

Chapter 2

Evolution and characteristics of labour migration to Germany

Germany is among the OECD countries with the lowest permanent labour migration flows relative to its population, despite increases since 2009. Inflows from within the European Union for employment are four to five times higher than labour migration from outside the European Union, yet combined permanent inflows for employment are still low relative to other countries. Labour migrants are mostly high-skilled, but only a fraction of recent labour migrants have remained in Germany. In May 2011 Germany opened its labour market completely to the 2004 EU-accession countries, further facilitating free mobility migration, which has been steadily increasing since 2010. Germany satisfies part of its labour needs – especially for seasonal work – through the largest temporary labour migration programme in the OECD, although this comprises entirely European workers.

Permanent flows

Official migration statistics for Germany show an average annual inflow of foreign nationals that has fluctuated between 560 000 and 680 000 over the past decade. These statistics, however, comprise virtually everyone entering Germany for more than two months (Box 2.1). Permanent flows of labour migration – that is, migrants from non-EU/EFTA countries coming for employment – have comprised a very small part of this total. In Germany, permanent labour migration flows have been around 25 000 per year since 2005, although there has been an upward trend since 2009 and figures for the first semester of 2012 suggest that this is ongoing (Figure 2.1). While comparable data prior to 2005 are not available, it is unlikely that the flows coming from outside of the current EU-27 (see below) were significantly larger – particularly in comparison with other OECD countries. Labour migration flows per 1 000 inhabitants is 0.24 in Germany compared with about ten times that level in Canada and New Zealand.

Box 2.1. Data sources on labour migration to Germany

Despite its longstanding history as a destination country for labour migration, Germany lags behind other OECD countries in terms of monitoring work-related flows. The general population statistics, which provide the official numbers on migration movements, do not distinguish between category of entry (*i.e.* labour, family, etc.) and include almost all persons residing in Germany for more than two months. The main source of administrative information on migration by category is the *Central Foreigners Register* (Ausländerzentralregister, AZR) which is maintained by the Federal Administration Office and administered by the Federal Office on Migration and Refugees (BAMF).¹ Upon issuance of a new residence title, the foreigners office in charge automatically submits information on the legal grounds – as established in the 2005 Immigration Law (see Chapter 3) – and administrative proceedings, as well as the migrant’s civil status, gender, age and nationality to the central foreigners register. Only since 2009, when legal changes established separate grounds for the admission of high- and less-skilled labour in the Immigration Law itself, has basic information on the occupational skill level of labour migrants been inferable. The AZR is one of the largest administrative data sets in Germany, comprising more than 20 million individual files. Until recently, the database has been used almost exclusively for matters of internal security and is not designed for monitoring and analysis of labour migration flows. For example, to shed some more light on the socio-economic characteristics of labour migrants and their experiences in Germany, the Federal Office for Migration and Refugees conducted a survey in 2011 about 3 200 labour migrants (see Heß, 2012).

The AZR comprises a separate sub-*register on visa data* containing information on applicants for visa at German consular offices abroad (personal data and civil status, type of visa requested and application turn-out). Whereas the general central foreigners register collects data on immigrants with a residence title who will stay in Germany for several months at least, the visa database also captures short-term stays. Although it is possible to obtain information on visas issued for study and other special purposes (*e.g.* for employment as a speciality cook), there is currently no distinction of visas issued for employment.

Box 2.1. Data sources on labour migration to Germany (cont.)

A second base of information is the *administrative database of the Federal Employment Office*, whose approval was required for most labour migrants until recently. It includes detailed information on legal grounds at the ordinance level which is much more detailed than the permit grounds as used in the AZR, as well as the approvals and rejections which it issues as part of its consultation in the application procedure for most work-related residence titles. It also includes information on the nationality, age and gender of the applicant, and the region, economic sector and occupation in which the migrant is to be employed. There is no information on the employer. There is also no direct link between this database and the Central Foreigners Register, although the local foreigners offices may enter some basic information into the AZR at their discretion. At present, only about one third of the files on labour migrants contain procedural information regarding the Public Employment Office. Moreover, although the database has been collecting data since 2006, no analysis of *individual* migration histories has been conducted. At present, analysis is largely limited to periodic inventories that capture the characteristics of new inflows.

A main challenge is to distinguish between temporary and permanent labour migration flows, as both types of labour migrants receive the same permit, initially temporary but often renewable. On the basis of the ground for admission, however, a distinction can be made between labour migrants who can, under normal circumstances, remain in Germany indefinitely and those who are expected to return after a certain time has elapsed (see Lemaître *et al.*, 2006). In essence, labour migrants into highly skilled occupations are generally admitted on a permanent track (even though virtually all get initially a temporary but renewable permit), whereas labour migrants into lesser-skilled occupations are generally only admitted for a clearly limited stay (temporary track), with the exception of those from high-income OECD countries.

In the *Microzensus*, the largest household-based survey and from which the German labour force survey is drawn, labour migrants are not identified separately. The *Microzensus* is also the only source of information on migrants for employment from EU countries, with the exception of EU nationals from countries subject to transitional arrangements, which currently apply only to Bulgarians and Romanians.

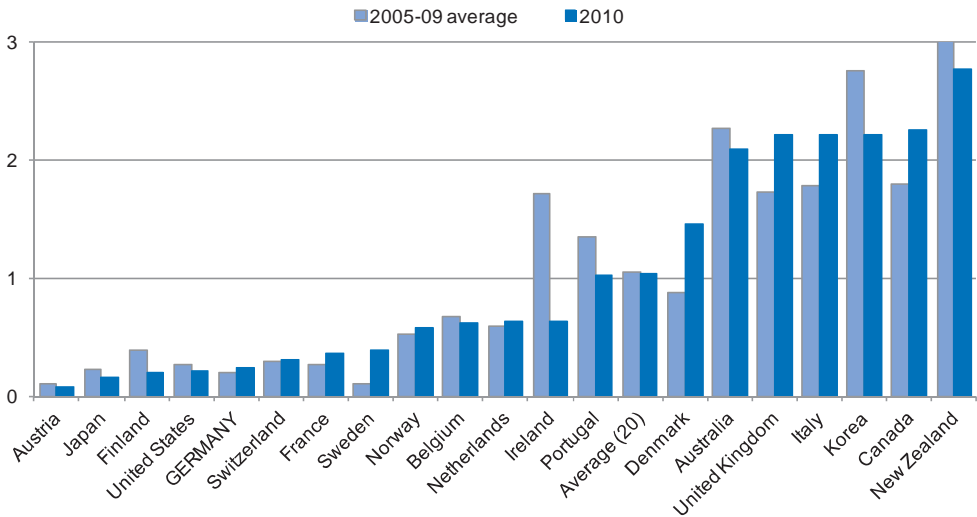
Regarding international students, more data is available. The Federal Statistical Institute, in co-operation with the *Higher Education Information System* (HIS) maintains publicly accessible data on foreign and international students, covering new enrolments, overall stocks and graduation by gender, country of origin and study characteristics. The data do not track students once they have graduated so it cannot be used to calculate stay rates of international students or status changes. However, a possibility to track graduates during their transition into employment is provided by the HIS graduate panel, which surveys almost 7 000 graduates at 1-2, 5, and ten years after graduation. The most recent panel, which started in 2008/09, contains information on non-German foreign-educated graduates of German universities (about 200 individuals). Respondents were questioned at about one to two years after graduation, and the study only includes international graduates who stayed in Germany. The small sample size limits analysis of international students.

Box 2.1. Data sources on labour migration to Germany (cont.)

A final point should be made regarding the definition of “skills”, as this varies according to data source and context. In the German occupational classification system, occupations are classified as either highly skilled, skilled or unskilled. In most analyses, and also in the immigration regulations, skilled workers (*Fachkräfte*) include anyone working in an occupation requiring either at least three years of vocational education or a tertiary degree. In other words, the term includes both medium- and high-qualified persons. Because of the weight of the dual system in Germany, two-thirds of the workforce is medium-qualified, a much higher share than the OECD average, which is 45%. Many occupations which are unskilled in other countries, such as home-care workers, are considered skilled in Germany, as they require three years of vocational education. “Skilled” labour migration, however, is essentially only possible for some *Fachkräfte* jobs: occupations requiring tertiary qualifications, and since August 2012 also for people with German vocational degrees.

1. A comprehensive overview of migration to Germany by category is provided in the annual migration report by the Federal Office for Migration and Refugees. The report also includes detailed information on specific categories of temporary-type labour migration (see Federal Office for Migration and Refugees, 2011 as the most recent example).

Figure 2.1. Permanent labour flows per 1 000 inhabitants, selected OECD countries, 2005-09 average and 2010

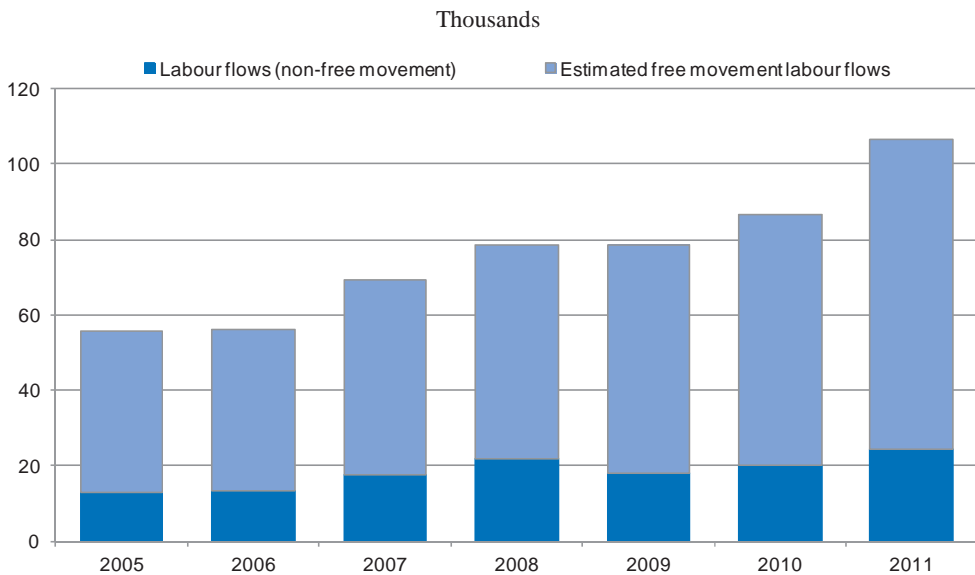


Note: For EU/EFTA countries, excludes free movement within the EU/EFTA. Finland average does not include 2005. The average (20) includes all 20 countries with data available.

Source: OECD International Migration Database.

Germany receives about 60% of its permanent migration flows – in 2010 the number exceeded 130 000 individuals – from within the enlarged European Union. While it is difficult to determine how much of free movement is for employment, estimates can be based on the special European Union Labour Force Survey 2008 migration module. According to this special module, among the immigrants from the enlarged European Union currently residing in Germany, approximately 50% entered Germany for employment-related reasons. Extending this to current free-mobility flows yields an inflow of approximately 65 000 free-mobility migrants for employment in 2010, more than twice that of labour flows from outside the free-movement zone. If free movement for employment is summed with labour migration, it is estimated that about 40% of all migration to Germany is for employment.¹ Estimated free movement for employment has been increasing since 2009 (Figure 2.2). Even including these movements, however, total inflows to Germany for employment remain relatively low compared with other OECD countries (Figure B.1).

Figure 2.2. Evolution of permanent migration for employment to Germany, 2005-11



Note: See Lemaître, G., T. Liebig and C. Thoreau (2006), “Harmonised Statistics on Immigrant Inflows – Preliminary Results, Sources and Methods”, www.oecd.org/dataoecd/61/7/37035672.pdf for details on the methodology. 50% of free movement is estimated to be for employment.

Source: OECD International Migration Database.

While overall free-mobility flows are significant, they are still much below the levels observed in other European OECD countries. In Norway and Switzerland, for example, free-movement inflows represent about 1% of the domestic population each year. Nevertheless, the number of permanent free-mobility migrants to Germany has been steadily growing since 2005. Preliminary estimates for 2011 show a further significant increase and suggest that migration for employment from all sources exceeded 100 000. This probably represents the highest flow of migration for employment to Germany since the establishment of the recruitment ban in 1973 (see below).

The limited labour migration to date has also contained possible concerns about the potential labour market impact of this form of migration. The few empirical studies on the labour market impact of migration in Germany, such as Brücker and Jahn (2011), focused on overall migration to Germany – most of which has been for family and humanitarian reasons, as well as by ethnic Germans – and found little to no impact on the labour market situation of natives.

Characteristics of migration flows for employment

Managed labour migration

Most labour migration to Germany is skilled. In 2011, nearly twice as many labour migrants arrived under the skilled and high-skilled categories than under low-skilled categories, and this share has been increasing since a clearer distinction between high- and lesser-skilled labour migration was introduced in the Residence Act – and thus in the AZR – in 2009.² A substantial portion of skilled migrants are engineers, and to a lesser extent health professionals, data clerks, specialty chefs and business professionals. Most low-skilled migrants arrive under the category of domestic workers and to a much lesser extent, artists, who do not correspond to a qualification-based category.

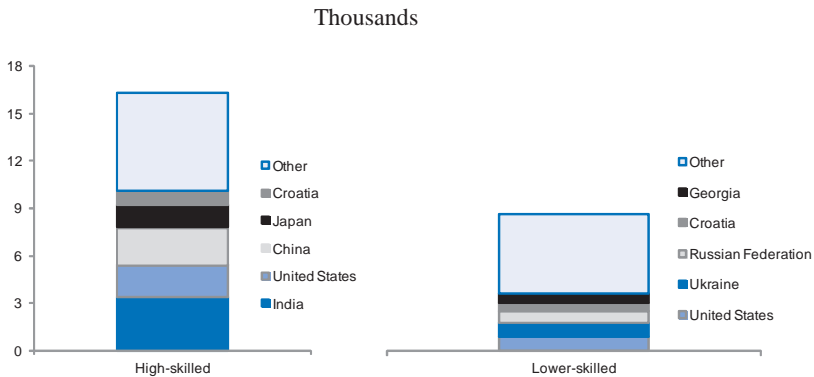
As Figure 2.3 shows, the largest group of high-skilled immigrants in 2011 were from India, followed by the United States, China and Japan who altogether account for about half of the skilled flows. The origin countries for lesser-skilled migration are more dispersed. The United States is the largest origin country, due to its preferred nationality status (see below). The occupational distribution by region of origin varies (Table B.2). While engineers are largely from South Asia and from non-EU/EFTA OECD countries, business professionals, teachers, and those in humanities and science, are mostly from within the OECD. Domestic workers (largely au pairs) are from the former Soviet Union. Health professionals are mostly from West Asia.

Inflows do not always translate into permanent stay, and many of the past labour immigrants have not remained in Germany. Of those who arrived in 2006 as labour migrants, fewer than one in four were still in Germany in mid-2012 (Figure 2.4).

Of those who arrived in 2011, one third had left by mid-2012. Among the five main origin countries, Russians were the labour migrants who were most likely to remain; about 40% of those who arrived in 2006 were still in Germany six years later. The relatively low retention rate for past inflows suggests that much of labour migration to Germany was temporary, and that inflows are not necessarily equal to sustained gains for the labour force.

While it is not possible to separate intra-company transfers from direct hires in the AZR data, many of the Indian and US workers entering Germany are on intra-company assignments rather than permanent local hires. These data do not include former students, who appear more likely to remain in Germany, although the calculation of their stay rate was not possible.

Figure 2.3. **New permits for employment issued in 2011, by origin country and skills level**

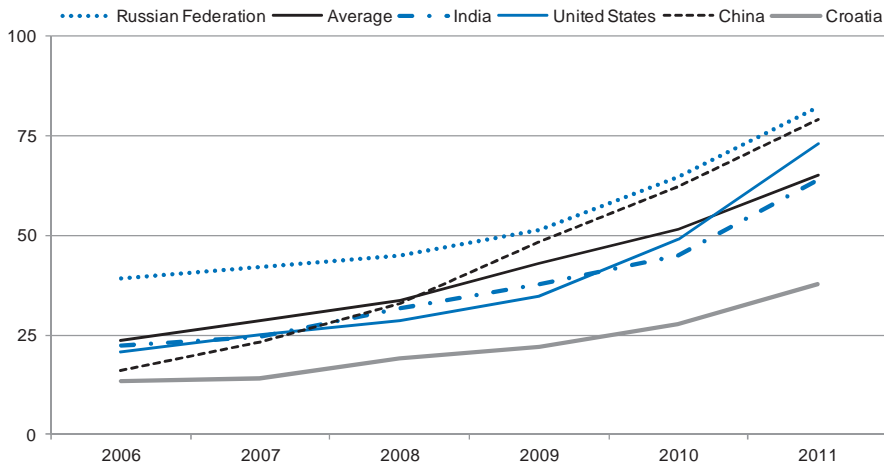


Source: Central Foreigners Register (data provided by the Federal Office for Migration and Refugees), OECD Secretariat calculations.

As is the case in many OECD countries, most labour migrants in Germany are men; the annual share of employment permits for women hovered between 33% and 36% from 2006 to 2011. Among labour migrants holding permits in Germany at the end of 2011, only 31% were women (Figure 2.5). Women, however, are overrepresented among new labour

migration for domestic work. Domestic workers – mostly au pairs, of which more than 93% are women – account for a large share of the unskilled work permits. The distinction among skilled work permits allows for a gender analysis of the main channels: while few (13%) of the information technology recruits from abroad are women, and only a small share of the other foreign-trained skilled migrants (25%), the share of women among skilled workers who hold German university degrees is higher (39% in 2011). The share of women obtaining permits is highest for labour migrants from Georgia, Russia and the Ukraine. About 50% of labour migrants holding permits in 2011 were aged 25-34.

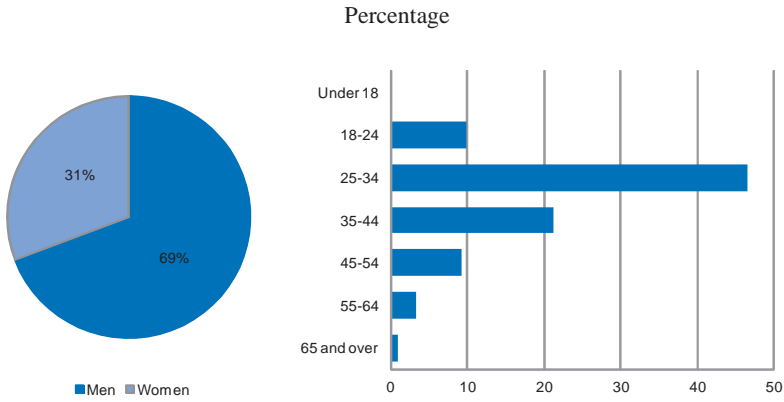
Figure 2.4. **Percentage of labour migrants who arrived from outside the free-mobility zone and were still in Germany on 30 June 2012, by year of arrival, five main nationalities and total, 2006-11**



Source: AZR (data provided by the Federal Office for Migration and Refugees), OECD Secretariat calculations.

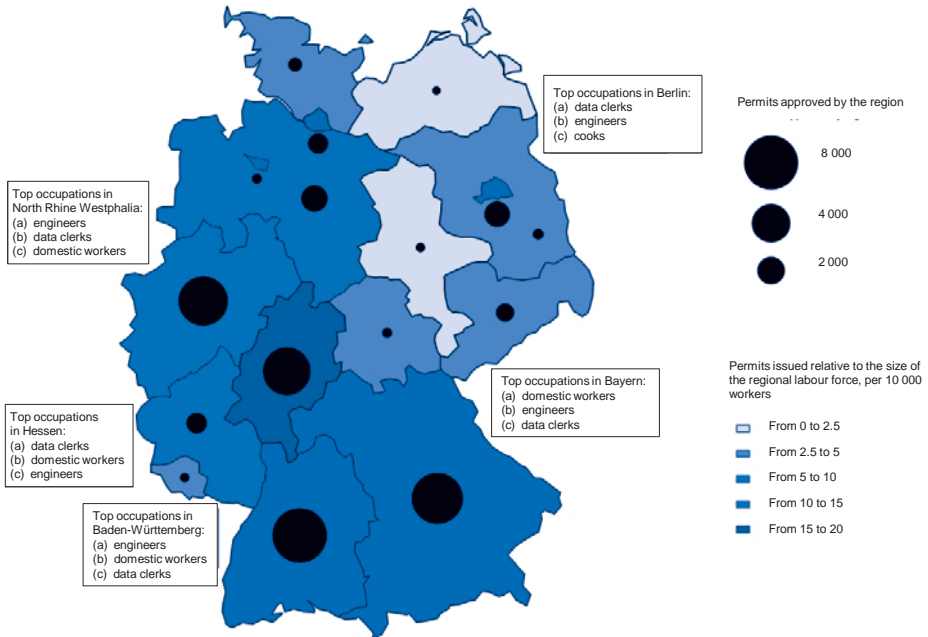
Over 90% of labour migration flows go to Western Germany, and per-capita levels of inflows are three times higher than in the eastern part of the country. More than 70% of flows go to only 4 of the 16 German States (in order of 2011 flows): Bavaria, North Rhine-Westphalia, Baden-Württemberg and Hesse (Figure 2.6). These four states are also leaders in terms of per-capita flows.

Figure 2.5. Gender and age (thousands) breakdown of employment permits in Germany, 31 December 2011



Source: AZR (data provided by the Federal Office for Migration and Refugees), OECD Secretariat calculations.

Figure 2.6. Employment permits approved in 2011, by state

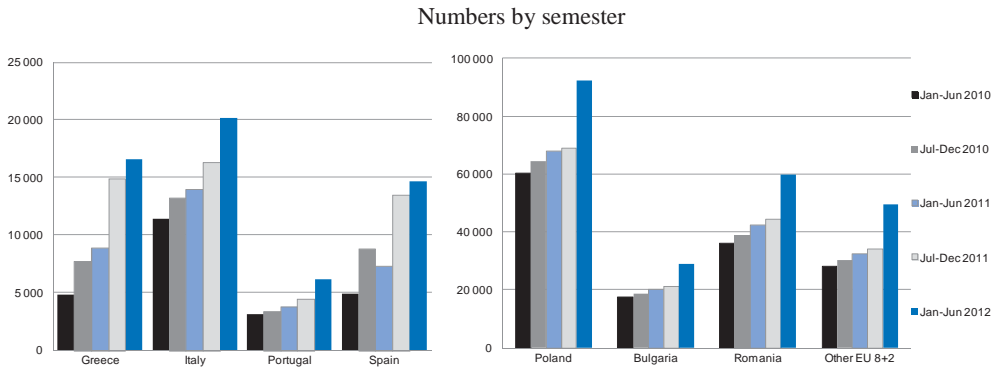


Source: OECD Secretariat calculations based on data from the Federal Employment Service.

Free-mobility flows

As mentioned above, data for 2011 suggest a marked increase in free-mobility migration which has been driven by two factors. The first is the fact that in May 2011, Germany fully opened its labour market to the eight Central and Eastern European (CEE) countries which had entered the European Union in 2004.³ This led to an increase in inflows of Polish and other nationals of these countries. A second factor is the more dramatic effect of the recent economic crisis on employment in Southern European countries. Migration from these countries has increased sharply (Figure 2.7).⁴ However, up to now the numbers involved have remained modest. For example, in 2011, Polish immigration to Germany was larger than migration from all four Southern European countries included in Figure 2.7 taken together.

Figure 2.7. Recent trends in immigration to Germany from Southern and Eastern European countries



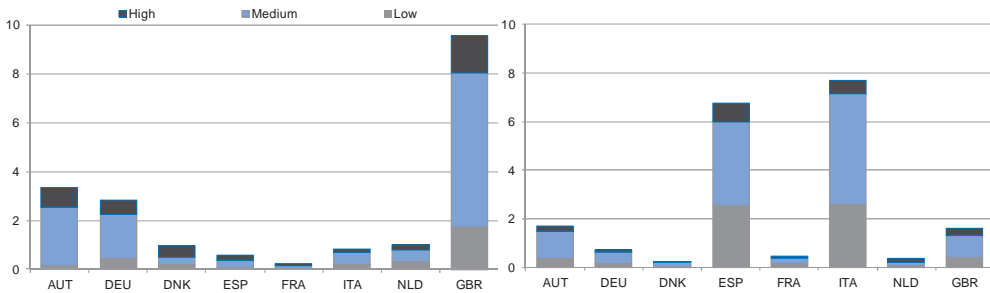
Source: OECD Secretariat calculations based on data from the German Federal Statistical Office.

New EU member countries have been providing a large share of overall free-mobility flows to Germany. Among the EU migrants who arrived in Germany in 2010 and stayed for more than a year, about two-thirds came from the new EU member countries. Of these, 40% came from Poland and a further 25% from Romania.

An analysis with the European Union Labour Force Survey provides additional information on the qualification level and the distribution of recent migrants from the EU-8 and the EU-2. Of the about 1.5 million EU-8 migrants who arrived in the EU-15 between 2004 and 2010 and were still resident in 2010, about 12% – or 176 000 – went to Germany. The vast majority – 112 000 – were medium-educated, and a further 38 000 high-educated. In terms of new labour force entries, they represented about 3%, compared with 9% in the United Kingdom (Figure 2.8). Among the

1.7 million EU-2 migrants arriving in the EU-15 over the same period, the share coming to Germany was even lower – less than 3% (46 000); about two-thirds were medium-qualified. The contribution of nationals of new EU member countries to new high-educated entries into the labour force since 2004 was less than 2%. In the United Kingdom, more than 6% of new highly educated workers were from the accession countries and close to 5% in Austria.

Figure 2.8. **Recent immigrants (2004-10) from the EU-8 and the EU-2 as a percentage of new labour force entries in 2010, by education level**



Note: EU-8 includes all ten 2004 accession countries. New labour force entries over the seven years spanning 2004 to 2010 are estimated by including all individuals aged 25-29 and 2/5th of individuals aged 30-34 participating in the labour force in 2010.

Source: European Union Labour Force Survey (Eurostat), OECD Secretariat calculations.

Temporary labour migration flows

The labour migration flows described above essentially relate to permanent rather than temporary migration, although the permit-based statistics from the AZR do not always make a distinction between the two. Permanent migration for employment is only part of the picture of labour migration in Germany. In fact, Germany satisfies a considerable amount of its labour needs through temporary migration – particularly through seasonal labour migration from the enlarged European Union. Germany has the single largest seasonal-worker programme of any OECD country, with nearly five times the number of workers per year of the next biggest programme (the United States) (Table 2.1). The German seasonal worker programme is mostly focused on agriculture (alongside a small percentage of workers in the hospitality industry). About 300 000 workers came annually under the programme from 2005 to 2010. A 2005 government decree obliged seasonal employers to recruit a minimum of 10% of their workers from the German labour market, with a higher minimum in high-unemployment states. The slight decline in flows after 2005 is related to this requirement. Nevertheless, seasonal flows are still substantially larger than in other countries.

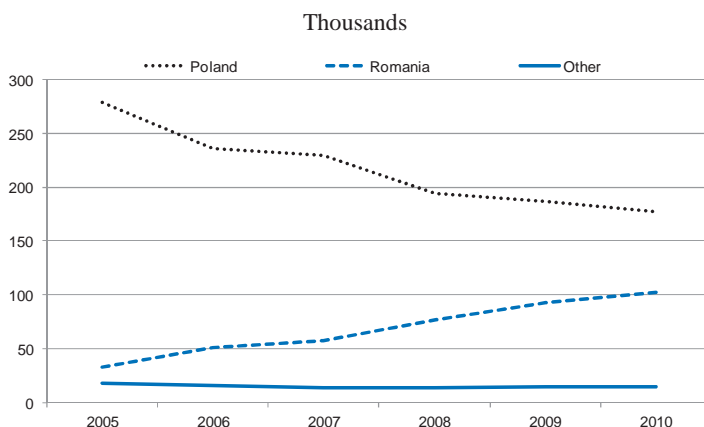
Table 2.1. Flow of seasonal workers, 2005-10

Thousands						
	2005	2006	2007	2008	2009	2010
Austria	11	11	12	12	12	10
Belgium	3	8	17	20	5	6
Canada	20	21	23	28	23	24
Finland	12	13	14	12	13	12
France	16	17	19	12	8	8
Germany	330	303	300	285	295	297
Italy	84	98	65	42	35	28
Mexico	46	40	28	23	31	29
New Zealand	3	6	7	10	8	8
Norway	23	33	39	35	11	31
Spain	7	5	16	46	2	2
Sweden	0	0	2	4	7	5
United Kingdom	16	16	17	17	21	6
United States	32	37	51	64	60	56

Source: OECD International Migration Database.

While Polish workers have historically dominated these flows, in recent years they have given way to an increasing number of Romanians (Figure 2.9). Together, Poland and Romania made up 95% of the total seasonal worker inflows in 2010. As Poles no longer need a permit to work in Germany from May 2011, the programme is comprised largely of Romanians since that date. The introduction of full free mobility with Poland in May 2011 has also been associated with fewer registered seasonal worker flows under this programme and preliminary figures from the Federal Employment Agency for 2011 show a decline to about 168 000 in that year.

Figure 2.9. Seasonal worker flows by country of origin, 2005-10



Source: Federal Employment Agency, OECD Secretariat calculations.

Notes

1. Even though only a minority of flows to Germany is employment-related migration, many non-labour migrants also end up integrating into the labour market – including many humanitarian migrants who often have tertiary qualifications from their origin countries. Enhancing the labour market integration of immigrants and making better use of the skills of the immigrants who did not arrive for employment has been one of the priorities of the German Government in recent years.
2. High-skilled migrants are registered under §18.4.1, §18.4.2, §19, §19a and §20 of the German Residence Act (which forms the main part of the Immigration Law), while lesser-skilled migrants are registered under §18.3. Lesser-skilled migration is generally temporary, with the exception of some privileged nationalities.
3. Freedom of movement with the two other countries that joined the European Union in 2004 was introduced immediately upon accession.
4. Note that the data in Figure 2.6 include many temporary movements.

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