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The European Union's population is ageing and legal migration avenues must be expanded, while addressing concerns about irregular migration into Europe. EU countries retain control over most migration-related regulation, leading to highly diverging national utilisation of residency permits. Issuance of employment-based residency permits has been rising, while in the spring of 2024 the EU agreed a new Pact on Migration and Asylum, resulting in a fundamental reform of the EU approach to border control and asylum management. Immigration remains a politically potent topic and newly agreed common 0 (or) 25d ne (y p) 0 c 3

No political issue continues to fuse economic importance and political explosiveness in Europe like immigration. And probably none exposes more brutally the shortcomings of the European Union's distributed sovereignty model. Political families in the European Parliament that are generally sceptical of more immigration to the EU gained seats in the 2024 election, but unaffected by politics, the EU's demographic transition is accelerating.

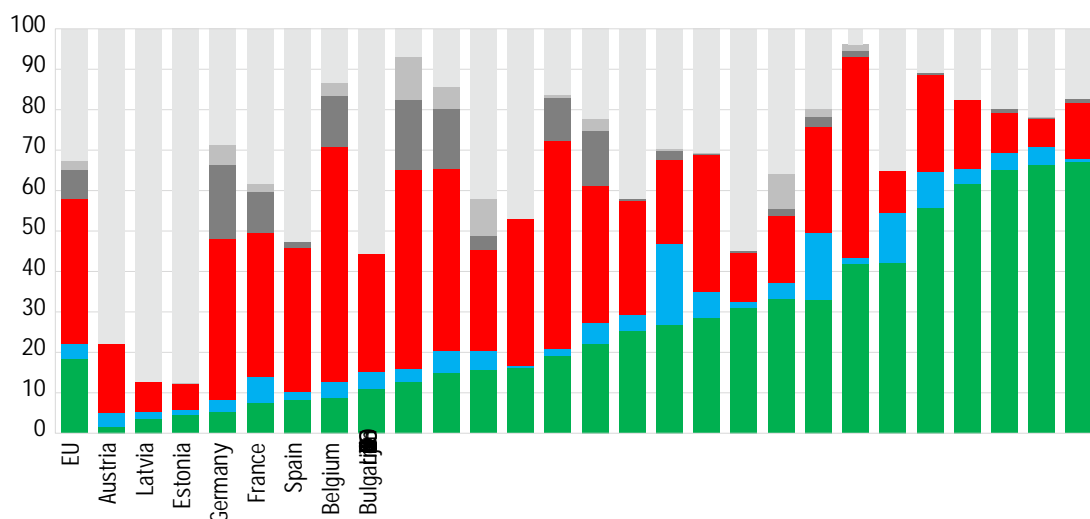
EU total population growth has since the late 1990s been attributable to net migration. As natural population decline accelerates, it is more urgent for EU countries to at least maintain immigration levels at recent historical levels to mitigate the economic and social effects of ageing. Population forecasts already assume this. Eurostat's baseline 2023 population forecast shows the EU's working-age population (aged 15-64) declining by 7 percent or almost 20 million by 2040. This baseline's assumption of net inward migration of roughly 19 million – or more than 1 million annually – is in line with the annual average in the twenty-first century. Without migration, Eurostat estimates that the EU workforce will decline by a whopping 35 million – a 13 percent decrease – by 2040. Global population forecasts moreover suggest that while some individual Asian countries will see faster working-age population declines, only the EU will experience a declining regional workforce in the coming decade.

Legal inward migration, statistically captured through the issuance of residency permits, is split into four main channels: for employment, education, family (reunification) and 'other reasons' (including all asylum and refugee status related categories). In addition to those four legal channels, illegal migration to the EU is occasionally integrated into legal migration through national legalisation drives, granting residency to some illegal migrants.

Legal reality holds that most immigration policy decision-making power, a core manifestation of statehood, continues to reside with EU countries. National capitals decide almost all matters related to legal migration via all four channels. The EU's aggregate legal immigration policy is consequently a spaghetti bowl of incongruent national rules.

Issuance of residency permits to non-EU nationals varies greatly by member state and category. Figure 1 shows this dramatic variation. Approximately a fifth of the EU ‘residency permit stock’, amounting to 22.3 million valid permits, is attributable to employment and education. Just over one third are issued for family reasons, with the remainder issued to refugees, people under subsidiary protection and for other reasons¹. In Croatia and Poland, employment-based residency permits dominate, while in Austria almost 90 percent are refugee or protection related. In Belgium almost 60 percent are issued for family reasons.

Figure 1: Valid residency permits, EU and member states, by reason for issuance, % of total valid permits, end 2021



Source: Eurostat.

Meanwhile, significant shifts are happening in the annual issuance of new residency permits. Ignoring the 2020-2021 pandemic dip, issuance of first residency permits in the EU has doubled since 2013. An increase in refugee/humanitarian reasons is visible after 2015, but in the aggregate most of the increase is

¹ Other reasons include humanitarian reasons related to residence permits issued under national law, different from refugee status or subsidiary protection (as defined in EU law), unaccompanied minors or victims of human trafficking.

milestone was reached with the spring 2024 final approval of the EU Pact on Migration and Asylum (PMA). This introduces new common rules aiming at a more integrated EU institutional structure for external border control and asylum management. New identification processes and a new asylum and migration database will be introduced, including common mandatory screening procedures at the EU external border and a more streamlined returns policy.

The controversial Dublin Procedure for determining which EU country is responsible for processing an asylum application has been overhauled and additional operational and financial support from the EU budget is provided to frontline states. The PMA further includes a mandatory solidarity framework for frontline member states under migratory pressure, into which other member states must pledge commitments to receive relocated asylum seekers, financial resources or other types of operational support. Finally, the PMA includes new EU crisis protocols to neutralise the effects of sudden migration crises, also if provoked deliberately by third countries.

Ensuring the timely transposition and initial implementation of the PMA and the setting up of a series of new EU-level institutions mandated by the PMA will be among the major tasks for your mandate.

... and must “be based on the share of each contributing member state to the Solidarity Pool is set by the share of its population (50 percent) and GDP (50 percent) in total EU population and GDP, establishing that in principle each EU member state should contribute both accepted relocations and money.

Evidently, the details of the Solidarity Pool are highly complex, reflecting its politically controversial subject and the hard-fought compromise behind it. Indeed, details of its precise annually agreed contents are to be kept confidential, from when the Commission makes its initial recommendation for the Pool’s content for the year to when the Council approves the implementing act.

A number of EU countries find it extraordinarily difficult to politically accept any relocated asylum seekers as part of the new Solidarity Mechanism. Poland’s Prime Minister Donald Tusk has already vowed to “do whatever is necessary”³. Successful implementation of the PMA requires this political reality to be confronted.

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You should seek to improve the EU’s immigration framework touching on two of the main channels of immigration – refugee and asylum and employment-based migration flows. Reforms should be made to the mandatory solidarity mechanism (Regulation (EU) 2024/1351), to how migration is integrated into EU partnerships with third countries, and to the functioning of the Blue Card, the only (sort of) common EU-level entry/residence/work permit.

³ Reuters

Probably the most controversial aspects of the PMA, the solidarity mechanism, establishes an annual ‘Solidarity Pool’.

To ensure that the solidarity mechanism works as smoothly as possible, you should accommodate inevitable political demands by member states to accept zero relocations. However, reducing their shares of relocations from the Solidarity Pool below the level implied by their populations and GDP shares must come at a significant additional financial cost.

The additional financial contributions by such member states should not be €20,000, but €100,000 per ‘avoided asylum seeker’, scaled to the current year GDP per capita of the country relative to the EU average. This will ensure that countries that are politically reluctant to share the burden of relocations, adequately compensate affected frontline states financially for their renouncement of agreed EU solidarity. Replacing genuine solidarity with money is not optimal, but is the most attractive second-best policy option for the EU.

The previous Commission moved to embed migration into the EU’s comprehensive partnerships with neighbouring countries and sought to “

use migration-related leverage, such as the suspension of trade preferences, to encourage countries to accept the return of their nationals who are denied entry to the EU. Positive incentives include expanded trade access and legal migration options, Global Gateway investments and additional development aid.

The so-called Team Europe Initiatives, spearheaded by the Commission President and interested member state leaders,

(March 2024) and Lebanon (May 2024), expanding on the earlier migration-related agreements with Libya (October 2015) and Turkey (March 2016). Announced Team Europe 'deals' generally include significant EU financial support for the country, in return for economic and financial reforms and assistance in combatting human trafficking and smuggling, and improved conditions for safe, voluntary and dignified returns of rejected asylum seekers and other migrants – figuratively a 'wall of cash' to protect the EU's external borders.

Given how the EU's immediate neighbourhood is currently governed, it is unrealistic to expect human rights, press freedom and other political-reform requirements to feature in Team Europe Initiatives. Yet you must improve the longer-term legitimacy of these arrangements.

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MEPs should be able as part of this process to also evaluate the indirect effects of such agreements on relevant human rights, press freedom and other political issues in partner countries. You should present regular biannual reports covering cash disbursements to and ^d reform progress in partner countries to the public and the European Parliament. Migration-related aspects of these bilateral relationships should be part of highlighted sections of the Commission's forthcoming PMA mandated annual reporting on migration issues.

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The EU needs to attract more workers, but member states continue to utilise employment-based national residency permits at greatly varying frequencies. Malta and Cyprus issue most national employment-based residency permits. In richer EU members, free movement of labour from elsewhere in the EU can to a great degree substitute for inflows from outside the EU, but this is not relevant for the EU as a whole. The highly divergent use of national employment-based residency permits suggests policy space for a common EU initiative expanding the EU Blue Card.

The Blue Card has not been successful in attracting materially more skilled workers to all of the EU. This is highlighted by it accounting for just a fraction of the roughly 1.2 million national employment-based first residency permits issued by member states in 2022. The approximately 82,000 Blue Cards in 2022 can be more accurately described as an extra access channel to the German labour market, given that about 85 percent of Blue Cards have over the recent decade been first issued by Germany.

The reformed Blue Card Directive (Directive (EU) 2021/1883) entered into force in November 2021 and was supposed to be implemented in all member states by November 2023, though not all met this deadline. The reformed Blue Card rules include more flexible entry and residency criteria, lower minimum salary thresholds and facilitation of cross-border moves in the EU and family reunifications. In April 2024, the Council further adopted a reform of the Single Permit Directive, aiming, like the Blue Card reform, to make the rules more attractive to skilled workers from third countries. Among other changes, the application procedure has now been cut to a maximum duration of three months, and short stints of unemployment no longer mean the loss of residency.

These reforms evidently go in the right direction towards creating more attractive arrangements for third-country nationals at EU level. Yet, given the scale of the future labour challenge facing the EU, you must think bigger with the Blue Card.

→ **Widening the Blue Card**

There are currently over 1 million students in tertiary education from non-EU countries enrolled at educational institutions in the EU.

Not all will graduate, but you should propose that the relevant member state offer those who do an automatic EU Blue Card, giving the option of staying and working in the EU. Functionally, the degree earned in the EU could substitute for an employment contract and grant EU residency for up to one year after graduation. And such offers should not be limited to just tertiary education graduates, but should include graduates from secondary educational institutions or other relevant professional training. If labour shortages in specific industries or sectors – say agriculture

or long-term care – are found in enough member states to cross the minimum ‘enhanced cooperation’ threshold of nine members, why not seek to alleviate such cross-border labour shortages by making more Blue Cards available?

Currently Blue Cards are valid for between one and four years and are potentially renewable once. You should seek to ensure that third-country workers, who have exhausted their Blue Card stays, but otherwise satisfy all relevant criteria, have options available to them to remain resident and employed in the EU. Better and preferably explicit links between the Blue Card system and member-state provisions for permanent residency must be created, making the Blue Card a potential stepping stone to permanent employment-based residency in the EU.

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European Commission (2024) ‘Striking a balance on migration: an approach that is both fair and firm’, COM(2024) 126 final