THE TWIN TRANSITION AND THE FUTURE OF LABOUR MIGRATION IN THE MEDITERRANEAN. THREE ASSUMPTIONS TO THE TEST

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Introduction

We need more immigration to maintain growth and work out the energy transition. This is, in short, one of the key messages Federal Minister for Economic Affairs and Climate Action Robert Habeck addressed to the German Bundestag in January 2022 (BMWK, 2022). Germany faces important labour shortages with over 300,000 open jobs in key sectors – a gap expected to double by the end of the decade (Reuters, 2022). The response from Berlin is to increase labour migration from non-European Union (EU) countries, including that of high-skilled workers, to future-proof its labour market (Leubecher, 2021).

Policy-makers on the other side of the Mediterranean have similar concerns. They too face the challenge of the twin, green and digital, transition. Energy transition in Northern Africa and Western Asia is moving at a slow pace, and economies struggle to retain or attract skilled professionals in key sectors, such as engineering (WEF, 2021).

The twin transition will have profound effects on job markets worldwide. Sectors that have low energy efficiency and rely on low-tech infrastructures are likely to shrink, while the sectors
of renewable energies, automation and new technologies will expand. Economists still debate whether the twin transition will result in more job creations or job destructions. At the global level, the low-carbon transition is likely to slightly contribute to job creation. However, this new employment offer will not be evenly distributed across the globe. In economies that are most reliant on fossil fuels, as is the case in Northern Africa and Western Asia, job creation is likely to be very limited. In sub-Saharan Africa, decarbonisation policies are likely to destroy more jobs than they will help create (Botta, 2019).

One thing is certain: the twin transition – already at play – is about to significantly reshape labour market needs and potentially widen skills gaps. Migration for students, trainees and professionals can create channels for people to learn and train relevant skill sets. The European Commission (EC) released a timely proposal for Talent Partnerships (EC, 2021), which could provide avenues for people to migrate to the EU to study, train and work in sectors with labour shortages. Besides Germany, Portugal made similar proposals to facilitate labour migration for non-EU citizens (Info Migrants, 2022). This is the kind of political will the Commission needs to make Talent Partnerships work.

According to the EU’s climate diplomacy, all instruments of the EU’s external action – which includes migration policy – should serve European sustainable development objectives in Europe, its neighbourhood, and beyond (Council of the EU, 2020). European policy-makers have a clear interest in supporting transition economies in their neighbourhood – think booming markets, investment opportunities and foreign competition (Tanchum, 2022) – and should use all possible tools to do so.

So, how can labour migration be an instrument of the twin transition in the Mediterranean? First, labour migration instruments should target skills and sectors that will be in demand to serve the twin transition in the region. Second, returned migrants should contribute to the transition in their countries of origin with their acquired skills and know-how. Third, governments on both sides of the Mediterranean should have an interest in pursuing such circular migration schemes in the long run. This brief considers these three assumptions, reviews the evidence on existing labour migration pathways, and puts forward recommendations to policy-makers in Europe and the Southern Neighbourhood.

**Labour migration schemes target skills and sectors that can serve the twin transition**

EU-level migration policy tools tend to favour the immigration of high-skilled labourers (EC, 2020). There are several reasons for that: it is limited in scope (high-skilled account for less than 4% of all labour migrants Eurostat, 2022), easier to justify to national audiences, and ensures higher tax revenues. But labour shortages in the EU are not limited to high-skilled professions. Some members states (Germany, Belgium and France being particularly active) have thus developed an array of bilateral agreements, pilot projects and skills partnerships with third countries to recruit “low- to medium-skilled” workers. These instruments mainly target the fields of care work, construction, hospitality and agriculture (Dempster et al., 2021). As a result, engineering and information and communication technology (ICT), sectors characterised by important skills shortages in the EU and key areas for the digital transition, only account for a small share of labour migration pathways to the EU (ILO, 2020; EC, 2020).

A few initiatives targeting highskills levels in North Africa are worth mentioning. The PALIM project between Belgium and Morocco for STEM (science, technology, engineering, and mathematics) graduates and the German-Tunisian Mobility Pact for ICT professionals both have a positive track record. Both projects were rather limited in scope, with about 120 participants...
each, but at least 70% of them found a position following their placement in the destination country or back home in Morocco or Tunisia.²

These pilot projects point to some of the challenges of labour migration partnerships. For instance, to satisfy job requirements, some participants of the PALIM project had to take additional training in Belgium (Hooper, 2019). Training requirements tend to be looser in ICT professions, but language training can slow down project implementation and budgets. For instance, the 2020 German Skilled Migration Act eased entry requirements for ICT professionals, but Tunisian participants to the project needed to take a 5-month intensive German course prior to departure, followed by a 2-month orientation course in Germany (Hooper, 2019).

**Labour migrants bring back skills and know-how to serve the twin transition in their countries of origin**

Learning a skill is one thing, being able to employ it is another. Labour migrants who work in sectors that are not in high demand in their countries of origin can face a difficult reintegration into the domestic job market. Seasonal agricultural workers make up an important share of the contingent of Southern Mediterranean labourers in the EU. But in parts of North Africa, the agricultural employment sector shrank: it decreased by 13% in Tunisia and 20% in Algeria in five years, between 2010 and 2015 (ILO, 2021).

Training and upskilling schemes for workers can boost productivity of the service sector, but only if accompanied by a technological upgrade that allows people to put their skills to use (Suleiman, 2021). There is therefore a risk for migrants to return over-trained or over-qualified to integrate into the domestic job market, and therefore to be demoted to lower-skills levels – or what is called “brain waste”. For instance, the service sector accounts for an important share of the GDP in countries of the Southern Neighbourhood. But low-skills levels and poor infrastructure mean that most jobs in the service industry concentrate on low-tech productivity sectors, while high productivity ICT-based services lag behind (Usman et al., 2021).

**EU and partner countries have an interest in pursuing circular labour migration schemes**

The Commission’s proposal for Talent Partnerships and member states’ efforts to upgrade their legal migration offer are also instruments of larger migration policy objectives. European policy-makers are keen on reducing irregular migration across the Mediterranean and see labour migration as a lever (EEAS, 2021) – to either re-route would-be migrants to regular migration channels, or to secure stronger commitments from origin and transit countries in North Africa on contentious issues such as return and readmission (Stutz & Trauner, 2021). Besides, the European dependence on foreign labour, exposed during the COVID-19 crisis, makes labour migration a relatively uncontroversial aspect of migration policy in the EU. But few member states actively pursue partnerships with third countries – whether for electoral reasons or fear of incentivising unregulated immigration to the EU. Germany is leading the way at European level. The country issues over 80% of all EU Blue Cards, offers the most pathways for labour migrants worldwide (Dempster et al., 2021), and shows political readiness to further open pathways for foreign labourers (cp. introduction). Such political will on the part of EU member states is crucial to make Talent Partnerships work, and there is a risk of the initiative being captured by a few and therefore losing its relevance as an EU-wide instrument.

² For further information on both projects, see the Global Skill Partnerships webpage of the Center for Global Development: https://gsp.cgdev.org/#migration-pathways.
Overall, labour immigration from Southern Partner Countries (SPCs) remains limited. The number of SPC labour migrants in the EU has increased (from 36,000 first permits delivered in 2013 to 43,000 in 2019), although their share remains anecdotal compared with the sheer number of work permits issued every year in the EU (see graph). This also goes for high-skilled workers. Out of all SPCs, Egypt sends the most high-skilled workers to the EU but their number does not exceed 600 every year (Eurostat, 2022). And even countries long engaged in pilot labour migration schemes have shown reluctance to issue visas to third country participants in pilot projects (Rasche, 2021).

**Figure 1. Labour migration to the EU increases, but not for all**

![ Labour migration to the EU increases, but not for all](image)

Source: Elaborated by the author based on data from Eurostat (2022).

These considerations are likely to dampen interest for Talent Partnerships in the Southern Neighbourhood. Morocco and Tunisia often lament that negotiations on the Mobility Partnerships fail to deliver credible proposals on legal pathways. Pilot projects have shown how skills partnership schemes incur important opportunity and start-up costs for countries of origin. These initiatives are often short-lived and project-based, and only a few pilots ultimately translated into sustainable pathways (Hooper, 2021).

In a region where youth unemployment hovers between 20% and 37%, and 20% and 30% for working age people with advanced education, the promise of employment opportunities abroad could alleviate some pressure on domestic job markets (World Bank, 2022a; 2022c), and further boost the economy with remittances (which make up on average between 5% and 10% of national GDPs, and peak at 20% in Lebanon) (World Bank, 2022b). At the same time, the exit of the high-skilled represents a risk for economies, job markets; and the quality of public services for countries in the Southern Neighbourhood (Abderrahim, 2021) and the Talent Partnership proposals fails to address brain drain concerns (EC, 2020). All these elements concur to make Talent Partnerships a nice-to-have rather than a must-have for partner countries.

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SPCs of the European Neighbourhood Policy (ENP) include Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria and Tunisia.
Conclusions and recommendations

Current mobility pilot projects may be limited, but they point to some of the challenges of labour migration schemes European policy-makers should address to make it work – for migrants and their governments, but also for the twin transition. Beyond short-term operational improvements, there is also a need for the EU to rethink its approach to labour migration in light of current and future technological challenges. European policy-makers should reconsider the job sectors and skills levels labour migration instruments target, in line with the current and future needs of labour markets in the EU and in destination countries to nurture the twin transition in their neighbourhood. Beyond labour mobility, they should accompany returned workers’ integration in their domestic job market. This would require a comprehensive approach to labour migration, a common practice of EU migration policy, linking employment and immigration policies, bilateral relations, and potentially development assistance – building on programmes targeting returnees’ reintegration.

Importantly, they should design migration schemes that are likely to raise interest and political buy-in in partner countries. One way to achieve this is by reversing the traditional objectives of labour migration instruments to consider not only labour market needs in destination countries, but also those of origin countries – especially as technological and environmental changes transform our job markets. From this standpoint, the two following recommendations point to ways policy-makers in Europe and the Mediterranean can use labour migration to nurture the twin transition in the region, and beyond.

“Green” Talent Partnerships for the Southern Neighbourhood

EU Talent Partnerships should target graduates in job sectors that will shape the future of work in the Southern Neighbourhood. These “green” Talent Partnerships would provide the youth from the Southern Neighbourhood with training opportunities in Europe, where they help bridge labour shortages, to acquire the skills and experience they need to get out of unemployment in their home countries. By centring on partner countries’ needs and tailoring credible pathways for migration, Europeans may obtain stronger commitments on other areas of migration policy, a win-win solution that aligns European migration and climate objectives.

The pool of talents is already there: more than 80% of the young in Egypt, Jordan and Tunisia have reached secondary education (twice as much as their parents) and about 20% of young Egyptians completed tertiary education. The engineering, construction and ICT sectors employ more than 40% of the tertiary educated – therefore offering higher chances of employment at home (WEF, 2017).

Which other skills are needed to achieve the digital and green transitions in the Mediterranean? Policy-makers and experts in the Southern Neighbourhood need better labour market data and needs assessments to answer these questions. Such assessments abound in Europe, where they help nudge and advise policy-makers about labour migration options. Similar tools should be further developed in the Southern Neighbourhood. European policy-makers could for instance support the work of national statistics offices, but also the African Union (AU)’s efforts to collect and streamline labour market data, through the AU report on labour statistics in Africa or the Rabat-based African Migration Observatory.

Labour mobility between the Mediterranean and the rest of Africa

European policy-makers should also consider boosting labour mobility between the Southern Mediterranean and its neighbouring regions in Africa. The reason for that is that Mediterranean countries – and particularly North African nations – are no longer solely countries of origin of migrants but have become important destinations for migrants from Western and Central
Africa. Regional mobility schemes could for instance target high or medium-skilled professionals and provide them with regular labour migration pathways to North Africa, thereby minimising the negative impacts of brain drain on essential services and the economy in North Africa. This would also ensure the circulation of skills and knowledge and encourage transnational collaborative research or business endeavours which are paramount to drive innovation and technological changes – especially as Africa remains the continent with the lowest-skilled workforce (World Bank, 2017).

A few African nations have experimented with de facto Talent Partnerships for high-skilled labourers and the results are probing (see, for instance, Rietig & Fakhry, 2022). These initiatives show that there is interest, but that administrative and governance capacities are still limited. The EU should therefore draw on these efforts and support schemes for high-skilled labour mobility between North Africa and relevant origin countries in the sub-region. In this context, European policy-makers should also support market integration and free movement efforts on the African continent as a whole to boost circular migration across regions. For instance, Europeans should support the AU’s endeavour to create the largest barrier free zone for goods, services and people by supporting the continental free trade agreement and the free movement protocol, which so far fail to convince African governments.
References


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