preparing for interviews. Diasporas may well become a crucial element of such initiatives.

42 Bither, J. and Ziebarth, A., Creating legal pathways to reduce irregular migration? What we can learn from Germany’s “Western Balkan Regulation”, p. 27.
43 IAB’s evaluation recorded overall earnings comparable to those of other groups of migrants and rather stable employment relationships among beneficiaries of the WBR, with, however, occasional violations of law. Brücker, H. et al., Labour migration to Germany based on the Western Balkans regulation: Strong demand and sound labour market integration.
44 Brücker, H et al., Labour migration to Germany based on the Western Balkans regulation: Strong demand and sound labour market integration.
CONCLUSION

Clearly, the Western Balkan region is a specific case. It is, in general, a safe place, where citizens can return should they no longer have employment in Germany. Geographic proximity to Germany, as well as the presence of large diaspora communities in Germany – whose networks have most likely been fundamental for the frequent use of this specific pathway – have both made the process more straightforward. Nevertheless, the instrument’s flexibility and strong connection to the labour market present powerful arguments in favour of its expansion to include people with international protection needs, especially from major countries of first asylum, for whom more international solidarity is especially needed.

The WBR has many ingredients to become a game changer. Such an expansion would ultimately represent much-needed fresh thinking in the spheres of migration and asylum policy, combining labour migration and humanitarian objectives and keeping protection principles intact.\(^{45}\) Certainly, there are potential stumbling blocks that would require attention. Safeguards for refugees and employers should be put in place to guarantee that the system is neither abused by refugees nor by employers and to avoid undermining labour market standards. An annual cap – or a proportion of an annual cap dedicated to refugees – could secure new workers in accordance with the reception capacities of European communities and labour markets.

The successes and lessons learned from the first five years of the WBR’s implementation have already generated calls in Germany to expand its approach to other regions. Why not extend it to people in need of international protection? And why not expand this to other EU countries, or the whole bloc? The WBR managed to open a much-needed legal migration pathway, closely managed through an annual cap and aligned with actual labour market demands in Germany, with additional positive outcomes with regard to integration. If adopted more widely, it has the potential to advance an otherwise uninspired and deadlocked asylum and migration debate in the EU.