

Executive summary: Estonia

Since Estonia regained its independence in 1991, the regulation of international migration has been rather strict, with a relatively low annual migration quota for long-term employment. Nevertheless, the 2010s saw the increased migration of third-country nationals, primarily via temporary working schemes. Since 2015, Estonia has experienced positive net migration, even in 2020. However, the importance of migrant workers varies significantly across the analysed sectors. The transience of migration causes problems for both the working conditions and labour market integration of migrants. All signs indicate that social partners are often aware of these problems; however, though they lack the capacities to deal with these issues, they are interested in developing them. Despite some differences in how employers and unions perceive the need for a migrant workforce, even unions do not question the need for an additional migrant workforce. In order to tackle the challenges of the migrant workforce, alternatives to the current strict quota-based migration regulation system should be considered. Furthermore, the regulations should be adjusted by taking into account the specifics of the particular sectors in aspects such as the strength of the social partners, labour shortages and skills requirements, and the nature of the work and projects.

< **Historical context** > As in other Central and Eastern European countries, the employment of third-country migrant workers emerged in Estonia during the 2010s in the context of local labour shortages that can be traced to multiple reasons. In the 2000s, after joining the EU in 2004, outward migration to other EU countries, especially Finland, emerged. The profound economic decline in 2008-2009 during the Great Recession further exacerbated outward migration, especially in certain sectors (construction). The latter explains, to some extent, the labour shortages that created the need for migrant workers from third countries. The 2010s changed the context of migration due to the emerging return migration of Estonians and the immigration of third country migrant workers. Since 2015, Estonia has experienced positive net migration every year. This has brought along a rapid change in migration research agenda and policy debates. In particular, it has shone more light on the regulation of migration, such as whether the current strict regulation should be modified or a toughening of regulations is required due to the risks stemming from migrant workers.

< **Regulation** > The regulation on long-term employment is particularly restrictive in Estonia due to the migration quota being set at a very low level (0.1 per cent) of Estonia's permanent population annually, though this excludes top specialists, employees of start-up companies, IT specialists and

certain others. Therefore, short-term employment is relatively more relevant. This is limited to 365 days within a span of 455 days and is subject to the requirement that at least the average Estonia gross salary is paid. However, exceptions are again applied to groups such as start-up companies, teachers and researchers, and seasonal workers. There are also special regulations that allow international students to work in Estonia. During studies, no work permit is required (if the student is studying full time and there is no interference with their studies), and after graduation, they have nine months to look for a job in Estonia. Despite the strict regulation, the presence of significant numbers of migrant workers from third countries in Estonia has sparked debate among social partners and policy-makers. While unions have stressed that borders are pretty open despite the strict regulations, employers have stressed the problems resulting from the use of temporary employees via work agencies. A toughening of the migration regulation was actively discussed in 2019-2020, mainly at the initiative of the Estonian Conservative Peoples' Party. This was also reflected in the media analysis: one of the main topics identified was the lack of seasonal migrant workers in agriculture in 2020 due to the pandemic-related restrictions for such workers entering Estonia.

< **Migrant workers presence and trends** > The positive net migration in Estonia since 2015 has been due in roughly equal parts to the return migration of Estonians and the immigration of third-country nationals; the fall in both immigration and emigration was relatively mild in 2020. Among the source countries, Ukraine has been the most significant. The importance of migrant workers significantly varies across industries. For instance, there are many migrant workers in the platform economy sector due to the ease at which third-country nationals can become platform workers and the fact that platform companies provide support in English. Aside from this, platform companies do not pay special attention to hiring third-country nationals or keeping track of them, while unions do not cater for migrant workers either. In the services sector, the total number of migrant workers is not significant, but some segments of the sector are highly dependent on them due to the local labour shortage. In the metal and construction industry, a large number of third-country nationals work as temporary employees (e.g., about 5,000 in construction). There are only a few third-country nationals in the health sector due to the language and professional requirements. Our analysis of the feasibility of the available registries (Statistical Registry of Population; Employment Registry) for the study of third-country nationals has indicated that these migrant

workforce numbers are underestimated, especially for jobs requiring low skill levels. Temporary third-country workers are often not recorded in these registries.

< **Labour market integration** > Labour market integration and the working conditions of third-country nationals are strongly affected by the widespread use of temporary working schemes. Also, interviews with experts have indicated that most of the complaints related to third-country nationals concern temporary workers, such as construction workers from Ukraine. Transience makes it more challenging to collect information on the working conditions of such employees (in the case of the metal industry). However, transience may also be associated with worse working conditions for migrants compared to locals, e.g. third-country nationals may choose long working hours themselves as a way to maximise their income. There are issues with the lack of employment contracts; for example, many service contracts are civil law contracts that lack social guarantees. The social partners and companies interviewed also mentioned occupational safety issues, pay below that of local employees and problems with social security (related to platform work). There seem to be smaller gaps in working conditions or none at all in cases where company-level or industry-level collective agreements are present, but these cover only a tiny porportion of the workforce.

< **Role of intermediaries** > The role of intermediaries in channelling migrant work is therefore quite significant due to many temporary employees arriving in Estonia via intermediaries, especially in sectors such as construction and the metal industry. For digital economy or platform work, third-country nationals working in the sector arrive in Estonia without the help of intermediaries. However, platforms engage with Estonian partner firms (aggregators) to hire platform workers, i.e., the aggregators communicate with the platform workers, not the platforms. The widespread use of intermediaries has resulted in problems with working conditions and a lack of information on the working conditions of third-country nationals among the social partners.

< **Collective bargaining and social dialogue – relevant findings by sectors** > The situation with the social dialogue and thus also its ability to address the issues of migrant workers varies significantly across the five studied sectors. In the digital economy (platform work) sector, there is no social dialogue between the unions and the platform operators (due to the absence of unions). Platform operators regard platform workers as service providers, not employees. In the services sector, unions are underrepresented. Workers can bargain without unions, and the need for unions

is not felt due to the labour shortages comparable to those in the IT sector (thus, the particular sector representing the whole economy); however, there have been some notable recent improvements. The metal industry has a very low level of unionisation, with only firm-level collective bargaining present. In contrast, the construction sector does not even have establishment-level collective agreements due to the predominance of micro-firms. Among the five analysed sectors, the health sector is the only one with active social dialogue and a sector-level collective agreement renewed every two years. However, the negotiation processes are not always short and effective. Media analysis has revealed that employers are visible in the media in migration-related articles but the trade unions are not visible in the media in migration-related articles, indicating especially the latter's weakness.

< **Social partners capacities and strategies** > In the digital sector, employers try to avoid statistical categories that separately count third-country nationals, and there is no special staff related to migrant workers. Still, support for platform workers is available in both Estonian and English. There are no collective agreements with clauses related to third-country nationals in the services sectors; nevertheless, there is a concerted effort to ensure equality of working conditions across contracts. Employers and employees cooperate on issues of third-country nationals with the respective umbrella organisations (Estonian Employers' Confederation and Estonian Trade Union Confederation). There is effective cooperation with the Ministry of Economic Affairs, yet some differences in the approaches of unions and employers may affect this collaboration. No specific clauses pertaining to third-country nationals are included in the collective agreements in the metal industry, but unions have provided some advice and information to migrant workers. Despite some discrepancies in how unions and employers view the situation, employers see the potential for cooperation with unions on migration issues. In the health sector, the sector-level collective agreement ensures that the working conditions of third-country nationals are the same as the working conditions of any other healthcare sector employee. The position of social partners in the health sector is that they have no interest in Estonia being a transit country of third-country nationals. Different solutions have been discussed regarding the employment of third-country nationals, such as study groups whereby tuition and living expenses are paid on condition that the third-country nationals work in Estonia upon completing their studies. However, improving working conditions in Estonia to a level more akin to that experienced in Scandinavian countries could help reduce the motivation of migrant doctors to transit to other countries. In the construction

sector, the view of employers is that third-country migrant workers are needed in the industry; they prefer the immigration of qualified employees, and the main challenge is in eliminating the current strict migration quota.

< **Recommendations** >

1. Alternatives to the current strict migration regulation system via the strict migration quota should be considered, e.g., such as incorporating some labour market testing mechanism or a points system.
2. The state should consider the capacities of the social partners of particular sectors in tackling migration issues and, given the interest among social partners, develop their capacities in tackling the issue of third country nationals.
3. The recommendations of social partners regarding the specifics of the sectors and suggestions to resolve the stumbling blocks related to the employment of third-country nationals should be taken into account, e.g., in the construction sector, the length of the stay of migrant workers to match the length of contracts; in the services sector, extending the list of specialists who can come to Estonia to work from third countries; in the health sector, sequencing training provided to third-country nationals interested in working in Estonia, so that language training is followed by professional training.
4. Alternative solutions to labour shortages should be searched for if strict migration policies continue.