

How will the Covid-19 pandemic and Germany's new immigration cap affect Kosovo's labor migration?

April 2021



How will the Covid-19 pandemic and Germany's new immigration cap affect Kosovo's labor migration?

—
April 2021

— Table of Contents

- 3** Executive Summary
- 4** Introduction
- 5** Evaluation of the Western Balkan Regulation
- 7** The Economic Impact of Covid-19 in Kosovo and Germany
- 11** The New Western Balkan Regulation: What can Kosovars expect?
- 15** Conclusion

Executive Summary

In 2015, Germany introduced the Western Balkan Regulation (WBR) as a means of creating a legal pathway for immigration to Germany. The regulation targeted potential migrants from the six Western Balkan countries without any formal qualification requirement, and was set to expire in December of 2020. Nevertheless, as a result of the success of the regulation, it was extended until the end of 2023, but on the condition that the German Federal Employment Office (FEA) cap the number of pre-approved applications via the WBR to 25,000 a year for all Western Balkan countries. This study mainly serves to measure the impact of the extension of the WBR and its new rule upon Kosovo, while also taking into account the challenges posed to Germany's and Kosovo's economies and labor markets as a result of the Covid-19 pandemic in 2020.

Between the years 2016 and 2020, 320,489 applications were submitted to the FEA, which approved 259,725, out of which 97,618 applicants actually received visas to work in Germany. In the middle of 2020, the Federal Ministry of Labor and Social Affairs in Germany (BMAS) deemed the WBR successful in that the immigrants showed a high rate of stable employment and there was generally low unemployment. BMAS concluded that the success of the WBR has shown that for an efficient integration of foreign labor, it is sufficient to let employers decide who to hire compared to limiting immigrants' options solely based on their previous qualifications.

Nonetheless, the future impact of the WBR is rather uncertain for two main reasons. First, in 2020, the pandemic caused massive ripples in Germany's economy, which also translated into rigidities in its labor market and uncertainty around job opportunities. In Germany, real GDP fell by 11.3% between the first and second quarters of 2020, unemployment peaked at 6.4% in August of 2020, and the job vacancy rate fell from 3.3% at the end of 2019 to 2.1% at the end of the second quarter of 2020 because of a lower demand for new labor. Second, the new WBR rule to cap FEA approvals to 25,000 per year for all six Western Balkan countries until 2023 will directly decrease migration from each target country. In the case of Kosovo, we can expect about 7,500 pre-approvals from Kosovo each year until 2023 compared to 17,000 on average pre-cap. Moreover, if the German embassy in Kosovo remains slow in processing visa applications as in the previous years, it can be expected that only a third of pre-approved applicants (2,000 compared to 5,000 pre-cap) will actually be granted visas.

Therefore, to better assess the impact of the Western Balkan Regulation on Kosovo's labor market and to make migration in general more efficient, this study recommends that the Kosovo Employment Agency (KEA) properly assess and forecast Kosovo's labor market needs by collecting data on job vacancies and the professional and educational background of the unemployed via periodic surveys with businesses or business associations regarding current and projected labor needs. Furthermore, the Ministry of Finance, Labor and Transfers (MFLT) in Kosovo should use the data from the KEA to design labor migration policies in accordance with labor market needs. In addition, when entering into bilateral migration agreements, the MFLT should safeguard migrants' rights and design fast and predictable migration procedures. Lastly, the Government of Germany should increase the capacity of its embassy in Prishtina to decrease the processing time of visa applications.

Introduction

To control the increasing inflow of asylum seekers from the six western Balkan countries, Germany introduced the Western Balkan Regulation (WBR) in 2015, also known as section 26.2 of the “Employment Ordinance” creating a legal pathway for workers of this region to migrate to Germany. This regulation, which did not require any particular skill or qualification level of workers, was set to expire in December 2020.

After the expiration of the WBR, the German Federal Council (Bundesrat) decided to extend the regulation until the end of December 2023, but limit the number of approvals that the Federal Employment Agency (FEA) can grant to 25,000 per year for all Western Balkan countries.¹ This quota may be adjusted yearly based on the needs of the German labor market and the capacity of the origin countries’ embassies to process the visas.² There were no changes to the actual process of obtaining the FEA approval. This new cap of 25,000 FEA approvals per year represents a drastic decrease of emigration opportunities compared to previous years, which averaged about 54,000.

Like the initial WBR, before any permit from the FEA is issued, a priority check is conducted. This process includes the German employer proving that no local, EU, or recognized refugee worker can fill the vacancy and that the working conditions are not less favorable than those of domestic employees. In addition, the applicant cannot be someone who has received benefits through the Asylum Seekers Benefits Act in the 24 months prior to applying to the FEA.

Nevertheless, the new cap will not affect the 2020-enforced “Skilled Immigration Act” that targets high-skilled immigrants from all over the world, who have completed degrees or training in Germany or possess equivalents to degrees or training from the German educational system. This act was proposed in a bid to counteract the projected high-skilled labor shortages in Germany for the years to come, and is separate from the Western Balkan Regulation.³

In February 2020, GAP Institute, in cooperation with the Expert Council of German Foundations on Integration and Migration (SVR), published a joint report titled “The emigration of Kosovo’s labor force to Germany.”⁴ This report covers emigration trends from Kosovo to Germany at sector- and skill-specific levels from 2016 to 2020. However, the Covid-19 pandemic and the expiration of the initial WBR in 2020 created significant changes to both labor market and immigration policy. These events are expected to have an enormous impact on the emigration flow of Kosovo citizens to Germany, making additional research essential.

Reflecting on these migration changes, this study introduces new findings regarding the evaluation of the first version of the WBR and analyzes how the pandemic and the new cap on approvals might affect labor migration to Germany.

1 The Western Balkans regulation from 1.1.2021. Federal Employment Agency. Source: <https://bit.ly/2N008Ds> (to date available in German only)

2 Ibid.,

3 Skilled Immigration Act. Federal Foreign Office. Source: <https://bit.ly/3tyABiW>

4 “The emigration of Kosovo’s labor force to Germany – A brief assessment of positive and negative returns,” GAP Institute, The Expert Council of German Foundations on Integration and Migration (SVR), February 2020. Source: <https://bit.ly/3dAuHsS>

Evaluation of the Western Balkan Regulation

With the first phase of the Western Balkan Regulation ending on December 31, 2020, there was a need for a comprehensive evaluation of the regulation itself and its effects on both the immigrants and the partner country's economies. Between the years 2016 and 2018, 65,171 individuals were granted work visas out of a staggering 204,308 work contracts and thereby visa applications submitted to the Federal Employment Agency in Germany (FEA) from individuals across the Western Balkans. Almost a third of the work contracts were submitted by Kosovar citizens alone (67,272 - the highest from the Western Balkans), out of which about a quarter (15,734) were granted work visas.⁵ A high influx of immigrants for the purpose of work such as that from the WBR should have a significant impact on Germany's labor market, whereas the same outflow of labor from Western Balkan countries can be expected to cause "brain drain" in some of their industries.

In a research report published in April 2020 by the Institute for Employment Research (IAB) on behalf of the Federal Ministry of Labor and Social Affairs in Germany (BMAS), the WBR was evaluated to have been successful. According to the study's main findings, the immigrants had a high rate of stable employment and there was generally low unemployment. Moreover, when looking at the different characteristics of the immigrants, the study found that 87% were men and 74% were individuals under the age of 40, which corresponds to Germany's increased need for physically-fit, young men, especially in industries such as construction (where 44% of those immigrants actually found jobs).⁶ Additionally, almost 60% of the immigrants were classified as experts in their fields, ones with several years' worth of experience - a qualification that in some cases was more important to employers than their educational background.⁷

The study concludes that the WBR's success shows that for the efficient integration of foreign labor, it is sufficient to let employers decide who to hire compared to limiting immigrants' options solely based on their qualifications. Lastly, there is evidence that the efficiency and preparation of embassies and relevant administrative offices dealing with applications significantly contributed to the success of the WBR as well.⁸ According to the study, the WBR seems to have fulfilled the target of a "triple win," where the host country, the country of origin, and the immigrants themselves have benefited from the rule.

When looking at Kosovar immigrants who have emigrated via the WBR, the 2020 study published by GAP and SVR shows that between January 2016 and December 2018, there were 67,902 applications from Kosovars ready to migrate to Germany. However, a fifth of them were pre-rejected by the FEA (13,344), whereas 53,928 applications were pre-approved and were waiting to be granted work visas from the German Embassy in Kosovo. Out of all the applicants who were granted a pre-approval, 52% were in the construction industry, 15% in the food and accommodation industry, and 15% in the administrative service industry, together making up more than 80% of the pre-approvals.⁹ The study concludes that unlike Germany, Kosovo does not have a ranking of industries according to

5 Ibid., pp. 15

6 "Evaluierung der Westbalkanregelung: Registerdatenanalyse und Betriebsfallstudien," Federal Ministry of Labor and Social Affairs in Germany, April 2020, pp. 15. Source: <https://bit.ly/3bpmtS1>

7 Ibid., pp. 16

8 Ibid., pp. 18-19

9 "The emigration of Kosovo's labor force to Germany," GAP Institute, SVR, pp. 24. Source: <https://bit.ly/3dAuHsS>

brain drain risk, and therefore might not be able to correctly assess the impact of the WBR on its labor market. The concept of a “triple win” might not necessarily apply to certain industries in Kosovo either, especially where unemployment is low and the number of applicants interested in German work visas is high. These industries include administration and support services, mining and quarrying, real estate, construction and healthcare.¹⁰

A study published in January 2021 by the German Center for Information on Migration, Education and Career in Kosovo (DIMAK) analyzed five sectors in Kosovo (ICT, gastronomy, engineering, healthcare, and agriculture) based on employer and employee surveys to assess the local potential, the risk of brain drain, and employees’ tendency to migrate.¹¹ Based on the study, the gastronomy sector suffers from a particularly high turnover rate because most jobs there are seen as temporary, or only as stepping stones to another career. As a result of the high turnover, employers hesitate to provide much needed training, which only prolongs the length of time employees are left formally unqualified. Nevertheless, the high turnover also hints that a risk of brain drain is relatively low at the moment, even though employers fear that if new businesses continue to open, labor supply will eventually become limited.¹² Based on the survey results, about 47% of employees from that sector reported dissatisfaction with their lives in Kosovo, and about a third of them reported that they would consider moving abroad (with 56% opting for Germany) in the next two years mainly as a result of low wages, poor living conditions, and a lack of opportunities in Kosovo.¹³

In the agriculture sector, employers reported that a lack of government financial programs or state support in general has left wages relatively low resulting in a lack of incentives for employment in this sector. Similar to the gastronomy sector, potential employees in agriculture are mostly low-skilled and only temporary. Calculating the risk of brain drain for this sector is rather difficult because while employers agree that there will be an increased demand for high-skilled labor in the future, the sector might not be able to accommodate the demand due to a lack of funds for salaries. Therefore, while it is possible to expect brain drain as a result of potential labor migration, even if those workers were to stay in Kosovo, they might not necessarily be utilized.¹⁴ Nonetheless, while the survey results show that about 40% of participants were dissatisfied with their lives in Kosovo, 39% would not consider moving abroad in the next two years.¹⁵ Thus it is possible to assume that the risk of brain drain in the agriculture sector is likely marginal, especially when considering that the WBR targets low-skilled labor.

It is evident that a number of previous studies have evaluated the impact of the WBR in Germany and the potential future effects in Kosovo. Nevertheless, the unprecedented changes as a result of the pandemic and Germany’s decision to alter a key element of the WBR require further analysis. Therefore, this study accompanies the previous reports by analyzing the potential impact of the extended WBR with the quota of only 25,000 application approvals per year. This limit will likely suppress the flow of unskilled migrants, and might not be as successful as its predecessor.

¹⁰ Ibid., pp. 27

¹¹ “Labour Market/Migration Research – Findings Report,” German Information Centre for Migration, Training and Career (DIMAK), January 2021

¹² Ibid., pp. 25-27

¹³ Ibid., pp. 26, 36-27

¹⁴ Ibid., pp. 65-66

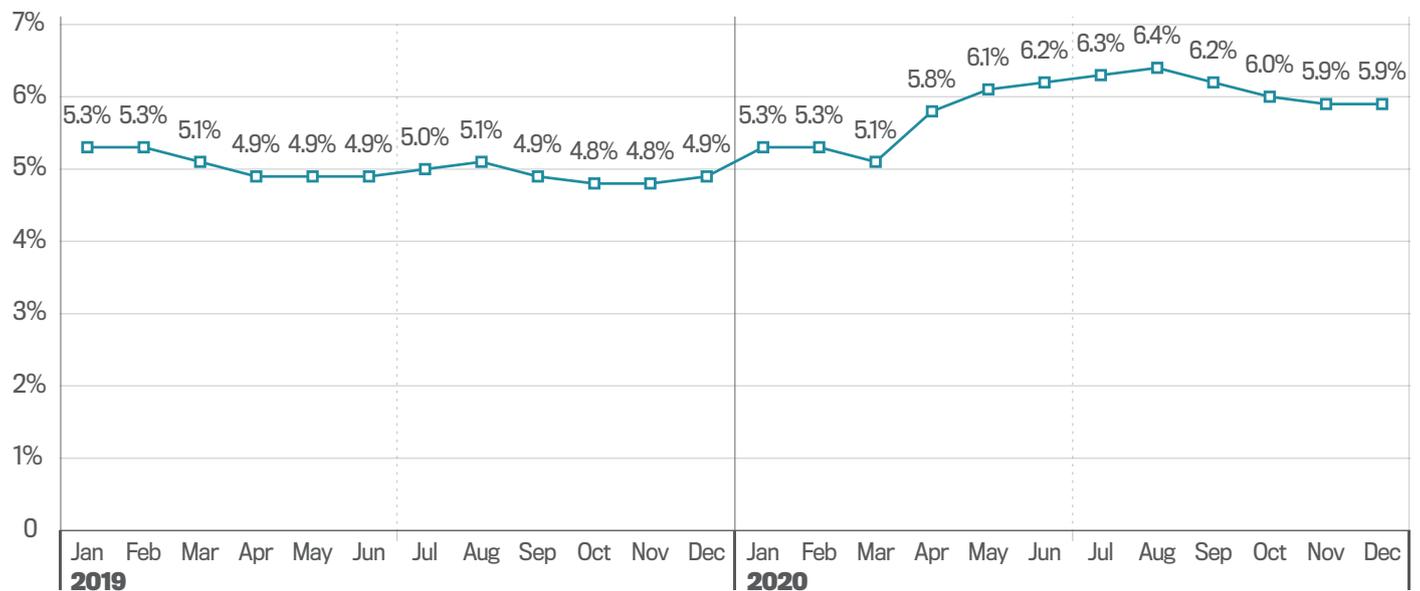
¹⁵ Ibid., pp. 67, 75-76

The Economic Impact of Covid-19 in Kosovo and Germany

As a result of government-imposed lockdowns in Germany and Kosovo, the economies of both countries experienced large swings in income and particularly in the labor market throughout 2020. Both countries' GDPs experienced a downturn in the second quarter of 2020 with Germany's decline being comparable to the one caused by the financial crisis of 2008. In fact, based on data from Germany's Federal Statistical Office (Destatis), real GDP fell from 105 billion Euro in the first quarter of 2020 to 94.7 billion Euro on the second quarter (-11.3%). The third quarter of 2020 saw an upswing of 8.5% to 102.7 billion Euro, but it was still lower than the third quarter of 2019 (107 billion Euro) by 4%.¹⁶ Likewise, according to data from the Kosovo Agency of Statistics (KAS), Kosovo's real GDP in the second quarter of 2020 (1.7 billion Euro) was 9.3% lower than in 2019 (1.8 billion Euro). Real GDP in the third quarter of 2020 (1.8 billion Euro) was 7.3% lower than in 2019 (2 billion Euro).¹⁷

Apart from affecting income, the lockdowns also impacted labor markets. Since economic lockdowns were used to prevent the spread of Covid-19, entire economic sectors in both Kosovo and Germany were shut down or operated at a limited capacity. As a result, a considerable number of individuals found themselves suddenly unemployed. When observing Germany's labor market, it becomes clear that unemployment rose significantly during the second and third quarters of 2020. Between January and August 2020, unemployment rose by 1.1 percentage point, peaking at 6.4% in August of 2020. From the end of the third quarter, the unemployment rate slowly declined and leveled off to 5.9% in December 2020.¹⁸

Figure 1. Monthly unemployment rate in Germany (%)



Source: German Federal Statistical Office (Destatis)

¹⁶ "Gross Domestic Product (GDP)/economic growth," Federal Statistical Office (Destatis), 2021.

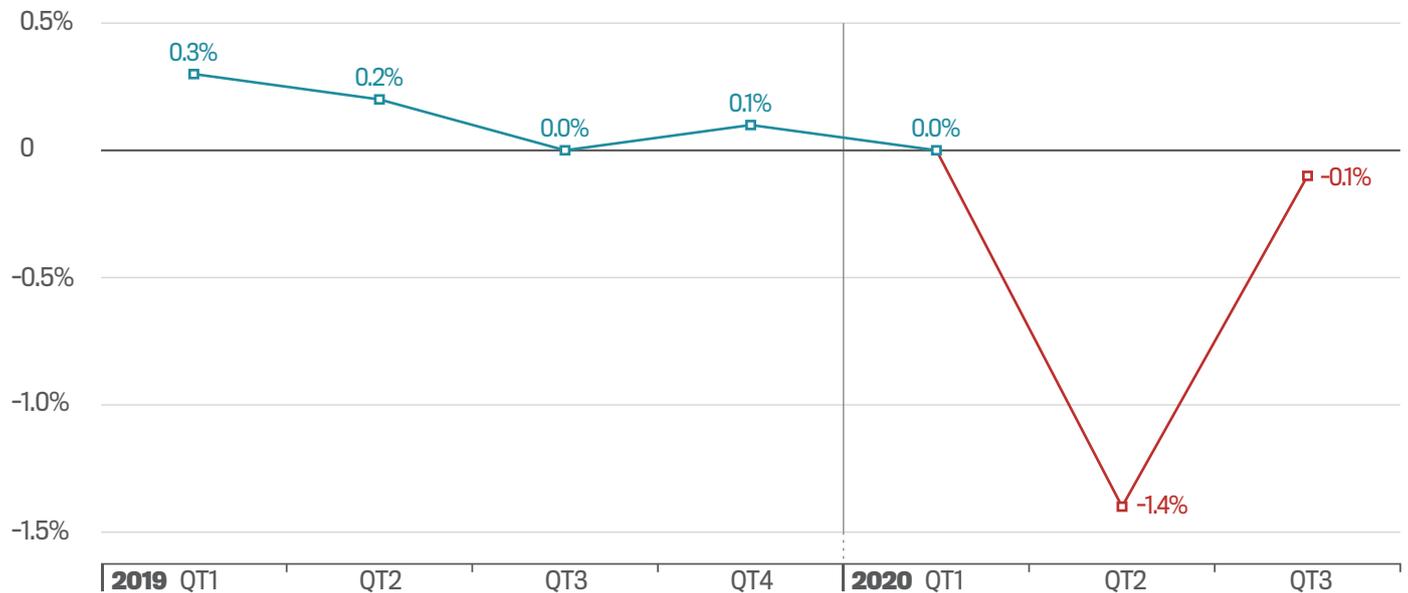
Source: <https://bit.ly/3iYcExx>

¹⁷ "Gross Domestic Product by expenditure and production approach, Q3 2020," Kosovo Agency of Statistics, 2020. Source: <https://bit.ly/3sYFFhn>

¹⁸ Unemployment as a percentage of the civilian labor force, Destatis. Source: <https://bit.ly/3k6YDym>

Employment in Germany did not change as much as the unemployment rate. While it did fall in the second quarter of 2020 by 1.4% compared to the first quarter, it quickly returned to almost its original state in the third quarter. When compared to the second quarter of 2019, employment in the second quarter of 2020 was only 1.5% lower.¹⁹

Figure 2. Quarterly percent change in employment in Germany



Source: German Federal Statistical Office (Destatis)

Germany's stable employment is mainly a result of the "short-time work" program utilized by the German government. This program enables employers to reduce the working hours of employees without the need for layoffs as the government makes up the difference in income.²⁰ The number of short-time workers peaked in April 2020 to almost six million, and dropped only slightly in May 2020 to 5.9 million.²¹ While the short-time work program alleviated some of the impact of the economic crisis caused by the pandemic, certain economic sectors still experienced major downturns in employment. When comparing December 2020 to the same month of 2019, employment in administrative and support service activities decreased by 16.2%, the accommodation and food service industry by 7.5%, and the metal and electricity industry by 2.6%. On the other hand, sectors such as water and electricity supplies grew by 4.7%, the information and communication industry by 2.8%, and the healthcare sector by 2.1%.²²

The downturn in income is also reflected by a lower demand for new workers, especially during the second quarter of 2020, when the job vacancy rate fell by 1.2 percentage points compared to the previous quarter.²³ The lower number of vacancies can also be attributed to uncertainty in regard to job changes, which results in less of a need for new openings since individuals are not interested in changing jobs during a time of instability.²⁴

¹⁹ Employees subject to social insurance contributions at their place of work, Destatis.

Source: <https://bit.ly/3qCt4yz>

²⁰ "COVID-19 Crisis Response Monitoring," IZA Institute of Labor Economics, December 2020.

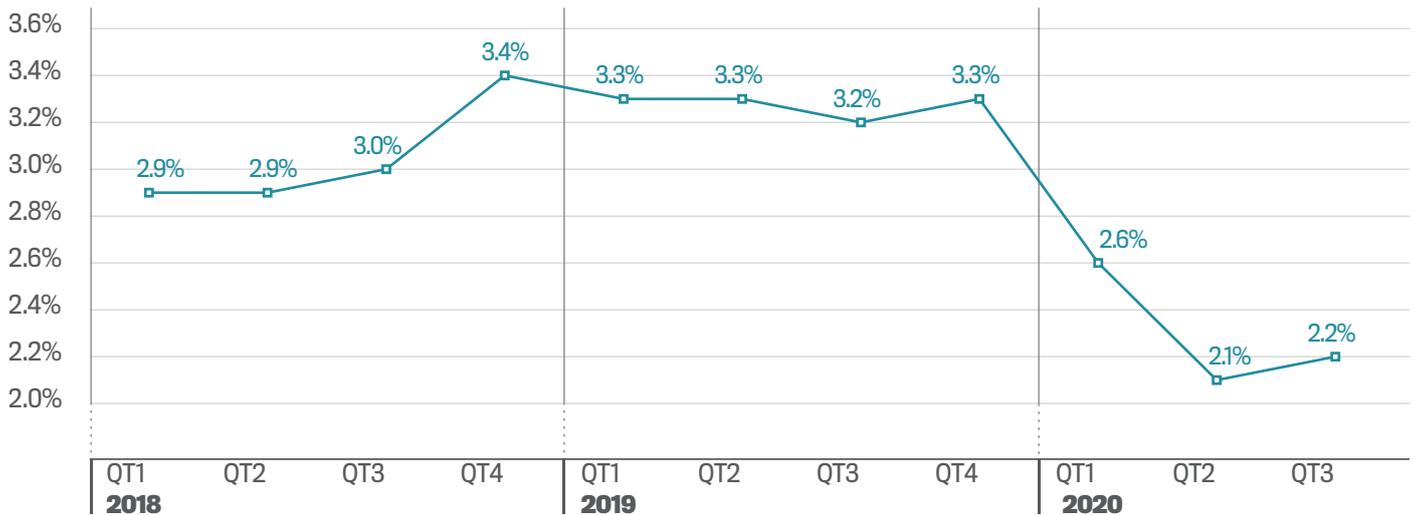
Source: <https://bit.ly/2ZugUMe>

²¹ Ibid., pp. 6

²² "Monatsbericht zum Arbeits- und Ausbildungsmarkt," Federal Employment Agency of Germany, January 2020, pp. 48. Source: <https://bit.ly/2NIWYJ9>

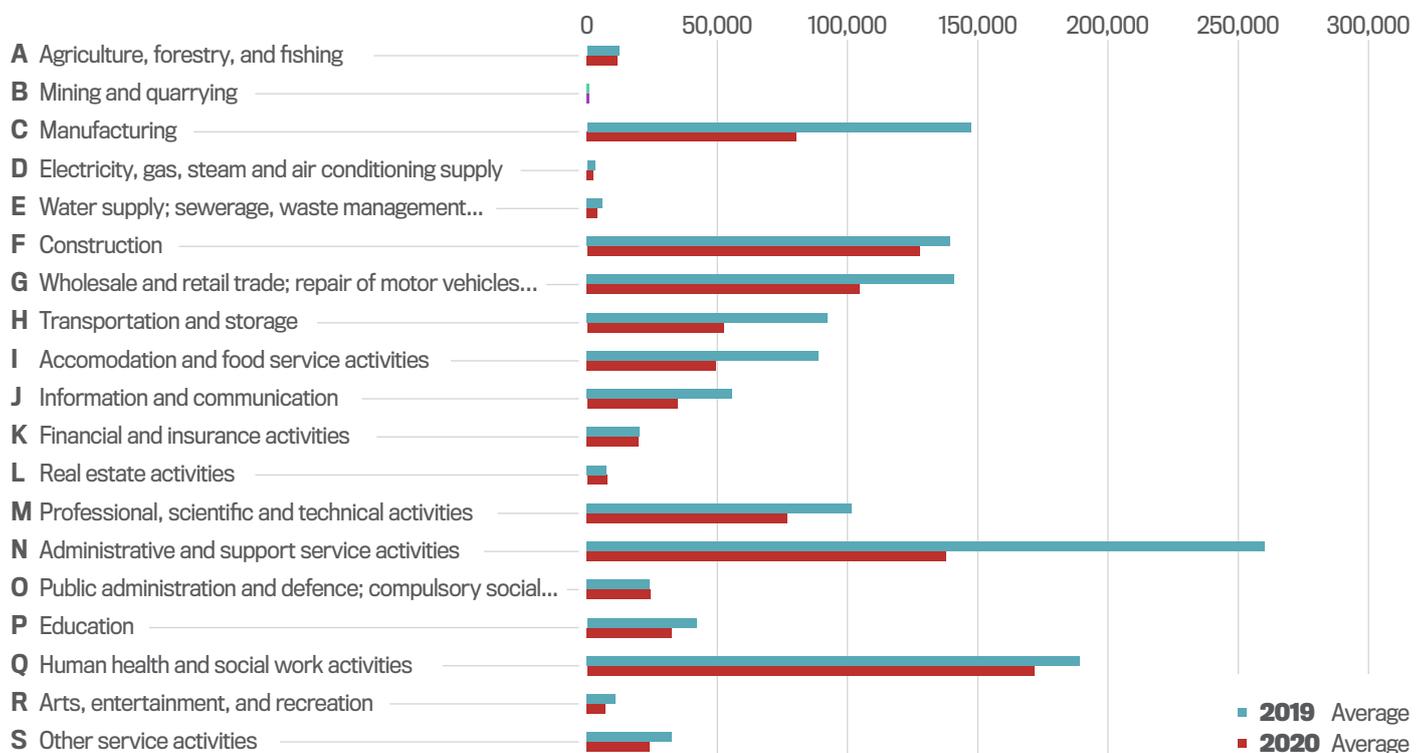
²³ Eurostat. Job vacancy statistics by NACE Rev. 2 activity - quarterly data. Source: <https://bit.ly/2lJND07>

²⁴ "Monatsbericht zum Arbeits- und Ausbildungsmarkt," Federal Employment Agency of Germany, January

Figure 3. Quarterly job vacancy rate in Germany

Source: Eurostat

While the number of job vacancies in total decreased by roughly a third between 2019 and 2020, the structure of vacancies by industry remains largely the same. The German labor market still faces a need to fill vacancies in its healthcare sector, administrative and support services, and construction.²⁵ Nevertheless, the decreased need for labor in the year 2020 within some industries such as construction, where a large number of Kosovar applicants via the WBR expressed interest in working over the past couple of years, has not necessarily determined or changed the needs of the German labor market for the years to come since the effects of the pandemic, while detrimental, are expected to dissipate eventually.

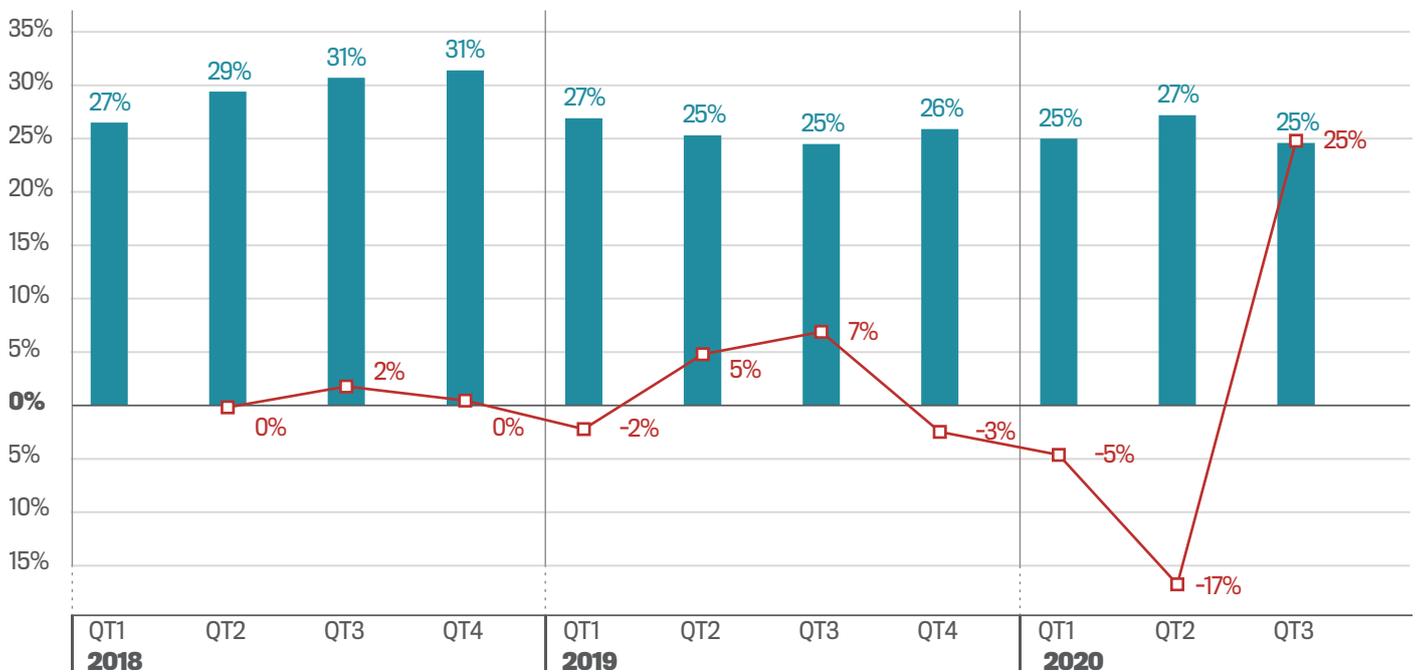
Figure 4. Average job vacancies by industry in Germany

Source: Eurostat

2021, pp. 14-15. Source: <https://bit.ly/2NlWYJg>25 Eurostat. Job vacancy statistics by NACE Rev. 2 activity - quarterly data. Source: <https://bit.ly/2lJND0z>

Similar to Germany, Kosovo experienced a sizable increase of two percentage points in its unemployment rate during the second quarter of 2020, peaking at 27%, which then stabilized at 25% in the third quarter akin to pre-lockdown levels. Employment experienced a major dip from the first quarter of 2020 to the second quarter, when the number of employed individuals fell from around 354,700 to 294,600. Nevertheless, during the third quarter, the number of employed individuals returned to slightly higher than its previous state, an increase of 25%, with 368,100 employed.²⁶ Similar to Germany, a long-lasting drop in employment may have been avoided as a result of the emergency fiscal package from the Government of Kosovo, which, among several immediate financial measures, promised six million Euros worth of support to companies that registered new employees during the pandemic with employment contracts of at least one year. By June 2020, nearly 15 thousand workers applied for that support.²⁷ While the emergency financial measures alleviated some of the loss in employment, certain economic sectors still experienced big losses. When comparing the third quarter of 2020 to the same quarter of 2019, employment in manufacturing had decreased by 6.1%, wholesale and retail trade by 3.7%, and agriculture by 3.3%. However, at the same time, some sectors experienced increased employment such as an increase of 2.3% in water and electricity supply, 2.1% in healthcare, and 1.8% in mining.²⁸ To ensure that we have a clear picture of the impact of the pandemic on the labor market and what that may mean for migration, the Kosovo Employment Agency should regularly assess and forecast Kosovo's labor market needs by collecting comprehensive data on job vacancies (for which Kosovo does not have data comparable to Germany) and the professional and educational background of the unemployed via periodic surveys with businesses or business associations regarding current and projected labor needs.

Figure 5. ■ Quarterly unemployment rate (%) and
□ percent change in employment in Kosovo



Source: Kosovo Agency of Statistics

²⁶ Quarterly employment by activity and gender, and quarterly number of unemployed and unemployment rate by gender. Kosovo Agency of Statistics. Source: <https://bit.ly/3s3oPfk>

²⁷ "The Impact of the COVID-19 Pandemic on the Labor Market," GAP Institute, June 2020, pp. 16. Source: <https://bit.ly/3r3ab8o>

²⁸ Quarterly employment by activity and gender. Kosovo Agency of Statistics. Source: <https://bit.ly/3s3oPfk>

Seeing as the current pandemic situation has caused ripples throughout both Germany's and Kosovo's labor markets, it is natural to assume that immigration for the purpose of labor has been impacted as well. As a result of employment decreases in certain German sectors, employment priorities, in particular for foreign labor, may have shifted. Indeed, the Ministry of Finance, Labor and Transfers should take such changes in Germany into account when designing labor migration policies to ensure the protection of Kosovar migrant rights and efficient migration procedures. In the next section, this study analyzes new data on the first phase of the WBR, how the pandemic might affect immigration, and what the new WBR cap on approvals means for future migration of Kosovars to Germany.

The New Western Balkan Regulation: What can Kosovars expect?

Between 2016 and 2019 the total number of work contracts and, thereby, applications submitted to the Federal Employment Agency of Germany (FEA) for review increased. The number of Kosovar applications (totaling 83,570 until the end of 2019) fluctuated, but generally accounted for 30% of all applications from Western Balkan countries. Additionally, Kosovar applications accounted both for 30% of pre-approvals (67,730) and 30% of pre-denials (15,840); the ratio of pre-approvals to pre-denials of Kosovar applications was a staggering four to one. Despite the high number of applications submitted from 2016 through 2019, the year 2020 saw a major drop in applications submitted. As a result of travelling restrictions and labor market insecurities, the total number of WBR applications fell from 75,032 in 2019 to 40,819 in 2020. Kosovar applications also fell from 16,298 in 2019 to 9,085 in 2020, accounting for only 22% of all applications.

Additionally, pre-approval does not guarantee that one will receive a visa, mainly due to application errors and processing capacities of embassies. As such, between 2016 and 2019 only 35% to 45% of applicants pre-approved by the FEA received visas. Indeed in 2020, the rate of visas issued over pre-approvals granted dropped to an average of 14% (discounting Montenegro for it is an outlier with 43%). The embassy in Prishtina issued only 834 visas for WBR applicants that amounted to 11% of pre-approvals granted for Kosovars in 2020. This came mostly as a result of the fact that the German Embassy in Prishtina announced in March that it would no longer process any visa applications.²⁹ At the time of writing, short-term visas remain restricted only to rare cases and, more importantly, applications under the WBR are not accepted at all by the Embassy in Prishtina, partly due to the new WBR cap and partly due to travel restrictions.³⁰ This does not, however, detract from the unfortunate situation that the embassy in Prishtina is severely understaffed and ill-equipped to handle the massive amount of applications. In fact, from 2017 to 2020, only six additional staff members have joined the embassy, while the number of applications is increasing steadily.³¹

29 Announcement of German Embassy in Prishtina. Source: <https://bit.ly/2M5WBBX>

30 Visa Information. German Embassy in Prishtina. Source: <https://bit.ly/3boEMqn>; New Regulation for Work for Applicants from Western Balkan Countries. German Embassy in Prishtina. Source: <https://bit.ly/37s82v4>

31 "Working Visas from the Western Balkans 2019," German Bundestag. Source: <https://bit.ly/2OSYx1H>

Table 1. Number of pre-approvals, pre-denials and visas issued under section 26.2

| | Year | Total |  ALB |  BiH |  RKS |  MKD |  MNE |  SRB |
|--|------|--------|---|---|---|---|---|---|
| Work contracts submitted to employment agency for review under §26.2 | 2016 | 53,583 | 3,933 | 13,889 | 18,182 | 6,213 | 1,313 | 10,050 |
| | 2017 | 94,280 | 8,235 | 21,206 | 36,245 | 11,452 | 1,839 | 15,301 |
| | 2018 | 56,775 | 9,376 | 11,398 | 12,845 | 12,683 | 1,978 | 8,495 |
| | 2019 | 75,032 | 12,397 | 17,466 | 16,298 | 15,696 | 2,886 | 10,287 |
| | 2020 | 40,819 | 7,072 | 8,782 | 9,085 | 9,142 | 1,659 | 5,077 |
| Pre-approvals granted | 2016 | 42,546 | 2,977 | 11,330 | 14,419 | 4,746 | 1,012 | 8,059 |
| | 2017 | 74,577 | 6,053 | 17,220 | 28,816 | 8,918 | 1,433 | 12,135 |
| | 2018 | 46,118 | 7,052 | 9,684 | 10,693 | 10,059 | 1,476 | 7,154 |
| | 2019 | 62,334 | 9,665 | 14,862 | 13,802 | 13,062 | 2,347 | 8,595 |
| | 2020 | 34,150 | 5,658 | 7,588 | 7,634 | 7,646 | 1,376 | 4,248 |
| Pre-approvals denied | 2016 | 11,037 | 956 | 2,559 | 3,763 | 1,467 | 301 | 1,991 |
| | 2017 | 19,703 | 2,182 | 3,986 | 7,429 | 2,534 | 406 | 3,166 |
| | 2018 | 10,657 | 2,324 | 1,714 | 2,152 | 2,624 | 502 | 1,341 |
| | 2019 | 12,698 | 2,732 | 2,604 | 2,496 | 2,634 | 539 | 1,692 |
| | 2020 | 6,669 | 1,414 | 1,194 | 1,451 | 1,496 | 283 | 829 |
| Visas issued under §26.2 | 2016 | 18,752 | 1,228 | 5,581 | 5,102 | 2,635 | 678 | 3,528 |
| | 2017 | 25,341 | 2,796 | 5,933 | 6,012 | 5,167 | 856 | 4,577 |
| | 2018 | 21,078 | 4,254 | 2,612 | 4,710 | 5,360 | 971 | 3,171 |
| | 2019 | 27,259 | 4,059 | 7,223 | 4,777 | 6,425 | 1,596 | 3,179 |
| | 2020 | 5,188 | 893 | 1,047 | 834 | 1,291 | 596 | 527 |

Source: Federal Employment Agency of Germany, German Bundestag,³² Migration Strategy Group on International Cooperation and Development³³

³² "Working Visas from the Western Balkans 2019," German Bundestag. Source: <https://bit.ly/2OSYx1H>;

"Working Visas from the Western Balkans 2020," German Bundestag. Source: <https://bit.ly/2PLxjux>

³³ "Creating Legal Pathways to Reduce Irregular Migration. What we can learn from Germany's 'Western Balkan Regulation,'" Migration Strategy Group on International Cooperation and Development, 2018, pp. 19. Source: <https://bit.ly/3qEEsu6>

Similar to the period 2016–2018 studied by in the 2020 GAP and SVR study,³⁴ the bulk of pre-approvals granted by the FEA for Kosovar applicants were in the construction industry (around 50% in both 2019 and 2020), accommodation and food service activities (15% on average for each year), and administrative and support service activities (15% on average for each year as well). Those same professions also had the highest number of applications denied.

Table 2. Number of pre-approvals granted and denied under section 26.2 for Kosovar applicants, by industry

| | 2019 | | 2020 | | Total | |
|---|--------------|-------------|-------------|-------------|--------------|-------------|
| | Granted | Denied | Granted | Denied | Granted | Denied |
| In total | 13774 | 2473 | 7578 | 1405 | 21352 | 3878 |
| A Agriculture, forestry and fishing | 132 | 10 | 61 | 8 | 193 | 18 |
| B Mining and quarrying | 24 | | 7 | * | 31 | * |
| C Manufacturing | 942 | 150 | 462 | 62 | 1404 | 212 |
| D Electricity, gas, steam and air conditioning supply | 7 | * | * | * | 7 | * |
| E Water supply; sewerage, waste management and remediation activities | 43 | 5 | 21 | 8 | 64 | 13 |
| F Construction | 6732 | 1232 | 3808 | 668 | 10540 | 1900 |
| G Wholesale and retail trade; repair of motor vehicles and motorcycles | 619 | 158 | 359 | 86 | 978 | 244 |
| H Transportation and storage | 539 | 77 | 301 | 71 | 840 | 148 |
| I Accommodation and food service activities | 2172 | 328 | 1003 | 231 | 3175 | 559 |
| J Information and communication | 35 | 6 | 9 | * | 44 | 6 |
| K Financial and insurance activities | 3 | 6 | | * | 3 | 6 |
| L Real estate activities | 30 | 9 | 19 | 11 | 49 | 20 |
| M Professional, scientific and technical activities | 109 | 28 | 88 | 15 | 197 | 43 |
| N Administrative and support service activities | 1973 | 405 | 1212 | 217 | 3185 | 622 |
| O Public administration and defence; compulsory social security | 9 | * | 3 | * | 12 | * |
| P Education | 6 | * | * | * | 6 | * |
| Q Human health and social work activities | 196 | 27 | 156 | 28 | 352 | 55 |
| R Arts, entertainment and recreation | 21 | 5 | 5 | * | 26 | 5 |
| S Other service activities | 165 | 23 | 56 | * | 221 | 23 |
| T Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use | 17 | 4 | 8 | * | 25 | 4 |
| U Activities of extraterritorial organisations and bodies | * | * | * | * | * | * |

Source: Federal Employment Agency of Germany

34 “The emigration of Kosovo’s labor force to Germany,” GAP Institute, SVR. Source: <https://bit.ly/3dAuHsS>

However, despite the increase in unemployment in Germany in 2020, the decrease in several industries' job vacancy rates, as well as travel restrictions disallowing WBR applicants from being granted visas, the demand for workers from Western Balkan countries would not necessarily decrease permanently (save for the second phase WBR limitation to accept only 25,000 applications each year). With the exception of the German gastronomy sector that experienced a harsher lockdown and the fact that new employment opportunities remain strained compared to pre-Covid-19 levels, the German economy seems still able to accept WBR applicants, attested to by the high pre-approval rates even in 2020 (over 80% of total applications). Moreover, while post-Covid-19 recovery might be slow and gradual, the current burdens on the labor market are only temporary, and business-as-usual may be expected for the years to come.

Nevertheless, despite pressure on the German labor market throughout 2020, the Western Balkan Regulation was deemed a success at the end of its first phase.³⁵ It became evident that it is sufficient to let German employers decide who to hire rather than limiting immigrant employment options solely based on their qualifications. Moreover, if embassies in Western Balkan countries are efficient and prepared to deal with applications, a smooth process should be ensured. However, this can be considered negative point for Kosovo, where the German Embassy has proven to be slow and inefficient, mainly due to the inadequate number of staff for processing the high number of general visa applications.³⁶ According to the 2020 GAP and SVR study, the waiting period for visa applications via the Western Balkan Regulation in Kosovo is expected to be more than a year, and many employers cannot wait this long to fill an open position.³⁷

Apart from the issue of not being granted visas efficiently, Kosovars interested in migrating to Germany via the WBR will now face stricter rules due to the limitation of only 25,000 work approvals annually for all Western Balkan countries together until the end of 2023. If we assume that the share of pre-approvals from Kosovo will remain the same as in previous years (around 30%), we can expect about 7,500 pre-approvals from Kosovo each year until 2023. However, one may expect only a third of these pre-approvals (2,000) to be granted visas (based on its previous average visa issuance rate for the WBR) if the German embassy in Kosovo does nothing to raise its efficiency. Considering that about 17,000 Kosovars on average were pre-approved each year between 2016 and 2019, 7,500 potential pre-approvals per year for 2021-2023 is a significant downsizing and will likely have much less of an impact on the German or Kosovar labor market.

On the other hand, when it comes to the Skilled Immigration Act, German embassies across the world have managed to grant 30,200 visas by from 1 March until 31 December 2020. Although the Skilled Immigration Act does not necessarily target Western Balkan countries, four of those countries – Serbia, Bosnia and Herzegovina, Kosovo, and Albania – have managed to top the list of the countries with the highest visa issuances under this act. According to the German Federal Foreign Office, the German embassy in Belgrade issued 2,024 visas, in Sarajevo 1,159 visas, in Prishtina 792, and in Tirana 778.³⁸ Considering that

35 "Evaluierung der Westbalkanregelung," Federal Ministry of Labor and Social Affairs in Germany. Source: <https://bit.ly/3bpmtS1>

36 Answers to questions posed to the German Bundestag. German Bundestag. April 2020, pp. 5 Source: <https://bit.ly/3bdYBjS>

37 "The emigration of Kosovo's labor force to Germany," GAP Institute, SVR, pp. 16. Source: <https://bit.ly/3dAuHsS>

38 "Skilled Workers From Western Balkans Benefited Most From Germany's Skilled Immigration Act in 2020," SchengenVisaInfo. March 2021. Source: <https://bit.ly/38SOcdj>

a shortage of low-skilled labor can eventually be problematic for Western Balkan countries, the increased outflow of high-skilled labor could be detrimental to such countries. In the case of Kosovo, brain drain in the ICT, engineering, and healthcare sectors is particularly threatening to its labor market according to employers from those sectors.³⁹ In fact, in a recent paper, the Vienna Institute for International Economic Studies reports that between the period 2016-2018 Kosovo faced an average net emigration rate of 7% (second highest among the Western Balkan countries), where emigration of high-skilled labor is significantly driven by recent university graduates.⁴⁰

Conclusion

The Western Balkan Regulation, introduced in 2015 to give workers of all skill levels from Western Balkan countries easier access to the German labor market, concluded its first phase in December of 2020. While the rule's primary rationale was to create legal pathways for migration, some of its benefits in addressing Germany's labor market needs were also identified. Indeed, over the course of the past five years, the WBR has attracted more than 300,000 applications from all Western Balkan countries. A report conducted by the Institute for Employment Research on behalf of the Federal Ministry of Labor and Social Affairs in Germany stated that the WBR was successful in fulfilling its goal of attracting labor for industries in Germany that struggle to hire domestic workers. Nevertheless, while the WBR was scheduled to end in 2020, several institutions recognized the need to extend it to keep meeting the needs of the German labor market, and the WBR was allowed to continue until 2023 on the condition that no more than 25,000 work approvals be granted by the German Federal Employment Agency per year. This cap will likely suppress the migration of unskilled labor, and is expected to cause a limited impact on Germany's economy.

The year 2020 also witnessed big swings in the economies of both Kosovo and Germany, and particularly their labor markets, as a result of the Covid-19 pandemic. Both countries' quarterly GDPs fell by around 10% in the middle of 2020 compared to the same period in 2019. Furthermore, unemployment increased due to lockdown measures in both countries. Employment took an immediate hit too, although it managed to stabilize as a result of emergency labor market policies. Naturally, labor migration via the WBR was also affected, where 2020 saw a 46% decline in applications submitted to Germany's employment agency, a number that was affected by a combination of pressure on the German labor market, travel restrictions, and limited processing capacities of German embassies across the Western Balkans. Whether pandemic-related pressure on the labor market will affect migration remains to be seen. However, even in 2020, migration from sectors such as construction, administration and support services, and accommodation and food services remains high. Additionally, it can be expected that labor markets will eventually stabilize and migration will face fewer restrictions.

Our findings suggest that a major limiting factor for migration will be the 25,000 approval cap set by the German government. We expect that pre-approvals from Kosovo will fall from 17,000 (based on the average for the first phase of the

39 "Labour Market/Migration Research," DIMAK, January 2021, pp. 14, 40, 52

40 Sandra M. Leitner, "Net Migration and its Skill Composition in the Western Balkan Countries between 2010 and 2019: Results from a Cohort Approach," The Vienna Institute for International Economic Studies, March 2021, pp. 14. Source: <https://bit.ly/3infWCN>

WBR), to 7,500. Given that not all applicants will receive work visas, only 2,000 actual potential migrants per year are expected. This is expected to have a much smaller impact on Germany's and Western Balkan countries' labor markets, despite the continued needs of the German labor market for such workers.

Therefore, to better assess the impact of the Western Balkan Regulation on Kosovo's labor market and to make migration in general more efficient, GAP Institute recommends that:

- The Kosovo Employment Agency (KEA) should properly assess and forecast Kosovo's labor market needs. To do this, the KEA should collect comprehensive data on job vacancies and the professional and educational background of the unemployed. It needs to run regular/periodic surveys with businesses or business associations regarding current and projected labor needs. Cooperation with the Kosovo Agency of Statistics, local employment agencies, NGOs, and chambers of commerce too is key to ensure swift and cost-effective results.
- The Ministry of Finance, Labor and Transfers (MFLT) in Kosovo should use the data from the KEA to design labor migration policies in accordance with labor market needs. In addition, when entering into bilateral migration agreements, the MFLT should safeguard migrant rights, share the cost of labor migration (travel, language courses, etc.), and design fast and predictable migration procedures. Seasonal work agreements could be explored as an option for professions where Kosovo has a low unemployment rate.
- The Government of Germany should increase the capacity of its embassy in Prishtina. From 2017 to 2020, only six staff members were added while the number of applications increased rapidly. Proper staffing and methodologies (to select and vet migrants) could reduce the processing time that is currently unsustainable. Further, whether and to what degree the newly established Federal Office for Foreign Affairs in Berlin could relieve the overburdened German foreign representations in the region by taking over visa services should be investigated.⁴¹

⁴¹ Federal Foreign Office. A draft law foresees that the Federal Office for Foreign Affairs can be assigned Foreign Service tasks in the visa procedure. Source: <https://bit.ly/2UPxxBh>



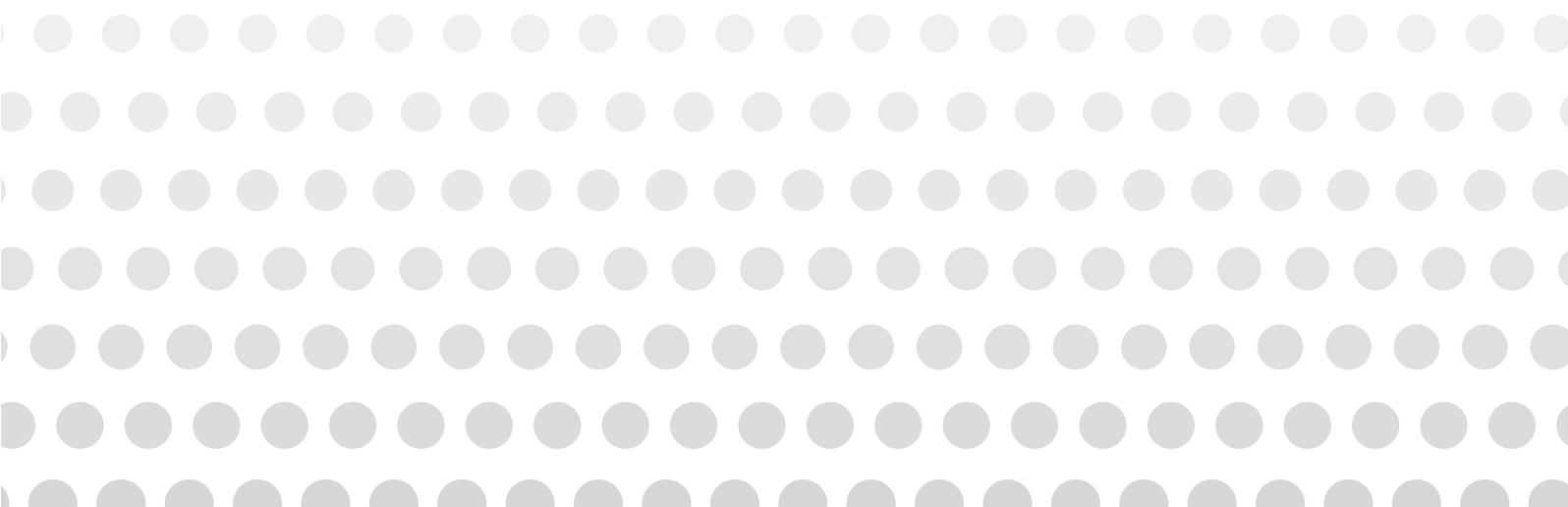
GAP Institute is a Think Tank established in October 2007 in Kosovo. GAP's main goal is to attract professionals to create an environment of professional development and research, as seen in similar institutions in Western countries. This also provides Kosovars with opportunities to research, develop and implement projects in order to advance the Kosovo society. Priority for this Institute is the mobilization of professionals to address the country's economic, political and social challenges. GAP's main goals are to fill the gaps between government and citizens, and between problems and solutions.

www.institutigap.org

Sejdi Kryeziu, Block 4, Nr. 4, 10000 Pristina

Tel.: +383 38 609 339

info@institutigap.org



The GAP Institute is supported by:



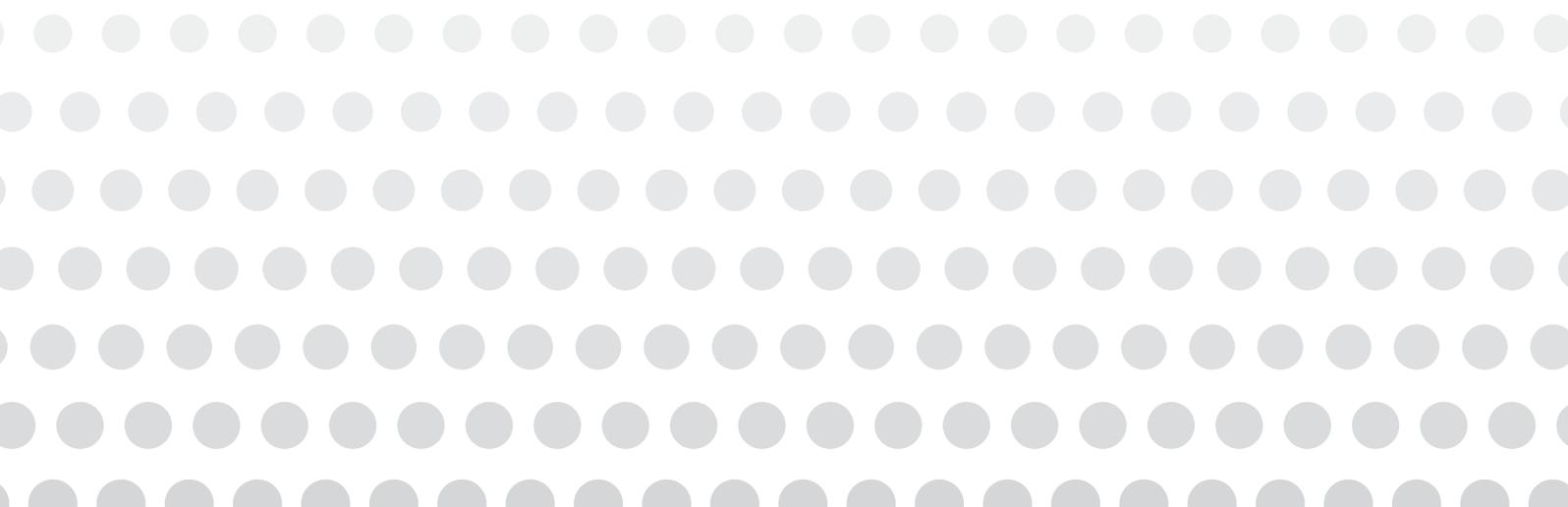
**Rockefeller
Brothers Fund**

Philanthropy for an Interdependent World

This project is supported by:



**OPEN SOCIETY
FOUNDATIONS**



How will the Covid-19 pandemic and
Germany's new immigration cap affect
Kosovo's labor migration?

