

European Migration Network

National Contact Point for the Republic of Lithuania

**SATISFYING LABOUR DEMAND THROUGH
MIGRATION**

National report: Lithuania

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Contents

Introduction.....	3
1. Methodology and definitions	4
1.1. Review of previous studies	4
1.2. Methodology.....	6
1.3. Definitions.....	9
2. Economic migration policy in Lithuania	10
2.1. Disequilibrium between emigration and immigration	10
2.2 Country's economic migration policy and vision	20
3. Implementation of economic migration policy	28
3.1. Mechanisms for recruitment of foreigners.....	29
3.1.1. General recruitment procedure of foreigners working according to labour contracts.....	29
3.1.2. Employment of foreigners in professions in which there is a shortage.....	31
3.1.3. Highly-skilled foreigners.....	33
3.2. Foreigners in Lithuania: statistics and main trends.....	38
4. Cooperation with third countries in the area of economic migration	54
5. Conclusions.....	55
Employment of foreigners (comparative table)	60
References.....	65
ANNEXES	67

Introduction

Although issues of migration in Lithuania have become particularly relevant in recent years, not all aspects receive adequate political and scientific attention. While discussions on emigration are boiling, the other side of migration, namely immigration for labour purposes, has stayed on the sidelines. There has been some research on labour immigration to Lithuania and discussions about labour immigrants during the years of economic growth, but currently they have withered away. There has been silence in the area of policy making in the field of labour migration. The Migration policy department which was responsible for migration policy formation had been reformed and weakened and as a result there are no plans for the future; ways of compensating for mass emigration are not discussed.

There is a prevailing viewpoint in society and among politicians that with such a large scale of emigration from Lithuania, and at such a high level of unemployment, it is “politically incorrect” to discuss the immigration of foreigners into Lithuania, particularly labour immigration. The discourse goes that Lithuania should instead make efforts to facilitate the return of those who have left it. A particularly negative attitude of Lithuanians towards foreigners contributes to this viewpoint. In this way, public discourse on migration in Lithuania is entrapped in a vicious circle – mass emigration continues, Lithuanian emigrants return back slowly, and not necessarily those who are needed in the labour market return; and immigration issues and policy making in practice are neglected. Meanwhile, experience of other states demonstrates that if immigration policy is developed very carefully it can have a positive impact on economic development. Moreover, it is clear that Lithuania will need foreign labour as soon as the economy recovers. Therefore, it needs a solid plan based on research and experience of other states’ labour migration policy.

What is the immigration for labour purposes policy in Lithuania today, and what policy will be needed in the future? Does Lithuania have clear long-term needs and an economic development strategy of the state? Does the state know how it would like to divert migration flows in the future? How, and who will and should be invited and even attracted? Can the targeting and selective immigration policy promote the economy? Is it possible to attract skilled labour that could stimulate innovation in Lithuania and find unconventional ways to move the economy from the deadlock? Or, being in fear about “the other”, “the foreign”, we will leave the immigration processes without control? These are the main issues discussed in this study.

These issues are being raised throughout the European Union (EU). In the light of relevance of the economic immigration, the European Migration Network (EMN), which brings together all EU countries and deals with migration issues, has initiated the review of the economic immigration situation in the EU Member States. Lithuania in the EMN is represented by Vilnius office of the International Organization for Migration (IOM), which together with its partners has developed an overview of the Lithuanian Labour immigration policy and the situation.

We would like this study to become an invitation to discuss immigration, specifically labour immigration. We hope that in this way, the current one-sided interest in emigration will become more balanced.

1. Methodology and definitions

1.1. Review of previous studies

The labour migration issue came into agenda of Lithuanian researchers and policy makers in 2006 when it was noticed that due to mass emigration of the Lithuanian population and booming economy, Lithuanian employers started to feel noticeable labour force shortages in the emergent sector. However, most of the studies completed during 2006-2009 are very general. They analyse labour immigration policy from the perspective of economic growth and studies build their conclusions mostly on quantitative rather than qualitative parameters. Qualitative parameters of the foreign labour force are not evaluated. There is no examination of Lithuania's future needs and no attention is paid to the changing cycles of economic activity. Recommendations (if at all present) are only applicable to the growing economy and totally unsuitable for recession and the post-recession period.

In 2006, the Labour and Social Research Institute conducted the study *Analysis of labour demand and job vacancy filling issues*. The study examined the dynamics of the number of jobs (labour demand) and existing job vacancy filling patterns in various regions of the country between 2001 and 2005. At that time, this study was particularly relevant because there were a large number of vacancies that were difficult to fill. The study included a description of some of the reasons why vacancies were not filled:

- low wages offered by employers for individuals registered with the Labour Exchange;
- the high number of unskilled persons registered with the Labour Exchange;
- structural unemployment in individual areas;
- those who are unemployed and have specialized skills lack vocational training;
- poor mobility of the unemployed between towns.
- due to lack of workers with specific qualifications a disequilibrium emerged between labour supply and demand

With reference to the gathered data the researchers make a conclusion that supply and demand for labour in Lithuania is not sufficiently balanced. There is a lack of workers having particular professions but at the same time there are a large number of unskilled workers who are not ready to get involved into the labour market. This study does not analyse immigration of foreign labour as a solution to the existing problems in Lithuania.

In 2006 the Lithuanian Free Market Institute carried out a study *Migration: Main reasons and guidelines for changes*. The study reviews migration tendencies of the Lithuanian population, focuses on an analysis of the reasons for emigration, and presents public policy recommendations. It concludes that the main reasons for emigration are low wages and high unemployment rates in Lithuania and the growing demand for labour in Western European countries. It is noted that unemployment rates dropped significantly because of emigration

and the population leaving the local labour market. Emigration of workers and the reduction in labour supply has led to increased salaries in particular sectors of the economy and improvement of working conditions. On the other hand, the labour shortage is perceived as a growing burden on the Lithuanian economy. Specialists warn that if labour shortages caused by emigration may not be filled by the available unemployed or by technologies, the economy may slow down, and there will be a decrease in revenue for the social security system. Immigration is one of the ways to reduce the labour shortage. The main impediments to the immigration of foreign workers to Lithuania are administrative restrictions applied to members of non-EU countries. Businesses are allowed to hire only foreign workers when there is nobody available in Lithuania. The authors of the study recommend withdrawing this requirement or substantially reducing the time taken to issue work permits. The study recommends improving immigration procedures but does not provide insights into the future or how to revise existing policy on immigration for labour purposes.

A research paper prepared by the Centre of Economic and Legal Advice in 2007 *Analysis of the labour market and suggestions for resolving the problem of labour force shortage, taking into account the State's economic development forecast for 2008-2015* revealed that since 2002 the Lithuanian labour market has been dominated by trends in the growth of labour demand and reduction of labour supply. A shrinking labour supply due to emigration is unable to meet labour market needs. Economic growth that began in 2002 can be identified as the main reason for the growth of labour demand in Lithuania. Meanwhile, emigration and the negative natural growth of the population are the major causes of reduction in the labour supply in Lithuania.

The study noted that both in Lithuania and in the European Union, labour market and employment policy is focused on implementation of the main tasks of the Lisbon Strategy. In order to ensure overall labour market efficiency, the European Union's labour market policy focuses on promotion of labour mobility within the EU and formation of a common immigration policy for those from developing countries.

The study offered two solutions for the labour shortage:

- Efficient use of available national human potential;
- Acceleration of labour migration from third countries.

The authors of the study emphasise that labour market policy in Lithuania is oriented towards development of human resources, while immigration from third countries to Lithuania, in contrast to the EU's labour market policy, cannot be regarded as a primary measure for addressing the labour shortage problem and can only be regarded as a secondary mean to fill emerging labour shortages.

The analysis of labour demand revealed that Lithuanian companies tend to choose solutions for labour shortage problems, which have a short term impact on the overall economy. Wage increases dominate among these methods. In the future, most companies involved in the study plan to address the labour shortage problem by hiring cheaper labour from non-EU third countries. The study emphasizes the fact that in the short-term, immigration helps to solve the labour shortage problem, although it is associated with additional social problems and costs.

The analysis leads to the conclusion that the existing labour migration policy meets state needs and does not require major adjustments. It is beneficial to continue treating immigration as a secondary, auxiliary measure

for resolving labour market problems. Taking into account the systemic shortage of labour force in Lithuania and the common EU Member States' labour market policies, it is possible to forecast that even if there are no changes in Lithuania's immigration policy, it is likely that the scale of labour immigration from EU and non-EU third countries will grow.

In 2008, the Public Policy and Management Institute conducted a study *Influence of European Union migration policy initiatives on Lithuania and Lithuania's goals in shaping European Union policy in the area of legal and illegal migration*. In this study, the main objective was to identify Lithuanian interests in the area of labour immigration from developing countries. The study draws attention to the fact that in recent years, the problem of labour shortage has been repeatedly emphasised, but employers were using the immigration of workers from third countries as a means of solving this problem to a very limited extent. It is emphasised in the analysis of Lithuanian immigration patterns that formation of an immigration policy began only recently and it was mostly done on an *ad-hoc* basis, i.e. when problems were encountered, although its main purpose was to meet labour market needs. However, the concept of an immigration policy requires it to be shaped so that on the one hand, it is flexible and, if needed, easily adjusted according to changes in labour demand, and on the other hand, it is shaped according to anticipated long-term labour market needs. The study does not provide concrete recommendation on how the existing policy should be remedied.

In 2009 the International Organization for Migration (IOM) Vilnius office, the European Migration Network (EMN) National Contact Point (NCP) for Lithuania in cooperation with the Social Research Institute published a study titled *Return migration: theoretical insights and situation in Lithuania*. The study evaluates governmental initiatives to promote return migration of Lithuanian nationals and states that return migration was given a clear preference only in the face of mass labour force shortages in many economic sectors and only as a better alternative to bringing foreign labour force. The study concludes that it is unrealistic to expect mass return of emigrated Lithuanians. It recommends promoting the so-called innovative returns and to pay more attention to the potential of utilising migration experience and capital of returning nationals. Creating investments and friendly environments for small businesses could encourage return migration and result in a chain reaction. However, the authors state that return migration should not be considered as the only measure to compensate the existing/future labour shortages and it should not impede the formation of effective labour immigration policy because immigration of third country workers will remain a relevant policy measure in the future.

Even though the list of studies presented here is not exhaustive, it presents the main studies that were discussed by the public and by politicians. This short review demonstrates that these studies do not question in substance the existing labour immigration policy and do not provide recommendations for the development of labour immigration policy aimed at long-term strategic goals.

1.2. Methodology

Objective. The main objective of this study is to present Lithuania's labour immigration policy and existing practice. This study examines the arrival to and work and departure from Lithuania by third country (non-EU) workers, and also provides statistical data and recommendation for the existing policy. The national study was prepared by experts of the EMN NCP in Lithuania in close cooperation with the Lithuania Institute of Social

Research and other governmental experts. The study was prepared in March-October 2010 and it is a part of the common EU study implemented by the EMN.

Objects of the Study. This Study provides statistical data on third-country nationals who arrive to Lithuania for the purpose of work and who require a work permit, i.e. foreigners who come to work according to labour contracts and who are temporarily posted to Lithuania for up to two years¹. This study also includes foreigners who are managers of companies, institutions or organisations registered in Lithuania and researchers, who do not require a work permit, but who are classified as highly-skilled and who are issued a residence permit. This choice resulted from the fact that foreign employees working under labour contracts and who are posted from non-EU countries to Lithuania occupy specific jobs in Lithuania and have an impact on the labour market. Simultaneously, this is in line with the common specifications of the European Migration Network (EMN). Due to some practical and methodological reasons some of the foreigners who arrive to Lithuania for work are not included into this study (such as intra-corporate transferees, sportsmen, seamen, volunteers –an exhaustive list can be found in annex No. 1). These foreign workers constitute a very small group and have no real impact on the labour market. Moreover, they are not required to receive a work permit and undergo a labour market test and therefore only very limited information is available.

Method of the study. The complexity of the analysed problem leads to the use of various data sources and data collection methods (qualitative and quantitative). They consist of:

- An analytical review of relevant Lithuanian and EU legislation, various State strategies, action plans;
- Statistical data analysis;
- Review of secondary resources and research carried out by other organisations.
- Expert interviews.

In total, 5 experts were interviewed from the following institutions:

- Lithuanian Labour Exchange Under the Ministry of Social Security and Labour, responsible for issuing work permits to foreigners, and the renewal and cancellation of permits;
- Migration Department under the Ministry of the Interior, responsible for issuing residence permits to foreign workers;
- Ministry of Social Security and Labour, responsible for overall labour market policy and more specifically for preparation of the list of professions whose specialists are in short supply in Lithuania;
- Labour Inspectorate, responsible for the control of legal labour;

¹ A seconded employee is a worker usually employed in another country (non-EU), but sent to work temporarily in the territory of the Republic of Lithuania.

- Public Security Policy Department under the Ministry of the Interior, responsible for formulating and implementing State migration strategy. However, economic migration is excluded.

In parallel, attitudes of the Lithuanian population on foreign labour immigrants were surveyed. The survey data are presented in a separate publication.

Statistical data. In preparing the study, problems with data collection were encountered. The European Migration Network developed Study specifications that clearly state what data is recommended for submission. It should be noted that not all data needed to carry out the Study, is stored. For example, Lithuania does not record the departure of foreign workers. It only records cancelled work permits. There is no information about the workers who are EU nationals, who come to work in Lithuania, and only fragmentary information about professions of people emigrating from Lithuania. Some data is available but it is not centrally collected. For example, data on qualifications of foreign workers had to be collected manually. It must be noted that this study examines only legally residing and working foreigners. Information on illegal work of foreigners is very scarce and not included in this study.

Data collection method. Data on foreigners working in Lithuania can be collected by two methods:

- a) Analysis of the residence permits issued, when their basis is to “work under an employment contract or engage in other economic activities” (issued by the Migration Department). Residence permits for foreign workers are not required from certain groups of workers who come to Lithuania for a maximum period of one year (when they come for scientific research in Lithuanian science institutions, seafarers working on board ships under the Lithuanian flag, or as professional athletes and coaches).
- b) Analysis of work permits issued by the Lithuanian Labour Exchange. Work permits are required for all groups of employees, with specific small exceptions which have little to no impact on the identification of the overall trends.

While writing this study, the two methods were combined. The main source of data in this study is *issued work permits*. Work permits have been chosen because the analysis of work permits allows foreign workers to be divided by citizenship and by the worker's qualifications. Analysis of residence permits does not allow identification of the qualifications of the incoming workforce.

To sum up, the subjects of this study are all nationals of third countries who come to work in Lithuania and will require a work permit, and third-country nationals who own and register a business, organisation or institution in Lithuania and whose main purpose in coming to Lithuania is to manage the said business, organisation or institution and who arrive to Lithuania as researchers.

1.3. Definitions

Lithuania has no accurate definitions defining foreign workers according to their degree of skills and qualification, i.e. there are no precise definitions of who is considered to be a highly-skilled, skilled, or unskilled worker. The law *On the legal status of Aliens* only provides definitions for seasonal workers and researchers. However, the Lithuanian Labour Exchange (LLE) uses the Classification of Occupations of Lithuania approved by the Department of Statistics which is prepared in accordance with the International Standard Classification of Occupations ISCO-88 and ISCO-88 (COM). This Classification of Occupations regulates the layout and structure of occupations, attaching the qualification levels to them, and applies both to residents of Lithuania, as well as foreign workers coming to Lithuania. Referring to the ISCO-88 all foreign workers can be classified according to their qualification.

Highly-skilled workers are foreigners who are classified in the International Standard Classification of Occupations as the main Group 1, Subgroups 12-13² and the main Group 2 (specialists) or those whose estimated monthly salary is not less than 3 times the recently published national average monthly salaries³. It is interesting to note that in Lithuania, qualifications for third-country workers are not only measured according to the complexity of duties, diversity and functions, and education, but also by the wage amount.

Skilled workers are foreigners having a profession, which falls under the Classification of Occupations, Groups 3-8⁴.

Non-skilled workers are foreigners having a vocation, assigned to Group 9 of the Classification (professions requiring elementary skills).

Table 1. Main groups of the Lithuanian Classification of Occupations and its skill levels.

Main groups	Skills	ISCO level of skills ⁵
1 Legislators, senior state officials, managers of businesses, organizations and other	Highly-skilled	3+4
2 Specialists	Highly-skilled	4
3 Junior specialists and technicians	Skilled	3
4 Junior clerks	Skilled	2
5 Service sector workers and employees of shops and markets,	Skilled	2
6 Skilled agricultural and fishery workers	Skilled	2
7 Skilled workers and artisans	Skilled	2
8 Equipment and machinery operators and assemblers	Skilled	2
9 Non-skilled workers	Non-skilled	1
0 Armed Forces	-	-

² Directors, senior managers and private business owners.

³ Order No. A1-500 of 14 August 2009 of the Minister of Social Security and Labour (ref).

⁴ Junior clerks; service sector workers and employees of shops and markets, skilled agricultural and fishery sector workers, artisans and related traders, plant and machinery operators and assemblers.

Source: Lithuanian Classification of Occupations

The terms *researcher* and *seasonal worker* are defined by law.

Seasonal workers are aliens who enter the Republic of Lithuania to take up seasonal employment (according to the list of seasonal work⁶) for a period of up to eight months in a year starting from the first day of entry. Seasonal work is defined as work which is available not for the whole year but during particular periods of time (seasons).

Researchers are aliens who intend to carry out scientific research and/or experimental development work as an associate under an employment contract concluded with a research agency⁷.

2. Economic migration policy in Lithuania

2.1. Disequilibrium between emigration and immigration

Before starting to analyse the economic labour migration policy, particularly labour immigration policy, it is very important to take into account the total scope of emigration/immigration and natural population increase/decrease trends in Lithuania. These trends construct the environment in which migration issues are analysed and discussed in Lithuania.

Lithuania has been a country of emigration since independence in 1990. According to the Eurostat, Lithuania has one of the biggest negative net migration populations (per 1000 persons). In 2009, due to emigration/immigration disequilibrium, Lithuania lost 4.7 people for every 1000 residents. These negative trends persisted in Lithuania for the whole decade.

⁵ Skill level is defined on the basis of complexity and variety of professional tasks or duties to be carried out. Skill level is determined according to one or more conditions:

1) Nature of work

2) level of formal education, required to carry out tasks and duties in a competent manner;

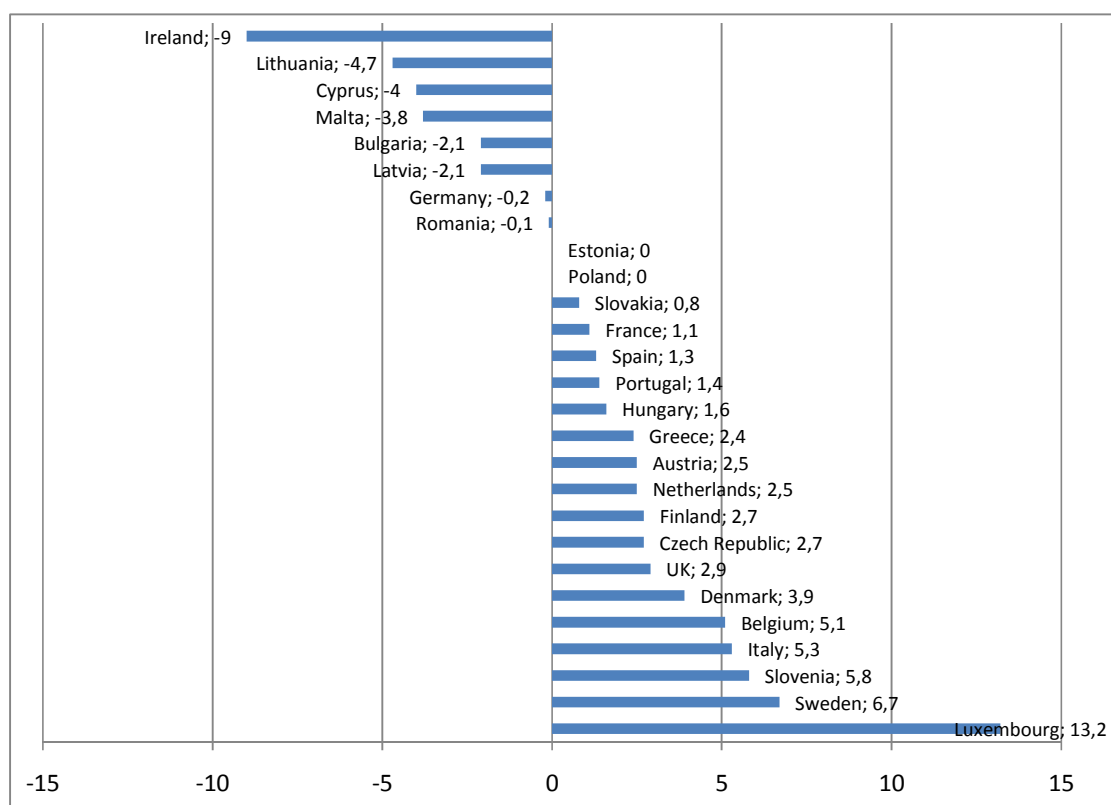
3) the extent of informal learning in the workplace and/or relevant professional experience,

In determining the level of professional skills, the nature of the work is emphasized, rather than the required formal education.

⁶Resolution No. 154 of the Government of the Republic of Lithuania of 7 March 1994.

⁷The Law on the Legal Status of Aliens, Article 49.

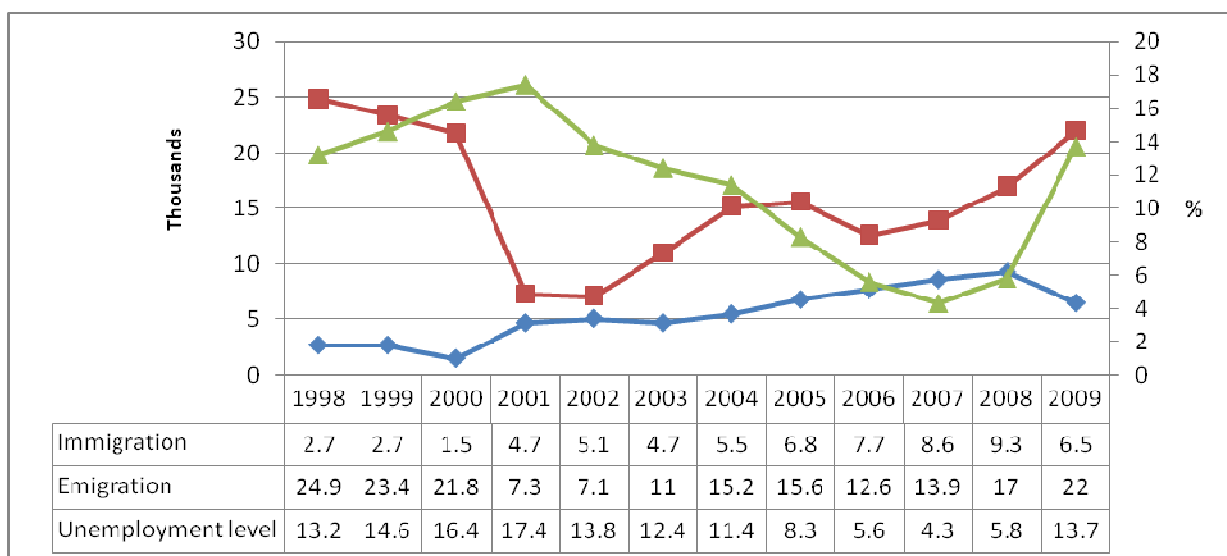
Fig.1. Net migration in EU countries, 2009



Source: Eurostat, 2009

The outflows exceeded inflows several times. It should also be noted that even during times of economic growth, Lithuania lost more residents due to emigration than it received due to immigration. Immigration remains feeble and is not able to compensate the losses caused by emigration.

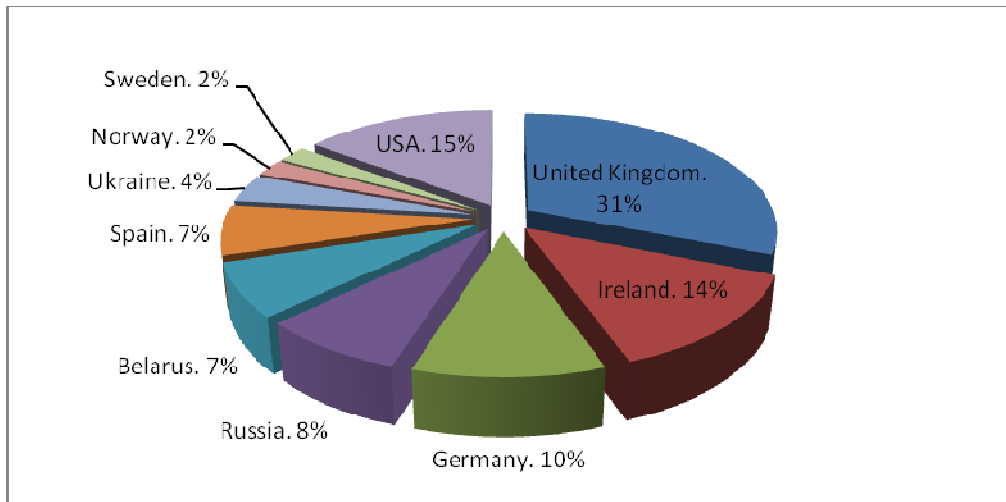
Fig. 2: Immigration (in thousands), emigration (in thousands) and unemployment (%), 1990-2009.



Source: Department of Statistics

It is natural that immigration and emigration trends in Lithuania coincide with the level of unemployment. It should be noted that this graph only provides data on declared emigration which according to the experts constitutes only half of the actual emigration. According to the experts, beginning from the independence (1990) declared and undeclared emigration from Lithuania has reached 500 thousand, whereas immigration amounts to 110 thousand, including the returning Lithuanian residents who emigrated. Mass emigration of Lithuanian residents was especially large after Lithuania joined the EU and new opportunities for legal work opened to Lithuanian citizens. Most people leave to EU countries such as UK, Ireland, and Germany. USA also still remains a popular destination country. Most emigrants state that they are leaving to seek employment.

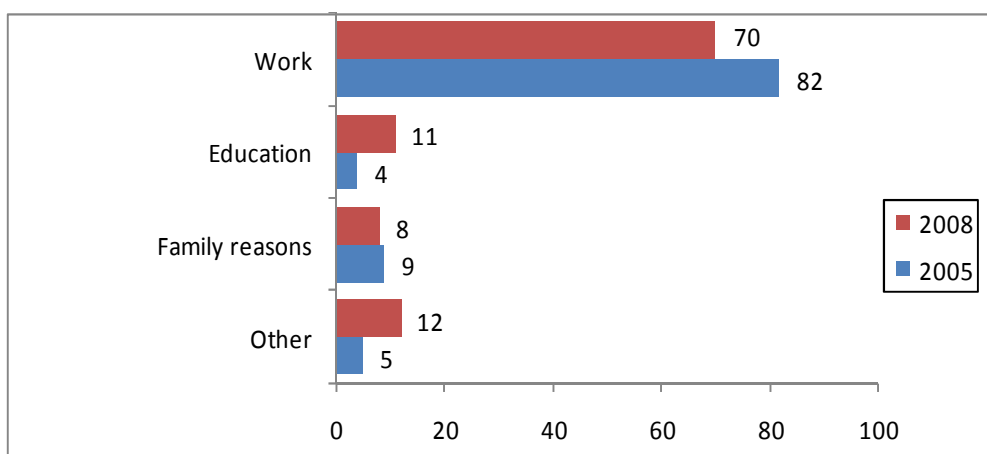
Fig. 3: Countries to which Lithuanians are emigrating, 2004-2009.



Source: Department of Statistics

The vast majority (70-80%) of those who declared their departure in 2008 indicated that they were leaving for work.

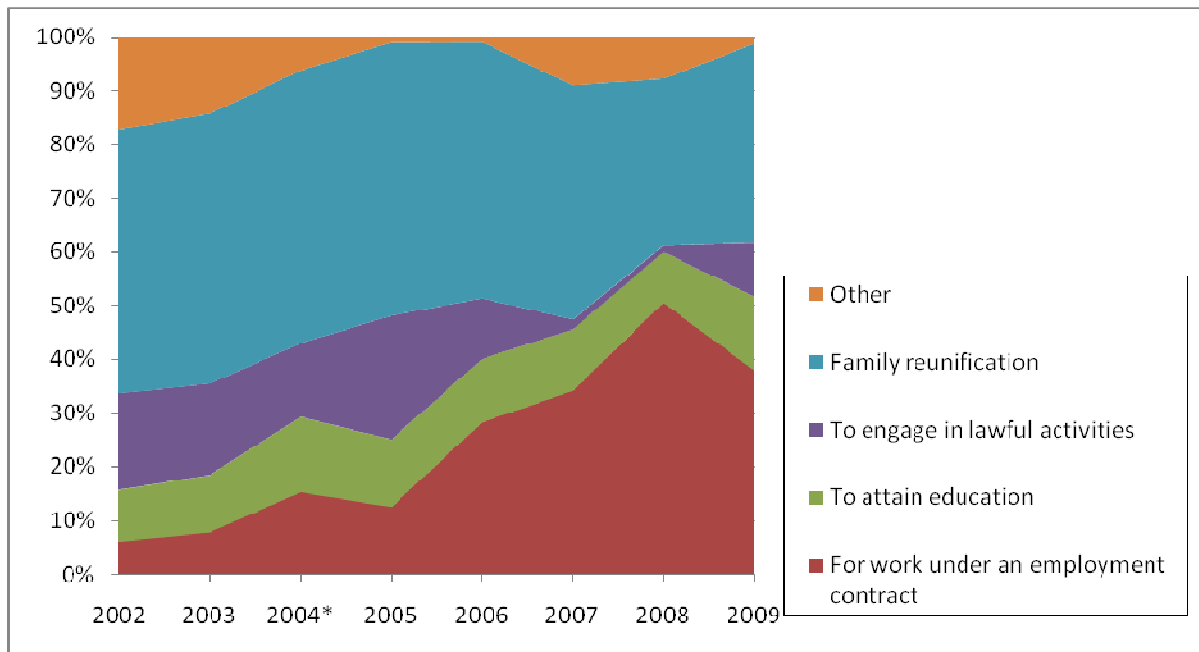
Fig. 4: Reasons for emigration (%), 2005, 2008.



Source: Department of Statistics

Meanwhile, labour immigration fluctuates and accounts for only about 20-30% of the total immigration flow (fig. 5). To conclude, the shrinking labour force due to emigration is considerable and is not compensated by comparatively small immigration.

Fig. 5: Reasons for immigration, 2002-2009.



Source: Department of Migration

Emigration flow analysis suggests that the majority of emigrants are young (20-34 years), work-able and educated residents of Lithuania, therefore the loss of labour force is obvious. Expatriates younger than 35 years over the last few years constituted more than 65 percent of all emigrants (see Table 2). Thus, structural changes in the Lithuanian population due to emigration are very significant.

Table 2. Emigrants who have declared their departure, by age groups.

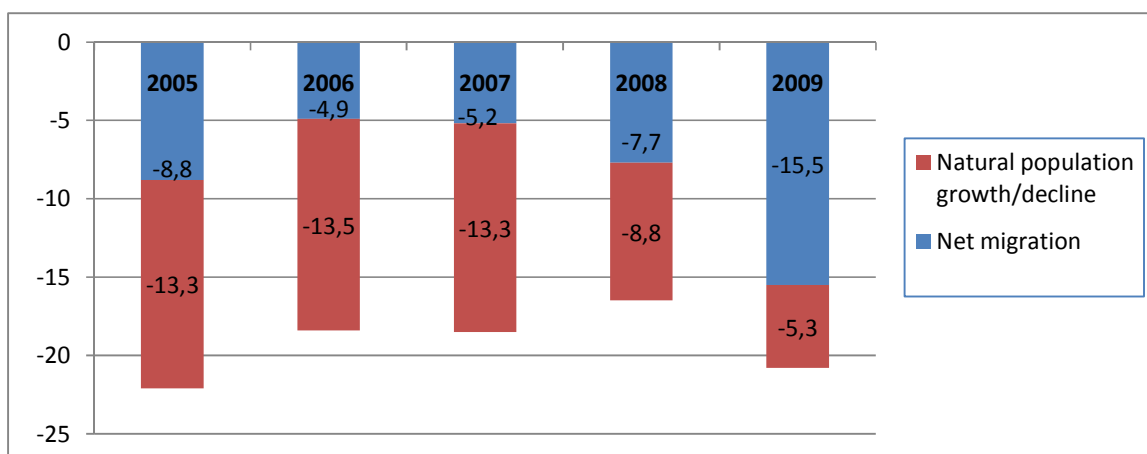
Age	2006		2007		2008		2009	
	Number	%	Number	%	Number	%	Number	%
0–14	1,891	15.0	2176	15.7	2,397	14.0	2,613	11.9
15–19	792	6.2	880	6.3	992	5.8	1,235	5.6
20–34	5,990	47.5	6,187	44.6	7,926	46.6	10,027	45.6
35–59	3,447	27.4	4,105	29.7	5,159	30.4	7,534	34.3
60+	482	3.9	505	3.7	541	3.2	561	2.5
Total	12,602	100	13,853	100	17,015	100	21,970	100

Source: Department of Statistics

At present, unemployment in Lithuania remains quite high and wages and benefits for the unemployed are declining which allows forecasting that the trend of emigration will not decrease but will grow in the coming

years. The situation is compounded by the downward natural change of population in Lithuania observed over the past decade, where the mortality indicators far exceed the birth rate. Taking into consideration the trends of immigration and emigration and natural population change, we see that with the decline in population of the country (see Figure 6.) the number of the working-age population, and hence the supply of labour, is shrinking.

Fig.6. Net migration and natural population growth/decline rate in 2005-2009 (in thousands).



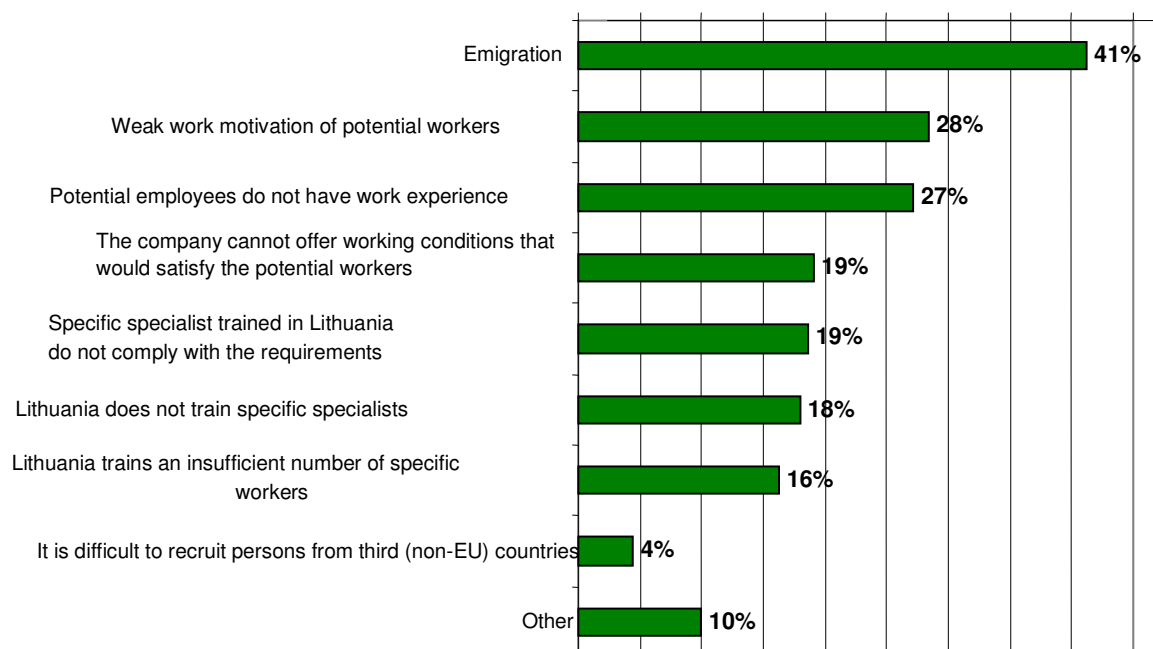
Source: Department of Statistics

The effects of emigration in Lithuania became particularly noticeable during the period of economic growth (2005–2008), when Lithuania experienced emerging shortages of labour due to emigration. Labour emigration, particularly of highly qualified professionals, has signalled an alarming need for economic expansion. The state has lost not only various professionals, but also highly-skilled and educated employees in the health and education sectors as well as scientists and researchers. The study ⁸ commissioned by the Ministry of Economy

⁸ The study “Analysis of the labour market and suggestions on resolving the problem of labour force shortage, taking into account the state's economy development forecast for 2005-2013”, commissioned by the Ministry of Economy in 2007.

at the end of 2007 showed that as many as 41% of surveyed company representatives saw emigration as the main reason impeding staff retention and recruitment.

Fig.7. Reasons named by the companies that participated in the study, stating why it is difficult to retain and recruit new workers.



Source: Study "Analysis of the labour market and suggestions on resolving the problem of labour force shortage, taking into account state's economy development forecast for 2005-2013", 2007.

The slowdown of the economy that began in the second half of 2008 which turned into the economic crisis in 2009, again increased emigration and greatly reduced the volume of immigration. If, as expected, in 2011 the economy of the country should begin recovering, and there should be increase in GDP, the unemployment growth rate will slow only in about 2012. Some studies (R. Lazutka, 2009⁹) show that the unemployment rate of 2008 will be at best achieved only after 2015. Taking into consideration the dynamics of unemployment levels and unemployment insurance benefits that were significantly reduced in 2009 (maximum benefits have decreased from 1,050 litas (300 Euros) to just 650 litas (190 Euros), and real earnings that were declining throughout the year, it is safe to predict that the number of those wishing to leave Lithuania will not decline in the nearest future. The situation is further deteriorating because part of the population who used to work in formerly successful sectors (construction, finance, etc.) and used to receive a considerable income, now became unable to meet their commitments to the banks due to decreased wages or loss of employment, and find their way out by emigrating.

Table 3. Forecast of macro-economic indicators in Lithuania for 2010–2012.

	2010	2011	2012
GDP (%)	1,6	3,2	1,2
Unemployment level (%)	16,7	15,5	14,7
Employed (% change per year)	-7,1	-4,4	0,8
Average annual inflation, (%)	-1,0	1,0	1,5
Wages (% change per year)	-7,2	-6,1	1,7
Consumption growth (% of GDP)	-5,0	6,2	2,3

Source: Ministry of Finance, the Bank of Lithuania

With the consideration of these trends, it can be stated that the volume of immigration will remain very high in the coming years. The latter tend could only be adjusted by unexpected changes in the economic situation in the main countries of emigration of Lithuanians. However, the departure from Lithuania is unlikely to diminish. This is because in 2008 and 2009, the target countries of more than half of the expatriates who have declared their departure – 56 and 52 percent, respectively, were the United Kingdom, Ireland, USA, Germany, where the economic situation (except Ireland experiencing large budget deficits) has normalized and visible signs of growth are even visible. Emigration will continue to increase, as forecasted, with further declining wages, and

⁹ R. Lazutka, "Socialinių ekonominio nuosmukio pasekmių švelninimas", V., 2009.

markedly docked social benefits. Therefore, Lithuania's economic situation does not allow us to forecast a rapid decline in emigration outflows, or a more active immigration into the country.

A more precise analysis demonstrates that during the highest unemployment period (between 2000–2001), the unemployment rate of the unskilled labour force had significantly increased and was twice the unemployment rate of skilled workers. In 2000, the unskilled labour force unemployment rate stood at 20.7 percent, as compared with 10.7 percent of the unemployment rate of skilled labour: in 2001 it was 22.8 percent and 10.9 percent, accordingly. High unemployment rates of unskilled labour at that time were a clear incentive to emigrate. In this way, the active emigration during that period, in particular, reduced the volume of unskilled labour (from 2000 to 2004, it declined by 82.9 thousand – from 944.6 thousand to 861.7 thousand), and increased the number of skilled labour (from 726, 9 thousand to 759.0 thousand, or 32 thousand of people¹⁰). It has become a major cause for the wage growth of unskilled labour, and wage decline of skilled labour¹¹. This imbalance was likely to lead indirectly to the "brain drain".

Such theory is primarily supported by the fact that the labour shortage, which was caused by both rapid growth and high emigration, strengthened the bargaining power of unskilled labour and wage growth rates in some of the rapidly rising sectors (construction, real estate) were well in excess of the labour productivity growth (see Table 4).

Table 4. Wages and labour productivity indicators, 2003-2008.

	2003	2004	2005	2006	2007	2008	2009
Labour productivity, GDP, per hour actually worked, LTL	20.0	22.0	23.8	27.1	30.8	34.3	31.1
Change compared with the previous year, %	8.9	6.0	1.7	6.8	4.8	-1.1	-7.3
Average monthly earnings, LTL	1072.6	1149.3	1276.2	1495.7	1802.4	2151.7	2056.0
Change compared with the previous year, %	-	7.2	11	17.2	20.5	19.4	-4.5

Source: Lithuanian Department of Statistics

Such an imbalance could be reduced by an active labour immigration policy. As pointed out by economist A. Maldeikienė¹², immigration increases the labour market flexibility, because immigrants are willing to work for

¹⁰ S. Karpavičius (2006), "Emigracijos poveikis Lietuvos ekonomikai", Pinigų studijos, 2006, No 2.

¹¹ A. Maldeikienė, "Makroekonominės imigracijos pasekmės", 2010 (not publicised).

¹² A. Maldeikienė, "Makroekonominės imigracijos pasekmės", 2010 (not publicised).

lower wages than local people, and in worse conditions. This reduces the pressure on rising wages and inflation (immigrants spend less because they send part of their earnings to their home country), while it may also mean lower production costs for business, improved competitiveness and reduced prices for consumers. On the other hand, higher labour migration flows may affect the local workforce wages and encourage employers to invest less in workforce training and improvement of working conditions. However, this is merely a theoretical discussion in Lithuania, as the immigration flows, and strict control of immigration (by the labour market test and the requirement that a foreign worker receives wages no lower than local workers), prevent such trends.

It is necessary to draw attention to another factor which affected the country's economic standing. This is the sending of remittances from abroad to Lithuania. In 2006–2009, remittances from abroad amounted to 2–3 percent of the GDP (see Table 5). Such cash proceeds, of course, increased aggregate demand, contributed to domestic consumption and the GDP growth, but increased inflation as well. This trend might become even more tangible, if we could assess the extent of undeclared money transfers.

Table 5. Private remittances to and from Lithuania, Lithuania, million litas

	2006	2007	2008	2009
Remittances to Lithuania	2042.04	2946.5	2993.11	2416.3
Remittances from Lithuania	-1029.30	-1205.31	-1269.7	-
Balance	1012.74	1741.19	1723.41	-
Balance as % of GDP	1.22	1.76	1.54	-

Source: Bank of Lithuania

In summary, it can be concluded that the volume of migration and its flows in the last decade in and out of Lithuania quite clearly correlated with the fluctuations in the country's economy. Although the rise in emigration in the beginning of the decade has reduced unemployment and pressure on the country's public finances, a lot of the country's labour force was lost, including young workers who are willing to work. At a certain time, this shortage led to a rapid and imbalanced increase in wages, which contributed to a very unstable economic development of Lithuania. No action has been taken to reduce this imbalance.

With the declining economy, growing emigration, and reduced immigration, the workforce in Lithuania was too declining rapidly. And although in this period emigration reduced the pressure in the Lithuanian labour market,

it also induced the problem of imbalances in the labour market in the future. It is clear that when the economy starts to show the first signs of recovery, Lithuania will inevitably face a labour shortage. This shortage will build up as the consequence of the existing trends, when a large part of the emigrating workforce has suitable qualifications and willingness to work. Yet because of the prevailing economic situation and the lack of favourable public policy towards people who have lost jobs during the economic downturn (little support, reduction in unemployment benefits and shorter time of their payments), Lithuanians choose to emigrate. Therefore, it should become clear now that even during the economic downturn, flexible and targeted immigration policy is highly necessary. This is especially important when speaking about highly skilled workers. As will be argued later, high-skilled foreign workers were almost unaffected by the economic downturn. Their number remained stable while the number of other foreign workers dropped drastically. It could be speculated that the selective immigration policy in Lithuania aimed at attracting highly skilled migrants necessary for the economic recovery, could help to overcome the economic crisis sooner.

In summary, it can be argued that the economic migration policy in Lithuania in 2006–2008 emerged as a response to the massive emigration of Lithuanian citizens. With the start of economic recession, such one-sided and insufficiently flexible labour immigration policy has become obsolete and the need has arisen to develop a flexible labour immigration policy in line with the strategic goals of Lithuania, taking into account not only the quantitative labour market needs right now, but the quality and future needs.

2.2 Country's economic migration policy and vision

As already mentioned, the economic migration policy in Lithuania began to form in response to the growing economy, falling unemployment, substantial emigration and low immigration. From 2006 it started to become evident that Lithuania would soon face labour shortages, particularly in sectors where emigration depleted many workers (construction, transport, services). Big companies were the first to notice the shortage and wanted to plug the emerging “holes” as soon as possible without major allocation of resources. They naturally saw immigration as one of the means to solve the problem of lacking workers fairly quickly. The government began to feel strong pressure from business, particularly large businesses, to simplify and speed up the recruitment process of foreigner workers. Allegedly, it was probably the only quick solution to compensate for the emerging labour shortage. But on a policy level such “quick solutions” do not contribute to the development of a long-term strategy in the migration policy.

Economic migration regulation strategy. The Government of the Republic of Lithuania in its resolution of 17 October 2006 decided to prepare *The Regulatory Strategy of Economic Migration and the Plan of Measures*¹³. Subsequently, it introduced and approved *The Commission for Economic Migration*¹⁴, which was commissioned

¹³ Resolution of the Government of the Republic of Lithuania of 17 October 2006 "On the implementation of the programme of 2006–2008 on the approval of implementation of the measures for the programme of 2006-2008 of the Government of the Republic of Lithuania" (Official Gazette Valstybės žinios, 2006, No 112-4273).

¹⁴ Resolution No. 821 of the Government of the Republic of Lithuania of 14 August 2007 „On the formation of the Commission for Economic Migration and approval of its regulations“, Official Gazette Valstybės žinios, 2007, No 91-3630. The Commission in equal grounds is represented by public institutions, employers (Association of Investors Forum, Lithuanian Confederation of Industrialists, Lithuanian Business Employers' Confederation, trade unions, World Lithuanian Community and Vilnius office of the International Organization for Migration.

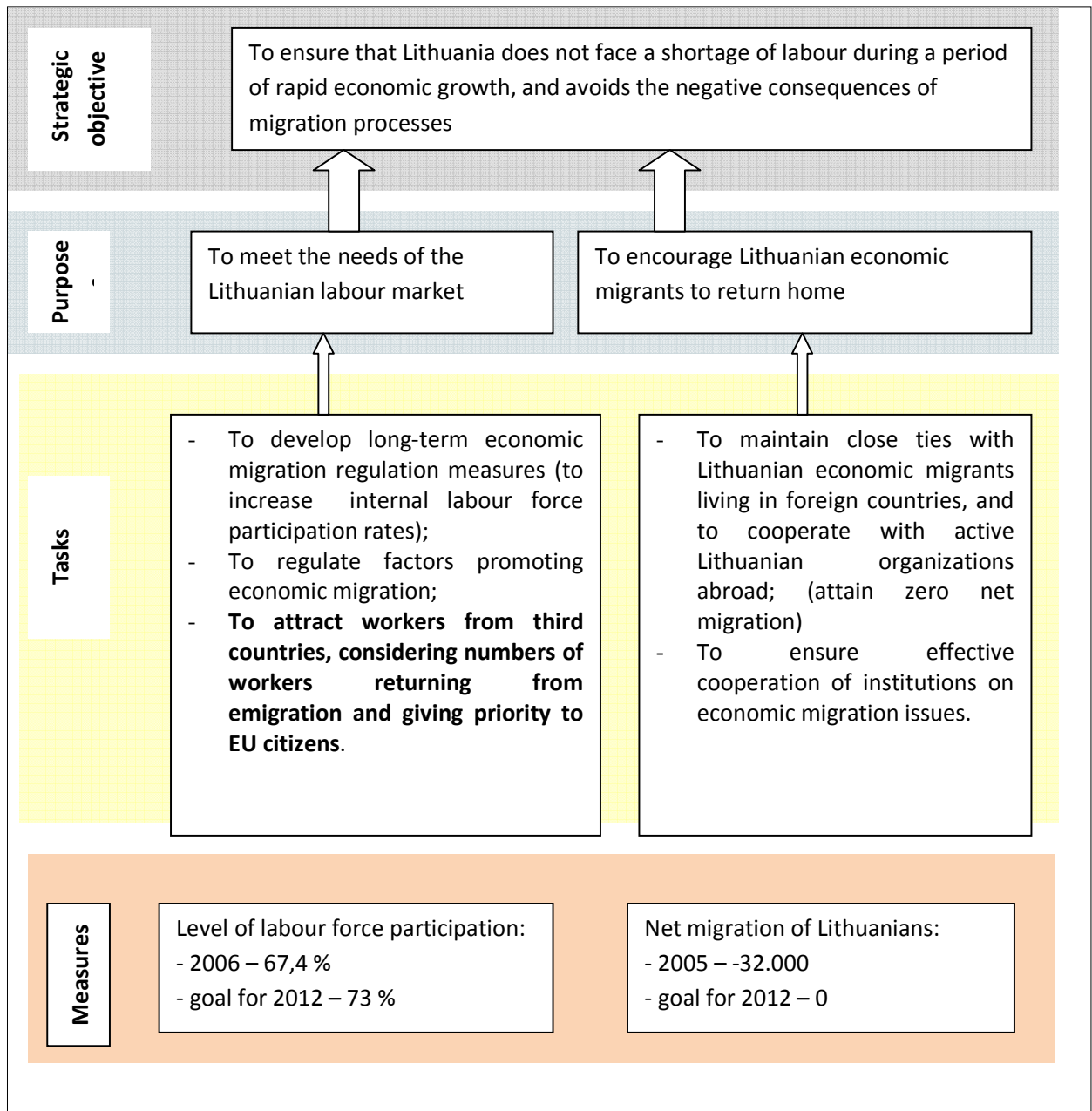
to develop a Strategy and Action plan for 2007-2008 and for 2009-2012. The Strategy and Action plan for 2007-2008 was prepared and approved by the Government¹⁵.

This strategy is the first state strategy in the regulation of migration. The main aim of the strategy is to establish long-term objectives and priorities of economic migration policy, so that *Lithuania does not experience a shortage of labour during future rapid economic growth*, and avoids other negative consequences of this process.

Fig. 8: The economic migration regulation strategy - objectives, targets, measures¹⁶.

¹⁵ Resolution No. 416 of the Government of the Republic of Lithuania of 25 April 2007, Official Gazette Valstybės žinios, 49-1897.

¹⁶ The study "Evaluation of effectiveness of economic migration regulation strategy", Public Policy and Management Institute, 2008.



Source: Department of Migration

The strategy envisaged the following main tasks:

- To reduce emigration of Lithuanian residents in order to strengthen the economic welfare of the country through economic, educational, social and cultural factors;
- To increase the involvement of the local workforce in the labour market (increasing the level of participation of the local workforce through promotion of internal labour mobility and labour flexibility);

- Promoting the return migration of economic migrants (by raising the economic welfare of the country, as well as introducing a variety of measures to allow more people to return to their homeland);
- Attracting workers from third countries (simplified recruitment process of foreigners who are in shortage in Lithuania, changing family reunification procedures, increasing attractiveness of Lithuania).

In the strategy, the attraction of workers from third countries is regarded as merely a secondary and limited tactic. It argues that immigration for labour purposes must be temporary in order to accommodate possibly returning Lithuanian emigrants. However, some experts noted that those who return are not necessarily the ones who are needed in the labour market. As a consequence, businesses put pressure on the Government in order to introduce and speed up measures allowing the employment of foreign workers.

The economic migration regulation strategy and its action plan for 2007–2008 is so far the only state document dedicated for the issues of economic migration. The approved action plan was being implemented in 2007–2008. This plan was targeted solely to the reality of those days, and most of its activities were designed for the return of the Lithuanian expatriates and to offset the gap in the labour force. The plan also required the establishment of a foreign workers attraction policy and the simplification of procedures. However, no real action was taken in this area, only a slight easing of the rules for third-country workers who were mostly needed for business. The labour immigration policy of those days can be described as aiming only to fill the gaps in the labour market and to accommodate business (usually big business) interests. Thus, long-term strategic objectives of the state not only remained on the offside, but were not even named.

This occurred because the government did not have a clear strategy for labour immigration and was following employers' interests which were very clear: to fill the existing vacancies as soon as possible. Attraction of workers from third countries allowed a relatively fast, flexible and accurate response to labour market needs. In other words, it allowed letting in those employees where shortage was being experienced.

It must be added that such a policy of the government could be affected by negative public sentiments against foreign workers. As the representative survey of the Lithuanian population commissioned by IOM has demonstrated, as many as 78 percent of respondents held negative sentiments towards the arrival of third-country nationals and their work in Lithuania. Consequently, migration policy-making requires not only knowledge, but the political will to work with the public. If there is no will and no clear long-term needs of the state, one can only develop the immigration policy having short term goals and covering only the current needs, i.e. admitting only those whom the country needs today, and only for a limited period of time, until they are needed. Other aspects (e.g., integration of migrants) are only being discussed yet no specific actions are being taken. It is therefore not surprising that such a rigid strategy with limited objectives has lost significance and became obsolete during the economic recession. **Lithuanian Immigration policy guidelines.** The economic migration regulation strategy, among other measures, also envisaged that proposals should be prepared and submitted to the government on a policy of labour immigration from third countries. On the bases of the proposal Lithuanian immigration policy and vision should be formed. The Ministry of Foreign Affairs together with the Ministries of Social Protection and Labour, Ministry of Economy, and the Ministry of Finance

developed and submitted a proposal to the government on 28 December 2007, on the policy of labour migration from third countries, which was used as a basis for the Lithuanian Immigration Policy Guidelines¹⁷.

The Proposal highlighted the main challenges to be addressed by the immigration policy guidelines:

- The deteriorating demographic situation, mass emigration and negative net migration;
- Labour shortages (in a survey carried out in 2006, 63.3% of employers stated that they faced problems of filling vacant positions¹⁸);
- Foreign investors mention labour shortages as one of the main obstacles hindering foreign direct investment in Lithuania.

The proposals for the Lithuanian immigration policy guidelines also included the following values:

- Immigration is not only inevitable but is a desirable phenomenon. It is necessary to establish migration as a state-level phenomenon offering more opportunities than risks, and to implement measures of education of tolerance and multiculturalism in the Lithuanian society.
- It is important to identify geographic priorities for immigration and to encourage immigration from particular regions.
- In particular, it is important to use highly-skilled labour from third countries in sectors where the highest added value is created and which can build up the Lithuanian economy and increase its competitiveness.
- Attraction of foreigners must be combined with the development of integration programmes in order for the benefits brought by foreigners to the state to be disproportionately lower than State expenditure for integration of such foreigners.

The Government of the Republic of Lithuania, after examining the proposals, in its resolution of 3 December 2008 approved the *Lithuanian Immigration Policy Guidelines*¹⁹.

The Guidelines provide the following main *objectives*:

- To ensure that Lithuania does not experience a shortage of labour and avoids the negative effects of emigration and an ageing society on the social development and public finances of the State;
- To ensure effective management of migration flows and prevent illegal immigration;
- To be actively involved in the European Union's immigration policy-making process and expansion of political dialogue and practical cooperation on migration issues with third countries, particularly the Eastern neighbouring countries and states with a European perspective.

¹⁷ Resolution No. 1317 of the Government of the Republic of Lithuania, State Gazette, 2008, No. 143-5706.

¹⁸ The study "Analysis of the labour market and suggestions on resolving the problem of a labour force shortage, taking into account the state's economy development forecast for 2005-2013".

¹⁹ Resolution No. 1317 of the Government of the Republic of Lithuania, Official Gazette, 2008, No. 143-5706.

The Guidelines provide the following main *principles*:

- The principle of *compensation* for the lack of labour. Workers from third countries must be involved to compensate for the shortage in the labour force in those cases when this shortage cannot be compensated by the local labour force or by Lithuanian citizens returning from abroad or EU citizens. Priority should be given to increasing the state's economic efficiency, mobility of the local labour force, reducing the causes of economic emigration, and encouraging the return of Lithuanian emigrants. It is beneficial to continue treating immigration as a secondary, auxiliary measure for resolving labour market and demographic problems; efforts to attract workers from third countries should not encourage Lithuanian citizens to leave.
- The principle of *selectivity* and *flexibility*. The development of a selectively open and flexible immigration policy reacting to changes in labour market demands is advisable. The policy should be liberalised in a way that would effectively ensure a quantitative and qualitative match between economic migrants and demands of the Lithuanian labour market, thus contributing to improving the competitive profile of the economy. It is essential to forecast the demand for the labour force and to conduct an active policy for attracting a workforce, especially highly qualified workers. In the policy to attract labour from third countries, it is purposeful to introduce geographical priority to workers from Belarus, Ukraine, Moldova and the South Caucasus countries;
- The principle of *accommodation*. Labour force immigration should be matched with the possible return of Lithuanian emigrants, that is, it should be limited in time, therefore, priority should be given to circular migration of third country citizens;
- The principle of *integration*. The integration into society of third country nationals, who were granted the right to reside permanently in the Republic of Lithuania should be ensured, and should be one of the most important grounds for an effective and focused Lithuanian immigration policy. It is important to develop and implement integration programmes, particularly with respect to Lithuanian language teaching. Since integration is a two-way process, it is also necessary to foresee programmes for cultivating national and racial tolerance in Lithuania;
- The principle of *complexity*. It is recommended to strengthen links between economy, demographic policy, immigration policy and development of cooperation contacts.

The Guidelines provide the following basic immigration policy development areas:

- Preservation of national competence to regulate economic migration volumes;
- Actively raising the issue of cooperation with the Eastern neighbouring countries;
- Regulating labour immigration so that it is more attractive and more flexible than in other EU countries and ensure the competitiveness of Lithuania in attracting the necessary labour force;
- Simplifying and speeding up the arrival of the required workers to Lithuania;

- Encouraging circular migration, so that third-country workers return to their country of origin and are not able to remain in Lithuania in case of a change in the situation of the labour market;
- Ensuring the control of illegal labour of aliens and carrying out effective return of foreigners.

Lithuanian Immigration policy guidelines are the only and main state document on immigration. However, this is a more political and declarative document which so far has not developed into a concrete state strategy. There is no plan on how these strategic guidelines should be implemented.

Evaluation of the Immigration policy guidelines. The Guidelines set out the principles of Lithuanian immigration policy which show that the government sees immigration and immigrants as a tool used to compensate for a shortage in the labour force. This objective perfectly echoes the economic and business interests, but from the state's perspective it is quite narrow since it does not encourage developing and engaging in immigration policy consistent with the long term needs of the State. The political elite in Lithuania talks about economy based on knowledge and high qualification but, they have not grasped that in order to achieve this, Lithuania needs a highly qualified labour force which currently is being drained by emigration. Immigration policy could be one of the tools to attract such a labour force. However, the Strategy concentrates on "filling the existing gaps in the labour force" and in such a way tries to serve the immediate interests of business, but has practically no measures for promoting innovations or attracting highly-qualified third country nationals which should lead to building long-term strategic policy measures. The objective of ensuring that Lithuania does not face a shortage of labour is important but not a forward-looking strategic goal. Subsequently, the strategy lost most of this appeal in light of the economic slowdown. Currently, there are no concrete policy measures being developed.

The principal purpose of the Immigration policy guidelines is to attract the Lithuanian emigrants back home (the promotion of return migration). Immigration from third countries is seen only as a secondary and temporary measure, necessary for filling the existing gaps in the labour market. Although it is a politically attractive objective, in order to meet the needs of the labour market, it may not always accurately respond to those needs, i.e. it is not necessarily the same people who are needed for the labour market who are returning to Lithuania. Therefore, promotion of return migration should not preclude the development of a long-term strategy needed by the state based immigration strategy and policy.

The Guidelines form an immigration policy which is based purely on demand. Foreigners may enter only if employers need them. However, if Lithuania is seeking to attract more highly-skilled foreigners to create the most added value, it is advisable to include an element of supply, e.g. to allow high-skilled foreigners to arrive to Lithuania in order to start various projects beneficial for the economy.

The Guidelines promote circular and temporal immigration in order to accommodate for the returning Lithuanians. This is a logical and culturally relevant provision but at the time it limits perspective future plans for foreign workers. Foreign workers (including highly qualified) have very limited opportunities to stay in Lithuania for longer periods (more than 4 years). Keeping in mind the demographic situation, one can ask whether it is economically and socially expedient to have such circularity. Perhaps Lithuania should base its immigration policy on qualifications and develop long-term integration policy for needed foreign workers. One should notice that the notion of immigration as a preferred phenomenon of value was removed from the

Guidelines. One also sees that there is a certain discrepancy between the stated objectives. On the one hand, the Guidelines provide that labour immigration must be limited in time, but on the other hand, there is emphasis on the integration principle of immigrants. There are also doubts as to the included geographic priority and at the same time a desire to attract high-skilled workers. When one talks about highly-skilled foreign workers priority should be given not to geography but to qualifications. As we shall see later, highly-skilled workers do not necessarily come from the geographic regions listed in the Guidelines.

On a positive note, one should welcome the notion that Lithuania should aim to introduce an appealing and flexible immigration policy as in other EU Member States in order to increase the competitive ability when attracting a needed foreign labour force. The only practical outcome so far was the introduction of a more favourable family reunification policy for foreign workers whose monthly salary is 3 times higher than the average salary in Lithuania. No other measures have been introduced and one can argue that compared to some EU states, Lithuania's immigration policy and procedures are still cumbersome (see the comparative table on page 59).

Therefore, the current Lithuanian economic migration policy and the vision can be described as reactive, acting on a post-hoc basis and designed to respond to business needs, but lacking clear milestones and orientation for future long-term structural needs of the economy. The strategy did not evolve into a concrete policy plan and only exists as a thematic document.

EU directives and their role in the development of Lithuanian immigration policy. Lithuania seeks to maintain national competence in regulating the volumes of economic migration, and actively participates in the development of EU policy on migration in line with the common interests of Lithuania. It can be stated that the EU directives determine the onset of new schemes of immigration and new grounds for residence permits in Lithuania.

Transposed Directive:

- Implementation of Directive 2005/71/EC of 12 October 2005 on a specific procedure for admitting third-country nationals for the purposes of scientific research allowed the introduction of a new basis for issuing temporary residence permits - residence permits for aliens who intend to carry out research and (or) experimented development work as a researcher (Law on Legal Situation of Aliens, Art. 40, part 1, item 13 and Article 49 (2) explaining it in more detail).

The latest EU directives are not yet transposed into national law, but they bring some innovation.

- In the course of implementation of the high-skilled workers' directive (2009/50/EB), part of the provisions will be transposed to a new version of the Law on the Legal Status of Aliens (the draft has already been submitted to the Parliament). Transposition of the Directive will lead to the introduction of a single procedure for this category of persons. Until now, employers had to apply for work permits with the labour exchange, and foreigners with the diplomatic missions abroad or the immigration services in Lithuania for temporary residence permits. After the transposition of the directive, a single institution will be applied and it will issue a permit (blue card). This one-stop system and shorter application processing time limited to 3 months, should accelerate the arrival of highly-skilled workers.

- Implementation of the sanctions directive (2009/52/EB) will change the provisions of the Law on Aliens and draw up the law on prohibition of illegal employment. So far, employers have not been specifically screened for illegal employment of foreigners. After the transposition of this directive, a new group of foreign nationals working illegally will be defined in the national legislation. This will result in continuous monitoring of the situation and the collection of statistics for illegal employment of foreigners. The current policy and practice in checking for illegal employment of third country nationals is quite fragmented in Lithuania. In addition, there will be another basis for administering residence permits to aliens who have been particularly exploited by employers, as long as they cooperate with law enforcement authorities.

To summarize, Lithuania is following the EU in the field of economic migration and does not develop new initiatives. The Guidelines mention that Lithuania should seek implementing a more appealing and flexible immigration policy in order to attract needed workers, however no concrete measures have been introduced. Currently, new initiatives come from EU, not from Lithuania itself.

3. Implementation of economic migration policy

History. Until 1 July 1999, Lithuania had an immigration law²⁰, which provided that an alien could immigrate to Lithuania (entry for permanent residence) only in accordance with the law, provided the immigration quota was not exceeded. Applications for immigration were processed by the Ministry of the Interior, which had to make a decision within a year. The quota system allowed strict regulation of immigration flows. In 2004, the Law on the *Legal Status of Aliens*²¹ came into force which clearly governs labour immigration rules and procedures. The law provides the main economic migration provisions: an alien worker must obtain a work and residence permit before entering the Republic of Lithuania; a work permit is issued to an alien taking into account the needs of the labour market of Lithuania; and is issued for a period of up to 2 years, specifying the job (position) and the enterprise, agency or organisation at which the alien will be employed; on expiry of a work permit, an alien must leave Lithuania. On 16 July 2004, the description of the terms and procedures for issuing work permits to aliens²² was approved. It detailed the conditions for issuing work permits, the foreign groups which do not require a work permit, and conditions for refusal and revoking of a permit. Later, labour immigration conditions were changed to respond to economic and labour market needs, as well as to bring them into line with EU directives.

Analysis of work permits and the unemployment rate in Lithuania shows that work permits are issued to foreigners in Lithuania with consideration of the existing economic situation. Work permits are only issued when there is a clear labour shortage. The shortage is evaluated taking into account only the vacancies registered at the Lithuania Labour Exchange. Then, a labour market test is applied. There is a clear interdependence between the unemployment rate and the issuance of work permits.

²⁰ Law on Immigration of the Republic of Lithuania, Official Gazette, 1991, No. 27-730.

²¹ Law on the Legal Status of Aliens of the Republic of Lithuania, Official Gazette Valstybės žinios, 2004, No. 73-2529.

²² Order of the Minister of Social Security and Labour of the Republic of Lithuania "On approval of description of conditions for issue work permit to aliens", Official Gazette Valstybės žinios, 2004, No. 113-4256.

Fig. 9. The unemployment rate in Lithuania and work permits issued from 1998 to 2009.



Source: Data from the Lithuania Labour Exchange and the Department of Statistics

3.1. Mechanisms for recruitment of foreigners

3.1.1. General recruitment procedure of foreigners working according to labour contracts

The main mechanism used to assess the need for foreign labour in the Lithuanian labour market is a labour market test. The labour market test allows assessment of the labour market situation in each individual case: for each individual alien, and for each individual job. The labour market test means that a foreigner may be recruited only if the proposed job cannot be filled by a Lithuanian resident or EU national.

The entire labour immigration process is based on the principle of demand which cannot be met by the local workforce, and is initiated solely by the employer, i.e. an alien can obtain a work permit only when there is a specific employer and a specific job, and personnel for it cannot be found in Lithuania or in the EU. In this case, the employee is not entitled to change jobs or employers.

Work permit. Under the current procedures the employer has to register a vacancy in the territorial Lithuanian Labour Exchange one month prior to hiring (exceptions are only made for poster workers – see text in the box). If no Lithuanian or EU workers are found who are skilled and willing to take the registered job during that month, the employer may submit an application to employ a foreign worker to the regional labour exchange, along with necessary documents.

The local Labour Exchange, on receipt of the documents, must submit a recommendation to the Lithuanian Labour Exchange within 21 calendar days on the necessity to recruit a foreigner, and the Lithuanian Labour Exchange must in turn examine the employer's request and the recommendation of the local Labour Exchange branch to decide if a work permit will be issued. If the decision is positive, the Lithuanian Labour Exchange issues the work permit within 20 calendar days.

Recognition of qualifications. Only highly-qualified, qualified and seasonal workers can attain a work permit. Low-skilled workers are not issued a work permit. When submitting documents to obtain a work permit, the alien must submit documentation regarding his/her education (training) and work experience (seniority).

Education and professional recognition is carried out by the Lithuanian Centre for Quality Assessment in Higher Education. The Centre assesses whether the skills of the alien (education) meet the requirements applied in Lithuania for persons entitled to engage in professional activities²³. If the right to engage in certain professional activities is not regulated, the professional recognition of skills is carried out by the employer, i.e. the employer himself decides whether the foreigner is suitable for the position.

A work permit is issued only to a highly-skilled or skilled employee. When submitting the documents for obtaining a work permit, the alien must provide a copy of a document confirming 2 years work experience (seniority) by the foreigner in accordance with the existing professional qualifications within the past 3 years. Seniority is usually evaluated on the basis of years of experience.

Residence permits. Upon receipt of a request for a work permit, the employer must inform the alien who then applies to the Lithuanian Embassy for a residence permit. The alien must submit necessary documentation to the diplomatic mission (list of needed documents is enclosed in the annex 2(B)).

Workers sent/posted from third countries

In case of need or shortage of manpower in Lithuania, foreign workers employed and working in companies registered in third countries can be recruited. Such aliens are not subject to the labour market test, as it is not necessary to register a job vacancy in the Lithuanian Labour Exchange a month before in order to employ them. This is a rather liberal exception because such foreigners may stay in Lithuania for up to 2 years (the work permit is issued for 1 year, but in case of a production necessity could be extended for another year) and accepts jobs in Lithuania to compete with Lithuanian workers. However, foreigners need a work permit (issued within 20 working days) and a residence permit (issued within 4-6 months), if they are not included in the list of occupations understaffed in Lithuania or if they are not highly-skilled).

²³ Information on regulated professions and their professional recognition is available at: <http://www.profesijos.lt/?pid=12>

The mission sends the documents to the Department of Migration, which must make a decision on the issue of a temporary residence permit within 6 months²⁴. Having received the work permit and residence permit, the foreigner can come to work in Lithuania.

A residence permit is valid until the labour contract expires, but for no longer than 2 years. Upon expiration of the work permit, the employee must leave the country.

The entire recruitment procedure of a foreigner takes about 6-7 months. (See Annex 1 for more details).

Family reunification. The Law on the Legal Status of Aliens provides that an alien, whose family members arrive for family reunification purposes, must have spent the last 2 years in Lithuania, have a temporary residence permit valid for at least one year, and have reasonable prospects of acquiring the right of permanent residence in the Republic of Lithuania. Such strict regulation of family reunification for foreign workers makes family reunification almost impossible in most of cases.

Integration: In Lithuania, integration measures are only foreseen for refugees and returning Lithuanians. Lithuania does not have integration programmes for third-country workers. Alien workers are regarded as a workforce, required to compensate for short-term shortages in the labour market. Lithuanian immigration guidelines provide that third-country nationals participating in circular migration should not be able to remain in Lithuania in case of changes in the labour market situation. Therefore, a work permit is issued to an alien until his labour contract expires, but for no longer than for 2 years.

3.1.2. Employment of foreigners in professions in which there is a shortage

List of occupations in which there is a shortage. Due to the massive emigration of Lithuanian citizens and a growing economy the Lithuanian labour market has been experiencing a shortage of workers since the end of 2006 (particularly in the construction, transport and services sectors). Employers also faced the problem that the recruitment process of foreigners was very lengthy (taking about 6-7 months). Therefore employers' associations appealed to the Government requesting it to simplify and expedite employment policies and procedures for foreign workers. In 2007 Lithuania introduced a list of occupations experiencing a shortage in the workforce²⁵ (lists for each half year are provided in the Annex). Foreigners, who have professions that are on the list are issued work permits for employment in Lithuania in a facilitated procedure, that is, which professionals are in short supply and the effect of such shortage limits a company's performance.

²⁴ The new wording of the law, which is being submitted to the parliament, provides reduced processing time for a temporary residence permit of up to four months.

²⁵ The Minister of Social Security and Labour of the Republic of Lithuania in his order No. A1-38 of February 2007 approved the first "List of occupations that are understaffed in the Republic of Lithuania according to types of economic activity for the first half a year."

Simplification of immigration procedures. Aliens who have a specialisation which is understaffed in Lithuania can come to Lithuania immediately with the national D-Visa²⁶ upon receipt of a work permit, and can obtain a residence permit while already residing in Lithuania. After a foreigner receives a work permit s/he is issued the national D-Visa in 7 working days and can arrive and begin working in Lithuania. The recruitment procedure is reduced from 7-8 to 2-3 months. However, the labour market test still applies to the personnel of understaffed occupations, i.e. the employer must register vacancies at the local labour exchange one month before in order to initiate the recruitment of an alien.

Determination of understaffed occupations. The main mechanism used to assess the shortages of labour is the analysis of the registered labour supply (unemployment) and demand (jobs). The list of understaffed occupations is drafted based on the following criteria:

- High demand for labour: the demand for labour is twice that of the supply of labour available;
- Difficulties in filling vacancies: the job has been vacant for more than 3 months or there has been no labour supply, meeting the necessary skills for more than 3 months;
- Analysis of professions of foreigners employed in Lithuania.

In preparing this list, individual territorial and economic parameters were measured as well as other general parameters. In addition to the name of the profession, the list specifies an economic activity in which the shortage occurs. If shortage of occupations is determined in a given area, the area is specified. For example, a shortage of welding industry professionals may be present, but not in construction; there may be a shortage of cooks in Vilnius, but not throughout Lithuania.

The data is collected by the 46 local labour exchanges in Lithuania. In some cases, areas can be united and information provided on the county level within the 10 counties.

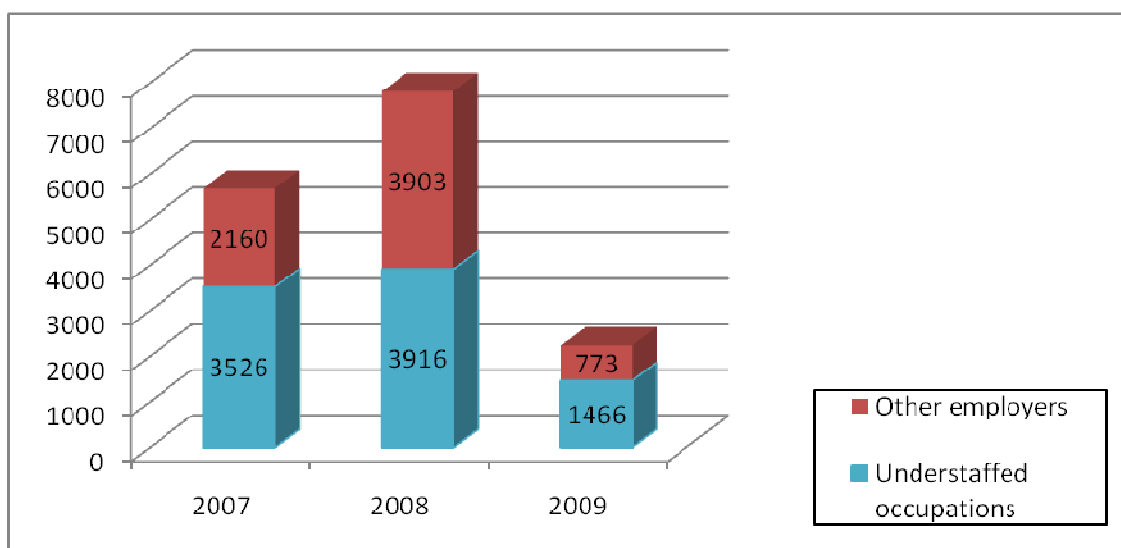
Inclusion of social partners. Before drawing up a list of understaffed occupations, labour exchange officials regularly meet with employers' associations. During the meetings, they express their position on the shortage of certain professions within the sectors represented. During the meetings they discuss the key requirements for understaffed occupations, and analyse opportunities for developing the necessary skills from among unemployed workers through vocational training. The meetings are also attended by trade union representatives, who also express opinions on the list of understaffed occupations.

Who is included on the list? The list drafting procedure determines that the list is populated mostly by professions required to meet the needs of large businesses and those which cannot be met by the local labour force. This is shown in the analysis of occupations. The lists are dominated by industrial professions (vessel pipe operators, ship-hull painters, welders, shell assemblers, and international freight vehicle drivers.

²⁶ Order of the Minister of the Interior and of Foreign Affairs of the Republic of Lithuania of 19 November 2007 on the amendment of "On the approval of rules of submission of documents to obtain a visa, on the visa issue, as well as a visa issue in border checkpoints, the extension of time of staying the Republic of Lithuania having a visa, on visa annulment, on the approval of accreditation rules of tour operators and travel agencies", Official Gazette Valstybės žinios, 2007, No 1V-395/V-100.

Statistics. Between 2007 and 2009, more than half of the permits issued were issued to workers whose occupations were understaffed in Lithuania, according to the list of professions that are understaffed.

Fig. 10. Work permits issued according to the list of understaffed occupations and to other employees for the period 2007-2009.



Source: Lithuanian Labour Exchange

Integration. There are no integration measures provided for foreigners who have professions that are on the list of understaffed professions, although these aliens can receive a work permit in Lithuania for 2 years with the option to extend for another 2 years (a total of 4 years).

Family reunion: Foreigners having professions that are understaffed in Lithuania are subject to the general requirements for family reunification, i.e. the foreigner must have resided for the last 2 years in Lithuania, s/he must have a temporary residence permit valid for at least one year, and have reasonable prospects of acquiring the right of permanent residence in Lithuania. As already mentioned, such strict regulations for family reunification, in practice, prevent those groups of persons from re-uniting with their families during their stay in Lithuania.

3.1.3. Highly-skilled foreigners

Who is classified as a highly-skilled worker? In Lithuania, the following groups of aliens are classified as highly-skilled workers:

- Highly-skilled foreigners according to ISCO-88 classification are the main Group 1 (subgroup 12-13) and the main Group 2²⁷;
- Executives of a registered company, institution or organisation, if the main purpose of entry is to work in the enterprise (distinguished as a separate category);
- Foreigners whose expected earnings are at least 3 times that of recent national average monthly salaries;
- Foreigners who come to work in scientific research institutions or teaching (as a special group, see text box).

It is interesting to note that in Lithuania an employee's skills as well as his salary are used to determine whether he is highly-skilled. A foreigner, whose monthly salary is at least 3 times that of recent national average monthly salaries²⁸, is assigned to the category of highly-skilled workers, regardless of his specialty.

Work permit. Highly-skilled foreigners in Lithuania must have a work permit. As with other foreign workers, the work permit is issued in accordance with the general procedure and the labour market test is applied. A vacant position must be registered with the local labour exchange the previous month and if no Lithuanian or EU citizen applies for this job during this time, a foreign worker may fill this position. The only exception is work permits for highly-skilled workers are issued within 24 calendar days and for other employees within 41 calendar days).

An exception where a work permit is not required is applied to managers of registered businesses, institutions and organisations where the primary purpose of entry is necessary for business operations. A work permit is not required for this category.

Residence permit. Highly-skilled foreign workers must, before coming to Lithuania, acquire a temporary residence permit. They are subject to a common procedure and granting of a residence

Foreigners who come to work in scientific research institutions, or teaching

These aliens may be distinguished as a special group of highly-skilled workers, which is subject to provisions favorable to immigration.

Work permit: not required.

Residence permit: required if the alien has come to Lithuania for more than a year. If an alien is coming to Lithuania for up to one year he may be issued the national D visa, within 7 working days.

Family reunification: common procedure. The exemption applies only to foreigners coming to teach under international treaties of the Republic of Lithuania or under EU academic exchange programmes with third countries. These individuals may bring family members if they have a valid temporary residence permit.

²⁷ Subgroups 12-13 of the main Group 1 (directors and other executives, small business managers), the main Group 2 (specialists of physical sciences and engineering, life sciences, healthcare, pharmaceutical and veterinary professionals, trainers and other professionals). A detailed description of specialties can be found here: http://82.135.219.213/mod/klasifikatorius/?p=0_11.

²⁸ Average monthly gross earnings in the first quarter of 2010 amounted to 2,031.2 litas (580 Euros).

permit takes up to 6 months.

Recognition of qualifications. Subject to a general procedure.

Integration. As with other foreign workers, Lithuania does not have integration programmes for highly-skilled workers.

Family reunion. General procedures apply for highly skilled foreigners who want to bring their family members to Lithuania. They requirements are so harsh that they almost have no chances of bringing their family members over. The exception only applies to persons, who receive a salary not less than three last announced average monthly salaries and to persons, who arrive to lecture according to international agreements²⁹ of the Republic of Lithuania or according to EU programmes of academic exchange with third countries. These persons can bring their family members over if they have a valid temporary residence permit³⁰.

It should be noted that the legal regulation which facilitates family reunification of highly-skilled workers, became effective in Lithuania as of 22 July 2009 following amendments to the Law on the Legal Status of Aliens³¹. While this proposal was already submitted to the Seimas in 2008, it was not accepted³². Meanwhile, organisations representing the interests of employers sharply criticised such legal regulations when family members could not join highly-skilled foreign professionals and business leaders who had been living and working in Lithuania for as long as two years. The Parliament has been forced to reconsider the matter, as the President of the Republic of Lithuania in his decree of 18 June 2008 submitted draft amendments to the Law on the Legal Status of Aliens to the Seimas. He offered to simplify the requirements for foreigners to bring family members and thus to establish favourable conditions for business creation and development, and to increase business opportunities to attract professionals for occupations for which there is a shortage.

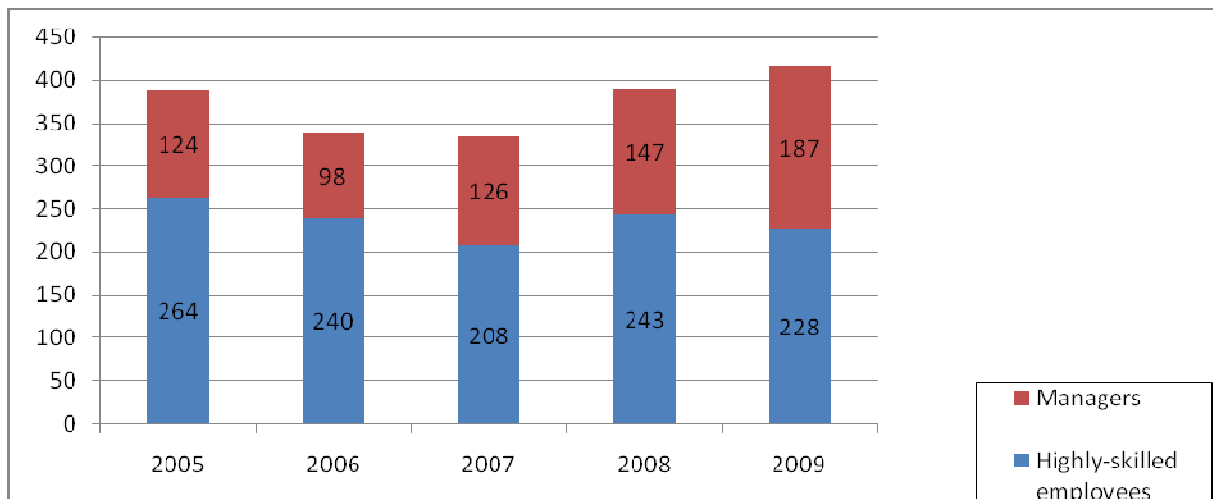
²⁹ The list of countries which Lithuania has signed international agreements with, is attached in annex no. 3

³⁰ Law on the legal status of aliens, art. 43, paragraph 6, particles 2 and 4.

³¹ Official Gazette, 2009, No 93-3984.

³² Transcripts of the meeting (378) of the Seimas of the Republic of Lithuania of 29 January 2008 and the meeting (383) of 1 February 2008

Fig. 11: Highly-skilled foreigners in 2007-2009 (company managers, directors and other highly skilled workers).



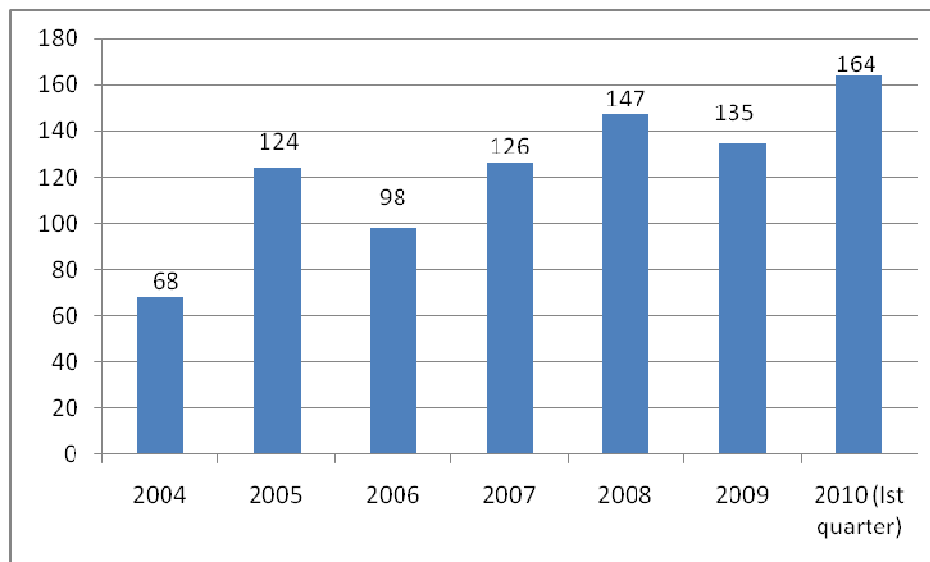
Source: Lithuanian Labour Exchange and the Department of Migration

According to the graph, about half of the highly-skilled workers in Lithuania are managers of foreign companies registered in Lithuania. Such a large number can be explained by the fact that it is quite simple to register a company in Lithuania. Under Lithuanian law³³, a company's authorised capital must be no less than 10,000 litas (EUR 2900). Therefore, a foreigner, who invests money and registers a company in Lithuania as its manager, is required to be present for the operation of the company and the primary purpose of his stay in Lithuania must be to work in the company. S/He may obtain a residence permit in Lithuania (a work permit is not required for such aliens). It was found that the regulation was sufficiently liberal and allowed foreigners to abuse the issue of residence permits. Cases have been reported where aliens sought to set up a company in Lithuania in order to obtain a residence permit rather than to engage in legitimate activities and, thus, enter the Schengen area. As a result, on 4 August 2009 amendments to the Law on the Legal Status of Aliens of the Republic of Lithuania came into effect³⁴ and tightened the conditions for issuing temporary residence permits for foreign nationals wishing to engage in business in Lithuania. The amendment to the law provides that a temporary residence permit may be issued to a foreigner who intends to engage in lawful activity in the Republic of Lithuania, registers an enterprise, agency or organisation in the Republic of Lithuania as the owner or co-owner in which the nominal value of his proportion of the authorised capital held in the enterprise must comprise no less than 50,000 litas, and whose stay in the Republic of Lithuania is necessary in order to achieve the aims of the enterprise, agency, or organisation for carrying out the activities. It has been established that foreigners must invest at least 50,000 litas to their business. This requirement applies to foreigners who register a company in Lithuania as its owners. However, if a foreigner registers a company and is a director/manager of the company the 50,000 litas requirement is not applied. Amendments are being prepared to rectify this legal gap. It is interesting to note that such tightening of procedures did not affect the number of residence permits issued, and the number of permits issued to managers did not decrease (see graph).

³³ Law on Companies of the Republic of Lithuania, Official Gazette, 2000, No. 64-1914.

³⁴ Official Gazette, 2009, No. 93-3984.

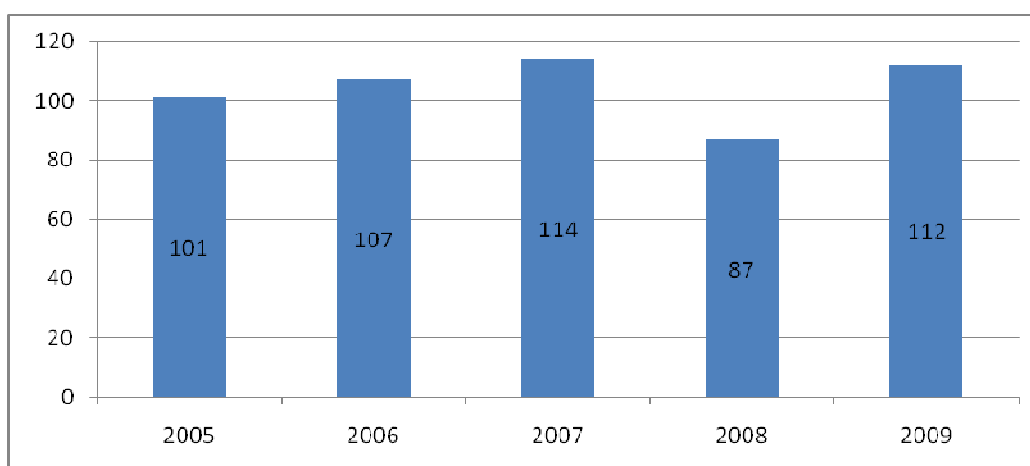
Fig. 12: Residence permits for foreign managers, 2004-2009.



Source: Department of Migration

The experiences of other states show that immigrants are more likely to create a working place for themselves, compared to local workers³⁵. Usually immigrants are young, ambitious and well educated people not afraid to take a risk and start small businesses. The existing data on immigrants to Lithuania confirms a similar trend. In 2004-2009 foreigners registered 1984 enterprises, of which only 578 were registered by natural persons.

Fig.13. Companies registered by foreigners in Lithuania 2004-2009



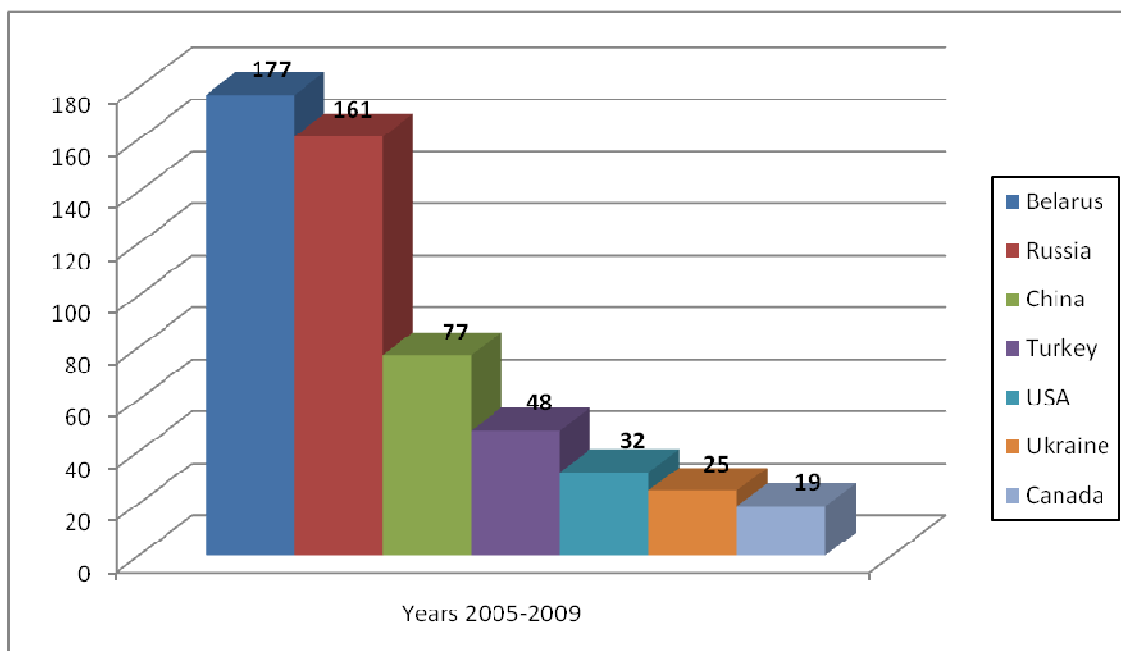
Source: State tax inspectorate

³⁵ Blume Karen, Ejrneas Mette, Nielse Helena, Wurtz Allan, „Labor market transitions of immigrants with emphasis on marginalization and self-employment“, (2008), Springer.

In Lithuania's case it must be noted that some aliens might have set up a company with the purpose to obtain a residence permit. According to the legislation a foreigner who registers a company in Lithuania as a manager of that company and his/her stay in Lithuania is necessary for the functioning of the company, is issued with a residence permit for one year. The residence permit can be renewed if the company is on a state company register. No follow-up checks are done if the company is profitable or performing some economic activity. This can be seen as a gap in legislation that needs to be resolved.

Analysis of the countries, from which the biggest number of managers is arriving, indicates that such transfers are mainly from neighbouring countries such as Belarus and Russia, although a large number of permits is issued for Chinese and Turkish citizens.

Fig. 14: Countries, from which the biggest number of managers is coming (2005-2009).



Source: Department of Migration

3.2. Foreigners in Lithuania: statistics and main trends

Third-country workers in Lithuania. Lithuania, compared with other EU countries, is a very homogeneous country. The number of foreigners residing in Lithuania is low, about 1% (the EU average is 8%).

Table 6. Residents of the Republic of Lithuania: Lithuanian and foreign citizens.

	2004	2005	2006	2007	2008	2009
Foreigners	30.2	32.6	35.3	33.1	33.4	32.9
LT residents	3,445.9	3,425.5	3,403.2	3,384.8	3,366.2	3,350.1
Foreigners in %	0.88	0.95	1.04	0.98	1.0	0.98

Source: Department of Migration

The share of foreign workers in the labour market is extremely small and represents only 0.1 to 0.5% of the total labour market. Even in the years of economic growth, when the number of work permits issued to foreigners was at its highest (7,819 work permits in 2008), the share of foreign workers accounted for just 0.5% of the entire Lithuanian labour market. Such a difference from the EU-15 Member States can be explained by the fact that Lithuania was quite a closed state before its accession to the EU. The number of people emigrating and immigrating was small. After joining the EU, there was a significant increase in the number of those departing, while the numbers arriving were increasing, albeit very slowly. For almost the entire independence period, the unemployment rate remained high, although it was declining every year. Therefore, the number of foreign workers prior to the period of economic growth in Lithuania had to be limited. However, during the economic boom (2005-2008) and due to the steady emigration of the Lithuanian population, Lithuania began to experience a labour shortage in 2007. As a result, the number of foreign workers increased in the period of 2007-2008.

Table 7. Number of employees (national and foreign) in Lithuania.

	2004	2005	2006	2007	2008	2009
LT labour force	1,431,300	1,468,800	1,494,300	1,529,900	1,517,000	1,412,700
Unemployed LT nationals	184,400	132,900	89,300	69,000	94,300	226,300
Long-term unemployed ³⁶	98,200	72,900	39,600	22,200	20,000	46,000
Foreign workers	877	1,565	2,982	5,686	7,819	2,239
Share of foreign workers in %	0.06	0.1	0.2	0.37	0.52	0.16

Source: Department of Statistics, Lithuanian Labour Exchange

Employers' attitudes towards foreign workers. It is interesting to note that in 2007, a study ³⁷ was carried out which showed that at that time there was a clear shortage of workers in Lithuania (more than 50% of companies indicated that they had vacancies), but only 4.2% of the respondents indicated that they were planning to solve the problem of the shortage of labour by recruiting persons from third countries, and 42% percent stated that they considered employment of foreigners from third countries as a poor substitute. Asked to specify the reasons, the majority (68%) said that there was sufficient local labour (although it was evident that there was a shortage of labour at the time and employers made it clear that they were finding it difficult to

³⁶ Persons looking for work for one year and longer.

³⁷ Survey "Analysis of the labour market and suggestions on resolving the problem of labour force shortage, taking into account the state's economy development forecast for 2005-2013".

find workers) and 12% believed that the recruitment of foreign workers might affect business quality. We see that Lithuanian employers as well as citizens fear foreign workers and they are not tolerant towards them. It is also possible to speculate that the majority of small and micro businesses had difficulties in finding and recruiting foreigners. This is confirmed by a survey of employers. 81% of employers interviewed during the study in 2007 considered the hiring procedure to be very complicated and difficult. It is therefore natural that after performing the analysis of the work permits issued, a large concentration of foreign workers appears in certain companies that employ foreign nationals. For example, almost half of the foreign workers employed in Lithuania in 2008 were working in ten companies and in 2009 about 70% of all foreign employees worked in twenty companies. This shows that it is mainly large companies/enterprises that recruit foreign workers. Other smaller employers do not involve themselves in (or lack the opportunity to) the recruitment of foreign workers.

The sectors, which employ foreign workers. The vast majority (95%) of foreigners coming to Lithuania work in the construction, transport (particularly long distance drivers), and manufacturing sectors. These trends have been observed since 2004, but they became particularly intense during the economic boom of 2006-2008. Global trends show that most immigrants are traditionally employed in the service sector, but in Lithuania they are concentrated in sectors which show the highest growth and in those from which most local workers have emigrated.

Fig. 15(a): Employment of foreigners by sectors in 2008.

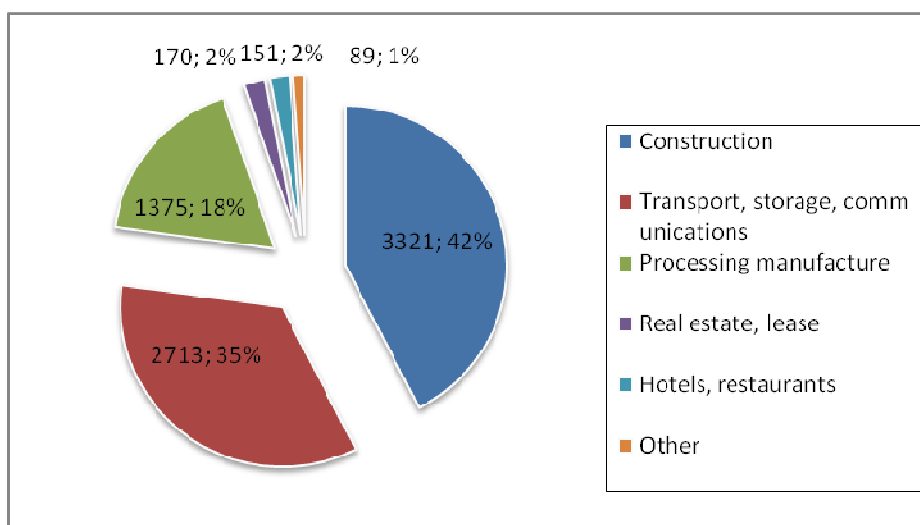
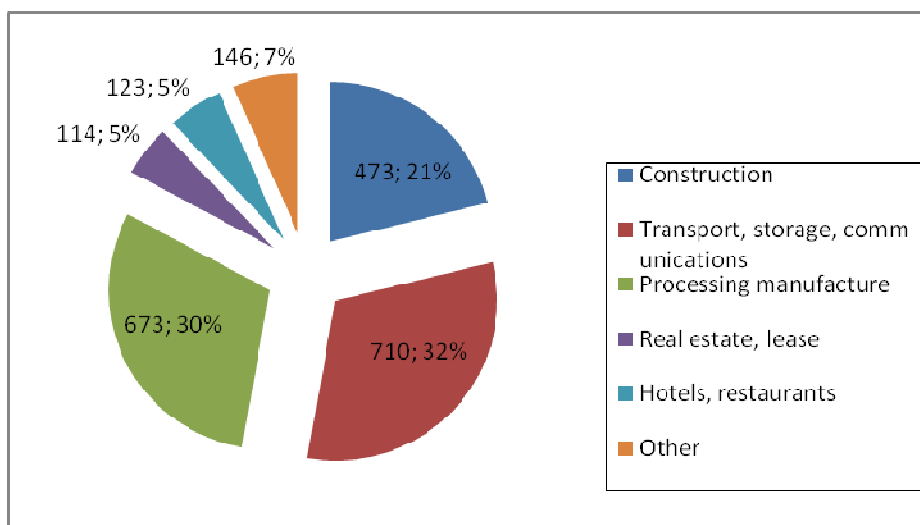


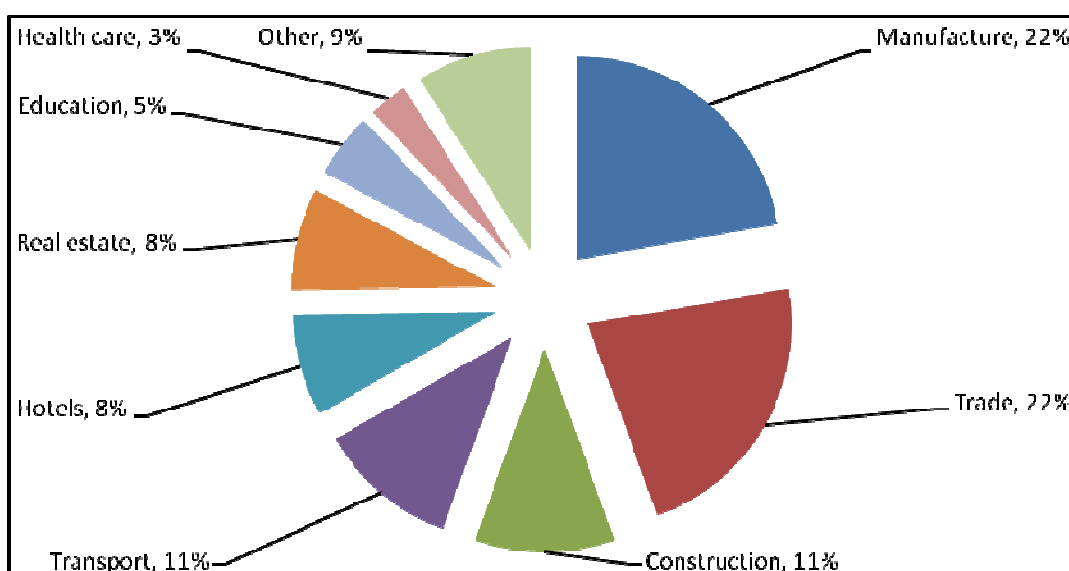
Fig. 15(b). Employment of foreigners by sectors in 2009.



Source: Lithuanian Labour Exchange

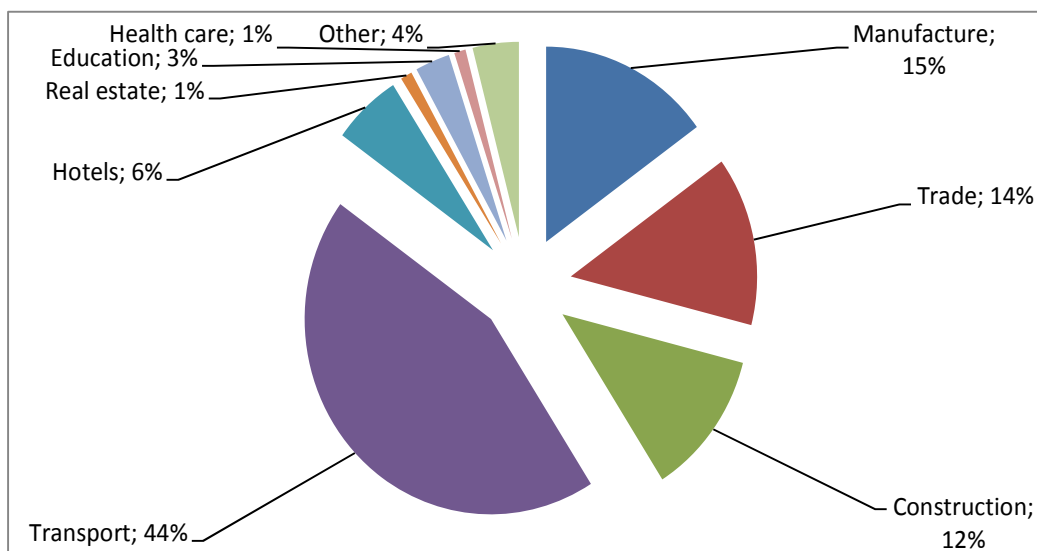
As mentioned above, emigration affects the immigration of workers. Lithuanian citizens, who declared their departure in 2008, stated that before leaving, a significant number of them were employed in the manufacturing, trading, construction and transport sectors. A comparison of the professions of foreigners immigrating shows that many of them are coming into the sectors from which the residents of Lithuania are leaving.

Fig. 16(a): Lithuanian residents who declared their departure, by sectors, 2008.



Source: Department of Statistics

Fig. 16(b): Lithuanian residents who declared their departure, by sectors, 2009.



Source: Department of Statistics

Professions of foreign workers. When judging by professions, we see that the majority of foreigners arriving to work in Lithuania have very specific professions (drivers, bricklayers, hull assemblers, welders, concrete workers, etc.). The number of employees of other specialties is very low (i.e., doctors and teachers). This can be explained by the fact that in Lithuania immigration is based on the principle of labour demand, i.e. permits are issued to foreigners, in areas where a shortage is experienced and recorded by employers. The public sector does not participate in the process of attracting foreign labour.

Table 8: Foreign workers by the most popular professions from 2004 to 2009.

Profession	2005	2006	2007	2008	2009	TOTAL
Drivers	241	1,011	2,357	2,713	726	7,048
Bricklayers	88	229	705	931	72	2,025
Welders	291	426	471	682	193	2,063
Metal hull assemblers fitters	282	338	375	466	124	1,585
Ship fitter mechanics	32	206	126	-	-	364
Cooks	120	107	165	148	120	660
Engineers	89	91				180

Steel and reinforced concrete structure installers	-	-	176	676	56	908
Processing equipment installers	31	-	-	-	-	31
Philologists	38	-	-	-	-	38
Joiners / carpenters	-	-	95	119		214
Painters	-	-	102	198	76	376
Plasterers	-	-	-	183		183
Concrete workers		61	264	693	153	1,171
Consultants	-	-	-	-	76	76
Other	353	513	850	1010	643	7,048
TOTAL	1,569	2,982	5,686	7,819	2,239	16,922

Source: Data of the Lithuanian Labour Exchange

With regard to other specific occupations listed in the study specifications, we find that most foreign workers are employed in the construction and transport sectors. The number of foreign employees in other areas (services and medical care) in Lithuania is very low.

Table 9: Number of foreign workers by specific occupations, 2004-2009.

Occupation (Total)	2004	2005	2006	2007	2008	2009
Housekeeping and restaurant services workers (512)	103	121	111	171	162	126
Housekeepers and related workers (5,121)	-	-	-	-	-	-
Cooks (5,122)	103	121	111	171	162	126
Waiters, waitresses and bartenders (5,123)	-	-	-	1	2	2
Personal care and related workers (513)	-	-	-	-	-	-
Child-care workers (5,131)	-	-	-	-	-	-
Institution-based personal care workers (5,132)	-	-	-	-	-	-
Home-based personal care workers (5,133)	-	-	-	-	-	-

Personal care and related workers not elsewhere classified (5,139)	-	-	-	-	-	-
Health professionals (except nursing) (222)	9	3	4	2	12	6
Medical doctors (2,221)	9	3	4	2	12	6
Nursing and midwifery professionals (223)	1	1	1	-	5	2
Other	208	308	663	1771	5421	585
Skilled agricultural and fishery workers (61)	-	-	-	1	27	1
Architects, engineers and related professionals (214)	64	65	103	70	62	32
Teaching personnel (23)	31	19	23	25	14	8
Labourers in mining, construction, manufacturing and transport (93)	113	224	537	1,676	5,318	544

Source: Lithuanian Labour Exchange

Qualifications. Under the existing laws, only highly-skilled or skilled workers can come to Lithuania. Low-skilled workers are not issued work permits. In addition, Lithuania has no programmes for attracting unskilled labour. Qualified, middle income receiving foreigner workers such as drivers, bricklayers, welders and others (see table no. 9) constitute the biggest share of labour immigrants. It is interesting to note that the newest research on labour markets indicate that employment mostly grows for high and low qualified workers (such a services providing workers). The demand for skilled workers is decreasing. Therefore, it could be forecasted that in the near future Europe and Lithuania will need more highly and low skilled workers³⁸. This and other emerging tendencies need to be taken into account when developing immigration for purposes of creating a labour policy.

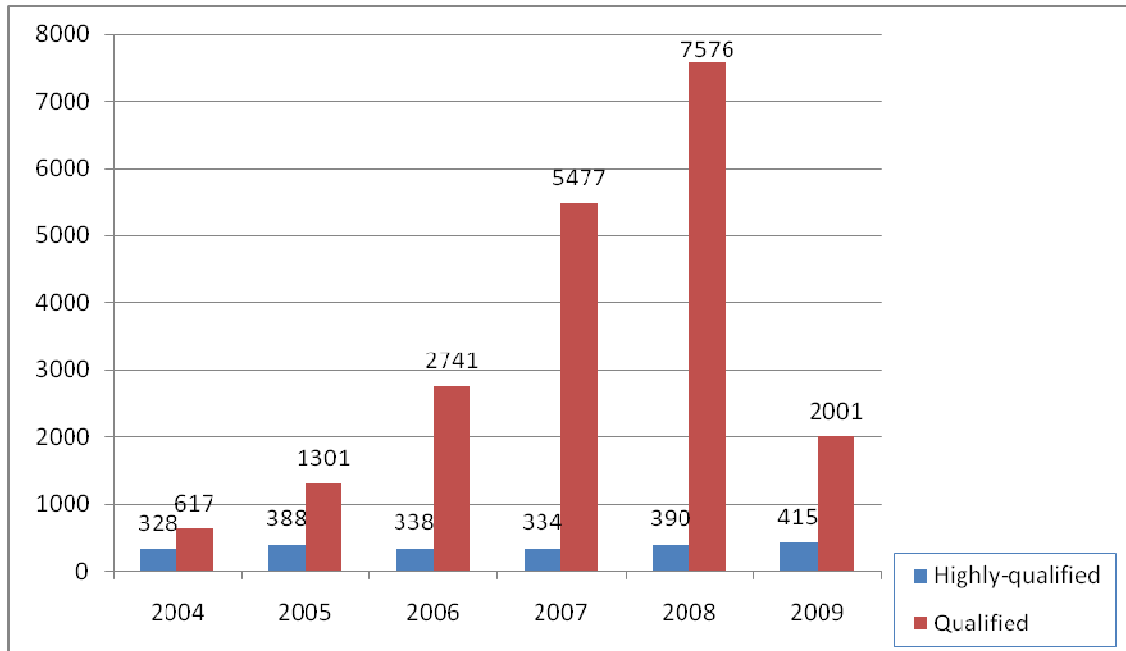
As can be seen from the chart (fig. 17), highly-skilled workers make up a small portion of all incoming personnel. Depending on the year, the share of highly skilled workers varies from 3% to 5%. There may be many reasons for this:

- Lithuania is not an attractive country for highly-skilled workers (there are no large international companies to recruit high-level specialists);
- Lithuania does not have a big need for such workers (the Lithuanian economy is not geared towards highly-skilled workers);
- Lithuania is unable to compete for highly-skilled workers and does not carry out any programmes to attract highly-skilled labour;
- Lengthy procedures of employment and problems arising from family reunification;

³⁸ „Job polarization in Europe“, by Maarten Goos, Alan Manning & Anna Salomans, *American Economic Review*, 2009.

- There is no active strategy (and position) created for this matter.

Fig. 17: Permits to work in Lithuania issued from 2004 to 2009 according to qualifications (highly qualified and company directors/managers, skilled workers).

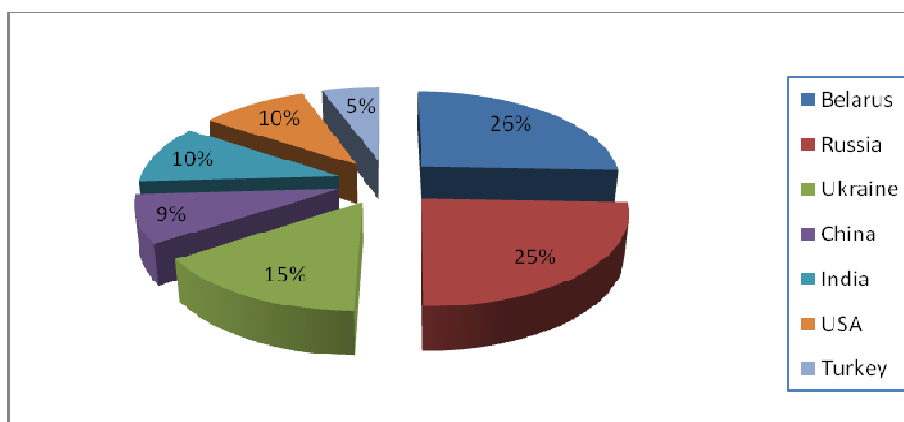


Source: Lithuanian Labour Exchange

It is interesting to note that the number of highly-skilled workers is almost non-dependent on economic fluctuations and has remained relatively stable during the entire analysed period. Meanwhile, the number of skilled workers fell more than threefold. This suggests that highly-skilled workers are required by employers, and are not dismissed when economical conditions change. Therefore, it is necessary to further simplify their recruitment procedures.

Countries. After analysing the issuing of work permits during the period of 2004-2009, we see that the highest numbers of highly-skilled workers are from Belarus, Russia, Ukraine, China, India, USA and Turkey.

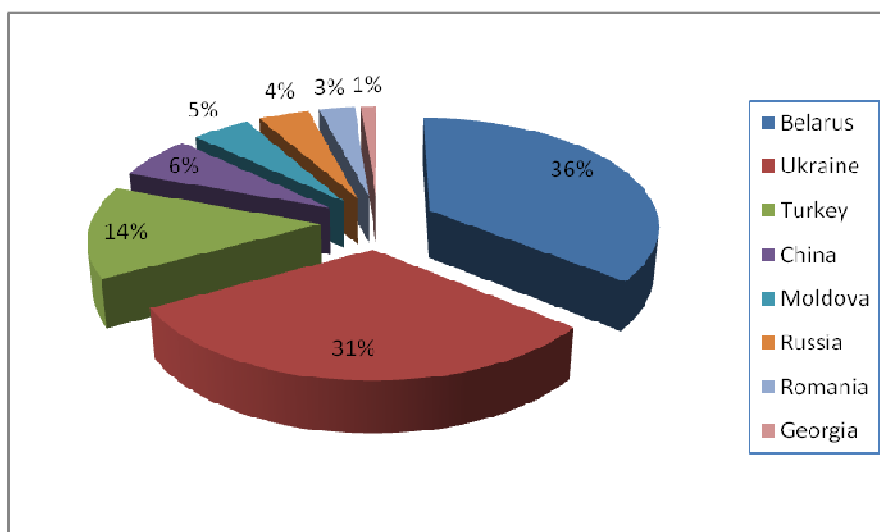
Fig. 18: Countries from which the biggest number of highly-skilled workers came in 2004-2009.



Source: Lithuanian Labour Exchange

According to data for 2004-2009, skilled workers come from Belarus, Ukraine, Turkey, China, Moldova, Russia, Romania and Georgia.

Fig. 19: Countries from which the biggest number of skilled workers came in 2004-2009.



Source: Lithuanian Labour Exchange

Both in terms of highly-skilled and skilled staff, workers from Belarus, Russia and Ukraine dominate (as these countries are geographically close), but other countries are significant as well. It is common to both categories of workers. With regard to skilled labour, the other dominant countries are the former socialist bloc countries and Turkey. Meanwhile, the geography of origin of highly-skilled workers is much broader – it covers the countries such as China, India and the United States.

Factors contributing to labour immigration. Labour migration is caused by many factors and a decision on whether or not to immigrate is determined by a combination of several factors on a case by case basis. Surveys

of migration in other countries of the world to indicate that the largest migratory flows are from lower income countries to higher income countries usually, the country's greater gross domestic product (GDP) per capita means higher average income. The processes are gaining momentum and direction, when those differences are three times or more. Other factors such as geographic, cultural, linguistic proximity, favourable working conditions, formed network of foreign communities, clear immigration regulations, and proactive immigration (attracting) policies, also contribute to the growth in immigration flows. Taking into consideration the GDP per capita of the main labour immigration of Lithuanians, we find that the revenue motive is probably not the most important (see Table 10), and when considering the GDP per capita in other EU countries, the advantage in Lithuania disappears completely.

Table 10. GDP per capita in Lithuania and the countries from which there is most immigration to Lithuania, according to purchasing power, in 2009, in international dollars

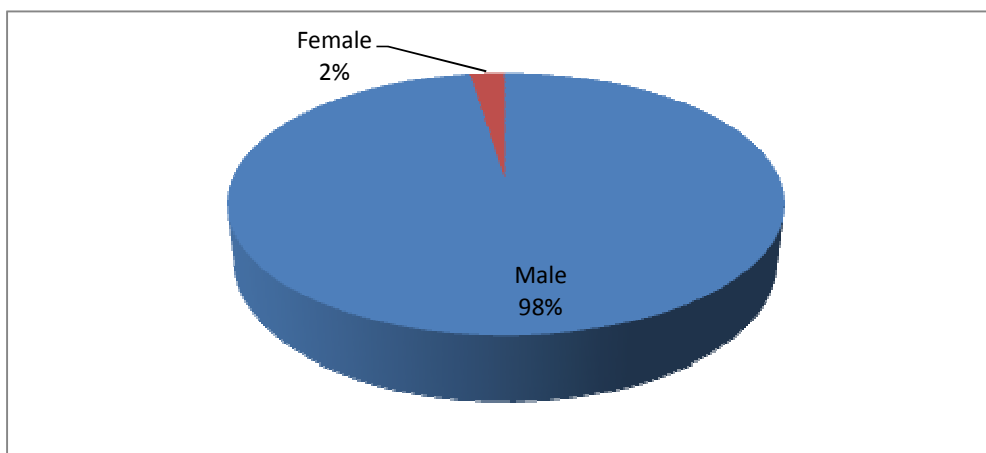
Country	GDP	Country	GDP	Country	GDP
Lithuania	GDP	Ukraine	6,190	India	3,230
Belarus	GDP	Turkey	13,730	USA	46,730
Russia	GDP	China	6,710	Moldova	3,060

Source: World Bank's database *World development Indicators database*, 2010

Data in the Table shows that the largest economic migration flows from Belarus, Russia and Turkey are probably not due to economic reasons. The GDP per capita gap is too small. A stimulating factor in this case is the relatively active recruitment policies of employers and employment agencies, except of Turkish workers, as well as the geographical, cultural and linguistic (Russian language) proximity. The economic reason could affect more significantly the labour from Ukraine, India, China and Moldova.

Gender. Labour migration to Lithuania is exclusively male, fluctuating between 1-9% of the total labour immigration population. This can be explained by the fact that most professions where there is a shortage in Lithuania, are male dominated. Therefore, women comprise only a very small percentage of all foreign workers.

Fig. 20: Permits to work in Lithuania issued in 2004-2009 by gender.



Source: Lithuanian Labour Exchange

The sectors experiencing labour shortages. Job vacancy analysis shows that in 2005-2009 Lithuania experienced the biggest shortage of workers in the marketing, construction and transport sectors. It is possible to identify the following key understaffed occupations in Lithuania: retail salespersons, heavy-duty truck and passenger car drivers, cooks, and construction workers of various professions (painters, welders, and carpenters).

Table 11: Top 10 understaffed professions in Lithuania in 2005-2009: number of job vacancies.

Profession	2005	2006	2007	2008	2009
Retail salespersons and demonstrators	10,792	10,269	10,852	9,445	7,954
Carpenters builders and joiners	3,890	3,209	3,264	2,243	1,899
Cooks	3,724	4,212	4,159	3,815	3,216
Heavy truck and commercial machinery drivers	3,561	4,295	6,230	4,404	4,299
Tailors, embroiderers and related profession workers	2,954	2,784	-	2,574	2,320
Painters and related profession workers	2,772	3,391	3,270	3,324	2,849
Welders	2,732	2,839	3,131	2,548	1,710
Bricklayers	2,331	2,594	3,648	2,335	-
Toolmakers and related profession workers	2,249	-	-	-	-

Waiters and bartenders	2,120	2,364	2,609	-	1,880
Passenger car, taxi and van drivers	-	2,206	2,709	3,984	2,462
Builders using traditional materials	-	-	2,603	-	-
Sales managers	-	-	-	2,438	3,320

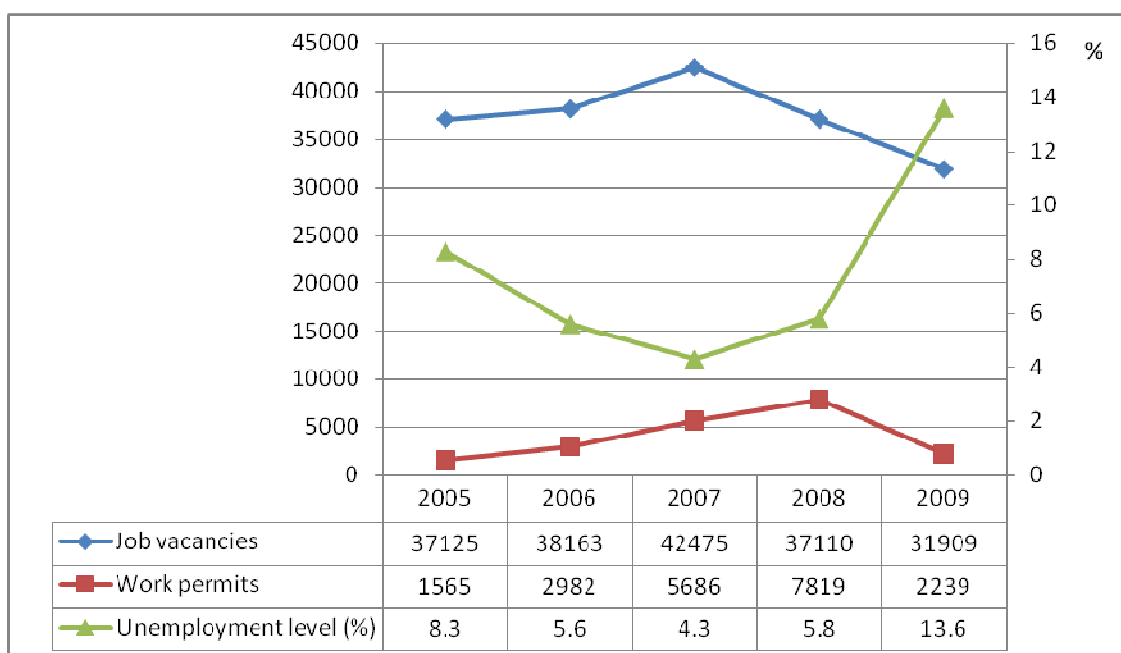
Source: Lithuanian Labour Exchange

Lithuanian labour migration flows are formed in accordance with fixed vacancies. This approach is suitable in order to attract skilled workers, but it is not the case for highly skilled labour. The demand for highly skilled labour is not massive, so it is not recorded and not included into the list of professions experiencing labour shortages in Lithuania.

Reasons. One of the main reasons for labour shortages in Lithuania is emigration. Analysis of sectors from which the highest number of persons is emigrating, shows that these are the same sectors which have the highest number of vacancies, i.e., construction and transport. With massive emigration of Lithuanian citizen seeking higher salaries, the shortage of labour, especially skilled and low-skilled, was obviously notable in 2007-2008. It can be argued that in 2007-2008 the labour shortage arose because as the economy grew, employers wanted to recruit an increasingly higher number of people on the one hand and on the other hand, workers were not satisfied with local salaries, working conditions and the working culture, and they saw more opportunities outside Lithuania. Therefore, demand was growing and the supply was shrinking. It was only in the shipbuilding and repair sector that the shortage of labour was based on qualification (qualitative) requirements rather than on a quantitative shortage, because Lithuania does not train highly-skilled hull welders or ship metalworkers.

Labour shortages and migration. Some of the labour shortage in Lithuania is filled by workers from abroad. Foreign workers occupy from 4% (2005) to 20% (2008) of the total number of registered job vacancies. Work permits are issued in Lithuania only after verifying that no employee from Lithuania or from another EU member state intends to fill the vacancy registered by the employer. It is therefore natural that the number of permits issued in Lithuania is directly dependent on the number of registered vacancies and vacancies are dependent on the level of unemployment.

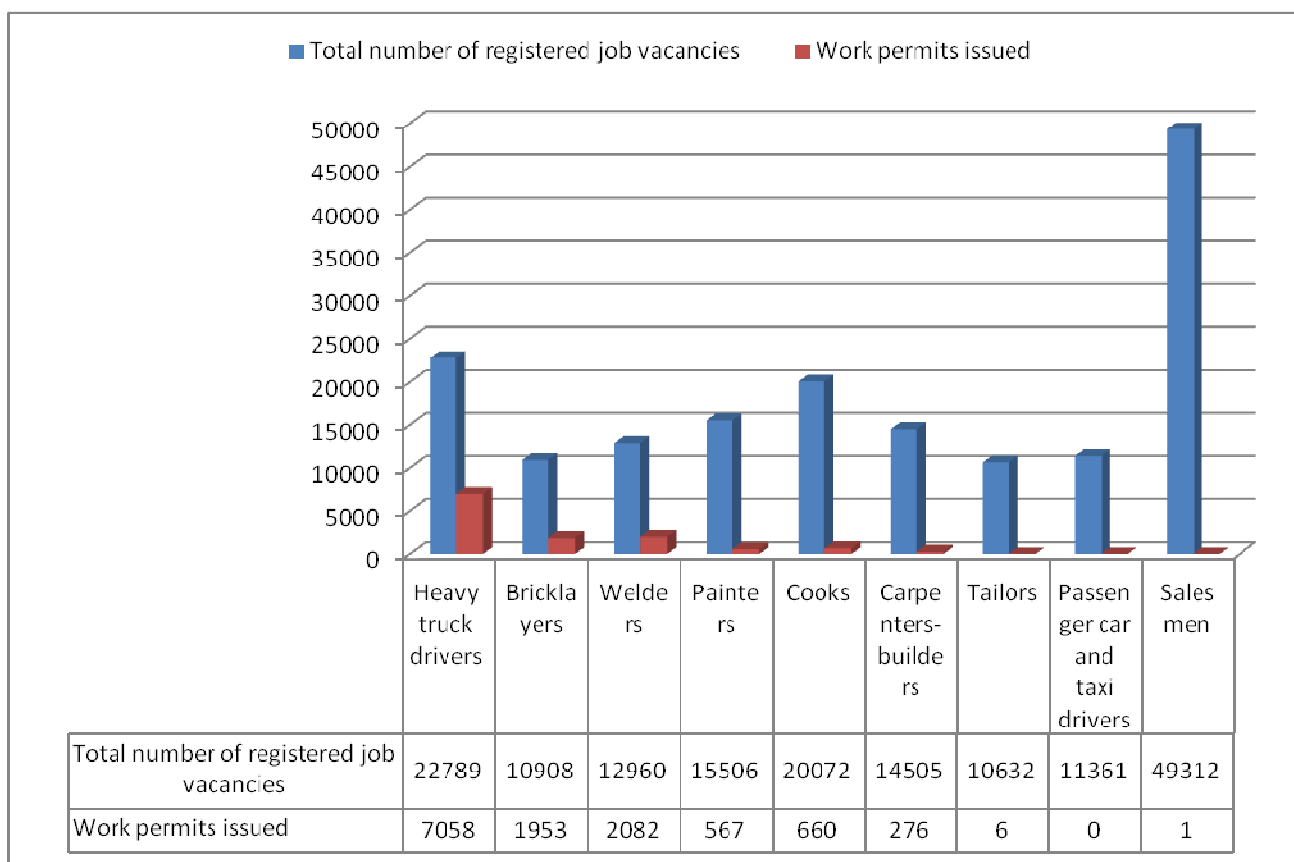
Fig. 21: Vacancies, work permits issued, and the unemployment rates in Lithuania, 2005-2009.



Source: Lithuanian Labour Exchange

Third-country workers in the Lithuanian labour market. In 2005-2009, the analysis of vacancies and work permits issued suggests that the foreign labour force is used in the Lithuanian labour market very unevenly. In certain areas, where there is a clear shortage of labour, workers from abroad are recruited. This is especially true for the transport and construction sectors. For example, heavy truck drivers, bricklayers and welders occupy a significant proportion of registered job vacancies. Meanwhile, with regard to other sectors and occupations it can be seen that in practice, workers from abroad are not attracted to these vacancies. In the trade (vendors and bartenders), services (cooks) and production (tailors) sectors, foreign workers are not recruited, although there is a noticeable shortage. Another factor is the strength of the employers' associations. Sectors which are powerful and lobby extensively have greater participation of foreign workers (e.g. transport sector).

Fig. 22: Vacancies and share of foreign workers in 2005-2009.



Source: Lithuanian Labour Exchange

How can such disparity in the distribution be explained? Firstly, not all of the professions experiencing shortages may be filled by workers from third countries. For example, salespersons in shops have to speak the local language, so these jobs cannot be taken by foreigners. Secondly, the Lithuanian experience has shown that workers from third countries are involved in those sectors where there are large scale projects (construction and transport). They are able to find the necessary staff and bring them to Lithuania. Medium and small enterprises, which dominate in the manufacturing (e.g., tailors) and transport (e.g. taxi drivers) areas, have no practice in the recruitment of foreigners. In other sectors, recruitment of foreigners is restricted by law (e.g. maintenance and services). Under the current arrangements, work permits in Lithuania are issued only to skilled and highly-skilled workers. Foreigners cannot be recruited for work, which does not require qualification.

It can therefore be argued that workers from third countries in Lithuania are recruited only to a very limited extent, in very specific occupations and only in those sectors where labour shortages are clearly identified and where employers' associations are strong.

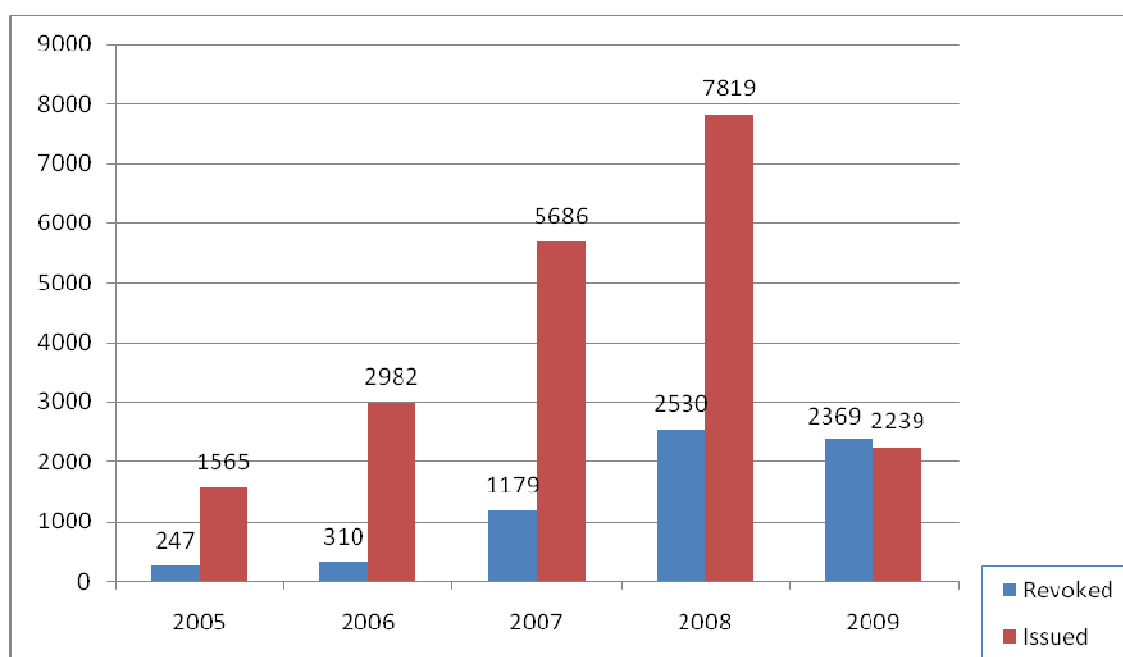
Departure of workers from third countries. It is not possible to assess accurately how many workers from third countries leave Lithuania. Data are collected only on the revoked work permits. These only give a partial

indication of the numbers of foreigners leaving. Records are not kept of those foreigners who leave because their work permits have expired. However, the analysis of revoked work permits clearly illustrates the fact that with the downturn in the economy and the decreasing shortage of labour, the number of work permits withdrawn increases significantly.

Lithuanian Immigration Policy Guidelines lay down that foreign workers can be recruited only in sectors where there is a clear shortage of labour. The Guidelines also provide that if such shortage disappears, it is necessary to ensure that the foreigners leave Lithuania. Under the existing laws, the work permit and residence permit is issued to an alien upon submission of a work contract. Where the employment contract is terminated (for various reasons provided for in the contract) an alien employee loses his work permit and residence permit, and must leave the country.

Below we provide data on the arrival of foreign workers (according to work permits issued) and departures (according to work permits withdrawn).

Fig. 23: Issued and revoked work permits from 2005 to 2009.



Source: Lithuanian Labour Exchange

Table 12: Work permits withdrawn in 2008-2009 by reason.

Reason of withdrawal	2007	2008	2009
Terminated employment contract with an alien	1,179	2,239	2,356
The employer does not submit a labour contract	-	189	-
It is found that false information has been provided	-	102	13
Total	1,179	2,530	2,369

Source: Lithuanian Labour Exchange

The majority of work permits have been withdrawn because of cancelled labour contracts with foreigners. The analysis of work permits withdrawn indicates that the number of such cases increased sharply in 2008 and 2009. Naturally, due to the economic downturn and reduction in labour demand employers terminated contracts of employment with foreign workers, whose work permits and residence permits were automatically withdrawn as a result. Such aliens had to leave Lithuania immediately. In 2008 and 2009, it was not only permits issued in these years that were withdrawn, but older permits were also withdrawn. Such legal regulation helps to ensure that foreign workers live and work in Lithuania for only as long as they are needed. When there is no more need, employers terminate their labour contracts and as a result, labour migrants are supposed to leave. Some analysts note that such a policy treats the alien worker like a labour tool and not as a human. The right to stay in Lithuania is granted to him only for the period when he is needed. When there is no more need, he must leave, unless they find a new reason to stay (e.g. marriage, register a company, etc.). Some experts argue that such policy makes labour immigrants more vulnerable and very dependable on a single employer.

Illegally employed foreigners. In Lithuania, foreign workers represent only a very small percentage of the total labour force, so naturally, the number of illegally employed aliens is also very low. However, with the increase in the number of foreign workers, the percentage of illegal workers is growing. For instance, in 2007, when the highest number of foreign workers in Lithuania was recorded, the number of illegal workers increased significantly and they amounted to 20% of all illegal employees detected during inspections.

Table 13: Illegal work in Lithuania, 2006-2009.

	2006	2007	2008	2009
Total checks for illegal employment	1,986	1,919	1,717	1,620
Illegally employed persons	876	857	808	730
Illegally employed foreigners	7 (0.8 %)	18 (2.1%)	161 (20%)	15 (2 %)

Source: State Labour Inspectorate

4. Cooperation with third countries in the area of economic migration

Bilateral agreements. Lithuania has no special labour migration schemes. Currently only two bilateral agreements with third countries in the field of employment or exchange of trainees, signed in the 1990s, are legally binding:

- In 1995, an agreement was signed between the Government of the Republic of Lithuania and the Government of Ukraine on the mutual employment of citizens.
- In 1999, an agreement was signed between the Government of the Republic of Lithuania and the Government of the Russian Federation on the temporary employment of citizens.

Both agreements provide that employees, who come to Lithuania to work under contracts, must be highly-skilled. The agreement also provides for certain social safeguards, which would not apply to citizens of other countries. For example, there are provisions stating that if a company ceases its business activities or makes an employee redundant, compensation must be paid to the employee. Workers from the Russian Federation who are dismissed on the closure of a business or redundancy have the right to a contract with another employer. Employers are also obliged to organise the transportation of the remains of an employee who has died in the workplace.

However, it should be noted that both of these agreements were considered at a time when labour migration regulations were not sufficiently flexible. Currently these bilateral agreements are applied to a very limited extent (citizens of these countries, when coming for the purpose of employment, are using common procedure), so that those agreements are used mainly as a basis for cooperation between the competent authorities.

Mobility partnerships. The Republic of Lithuania takes part in two EU Mobility Partnership programmes:

- The Lithuanian Labour Exchange participates in the EU migration partnership programme with Moldova "*Promotion of Moldova's capacity to manage the occupational and return migration through the mobility partnership*". The project objective is to foster legal mobility between Moldova and EU Member States. Within the framework of this project they prepared an information leaflet for employees from Moldova, on the employment of foreigners in Lithuania.
- Lithuania also participates in the Mobility Partnership with Georgia.

Lithuanian participation in these partnerships is in line with Lithuanian Immigration Guidelines which provide that the immigration policy must be selective and geographic priority must be given to workers from Belarus, Ukraine, Moldova and the South Caucasus countries. This geographical limitation is understandable and related to the fact that these workers are culturally closest to Lithuania (common history, the former presence in the same union, etc.). On the other hand, some economists note that the geographic limitation is not appropriate, especially when it comes to highly-skilled entrepreneurship-minded workers. It is likely, and also shown by the analysis of this study, that a significant number of highly-skilled workers are coming from India, USA, and China,

but not from the South Caucasus and Moldova. Therefore, it is necessary to give careful consideration to the benefits/shortages of the geographic priorities set out in the Guidelines.

Local border traffic. Agreements are planned to be signed between the Government of the Republic of Lithuania and the Government of the Russian Federation as well as the Government of the Republic of Lithuania and the Government of the Republic of Belarus on local traffic across state borders, to facilitate the movement of persons living at the border and allow the development of social, cultural and other relations.

If the agreements are signed, they would allow for frontier zone residents to freely move in the range of 30-50 km. Even though such a simplification of movement will not allow official employment, but the fact that it will be allowed to freely cross borders and stay up to 180 days in neighbouring state, can become a good start of economic activity in neighbouring territory if the occasion arises. However the EU data shows that in frontier regions such immigration amounts to only 1.5 per cent of total immigrating labour power. Therefore a macro economical influence of immigration from frontier regions is not very substantial in evaluating general economics perspective.

5. Conclusions

Mass emigration from Lithuania continuing for the last two decades, and its negative demographic, socio-economic consequences not only force us to consider measures to reduce the scale of emigration, but also call for an active immigration policy and the need for foreign workers. Unfortunately, these problems in Lithuania are given inadequate attention: the lack of detailed studies on the assessment of the current situation and projections about future workforce needs. Nothing happens at the political level either: not only is there no plan to solve labour immigration issues, but no clear vision is agreed upon for this issue.

In recent years, several studies have been carried out in Lithuania, in one way or another analyzing the economic immigration issues. Unfortunately, most of the studies have only a broad relevance. The studies only assessed quantitative parameters of a particular point in time (the economic growth) while qualitative indicators of foreign labour demand and supply (especially in the perspective) were not analysed. Recommendations, if there are any, are very general and cannot be adapted to the changed economic context at all.

This is the first study dedicated specifically to the issues of labour immigration policy and practices in Lithuania. Immigration here is seen in several aspects:

- To what extent and how mass emigration and social and economic development forms the demand for foreign labour;
- How much the current immigration policy is in line with the labour market and general (declared) strategic guidelines of Lithuania's development;
- How far the practice and procedures of implementation of economic migration promote or restrict the arrival of foreign workers;

- What an economic migration strategy should be in order to ensure economic competitiveness and innovations, economic breakthrough, knowledge economy, but in parallel without underestimating social issues and maintaining ethnic identity.

This study was an attempt to distance from different political viewpoints (immigration is "good" or "bad") or attitudes prevailing in Lithuania such as "Lithuania only for Lithuanians". Labour migration issues are analysed strictly within the context of social and economic development, with an objective overview of the Lithuanian prospects, the need for immigrant labour and real possibilities for Lithuania to attract them; it evaluates Lithuanian opportunities in the competition for skilled foreign labour.

The current migration situation in Lithuania can be described by two mutually reinforcing processes. First, it is massive and often chaotic emigration, which, by its selective nature leads to a series of demographic and labour issues, and becomes the impediment to future development. In economic terms, because of emigration, Lithuania loses a large part of active and skilled workforce. With the growth of emigration, there are more niches for immigration.

Even in such a situation, immigration is left to chance, while implementing the most restrictive immigration policies developed in 1990 (i.e., in a totally different political and economic context). The foreign labour force is attracted according to the fire extinguishing principle, satisfying mainly the current big business needs. Thus, immigration remains weak and unable to compensate for losses of emigration.

Problems caused by emigration (perhaps underestimating their actual level) now and in the future are known to the Government and identified, but the political response is inadequate and often late. The situation is compounded by *a priori* negative prejudices against foreigners among both the Lithuanian population, and most politicians. The dominant vision – "Lithuania without immigrants" – does not allow adequate evaluation of the social and economic development needs of the country and only in the event of an emergency situation (lack of workforce for business) immigration issues are included in the political agenda.

The economic migration regulation strategy and its action plan is so far the only state document dedicated to the issues of economic migration which is used as a basis for real activities. The Strategy and the Action Plan were adopted only after having faced a massive shortage of labour. Under pressure of employers, it was clearly focused on the realities of the times (rapid economic development) and the most pressing problems. The work force import policies at that time (2007-2008) can be described as putting out fires, satisfaction of the "here and now" needs of the big business. Under pressure from businesses, procedure for employment of foreigners having a profession in shortage in Lithuania was simplified and expedited (the possibility to come with the national D visa), and family reunification of highly skilled workers was facilitated.

Such policy, which is not oriented towards the future and without linkage to the strategic development goals of the country, is rigid. It is not surprising that when the economic conditions changed, it was no longer implemented and became obsolete.

The main (and only) strategic document which is still valid is the Lithuanian Immigration Policy Guidelines. However, it is more of a political declaration, which was not translated into a real strategy and its practical implementation measures. The Guidelines set out the principles of Lithuanian immigration policy which show

that the Government continues to put out fires and sees immigration and immigrants as a tool to compensate for the deficiency of manpower. This objective perfectly echoes the economic and business interests, but from the state's perspective it is quite narrow and limits the state's abilities to engage in immigration policy and a policy for attracting a workforce from third countries consistent with the long term needs of the State. The objective of ensuring that Lithuania does not face a shortage of labour is important but not a forward-looking strategic goal. Moreover, some of the principles declared in the Guidelines are quite controversial and difficult to harmonise with each other, for example, the principles of temporal immigration and integration, geographical priorities, and the quality of manpower/qualification requirements, etc. It is also clearly declared that the immigration from third countries is seen as only a secondary and temporary measure, giving priority and promoting the return migration.

The principal purpose, however, of the Immigration Guidelines, is to attract the Lithuanian emigrants back home (the promotion of return migration). Although this is a nice political (and perhaps a necessary) goal, the economic benefits, attempting to meet the needs of the labour market, is often ambiguous: it is not necessarily the same people who are needed for the labour market who are returning to Lithuania. Promotion of return is presented in the Guidelines more as a social campaign, but does not specifically target (or prioritised) those groups, occupations, or professions, which are in most deficit in Lithuania, and which representatives' return would be related to the economic needs of the future.

In summary, one might say that although EU directives introduce some innovations (which would otherwise probably not occur), Lithuania has a relatively conservative and passive labour immigration policy. Meanwhile, in terms of knowledge-based economy, breakthrough in science, scientific valleys and other visions for the future currently declared by the Government, a fundamentally different labour attraction policy is needed – active and focused on qualitative criteria. Migration issues should be included in Lithuania's social and economic development strategy and planning.

The current economic migration policy gave rise to the specific practice when the import of labour is based exclusively on the principle of demand that currently cannot be compensated by the local labour market, and is initiated solely by the employer, usually big business. The public sector as a whole does not participate in the process of attracting foreign labour. On the other hand, both the complexity of procedures, their duration, and general restrictive clause determines that foreign workers, even in extremely high demand, account for only a very minor part of the Lithuanian labour force (0.2 to 0.5 percent). Moreover, the overwhelming majority of them are concentrated in big business-controlled sectors such as construction and transportation.

In terms of the qualitative characteristics of the incoming / imported workforce, the situation is slightly different. These workers tend to have either mass (construction workers, drivers etc.), or very specific occupations (pipe fitters, steelworkers, etc.) and are concentrated in a dozen major companies. Medium and small enterprises virtually do not attract foreign workers for a variety of problems and the existing attitudes.

The scale of highly skilled labour immigration remains symbolic; it represents only 3-5 percent of labour inflow. It should be noted that attracting high-skilled workers and even professionals is not emphasized as a priority. There are no campaigns in place to attract highly skilled workers. It is therefore natural that their number is low. Moreover, if we consider immigration procedures and emerging issues of family reunification, the situation is programmed. If the immigration policy will remain unchanged, a similar situation will continue. The

list of occupations that are understaffed is being prepared for several years but is hardly suitable for the 21st century, for the information technology and knowledge-based society. Having a clear social and economic development strategy of Lithuania, this list should include foreign workers with completely different professions and occupations. Recent research labour market suggests that labour markets of the EU and other economically developed countries become polarized, with growing demand in highly-skilled and low-skilled (in the service sector) workers, and the declining need for the middle level staff. Meanwhile, the Lithuanian labour immigration policy (e.g., the list of understaffed professions) is more focused on the middle level professions demand which will decline in the future.

On the other hand, if Lithuania would aim to attract high-skilled workers and professionals (the labour force creating the highest added value), it is appropriate to review the principles of the immigration policy and include an element of supply, i.e. to allow high-skilled workers to enter the country and to look for jobs for some time, to try to build their own business, or to initiate projects (by analogy with the labour search visa policy carried out in other countries). Foreign students, graduates of higher education institutions in Lithuania, should be more actively involved as well. This would allow, at least in theory, for Lithuania to compete with other EU countries in attracting highly skilled workers.

Economic recovery and the future competitive economy are impossible without high- and very high-skilled labour. The recent migration processes in Lithuania acts in the opposite direction – "brains" and highly qualified staff is "drained-off." Thus, as shown in this study, Lithuania needs a substantial revision of the immigration / foreign labour attracting policy. Authors of the study believe that Lithuania's strategic labour migration policy has to be changed and prepared already now, when there is no direct pressure from the market and employers, and when it is possible to minimize the impact from various interest groups taking part in this process. Lithuania needs a long-term, flexible (independent of economic fluctuations) immigration policy:

- Workforce recruitment should be targeted not only, and not so much to the demands of today, but rather to the future, and must be linked to the social and economic development strategy of the Lithuanian economy by becoming its constituent part;
- Shifting from "fire fighting" policy to the planning of future needs;
- In order to attract highly skilled workers active attraction and information campaigns are needed. It is appropriate to reconsider the immigration policy principles and include an element of demand, i.e. to allow high-skilled workers to enter the country and to look for employment;
- In the area of attracting of high-skilled workers and professionals it is appropriate to move from temporal migration to the principle of integration. It is important to not only to attract but also to retain good professionals. Therefore, the policy should be complemented with a clear component of integration;
- It is necessary to simplify procedures and made the attraction of foreign workers available not only to the big but also to small business.
- Employers of foreigners should assume more responsibility.

- Zero tolerance for illegal immigration and illegal work of aliens.

In parallel, public awareness is needed, because the current negative attitudes and fears of Lithuanian residents may interfere even with the best migration policy.

Employment of foreigners (comparative table)

	Foreigners	Foreigners with understaffed occupations	Highly-skilled foreigners	Other specific groups
Group definition	All foreigners, not included in other columns	Foreigners whose occupation is included in the list of understaffed occupations in Lithuania. The list of professions is approved every year by the Minister of Social Security and Labour.	<ul style="list-style-type: none"> – Highly-skilled foreigners (According to the ISCO-88 classification: the main group 1, subgroup 12-13 and the main group 2) - Executives of a company, institution or organisation, if the main purpose of entry is to work at the enterprise – Foreigners whose expected earnings are at least equivalent to 3 recent national average monthly salaries 	<ul style="list-style-type: none"> - A foreigner who comes to carry out research work or teach in higher education and research institutions or scientific research institutions -is a citizen of a non-European Union Member State, legally and permanently employed in the European Union, a Member State's undertaking, being posted by this undertaking <u>for temporary work in Lithuania</u>³⁹ -Is an employee of a foreign legal entity whose office is in the member state of the World Trade Organization who is transferred to a legal subsidiary, branch or agency <u>in the Republic of Lithuania</u> registered and providing similar services - Arrives to carry out governmental programmes,

³⁹Is a citizen of a non-European Union Member State, legally and permanently employed in the European Union, a Member State's undertaking, being posted by this undertaking for temporary work in the Republic of Lithuania and holds a Form E-101 certificate "On applicable legislation", Form E-102 certificate "Authorisation to prolong your posted work or self-employment period", issued by the competent body of the European Union and the Member State (except Denmark), or a certificate issued by a competent body of the Kingdom of Denmark or the European Free Trade Association, stating that the alien is covered by social insurance.

				common with foreign countries - Is a professional athlete or a coach, entered into a contract of sporting activities ⁴⁰ - Is a crew member of a vessel navigating under the Lithuanian national flag on international routes – Is a member of a traditional Lithuanian religious community or a state-recognised religious community ⁴¹
Labour market test	Job vacancy must be registered with the Labour Exchange in 1 month	Job vacancy must be registered with the Labour Exchange in 1 month	Job vacancy must be registered with the Labour Exchange in 1 month	Not applicable.
Work permit	Issued in 41 days	Issued within 24 days	Issued within 24 days	Not required.
Price	LTL 420 (EUR 122) – for 1 year LTL 520 (EUR 151) – up to 2 years LTL 80 (EUR 52) – extension	LTL 420 (EUR 122) – for 1 year LTL 520 (EUR 151) – up to 2 years	LTL 420 (EUR 122) – for 1 year LTL 520 (EUR 151) – up to 2 years	-
Exceptions			No work permit is required : -For the owner of a registered company, institution or	

⁴⁰Law on Physical Education and Sports of the Republic of Lithuania (Official Gazette, 1996, No 9-215; 2008, No 47-1752), Article 2 (17), Article 35 (1) and (4).

⁴¹Is a member of a traditional Lithuanian religious community or a state-recognized religious community having a document of mediation issued by the leadership of the corresponding religious community, a priest of other religious communities having the status of legal entity in the Republic of Lithuania or the intermediary document issued by the corresponding religious community management, and during the period of stay and religious activities in the Republic of Lithuania maintained by the religious community funds (Law on Religious Communities of the Republic of Lithuania (Official Gazette, 1995, No 89-1985), Article 17).

			<p>organisation where he is the head of this company, institution or agency;</p> <p>-The owner or co-owner of the registered company, whose share capital is not less than 50 thousand and whose main purpose of entry is necessary for carrying out the activities</p> <p>– Head of a registered company with the share capital of not less than 50 thousand litas.</p>	
Validity of a Work Permit	Up to 2 years, the worker may not change his employer, he must leave after the expiration of the term, he may receive a new permit after 1 month.	Up to 2 years, a new work permit may be granted for another 2 years without leaving the country, the employee may not change employer. Having worked for 4 years may receive a work permit after 1 month.	Up to 2 years, after 2 years a new work permit may be granted for another 2 years without leaving the country, the employee may not change employer. The 1 month exit period does not apply.	-
Residence permit	Up to 6 months, sometimes less Change - up to 2 months	Issued a national D visa, allowing immediate entry (the residence permit is issued on arrival)	Up to 6 months, sometimes less Change - up to 2 months	Up to 6 months, sometimes less change - up to 2 months
Price	LTL 320 (EUR 93)	LTL 320 (EUR 93) LTL 207 (EUR 60) for the D visa	LTL 320 (EUR 93)	LTL 320 (EUR 93)
Other Requirements	Health insurance,	Health insurance, minimum monthly wage	Health insurance, minimum	Health insurance, minimum monthly wage (EUR 232), place

Exceptions	<p>minimum monthly wage (EUR 232), place of residence</p> <p>Not necessary, Issued a national visa if coming for less than 1 year and:</p> <ul style="list-style-type: none"> - Is an artist, coming to engage in professional activities 	(EUR 232), place of residence	<p>monthly wage (EUR 232), place of residence</p> <p>Not necessary, Issued a national visa if coming for less than 1 year and:</p> <ul style="list-style-type: none"> - A person who comes to carry out research work or teach in higher education and research institutions or scientific research institutions 	<p>of residence</p> <p>Not necessary, Issued a national visa if coming for less than 1 year and:</p> <ul style="list-style-type: none"> - A person who comes to carry out research work or teach in higher education and research institutions or scientific research institutions - Is a professional athlete or a coach, has entered into a contract of sporting activities - A sailor, coming on board a ship sailing under the flag of the Republic of Lithuania
The period during which	6-7 months	2-3 months	<p>6-7 months</p> <p>Executives 5-6 months</p> <p>Scientists 1 month</p>	2-7 months depending on the category
Family reunion	A foreigner must have resided for the last 2 years in the Republic of Lithuania, have a temporary residence permit valid for at least one year, and have reasonable prospects of acquiring the right of permanent residence in Lithuania.	A foreigner must have resided for the last 2 years in the Republic of Lithuania, have a temporary residence permit valid for at least one year, and have reasonable prospects of acquiring the right of permanent residence in Lithuania.	A highly-skilled foreign professional whose salary is equivalent to at least 3 recently announced national average monthly salaries may bring family members, if he has a valid temporary residence permit also aliens who comes to teach or take part in internship programmes at institutions of education and science in the Republic of Lithuania under international treaties of the Republic of	<p>A foreigner must have resided for the last 2 years in the Republic of Lithuania, have a temporary residence permit valid for at least one year, and have reasonable prospects of acquiring the right of permanent residence in Lithuania.</p> <p>Not applicable:</p> <ul style="list-style-type: none"> - Foreigners who come to carry out research work or teach in higher education and research institutions or scientific research

			<p>Lithuania or under the European Union academic exchange programmes with third countries may bring family members if he has a valid temporary residence permit (Law on Legal Situation of Aliens, Art. 43, paragraph 6, items 2 and 4). Others under a common procedure.</p>	institutions.
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ANNEXES

Annex No 1. Foreigners not covered in the study

This Study does not cover aliens if they:

- Come to Lithuania to manage affairs related to contract negotiations and execution of contracts, staff training, commercial establishment, or the installation of equipment for a period not exceeding three months per year;
- Are employees of a foreign legal entity (except for non-profit entities) whose office is in a member state of the World Trade Organization (hereinafter the WTO) outside a European Union Member State, which is a party to the WTO General Agreement on Trade in Services, or employees who are transferred to a legal subsidiary, branch or agency of this entity registered in Lithuania and providing other similar services. The incoming employee must have been employed according to the contract by a foreign legal entity for at least one year and must have held managerial positions or have been a specialist who has knowledge of special importance to the entity's business.
- Are citizens of a non-European Union Member State, legally and permanently employed in the European Union at the undertaking of a Member State, being posted by this undertaking for temporary work in Lithuania and holding a Form E-101 certificate "On applicable legislation" issued by the competent body of the European Union and the Member State (except Denmark), Form E-102 certificate "Authorisation to prolong posted work", or a certificate issued by a competent body of the Kingdom of Denmark or the European Free Trade Association, stating that the alien is covered by social insurance;
- Come to carry out governmental programmes, common to foreign countries;
- Are professional athletes or coaches, having entered into a contract of sporting activities;
- Come to Lithuania to carry out research work or teach in higher education and research institutions or scientific research institutions;
- Are crew members of a vessel navigating under the Lithuanian national flag on international routes;
- Are members of a traditional Lithuanian religious community or a state-recognised religious community having a document of mediation issued by the leadership of the corresponding religious community;
- Are permanent residents of a European Union Member State who have been working in the Republic of Lithuania with a work permit and temporary residence permit for 1 year, and who wants to work under a labour contract;

- Are representatives of charity organisations of another country coming to do charity work in the Republic of Lithuania;
- Are participants of voluntary programmes supported by the European Union and its Member States.

Finally, the numbers of workers who belong to these groups are very small and therefore have no significant impact on the labour market, so their exclusion does not affect the overall trend detection.

Annex No 2(A). Documents required to obtain a work permit.

Documents required to obtain a work permit:

- copy of the foreigner's passport;
- copy of the foreigner's diploma or other document confirming the person's skills;
- copy of the competent authority's decision on the person's professional skills, if the profession is regulated in the Republic of Lithuania;
- a statement issued by the Centre for Quality Assessment in Higher Education on the assessment of skills, where the profession is not regulated in the Republic of Lithuania, but there is a requirement to have higher education;
- copy of a document confirming 2 years of the foreigner's work experience (seniority) in accordance with the existing professional qualifications within the past 3 year;
- copies of documents confirming the foreigner's service training and attestation according to their professional skills (if skills were improved);
- statement issued by a higher educational institution of the Republic of Lithuania and supporting the alien's second or subsequent years of study in the Republic of Lithuania in case of applications from foreigners wishing to work during the study period;
- signed statement of the employer containing information about:
 - the need to employ a foreigner;
 - employee layoffs during the 6 months prior to applying for a work permit (the reasons for dismissal, redundancies and job functions and skills);
 - the employer must not have an effective administrative penalty in accordance with the Code of Administrative Offences of the Republic of Lithuania.

Annex No 2(B). Documents required to obtain a temporary residence permit.

Documents required to obtain a temporary residence permit:

- free-form application for a permanent residence permit;
- documents supporting the basis for the issue of statutory permit for temporary residence based on which the alien seeks to obtain a temporary residence permit;
- documents certifying that the alien has adequate means of subsistence and/or receives regular income which is sufficient for his stay in the Republic of Lithuania;
- receipt for the paid state charge for paperwork;
- photograph corresponding to the alien's current age.

Annex 3. International treaties of the Republic of Lithuania in the field of education

Country	Date of signature
Belarus Agreement on cooperation in science and technology.	2008 01 24
Philippines Agreement on cooperation in science and technology.	1995 09 25
Georgia Agreement on cooperation in the field of sport	1996 04 12
India Agreement on cooperation in culture, science and education.	2001 02 20
Israel Cooperative program of cultural, educational and scientific activities in 2009–2011. Agreement on cooperation in cultural, educational and scientific fields.	2009 06 22 1994 10 02
USA Agreement on cooperation in science and technology.	2009 06 22
China Agreement on cooperation in science and technology.	1992 04 22
Colombia Agreement on Cultural Cooperation	1995 04 28
Mexico Agreement on cooperation in education, culture, arts and sports.	2002 01 24
Mongolia Agreement on cooperation in education, science, culture and arts.	2003 06 27
Serbia and Montenegro Agreement on cooperation in education, science, culture and sports.	2003 08 27
The Holy See Agreement on cooperation in education and culture.	2000 05 05
Turkey Agreement on cooperation in education, science, culture and sports.	1994 07 11

Ukraine Agreement on mutual recognition of the qualifications that provide access to higher education, higher education qualifications and academic degrees. Agreement on cooperation in education, science and culture.	2009 11 26
	1993 08 04
Uzbekistan Agreement on cooperation in culture and arts. Agreement on cooperation in education, science and technology.	1995 06 07
	1995 06 07
Venezuela Program of cultural exchange and cooperation. Agreement on cultural cooperation.	1992 09 16
	1993 07 19

Annex No 4. The list of understaffed occupations in Lithuania according to type of economic activity, 2007-2010.

First half of 2007, 31 occupations

1. Industry:

- 1.1. electrician;
- 1.2. electro-technician;
- 1.3. electrical installer;
- 1.4. saw-frame operator;
- 1.5. ship fitter (welder);
- 1.6. hull assembler;
- 1.7. wood processing machinist;
- 1.8. metal cutter (saws, scissors, machines, presses);
- 1.9. welder;
- 1.10. machine tuner, operator;
- 1.11. machinist welder.

2. Construction:

- 2.1. Foreman;
- 2.2. electro-technician;
- 2.3. electrical installer;
- 2.4. electrical installer;
- 2.5. installer of metal structures;
- 2.6. bricklayer;
- 2.7. installer of prefabricated building structures;
- 2.8. installer of steel and reinforced concrete structures;
- 2.9. tiller;
- 2.10. machinist welder.

3. Services:

- 3.1. English teacher;
- 3.2. electrician;
- 3.3. electrical installer;
- 3.4. surgeon;
- 3.5. odontologist;
- 3.6. physician anaesthesiologist reanimatologist;
- 3.7. speech therapist;
- 3.8. international freight driver (C, D, E categories);
- 3.9. driver dispatcher;
- 3.10. cook.

Second half of 2007, 60 occupations

1. Industry:

- 1.1. stone carver;
- 1.2. automatic and semi-automatic machine welder;
- 1.3. forklift driver;
- 1.4. electrical installer;
- 1.5. petroleum engineer;
- 1.6. process engineer;
- 1.7. ship-building engineer (only in Klaipėda County);
- 1.8. ship piping specialist (only in Klaipėda County);
- 1.9. hull painter (only in Klaipėda County);
- 1.10. ship hull assembler (only in Klaipėda County);
- 1.11. ship welder (only in Klaipėda County);
- 1.12. gas metal cutter;
- 1.13. installer of metal structures;
- 1.14. woodworking machine operator;
- 1.15. wood processing machinist;
- 1.16. metal hull assembler (only in Klaipėda County);
- 1.17. programmed machine operator;
- 1.18. plumber and gas welder;
- 1.19. electric welder;
- 1.20. electric, gas welder and metal-cutter;
- 1.21. machinist welder;
- 1.22. machinist electrician;
- 1.23. thermal insulation installer;
- 1.24. pipe laying operator;
- 1.25. pipe fitter (only in Klaipėda County).

2. Construction:

- 2.1. reinforcement assembler;
- 2.2. concrete worker;
- 2.3. Foreman;
- 2.4. painter;
- 2.5. electrical installer;
- 2.6. electronic equipment installer;
- 2.7. metal welder and cutter with electricity and gas;
- 2.8. installer of metal structures;
- 2.9. bricklayer;
- 2.10. crane operator;
- 2.11. industrial equipment installer;
- 2.12. installer of prefabricated building structures;
- 2.13. builder;
- 2.14. installer of steel and reinforced concrete structures;
- 2.15. plumber and gas welder;
- 2.16. joiner / carpenter;
- 2.17. construction carpenter, finisher, bricklayer;
- 2.18. foreman of special construction operations;
- 2.19. electric welder;

- 2.20. plasterer, finisher;
- 2.21. thermal insulation installer;
- 2.22. pipe laying operator;
- 2.23. pipe fitter;
- 2.24. ventilation pipe fitter.

3. Services:

- 3.1. English teacher;
- 3.2. forklift driver;
- 3.3. chemical engineer;
- 3.4. chemical engineering technologist;
- 3.5. electrical installer;
- 3.6. engineer, programmer;
- 3.7. hull repairer (only in Klaipėda County);
- 3.8. restaurant chef;
- 3.9. machinist electrician;
- 3.10. international freight driver (C, D, E categories);
- 3.11. driver dispatcher.

First half of 2008, 32 occupations

1. Industry:

- 1.1. mechanical engineer;
- 1.2. electrical engineer;
- 1.3. hull painter (only in Klaipėda County);
- 1.4. hull repairer (only in Klaipėda County);
- 1.5. shipbuilding engineer (only in Klaipėda County);
- 1.6. ship welder (only in Klaipėda County);
- 1.7. pipe specialist on ships (only in Klaipėda County);
- 1.8. metal hull assembler (only in Klaipėda County);
- 1.9. wood processing machinist;
- 1.10. installer of metal structures;
- 1.11. oil and natural gas production specialist;
- 1.12. technician process specialist;
- 1.13. technician engineer;
- 1.14. technician electrician;
- 1.15. textile specialist, tailor.

2. Construction:

- 2.1. concrete worker, plasterer;
- 2.2. painter;
- 2.3. joiner, builder and carpenter;
- 2.4. electrical installer;
- 2.5. electrician;
- 2.6. bricklayer;
- 2.7. welder;
- 2.8. locksmith;
- 2.9. tiller and floor specialist;
- 2.10. pipe laying operator.

3. Services:

- 3.1. English teacher;
- 3.2. restaurant chef;
- 3.3. heavy truck and commercial machinery driver;
- 3.4. driver dispatcher.

4. Fisheries:

- 4.1. ship engineer (only in Klaipėda County);
- 4.2. captain assistant (only in Klaipėda County);
- 4.3. skipper (only in Klaipėda County).

Second half of 2008, 14 occupations

1. Industry:

- 1.1. maintenance engineer;
- 1.2. shipbuilding engineer;
- 1.3. oil and natural gas extraction specialist;
- 1.4. electro-technician;
- 1.5. mechanical repairer;
- 1.6. installer of metal structures;
- 1.7. machinist;
- 1.8. pipe specialist on ships;
- 1.9. metal hull assembler;
- 1.10. hull repairer.

2. Services:

- 2.1. English teacher;
- 2.2. restaurant chef;
- 2.3. international freight driver;
- 2.4. driver dispatcher.

First half of 2009, 10 occupations

1. Industry:

- 1.1. maintenance engineer;
- 1.2. shipbuilding engineer;
- 1.3. hull painter;
- 1.4. pipe specialist on ships;
- 1.5. metal hull assembler;
- 1.6. welder;
- 1.7. hull repairer;
- 1.8. tailor.

2. Services:

- 2.1. restaurant chef;
- 2.2. international freight driver.

Second half of 2009, 8 occupations

1. Industry:

- 1.1. shipbuilding engineer;
- 1.2. pipe specialist on ships;
- 1.3. hull painter;
- 1.4. welder;
- 1.5. metal hull assembler;
- 1.6. hull repairer.

2. Services:

- 2.1. restaurant chef;
- 2.2. international freight driver.

First half of 2010, 7 occupations

1. Industry:

- 1.1. pipe specialist on ships;
- 1.2. hull painter;
- 1.3. Welders;
- 1.4. metal hull assembler;
- 1.5. welder with electricity and gas.

2. Services:

- 2.1. restaurant chef;
- 2.2. international freight driver.

Second half of 2010, 6 occupations

1. Industry:

- 1.1. shipbuilding engineer;
- 1.2. hull painter;
- 1.3. welder;
- 1.4. metal hull assembler.

2. Services:

- 2.1. restaurant chef;
- 2.2. international freight driver.