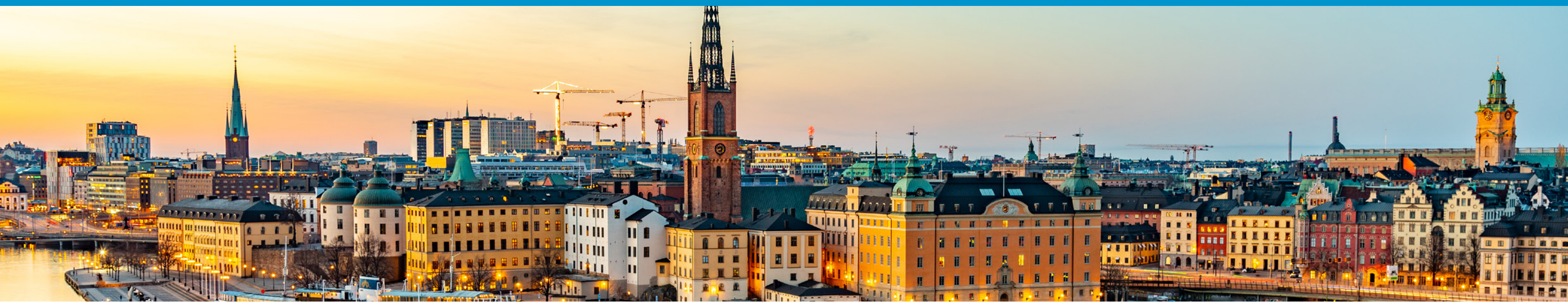
Re-thinking approaches to labour migration

Potential and Gaps in EU Member States' Migration Infrastructures

Case Study Summary — **Sweden**



KEY MESSAGES

- In the coming years, Sweden will face important shortages in elderly and health care, education, construction, seasonal agriculture work, the hospitality sector and engineering. Around 40% of private and 60% of public employers have recently experienced a recruitment shortage.
- Foreign labour already plays an important role in the Swedish economy, primarily in agriculture and forestry. Work permits delivered by the Migration Agency are mainly for berry pickers, followed by IT professionals, engineers, construction, restoration workers and cleaners.
- Recent changes introduced by the current government, including the requirement of a higher salary threshold imposed on applicants for work permits, are likely to have important impacts on labour migration dynamics, mainly for workers in low-paid occupations in key sectors like agriculture, construction and care.
- Experts consider the possibility that the creation of an additional pathway for non-highly-skilled migrant workers would overcome those risks. However developing a new labour mobility scheme would require identifying the competent authorities and building capacity at different levels for its actual implementation.
- Functional labour migration systems require smooth matching dynamics between demand and supply. Even more so in a purely demand driven system, such as the Swedish. Therefore, access to labour market information remains key if international migration aims to play a role in swiftly responding to labour and skills shortages.

LaMP Labor Mobility Partnerships
MPF Migration Partnership Facility
ecdpm
ICMPD International Centre for Migration Policy Development
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BACKGROUND AND CONTEXT

Sweden's immigration policy has been driven by the need to satisfy domestic demand for workforce, as well as commitments to international protection. The liberalisation of the labour migration policy from non-EU countries led to a demand driven model, that left the market free to ease labour shortage where needed, and in the long term, be one of the responses to the demographic challenges of an ageing population. The rationale behind the reform was to allow employers to hire workers regardless of their nationality or skills level, without quotas or other types of restrictions.

Following a spike of documented abuses of foreign workers, the current Government has decided to reduce the number of migrant workers in low-paid occupations, favour short-term and temporary migration schemes and combat system abuses. The new measure is likely to target 10-20% of migrant workers, mostly in high-demand service industry, care, agriculture and occupations requiring short-term training. This poses challenges in a context characterised by the ageing of the workforce population and considering that employment represents the first reason for entry into the country.

CURRENT AND FUTURE LABOUR SHORTAGES

The Swedish economy has entered a period of economic recession. Despite reporting staff shortages, companies are to an extent still retaining staff to be able to meet demand when the economic situation improves, however, many occupations will see a significant surge in demand over the next three years (SCB 2022c). Foreign labour already plays an important role in the Swedish economy, primarily in agriculture and forestry, followed by IT professionals, engineers, construction workers and cleaners.

Low-paid occupations in various sectors have faced important challenges since 1st November 2023, with the roll-out of the revised salary threshold. For instance, the salary cap is well above the minimum salary levels of workers in the agriculture sector, who accounted for 27% of work permit holders in 2023 (Migrationsverket 2023e). Statistic Sweden suggests that by 2035 Sweden will face important shortages in elderly care and health care, education, construction, seasonal agriculture work, the hospitality sector and engineering. An EU forecast study on skills shortages confirms that the demand for workers in Sweden up to 2030 will grow mostly in services which include health, education (+1,5% demand) and construction (+0,5%).

The demand and shortages in technology and manufacturing are more important, and will mostly increase, in the North of Sweden because of its large industrial economy (SCB 2021). According to EURES data, In autumn 2022, around 40% of private and 60% of public employers reported a skills shortage when recruiting. The skills profiles in demand will depend on the sectors. In the medical sector as well as in ICT, construction, education and security sectors both medium-skill and higher skill profiles will be needed.

LABOUR MIGRATION POLICY IN SWEDEN

In 2008, Sweden opted for a radical change in its labour migration policy. The law offered all foreign-born people with an offer of employment the right to migrate to Sweden. The state reduced its ambition to control and manage labour migration and transferred the power to decide who can migrate to individual employers. The three types of channels for work were streamlined into a single work permit and the system was made purely demand-driven and open to all types of skills and qualifications.

The new migration system outlined in 2022 aims to replace the previous Work Permit (which was open to all occupations) and introduce four different worker categories to differentiate between skills levels:

- Category A: highly qualified occupations, as defined by the Swedish Standard Classification of Occupations (SSYK). Includes managerial occupations, occupations requiring advanced university degree or equivalent. This category of workers will be prioritised by the Migration Agency and have their application processed within 30 days.
- Category B: occupations with specific rules, such as seasonal workers, perry pickers, researchers, artists, au pairs, trainees, youth exchange, track changes for asylum seekers.
- Category C: occupations that do not require a higher level of academic competence, non-qualified occupations, cases that do not require a high level of investigation / are not deemed at risk for migrant workers by the Migration Agency.
- Category D: work permit for industries that require a high level of investigation (cleaning, construction, personal assistance, hotels and restaurants).

- With this system, the current government aims to achieve a “paradigm shift” in Sweden’s migration policy, by reducing the number of migrant workers in low-paid occupations, favouring short-term and temporary migration schemes and combatting abuses.

LEGAL LABOUR MIGRATION PATHWAYS

European legal provisions and their use

Sweden transposes the EU legislation into national law. Most of the Swedish legislation on labour migration is based on EU directives. The **EU Blue Card Directive** was introduced in 2013 into a new Chapter of the Aliens Act (Chapter 6a). In 2022, Sweden delivered 83 work permits for EU Blue Card holders, the highest number delivered so far. EU Blue Card holders were mainly from India, Russia, the UK and the USA and worked as ICT professionals and managers (Eurostat). Each year, the Swedish Migration Agency establishes the salary threshold that needs to be exceeded in order to obtain an EU Blue Card. The salary threshold is the equivalent of one and a half times the average gross salary and the amounts are determined in consultation with the Swedish National Mediation Office. From 28 August 2023, the salary threshold is SEK 57,450 per month.

The Directive on **intra-corporate transferees** was introduced in 2018 as a new chapter of the Aliens Act (Chapter 6b) with the creation of an ICT permit. In 2022, Sweden had only 301 ICT permit holders, applicable to non-EU nationals who work as managers or specialists or are in Sweden to get practical training with the company (Eurostat 2024). In 2022, a little over 1,000 work permits were granted, down from 1,700 in 2021 (Eurostat 2022), in line with the **Seasonal worker Directive** introduced in 2018. These are third-country nationals who are temporarily staying in Sweden to do seasonal work in accordance with an agreement on a fixed-term employment. In Sweden, seasonal work occurs for example in agriculture, forestry, industries, the hospitality, travel, tourist and reservation services, operation of ski facilities and golf courses, theme parks and the entertainment sector.

Seasonal or temporary migration

Seasonal workers

Specific rules have been developed in the sector of seasonal agriculture work in response to reports of abuse and exploitation in that sector, in particular wild berry pickers coming to Sweden in the summer months. For many years, berry pickers came from Central and Eastern European member states, and have been gradually replaced since the 1980s with workers from Thailand through temporary placement agencies. Despite the presence of a majority of Thai workers, seasonal berry picking in Sweden is not a seasonal scheme with Thailand *per se*. It developed through informal channels.

There is no collective branch agreement for berry pickers in Sweden and no regulatory framework for work conditions and salary levels. The Swedish Trade Union Confederation (LO) has decided that the Swedish Municipal Workers’ Union (SKAF) should take responsibility for berry pickers and established a collective agreement with employers, which recruitment agencies abroad are required to sign (Parusel 2020).

Working holiday scheme

Sweden has established a working holiday scheme for people aged 18-30 with a number of third countries. The schemes are negotiated on the basis of reciprocity to allow both Swedish to travel to partner countries and vice versa. The participating countries are Argentina, Canada, Chile, Hong Kong, New Zealand, South Korea, and Uruguay. In the wake of the Covid-19 pandemic, the last three agreements with Argentina, Chile and Uruguay were suspended.

Under the scheme, participants can live in Sweden for up to 1 year, work for a maximum of 6 months and travel to other countries of the Schengen area. To be considered eligible, applicants need to have a valid passport, be aged between 18-30 years, have at least SEK 15.000 (EUR 1.500) to support themselves initially in Sweden, have a return ticket (or sufficient resources to buy one), have valid health insurance, and not bring children with them (Working Holiday 2021).

Au pairs

This is another scheme targeting non-EU citizens aged 18-30. Based on information from the Migration Agency, similar conditions apply, including a valid passport, health insurance, a work agreement to work for a Swedish family minimum 25 and maximum 40 hours per week, and show sufficient resources for their stay in Sweden and their return, and not bring family members along. Applications are done online, and applicants must pay for the cost of the work permit they apply for (fixed cost of SEK 2.200 for all work permits, or EUR 250).

Bilateral cooperation agreements

Sweden does not develop country-specific labour mobility schemes. The government has signed about 20 bilateral cooperation agreements in the area of research and education, with European and non-European partner countries. These cover the mobility of students, staff and researchers, and are limited in scope. Despite the absence of such schemes, specific nationalities are particularly represented among migrant workers in Sweden. Research on work permits delivered in 2012 in the cleaning and restaurant sectors show that the majority of foreign workers had a personal connection with their employers, while only one in four found the job through official channels.

As a result, existing migrant communities present in Sweden boost more employment of immigrants from their countries of origin, leading to high numbers of specific nationalities (such as Turkey) among third country nationals (Frödin, Kjellberg 2018). Labour migration flows to lower-skilled jobs in the private service sector are, to a large extent, dependent on established transnational networks where small companies (1-4 employees) owned by co-nationals recruit many or the majority of the low-skilled labour migrants. This, however, is not the case for migrant workers who benefited from the track change scheme.

SUGGESTIONS FOR POSSIBLE FUTURE ADAPTATIONS TO LABOUR MIGRATION POLICY AND THE USE OF EXISTING PROVISIONS

Balancing out the current demand driven system

Sweden will have to come to grips with the consequences of its purely demand-driven labour migration system. This will translate into reconciling the government's intentions to sensibly reduce abuses and lower-skilled labour migration with the staggering labour shortages in critical economic sectors. Creating an additional pathway for migrant workers presents challenges, due to the nature of the current system. No actor in Sweden has experience with the design and implementation of labour mobility schemes, nor has Sweden recent experience with bilateral labour mobility agreements (those existing date back to the 1960s). The development of a labour mobility scheme would first require identifying the competent authority and building the necessary capacity at different levels. It would also require a comprehensive labour matching exercise to identify the skills in-demand in Sweden and the relevant third countries to target as key partners.

Exemption for salary requirements

A demand labour-migration system without labour-market tests and human-capital considerations tends to increase labour migration primarily directed to low-skilled occupations. While clamping down on documented abuses has certainly been one of the reasons for the current government to raise the minimum threshold, halting low-skilled migration will not help meet the labour shortages which critical economic sectors are facing. In this respect, certain professions and groups could be exempted from the new salary requirement. Further, an appointed authority should maintain the discretion to regulate salary requirement exemptions: the Migration Agency could apply annual exemptions for professions experiencing recruitment challenges that cannot be satisfied domestically. This should be done in close cooperation with the Swedish PES, which can facilitate a constructive dialogue with employers' associations and other stakeholders. However, many exemptions may erode trust in a system which is intended to guarantee control and reduce abuses.

Overcoming language barriers to labour mobility

Countries with few native speakers outside their borders are unlikely suitable for a demand driven labour migration system as language barriers make it difficult to hire someone directly into a job. Even in an international sector such as the IT-businesses, 70 percent of Swedish employers require good Swedish language skills when recruiting. The widespread nature of language barriers and the need to address them in order to promote equal accessibility of migrant workers to labour pathways in healthcare is another example of the challenges facing the current system. Lowering language proficiency criterias or investing in financial durable solutions to improve access to language training should be sought. However, such a solution should strive to attain levels of knowledge which guarantee sufficient quality of services and reduce dissatisfaction by providers and sectors' beneficiaries (particularly sensitive in the health care sector).

Exploring Global Skills Partnerships (GSPs)

In the absence of more supply driven elements, the Global Skills Partnership (GSP) model presents several advantages, which can intersect private sector need and supply of qualified workforce without a high degree of policy reforms. First, it minimises the risks of brain drain as two cohorts are trained in similar ways in the country of origin and that a share of the trainees remains at home where they can seek employment and apply the skills acquired. The cohort of people that work abroad receives additional language courses, pre-departure training and additional support to increase integration outcomes. Second, it helps alleviate shortages in key sectors that require mostly technical or vocational education and training (TVET) which are in demand. Third, the dual training model combining work experience and further training would make use of the TVET spots available and ensure a smoother integration of foreign workers.

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This summary is based on findings from MPF (2024). Re-thinking approaches to labour migration. Potentials and gaps in EU member states' migration infrastructures. Case Study: Austria, Brussels: ICMPD. Research took place between July 2023 and February 2024 and the content described applies to this period. Any changes made to the labour migration system thereafter are not systematically included. This publication was funded by the European Union and commissioned through the Migration Partnership Facility. Its contents are the sole responsibility of the author and do not necessarily reflect the views of the European Union nor ICMPD.