



# **Satisfying Labour Demand through Migration in Latvia**

**Riga, July 2010**

On May 14, 2008, the Council of Europe adopted the decision No 2008/381/EC establishing the European Migration Network with an aim to meet the information needs of the Community institutions and of Member States' authorities and institutions on migration and asylum by providing up-to-date, objective, reliable and comparable information on migration and asylum, with a view to supporting policymaking in the European Union in these areas.

The Network consists of the European Commission and National Contact Points appointed by the Member States.

Each National Contact Point prepares research studies on topics defined in the annual work programme. The topics of the research studies are relevant to the field of migration of third-country nationals.

The Latvian National Contact Point of the European Migration Network is the Office of Citizenship and Migration Affairs.

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## Annotation

The aim of the research study *Satisfying Labour Demand through Migration in Latvia* is to understand and describe the strategies of satisfying the Latvian labour market demand and need for labour force by using migration as one of the tools for labour attraction from third countries.

The **Introduction** of the research study describes the methodology and definitions used in the research study.

The **second chapter** of the research study describes Latvian approach to economic migration policy, while emphasizing that migration policy in sense of employment is focused on internal labour market protection, and reduction in the number of unemployed persons. Although, during the period of economic growth, the competent authorities in the field of employment of third-country nationals in cooperation with their social partners have developed the Concept for Migration policy in the Context of Employment with proposals regarding the development of a national vision in the field of policy of economic migration, the said Concept was not approved due to various factors,

nevertheless some of the proposals were supported at governmental level and Amendments to the Immigration Law were made and subordinated Cabinet of Ministers Regulations were accepted. In this chapter a short description is given of the legislative and institutional framework for third-country national's employment, as well the description of political debate and involvement of the related parties in assessment of the field of economic migration.

The **third chapter** of the research study deals with Latvian approach to the implementation of economic migration policy and provides a detailed analysis of the implementation of economic migration policy including labour migration statistics and a more detailed trend analysis.

Since Latvian competent authorities do not cooperate with third countries in the field of labour migration, the analysis of such cooperation is not included.

The **fourth chapter** presents analysis of the field of Latvian labour migration and conclusions made during the development of the reaserch study.

## 1. Introduction

The aim of the research study *Satisfying labour demand through migration in Latvia* is to understand and describe the strategies of satisfying the Latvian labour market demand and need for labour force by using migration as one of the tools for labour attraction from third countries.

The object of the research study is a third-country national employed in Latvia. The target of the research study is to describe the Latvian vision of economic migration development and planned activities, as well as to study the role of employed third-country nationals in Latvian labour market.

The target groups of the research study are state institutions involved in the process of economic migration, as well as representatives of non-governmental organizations and academic environment.

### 1.1. Methodology

In the research study state institutions and experts with access to the necessary information on employment of third-country nationals were involved, namely the Office of Citizenship and Migration Affairs,<sup>1</sup> the State Employment Agency<sup>2</sup>, and the Central Statistical Bureau of Latvia<sup>3</sup>. Since comprehensive and actual information on the employment of third-country nationals is available at external Web pages of other involved state institutions, the authors did not approach experts of other institutions.

The global network *Internet* is used in order to expand the volume of information to be analyzed and to review the articles and opinions on the subject of employment of third-country nationals. The list of articles, research studies, and opinions used are available in the chapter “List of Literature and Sources”.

In this research study Latvian legislative basis, newspaper articles on the subject, as well as statistical data aggregated by the involved institutions, and information provided by the experts are used. Moreover, the information from a previous research study „Conditions of Entry and Residence of Third Country Highly-Skilled workers in Latvia”<sup>4</sup> carried out by the Latvian National Contact Point of the European Migration Network (hereinafter – the Network) was used.

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<sup>1</sup> [www.pmlp.gov.lv](http://www.pmlp.gov.lv)

<sup>2</sup> [www.iem.gov.lv](http://www.iem.gov.lv)

<sup>3</sup> [www.csb.gov.lv](http://www.csb.gov.lv)

<sup>4</sup> Peipiņa M., Small-scale study “Conditions of Entry and Residence of Third Country Highly-Skilled workers in Latvia” // The European Migration Network, Riga, October 2006. – Available: <http://emn.lv/lv/pdf/2006/04ovalstuaugstikvaliftoeceljoshana.pdf> - [see 12.02.2010.]

## 1.2. Definitions

**A third-country national** – any person, who is not a citizen of the Republic of Latvia, another Member State of the European Union, the European Economic Area or the Swiss Confederation.<sup>5</sup> It must be emphasized that no data on a major group of third-country nationals in Latvia, namely Latvian non-citizens (on January 1, 2010, the number of Latvian non-citizens amounted to 344 095<sup>6</sup>), are included in the statistics chapter of this research study, where an analysis of the employment of third-country nationals in Latvia is given, because in sense of employment the rights of Latvian non-citizens are equal to the rights of Latvian citizens and Latvian non-citizens are not considered as third-country nationals and they must not have any residence permit.

**A highly skilled migrant** – a person employed in the European Union, who is protected as an employed person by employment legislation of the relevant Member State and/or according to the established local practices independently of the legal relations. The aim of this employment is to perform a real and effective work on behalf or under guidance of another person provided that the employee has relevant and specific competency proved by higher professional qualifications.<sup>7</sup>

**Unemployment rate** – the number of unemployed persons (of working age (15-62 years)), registered by the State Employment Agency, as a percent of the economic active population of working age.

**Employed population** - according to the definition of the International Labour Organization are all persons of age 15-74, who within the reporting week were engaged in any work whether for payment in cash or for compensation in goods or services. In the category of employed population also are included the self-employed persons engaged in business, agricultural, or professional practices.<sup>8</sup>

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<sup>5</sup> Treaty establishing the European Community (consolidated version)// Official Journal L 325 24.12.2002.

<sup>6</sup> Office of Citizenship and Migration Affairs// [http://www.pmlp.gov.lv/lv/statistika/dokuments/2009/3ISVP\\_Latvija\\_pec\\_VPD.pdf](http://www.pmlp.gov.lv/lv/statistika/dokuments/2009/3ISVP_Latvija_pec_VPD.pdf) - [see: 01.07.2010.]

<sup>7</sup> Directive 2009/50/EC 25 May 2009 on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment// Official Journal L 155 18.06.2009.

<sup>8</sup> Description of the conceptions of employment and unemployment// <http://www.nva.gov.lv/index.php?cid=6#arzemnieki> – [see: 22.02.2010.]

## **2. Approach to economic migration policy in Latvia**

Migration policy of Latvia in sense of employment are focused on internal labour market protection – guest workers from third countries can only be admitted if a vacant position has been declared and if no Latvian citizen, Latvian non-citizen or citizen of the European Union with relevant qualification has applied for the vacancy. The mechanism for foreign labour attraction in Latvia is focused on individual assessment of every case.<sup>9</sup>

The procedure for admitting workforce from third countries is regulated but the maximum number of admissible guest workers is not defined because there is no quota system in Latvia. In accordance with the applicable legislation every employer from any economic sector is entitled to admit guest workers of any qualification.

One of the major instruments for immigration policy-making is the Programme for development of Common Asylum and Migration Management System for 2006-2009 (hereinafter - the Programme) adopted by the Cabinet of Ministers Order No 60 dated February 1, 2006 „On Programme for development of Common Asylum and Migration Management System for 2006-2009” based on efforts to reach balance between two basic principles – interests of Latvia as a modern, democratic, and national country and international obligations of Latvia. Therefore Latvia has to develop and implement migration policy that supports the preservation of national and European identity, ensure safeguarding of the interests of government and national security, maintain a balanced labour market and system of social security while complying with international responsibilities of Latvia, facilitating the development of tourist industry, attraction of foreign investors as well as playing the role of pre-condition for development of a system capable to react fast and effective to needs of labour market.

The aforementioned Programme offers situation analysis and overview of functions of institutions involved in the implementation of migration policy and definition of the goals of migration policies, presents forecasts and defines the results of the planned policy and activities.<sup>10</sup> It is aimed to ensure the implementation of

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<sup>9</sup> Latvian Labour Market in 2008 (Informative Report)// Riga, 2009. – Available at: <http://www.lm.gov.lv/text/347> - [see: 07.07.2010.]

<sup>10</sup> Celmalniece I. Immigration issues in Latvian policy from 1998: have the programmatic approaches of the parties any meaning?// Research studies of students of the Department of political sciences of the Faculty of Social sciences of University of Latvia „Alternativa”. – Available at: [http://szf.lu.lv/files/petnieciba/Alternativa/1\\_numurs\\_2009/Celmalniece\\_final.pdf](http://szf.lu.lv/files/petnieciba/Alternativa/1_numurs_2009/Celmalniece_final.pdf) - [see: 08.03.2010.]

migration policy that is compliant with requirements dictated by national interests of Latvia and the European Union common migration policy as well as to define the strategic development of the institutions involved in the control over migration processes.

Latvian competent state institutions have started the process of transposing Directive 2009/50/EC of 25 May 2009 on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment<sup>11</sup> (hereinafter - Directive 2009/50/EC) into legislation of Latvia by developing the necessary amendments to the Immigration Law. Directive 2009/50/EC shall be transposed into legislation of Latvia simultaneously with the normatives for transposing Directive 2008/115/EC of the European Parliament and of the Council of 16 December 2008 on common standards and procedures in Member States for returning illegally staying third-country national<sup>12</sup> and Directive 2009/52/EC of the European Parliament and of the Council of 18 June 2009 providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals.<sup>13</sup>

## **2.1. National Vision and Policy**

The global economic crisis has strongly influenced the economy of Latvia and it resulted in a very high registered unemployment rate in Latvia – 16%.<sup>14</sup> Already in 2009, this was the highest unemployment rate among the Member States and in the first quarter of the 2010 the increase in this rate persists. The data show that on March 22, 2010, the number of unemployed amounted to 194 415 but registered unemployment rate amounted to 17.4% with simultaneous increase in the duration of unemployment.<sup>15</sup> At the end of June, 2010, registered unemployment rate amounted to – 15.6% of the economically active population.<sup>16</sup>

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<sup>11</sup>Directive 2009/50/EC of 25 May 2009 on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment. // Official Journal L 155 18.06.2009.

<sup>12</sup>Directive 2008/115/EC of the European Parliament and of the Council of 16 December 2008 on common standards and procedures in Member States for returning illegally staying third-country nationals. / Official Journal L 348 24.12.2008.

<sup>13</sup>Directive 2009/52/EC of the European Parliament and of the Council of 18 June 2009 providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals.// Official Journal L 168 30.06.2009.

<sup>14</sup>Detailed statistics of overall unemployment situation in Latvia and by regions.//<http://www.nva.gov.lv/index.php?cid=6&mid=272&txt=284&t=stat> - [see: 25.03.2010.]

<sup>15</sup>Kupče M. What can be expected in Latvian labour market in 2010?//<http://lv.lv.index.php?menu=doc&sub=697&id=207617> – [see: 21.04.2010.]

<sup>16</sup>In June the registered unemployment rate in Latvia has declined.//<http://www.nva.gov.lv/index.php?cid=2&mid=2&txt=2041&from=0> – [sk.08.07.2010.]

In view of the high unemployment rate no consideration of issues in connection with labour attraction from the third countries can be expected on the political agenda of Latvia in the near future.

The data for early 2010 aggregated by the Central Statistical Bureau of Latvia show a continuing decrease in labour demand. With the decrease in demand the decrease in number of job vacancies is also present. Thus, at the end of 2009 as compared to 2008 the number of jobs has decreased almost by one fourth or by 22 per cent.<sup>17</sup>

Informative Report of the Ministry of Economics “On medium-term forecast for the development of the balance of labour demand and supply”, considered by the government on June 1, 2010, forecasts the lowest labour market demand in 2010 and a possible gradual increase in demand can be expected in the coming years and it is likely that decrease in labour supply will continue until 2011. Ministry of Economics emphasized that in 2015 the increase in labour supply will exceed the level of 2009 by nearly 4 per cent, nevertheless it will be by nearly 9 per cent lower than average level in 2008.<sup>18</sup>

In 2006, when Latvia experienced a rapid economic growth, debate on migration in the context of employment became the order of the day because after Latvia's accession to the European Union a large part of Latvian population moved to work in other Member States of the European Union and this fact together with negative demographic trends resulted in material labour shortage in Latvian labour market that in turn could impede future economic development. The employment rate in local market gradually increased and employers more and more often were faced with labour shortage. Consequently, in political and public space an active debate on necessary measures to regulate labour emigration by stimulating people of working age to remain in Latvia as well as by elaborating mechanisms and establishing conditions conducive to labour re-emigration was carried out. Besides, a growing attention was paid to the issues of labour attraction from third countries.

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<sup>17</sup> Within the last year, 22% of jobs have been eliminated, labour demand decreases.// <http://www.diena.lv/lat/politics/hot/pern-likvideti-22-darba-vietu-pieprasijums-pec-darbaspeka-samazinās> - [see: 19.03.2010.]

<sup>18</sup> Informative Report of the Ministry of Economics On medium-term forecast for the development of the balance of labour demand and supply.// <http://www.mk.gov.lv/lv/mk/tap/?pid=40177623&mode=mk&date=2010-06-01> - [see: 01.06.2010.]

Since in Latvia neither analysis of existing labour market needs was performed nor planning of its development when assessing legal migration as one of the tools for addressing the needs of labour market the Cabinet of Ministers on May 30, 2010, considered the Informative Report of the Ministry of Interior „On necessity to develop migration policies planning documents” and accepted draft order ”On the migration policies working group” regarding working group tasks in relation with migration policy elaborated by the Ministry of Interior. In the said working group representatives of following institutions were included the Ministry of Interior, the Ministry of Economics, the Ministry of Finance, the Ministry of Welfare, the Ministry of Foreign Affairs and the Ministry of Justice, the Secretariat of the Special Tasks Minister for Social Integration as well as representatives of Latvian Free Trade Union Federation and Latvian Employers' Confederation.<sup>19</sup>

Interinstitutional working group established by Prime Minister Order No 355 dated July 13, 2006 „On migration policies working group”, elaborated draft Project on the Concept for migration policies in connection with employment (hereinafter - Concept).

The aim of the Concept was to determine the necessity to facilitate the admission of third-country nationals in order to solve employment problems, and to suggest proposals for reducing administrative burdens by organizing the procedure of issuing residence and work permits to third-country nationals in accordance with the general principle of good administration.

On January 18, 2007, the Concept with several proposals with the aim to improve existing situation and address possible future problems was announced at the State Secretaries’ meeting. The working group supported the version for **improvement of existing situation by simplifying the procedure of labour attraction from third countries and elaborating the criteria for simplified admission of guest workers from third countries**. In this case the employers would be provided with an opportunity of more flexible responding to changes in labour demand, more effective realization of projects of public interest, more effective elimination of labour shortage in individual sectors, thereby accelerating economic

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<sup>19</sup> Peipiņa M., Small-scale study „ Conditions of Entry and Residence of Third Country Highly-Skilled workers in Latvia”// The European Migration Network, Riga, October, 2006. – Available at: <http://emn.lv/lv/pdf/2006/04ovalstuaugstikvaliftoeceljoshana.pdf>

growth and facilitating short-term competitiveness in the low value-added products market.<sup>20</sup>

Within 2007, the Concept has been several times included in the agenda of Cabinet of Ministers meetings but the consideration of the Concept has always been postponed. The issues included in the Concept partially overlapped with Priorities for the first 100 days of Prime Minister's I. Godmanis government<sup>21, 22</sup>.

Notwithstanding the fact that Cabinet of Ministers was not able to agree on the solutions proposed by the Concept, Cabinet of Ministers at its meeting **on June 3, 2008**, accepted Cabinet of Ministers Regulations No 403 „Amendments to Cabinet of Ministers Regulations No 44 dated January 20, 2004 „Provisions Regarding Work Permits for Third-country Nationals”<sup>23</sup>, which entered into force on July 1, 2008. The said Amendments provide that the state fee for the examination of the documents necessary for the request of a work permit for employment of one third-country national in the Republic of Latvia shall be Ls 35 per year. If the period of employment is shorter than one year, the state fee shall be imposed for a full year. The original state fee for the examination of the documents necessary for the request of a work permit for employment of one third-country national was Ls 35 per calendar month. With entering into force of the said regulations the costs of employment of third-country nationals has decreased significantly, that in its turn enhances employers' opportunities to attract labour from the third countries.

In order to implement labour migration policy and make material improvements of the procedure of receiving work permits for third-country nationals by reducing administrative burdens, competent institutions of Latvia elaborated proposals for the draft law „*Amendments to the Immigration Law*”, which were approved by Saeima on April 22, 2010. The said Amendments provide for implementation of one stop agency. In cases when an employer wishes to invite third-country nationals as guest workers there is no need to address two institutions, the

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<sup>20</sup> On Concept for Migration policies in the Context of Employment.// [http://www.pmlp.gov.lv/lv/news/index.html;jsessionid=DAA9C5BC5B6794E3598FA88051466FA1?news\\_id=190](http://www.pmlp.gov.lv/lv/news/index.html;jsessionid=DAA9C5BC5B6794E3598FA88051466FA1?news_id=190) – [see: 17.03.2010.]

<sup>21</sup> The government of Ivars Godmanis was approved by Saeima on December 20, 2007.

<sup>22</sup> Godmanis declared more than 100 priorities.// [http://www.lv.lv/index.php?fp\\_izdevums=493&mode=TEMA&menu\\_left=TEMA&action=1&id=169661](http://www.lv.lv/index.php?fp_izdevums=493&mode=TEMA&menu_left=TEMA&action=1&id=169661) - [see: 15.02.2008.]

<sup>23</sup> Cabinet of Ministers Regulations No 403 dated June 3, 2008 „Amendments to Cabinet of Ministers Regulations No 44 dated January 20, 2004 „Provisions Regarding Work Permits for Third-country Nationals”// The Latvian Herald, No .90, 11.06.2008.[Entered into force on 01.07.2008]

State Employment Agency in order to get approval for employment of guest workers (an approved work invitation) and the Office of Citizenship and Migration Affairs in order to execute invitation needed for guest worker's applying for residence permit, instead the employer shall address only the Office of Citizenship and Migration Affairs. The officials of the Office of Citizenship and Migration Affairs shall also examine the labour market situation and documents certifying vocational education and vocational qualification of the third-country national. The state fee which previously was imposed for the examination of the documents necessary for the request of a work permit shall be included in state fee payable for invitation approval needed for applying for residence permit due to employment. The Amendments to the Immigration Law supplement the law with new reasons for visa rejection in cases when entry of a third-country national is connected with employment and no invitation approved by the Office of Citizenship and Migration Affairs is needed for visa application<sup>24</sup> as well as with new reasons for invitation rejecting in case of invitation of guest workers. The law „Amendments to the Immigration Law” was announced by the President on May 12, 2010, and it entered into force on July 1, 2010. For the said Law the following subordinated Cabinet of Ministers Regulations are elaborated and adopted:

- Cabinet of Ministers Regulations No 553 dated June 21, 2010 „Provisions Regarding Work Permits for Foreigners”<sup>25</sup>;
- Cabinet of Ministers Regulations No 552 dated June 21, 2010 „ Procedures Regarding Approval and Execution of Invitations”<sup>26</sup>;
- Cabinet of Ministers Regulations No 564 dated June 21, 2010 „Provisions Regarding Residence Permits”<sup>27</sup>;
- Cabinet of Ministers Regulations No 571 dated June 21, 2010 „ Provisions Regarding State Fee Payable for Examination of the Documents Submitted in

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<sup>24</sup>Annotation to the Draft Law „Amendments to the Immigration Law”.

<sup>25</sup> Cabinet of Ministers Regulations No 553 dated June 21, 2010 „Provisions Regarding Work Permits for Foreigners”// The Latvian Herald, No 100, 28.06.2010. [Entered into force on 01.07.2010.]

<sup>26</sup> Cabinet of Ministers Regulations No 552 dated June 21, 2010 „ Procedures regarding Approval and Execution of Invitations”// The Latvian Herald, No 100, 28.06.2010. [Entered into force on 01.07.2010.]

<sup>27</sup> Cabinet of Ministers Regulations No 564 dated June 21, 2010 „ Provisions Regarding Residence Permits”// The Latvian Herald, No 101, 29.06.2010. [Entered into force on 01.07.2010.]

Order to Apply for Visa, Residence Permit or Status of Permanent Resident of the European Community in Latvia, and for Associated Services”<sup>28</sup>.

- Cabinet of Ministers Regulations No 550 dated June 21, 2010 „ Provisions Regarding the Amount of Necessary Financial Means of Foreigners and Procedures for the Determination of the Existence of the Said Means”<sup>29</sup>.

## **2.2. Legislative and institutional framework**

The Immigration Law and subordinated Cabinet of Ministers Regulations regulate both the field of employment of third-country nationals and the field of family reunification. When deciding on issuance of work permit, the Office of Citizenship and Migration Affairs examines also all documents in connection with the approval of the work invitation and co-ordination of the contract for work performance, therefore the employer in order to approve a work invitation and to execute an invitation needed for guest worker’s applying for residence permit has no need to address two authorities, the State Employment Agency and the Office of Citizenship and Migration Affairs, instead the employer addresses only the Office of Citizenship and Migration Affairs and the administrative procedure is less time-consuming.<sup>30</sup> The employers who wish to employ third-country nationals after entry into force of this regulation, also in the future will be obliged to register the vacancies with the State Employment Agency and to offer the jobs initially to residents of Latvia or the European Union. In case if within one month no applicants meeting the specific requirements have been found, the employer shall be entitled to address the Office of Citizenship and Migration Affairs, who within five working days shall examine the necessary information and decide on the invitation.

Cabinet of Ministers Regulations No 553 dated June 21, 2010 „ Provisions Regarding Work Permits for Foreigners” provides also for wider opportunities to employ guest workers on the basis of a visa. If previously only guest workers of strictly formulated categories were entitled to receive visas and work permits for

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<sup>28</sup> Cabinet of Ministers Regulations No 571 dated June 21, 2010 „ Provisions Regarding State Fee Payable for Examination of the Documents Submitted in Order to Apply for Visa, Residence Permit or Status of Permanent Resident of the European Community in Latvia, and for Associated Services”// The Latvian Herald, No 101, 29.06.2010. [Entered into force on 01.07.2010]

<sup>29</sup> Cabinet of Ministers Regulations No 550 dated June 21, 2010 „ Provisions Regarding the Amount of Necessary Financial Means of Foreigners and Procedures for the Determination of the Existence of the Said Means”// The Latvian Herald, No 100, 28.06.2010. [Entered into force on 01.07.2010]

<sup>30</sup> In accordance with Cabinet of Ministers Regulations No 553 dated June 21, 2010 „Provisions Regarding Work Permits for Foreigners”// The Latvian Herald, No 100, 28.06.2010. [Entered into force on 01.07.2010]

employment in Latvia, than from July 1, 2010, every guest worker with temporary employment (up to 90 days within one half-year starting from the first day of entry) is entitled to receive a visa and a work permit. The procedure for receiving visas is faster, simpler and less expensive, therefore the employer has an opportunity to settle the formalities in connection with temporary employment of guest workers in more effective way.

If the term of the residence permit for a third-country national has expired or the permit is revoked but the said third-country national due to essential humane reasons is not able to leave the Republic of Latvia immediately, the Head of the Office of Citizenship and Migration Affairs or official designated by the Head is entitled to decide on the deadline when the said third-country national must leave the Republic of Latvia. The maximum departure term is 45 days if the third-country national has a temporary residence permit or 90 days if the third-country national has a permanent residence permit.<sup>31</sup>

The institutions involved in the process of employment of third-country nationals are the Office of Citizenship and Migration Affairs, the State Employment Agency and diplomatic missions and consular posts of the Republic of Latvia abroad.<sup>32</sup> The institutions responsible for the control over employed third-country nationals are the State Labour Inspectorate under the Ministry of Welfare and the State Border Guard under the Ministry of Interior.

### **2.3. Political debate and involvement of stakeholders**

In view of rather contradictory perception of the labour immigration from the third countries by the general public and the high unemployment rate in Latvia, it can be expected that in the near future there will be no debate on labour immigration in the political environment. The same opinion is declared also by migration researchers. They emphasize that for politicians it is more convenient to comply with the dominating opinion, the fear of society to lose its identity, and to avoid risky decisions in the field of immigration policy, which can adversely affect the support of electorate.<sup>33</sup> The elections of 10.Saeima shall be held on October 2, 2010.

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<sup>31</sup> Cabinet of Ministers Regulations No 326 dated March 30, 2010 „Provisions Regarding Residence Permits”.// The Latvian Herald, No 55, 07.04.2010. [Entered into force on 08.04.2010]

<sup>32</sup> On foreigners' entry with the aim of employment see the research study „Migration and asylum policy structure in Latvia at [www.emn.lv](http://www.emn.lv).

<sup>33</sup> Zepa B., Šupule I., Ķesšāne I. a. o. Immigrants in Latvia: the opportunities and conditions of integration // Riga: Baltic Institute of Social Sciences, 2009, p. 186.

In November, 2008, market and public opinion research centre SKDS conducted research on public attitudes towards guest workers entry and stay in Latvia commissioned by Alliance for Europe of the Nations. 1,002 randomly selected residents of Latvia were surveyed, aged 18 to 74 years, Latvian speaking and those, who use Russian or some other language in everyday life. 82% of respondents were citizens and 18% were non-citizens. Regardless of nationality and citizenship of respondents their attitudes towards guest workers entry and stay in Latvia were mainly negative: 69% and only 17% positive. The most favourable attitude was expressed towards guest workers from Belarus (37%), Moldova (24%), and Ukraine (17%). It is important to emphasize that 25% of Latvian speaking and 16% of Russian speaking respondents believe that entry of guest workers is absolutely inadmissible regardless of their home country. Vast majority of the respondents objected to integration of guest workers into Latvian society and allocating funds for this purpose. Only 19% of respondents support allocating funds for integration of guest workers but 64% do not support this allocation of funds. Despite negative attitude towards entry of guest workers, 52% of respondents support admissibility of entry of guest workers in order to facilitate economic growth. Only 26% of respondents strongly rejected the idea of entry of guest workers even if this rejection backed off economic growth.<sup>34</sup>

Debates on issues of labour immigration often emerge in academic circles among the researchers who seek to elaborate long-term forecasts for economic and demographic development of the country and the ways of facilitating the economic growth. Researchers also offer several solutions for improvement of the existing situation and recommendations to the Government.

Statistical forecasts show that decrease in number of inhabitants in Latvia will continue until 2030 under all scenarios including the optimistic one. Particularly rapid reduction in working-age population can be expected as well as ageing of population.<sup>35</sup>

Economist Raita Karnite, the author of the research study „Quantitative analysis of the economic impact of migration” carried out by Ltd. „Ekonomikas prognozēšanas centrs” and co-financed by the European Commission Representation in Latvia, foresees labour shortage in Latvia and necessity of immigration starting

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<sup>34</sup> Latkovskis B. The threat of guest workers has receded only for a while.// Journal „Nedēļa”, 15.12.2008. p. 12.-15.

<sup>35</sup> Vēstnieks D. Demographics of Latvia: how to overcome crisis.// <http://www.lv.lv/?menu=doc&id=184130> – [see: 24.11.2008.]

with 2016. She writes: „we must invent a new structure that will be capable to work without people or we must deliberately develop immigration policy already today. If we will commence this process too late than immigration processes will be hasty, premature and also illegal”.<sup>36</sup>

In early 2010, a new debate was triggered by results of research study „Immigrants in Latvia: the opportunities and conditions of integration”<sup>37</sup> conducted by the Baltic Institute of Social Sciences, showing an essential contradiction between national economic need for immigrants and prejudices and fear of immigrants. Within the framework of this research study interviews with representatives of various sectors were conducted. The interviews showed that the attitude of representatives of Latvian municipalities and employers is pragmatic and based on economic considerations and immigrants are perceived as a significant resource for economic development of Latvia and its regions. Municipalities are directly subjected to consequences of emigration and bad demographic trends that adversely affect regional development. Labour shortage is an obstacle for successful attraction of investments and adversely affects municipal budget and welfare of local residents. The representatives of municipalities emphasized that municipalities will be in need for immigrants after recurrence of economic upturn. The opinions of employers show the need for immigrants because they can offer specific knowledge and skills which local employees do not possess. Interviewed employers foresee labour shortage as an obstacle to economic recovery.<sup>38</sup>

Representative of the Center for Civic Education („Pilsoniskās izglītības centrs”) Ojārs Zvejnieks also pointed out the necessity to develop effective national migration policy. He emphasized that the society must overcome prejudices against foreigners in particular against guest workers in order to prevent further impoverishment. O.Zvejnieks pointed out that Latvia lacks economic or demographic preconditions for ensuring that average pension shall reach the subsistence minimum, albeit researches show that on average two employed persons pay for one pensioner. Therefore residents of Latvia should accustom themselves to the idea that foreign guest workers will enter the local labour market in the near future and we have to

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<sup>36</sup> Vikmanis G. Karnīte: immigration is inevitable.// [http://www2.la.lv/lat/latvijas\\_avize/la\\_pielikumi/tepat..eiropa/?doc=7974](http://www2.la.lv/lat/latvijas_avize/la_pielikumi/tepat..eiropa/?doc=7974) – [see: 07.06.2010.]

<sup>37</sup> Zepa B., Šupule I., Ķešāne I. a. o. Immigrants in Latvia: the opportunities and conditions of integration // Riga: Baltic Institute of Social Sciences, 2009.

<sup>38</sup> Ķešāne I. Safeguarding our meat and bread.// [http://politika.lv/temas/sabiedribas\\_integracija/sargajot\\_musu\\_galu\\_un\\_maizi/](http://politika.lv/temas/sabiedribas_integracija/sargajot_musu_galu_un_maizi/) - [see: 02.03.2010.]

introduce measures for their integration in society.<sup>39</sup> The necessity for guest workers is supported also by Doctor of Economic Sciences, Professor Baiba Šavriņa. She believes that “in the nearest future we shall not be able to maintain the economics of Latvia by ourselves and import of workforce from other countries is a reality. For our situation, it is very important to ensure the so-called selective immigration by facilitating entry of highly skilled workforce from Belarus, Ukraine, Russia and other former Soviet Republics”.<sup>40</sup>

The issues of labour migration are considered also by the National Economy Council under the Ministry of Economics. On its meeting on April 7, 2008, the Ministry acknowledged that the issue of guest workers attraction must be considered in the context of labour market forecasts. At the said meeting the Deputy Head of the Office of Citizenship and Migration Affairs Maira Roze gave an overview of past experience and labour demand within specific industries and proposed to support internal labour market protection by more effective use of Latvian workforce in local labour market, applying simplified procedure for admitting guest workers in critical situations when a fast solution is needed, as well as in cases of large-scale investment or infrastructure projects.

One of the official working groups is the Working group for coordination of implementation of Business Environment Improvement Plan under the Ministry of Economics, established by the Prime Minister Order No 26 dated January 16, 2008 „On Management Group for Coordination of Implementation of Business Environment Improvement Plan for Business Environment Improvement”.

Labour Market Forecasting Consultative Council is a coordinating and consultative institution established by Cabinet of Ministers Regulations No 238 dated April 29, 2003 „Statutes of the Ministry of Economics”. It has been established with the aim to facilitate coordination of development of the labour market forecasts and their usage by involved institutions, to evaluate prepared scenarios and forecasts for labour market developments, actual problems of labour market, development of

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<sup>39</sup> Negativity against guest workers could lead Latvia to even worse crisis.//

<http://www.tvnet.lv/financenet/zinas/304215->

*negativisms\_pret\_viesstradniekiem\_latviju\_varot\_ievest\_vel\_dzilaka\_krize* - [see: 15.02.2010.]

<sup>40</sup> Lēvalde V., Latvia becomes depopulated, Latvian people at risk of assimilation.//

<http://db.lv/r/474visas-zinas/223971-latvija-izmirst-latviesu-tautai-draud-asimilacija>-[see: 02.06.2010.]

labour market research and forecasting system, and make recommendatory decisions in this field.

While developing new amendments to legislation in the field of immigration, the officials of competent state institutions often arrange meetings with both authorities and various related public organizations. The most common form of cooperation between state institutions are working groups of representatives of institutions involved, namely representatives of competent ministries and related institutions, e.g. representatives of the Ministry of Interior, the Ministry of Foreign Affairs, the Ministry of Economics, the Ministry of Welfare, the Office of Citizenship and Migration Affairs, the State Border Guard, the State Revenue Service, and the State Employment Agency.

Competent institutions in the field of migration most often have cooperated with higher educational establishments and public organizations, the Latvian Employers' Confederation and the Free Union of Municipalities of Latvia.

### **3. Approach to implementing economic migration policy**

#### **3.1. Implementation of economic migration policy**

The Ministry of Economics is the leading governmental authority in the field of economic policy and one of its tasks is to elaborate medium-term and long-term forecasts for labour market and to maintain the labour market analysis and forecasting system.<sup>41</sup> The Ministry of Welfare and its subordinated organizations develop and implement guidelines for the development and implementation of employment policy. The State Employment Agency is a governmental authority under supervision of the Welfare Minister, implementing the national policy in the field of reducing unemployment rate and support for unemployed persons, job seekers, and persons under the risk of becoming unemployed. It is a partner to employers and employees, facilitating the reduction in unemployment rate, and improvement of employment situation in the country.

The State Employment Agency:<sup>42</sup>

- within its competence, prepares proposals for development and implementation of national policy in the field of employment;
- carries out short-term labour market forecasting;
- registers and maintains records of unemployed persons and job seekers;
- organizes co-ordination and information exchange between the State Employment Agency and employers and maintains records of job vacancies declared by employers;
- organizes dialogs between unemployed persons, job seekers, and employers in order to reduce the unemployment rate;
- cooperates with state and municipal institutions, non-governmental organizations, as well as natural and legal persons;
- participates in elaboration and implementation of draft intergovernmental cooperation agreements and in elaboration and implementation of other cooperation projects in the fields of reducing unemployment rate, promoting

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<sup>41</sup> Cabinet of Ministers Regulations No 271 dated March 23, 2010 „Statutes of the Ministry of Economics”.// The Latvian Herald, No 49, 26.03.2010. [Entered into force on 27.03.2010]

<sup>42</sup> According to „Support for Unemployed Persons and Persons Seeking Employment Law ” of May 9, 2002.// The Latvian Herald, No 80, 29.05.2002. [Entered into force on 01.07.2002]

of employment, career consultations, as well as in the field of free movement of workforce.<sup>43</sup>

The State Employment Agency and the Ministry of Welfare are responsible for short-term labour market forecasting and Ministry of Economics is responsible for medium-term and long-term labour market forecasting.

In accordance with necessities and opportunities, employers, industry associations, and other industry experts can be involved in the elaboration of short-term forecasts.

In 2007, the Project „Latvian Ministry of Welfare studies” of European Union Structural funds national programme “Labour Market Studies” supported by the European Union Structural funds was completed. Within the framework of the said Project, the research study „Detailed study of labour force and labour market in the sectors of national economy” was conducted with the aim to identify and forecast labour market demand and labour supply in specified sectors as well as to identify the causes of labour demand and supply misbalances and alternative solutions of these problems. The Project includes a wide range of actual Latvian labour market problems and is a significant contribution in the development of labour market studies and employment policies. The results of this research study provide an opportunity to make medium - term and long - term conclusions on labour demand and supply in the sectors of national economy by 120 occupations and 37 occupational groups, to identify causes of labour demand and labour supply misbalances and to forecast the development of labour market.<sup>44</sup> As a result of the research study, a prospective data collection model was developed and therefore the results of the research study will be usable also when the impact of crisis will be lessened, economical growth will begin and we shall have the necessity to analyze labour market demand and supply.

The results of forecasts for labour demand and supply show that in medium-term (2007-2013) the largest increase in labour shortage can be expected in the following occupations: engineers, civil engineers, electric engineers, other physics and engineering experts, computer operators, physicians, dentists, paramedical staff, commercial specialists. In-long-term (2014-2020) an increase in labour shortage can

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<sup>43</sup> Mission of State Employment Agency.// <http://www.nva.gov.lv/index.php?cid=1> – [see: 06.04.2010.]

<sup>44</sup> Kasalis E., Piņķe G. a.o. Detailed study of labour force and labour market in the sectors of national economy.// The Ministry of Welfare, Riga: 2007.//[http://www.lm.gov.lv/upload.darba\\_tirgus/petijumi/darbaspeka\\_darba\\_tirgus.pdf](http://www.lm.gov.lv/upload.darba_tirgus/petijumi/darbaspeka_darba_tirgus.pdf)

be expected also in the following occupations: travel specialists, senior quality management system specialists, and dental assistants. The results of forecasts show that in 2007 there was a labour shortage in 82 from 120 occupations and by 2013 the said shortage can be expected in 99 occupations.

The State Employment Agency carries out labour market forecasting with the aim to prepare a list of occupations in demand of labour market in order to organize vocational training, retraining or refresher training in accordance with the employers' demand. There exists no special cooperation with employers in order to forecast the workforce size from the third countries.

Up to now, in order to make short-term labour market forecasts the State Employment Agency twice a year carries out surveys of employers with the aim to gather information about planned changes in number of employees for each calendar half-year, the reasons of the changes and occupations in which employees will be needed or in which employees will be made redundant. In the present economical circumstances with a small employers' demand and high unemployment rate employers' short-term demand can not be the single indicator for labour market forecasting and one must take into consideration also medium-term and long-term labour market forecasts.

By elaborating the short-term forecast for 2010, the State Employment Agency employed three methods: industry development trends analysis, collaboration with external experts – representatives of employment agencies and Internet portals, and in-depth statistical data analysis by occupations. The State Employment Agency believes that in view of a high unemployment rate in 2010, employers will be able successfully find employees needed and fill the job vacancies with local employees, and third-country nationals will be invited only for work in some specific fields, e.g., shipbuilding, catering, services and consultations, etc. At the start of economic growth, there is a possibility of a pro rata increase in the number of third-country nationals but it would be premature to predict a sharp increase in the number of third-country nationals in 2010.<sup>45</sup>

In order to ensure the compliance of third-country nationals to requirements of offered position responsible officials of the branches of the State Employment

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<sup>45</sup> In 2009, the number of work invitations for guest workers has significantly decreased.// <http://www.nva.gov.lv/index.php?cid=2&mid=2&txt=1871&from=0> – [see: 20.01.2010.]

Agency in accordance with applicable legislation record vacancies declared by employers by specifying occupation, desired education and work experience of the applicant. In case the job vacancy is registered with the aim to invite a guest worker, the said officials actively inform about this employment opportunity their clients – the residents of Latvia and other Member States of the European Union, which are registered with the State Employment Agency as unemployed persons or job seekers.

If an entrepreneur which in accordance with the law „On State Social Insurance” is to be regarded as an employer (hereinafter - the Employer) plans to employ a foreigner under employment contract, he declares the job vacancy with the relevant branch of the State Employment Agency, and from the date of declaration till the date when the Employer submits to the Office of Citizenship and Migration Affairs application for approval of invitation needed for visa or residence permit for third-country national this job vacancy must be vacant no less than one month.<sup>46</sup>

If the employment of a third-country national in Latvia is provided for on the basis of a contract for work performance, the work invitation is approved without registration of the job vacancy, by coordinating the contract for work performance and submitting the documents certifying the applicant’s training and qualifications. In the application the employer must identify grounds for employment of third-country nationals on the basis of the contract for work performance as well as the number of employed third-country nationals, positions, occupations, places of work, and work deadlines.

Regardless of whether the third-country national shall be employed under employment contract or contract for work performance, in order to approve a work invitation, the Employer (Entrepreneur) or its authorized representative together with the work invitation submits to the Office of Citizenship and Migration Affairs the following documents:

- if the profession of the third-country national is regulated - a copy of the certification acknowledging qualifications or equivalent document, which certify conformity of the professional qualifications with the requirements provided for in the Republic of Latvia;

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<sup>46</sup> Cabinet of Ministers Regulations No 553 dated June 21, 2010 „Provisions Regarding Work Permits for Foreigners” // The Latvian Herald, No 100, 28.06.2010. [Entered into force on 01.07.2010]

- if the profession of the third-country national is not regulated - a copy of a legalized education document or document which certifies three years experience in the profession in which the employer plans to engage the third-country national, appending a translation into the official language certified according to specified procedures.<sup>47</sup>

The Latvian language proficiency level required for the performance of professional and positional duties is provided for by the Official Language Law<sup>48</sup> and subordinated Cabinet of Ministers Regulations No 733 dated July 7, 2009 „Provisions Regarding the Official Language Proficiency Level and the Procedure of Language Proficiency Tests Required for the Performance of Occupational and Positional Duties, for Acquiring a Permanent Residence Permit and the Status of Permanent Resident of European Union and Regarding Stamp Duty Payable for Conducting Official Language Proficiency Tests”.<sup>49</sup>

The Official Language Law provides that employees of state and local government institutions, courts and institutions constituting the judicial system, state and local government undertakings, as well as employees of companies in which the greatest share of capital is owned by the state or a local government, shall be fluent in and use the official language to the extent necessary for performance of their occupational duties and positional duties.

Employees of private institutions, organizations and undertakings (companies), and self-employed persons, shall use the official language if their activities affect the lawful interests of the public (public security, health, morality, and health care, protection of consumer rights and employment rights, safety in the work place, supervision of public administration).

Employees of private institutions, organizations and undertakings (companies), and self-employed persons, who perform specific public functions on the basis of laws or other regulatory enactments, shall be fluent in and use the official language to the extent necessary for performance of the relevant functions.

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<sup>47</sup> Cabinet of Ministers Regulations No 552 dated June 21, 2010 „Procedures Regarding Approval and Execution of Invitations”.// The Latvian Herald, No 100, 28.06.2010. [Entered into force on 01.07.2010]

<sup>48</sup> Official Language Law.// The Latvian Herald, No 428, 21.12.1999. [Entered into force on 01.09.2000]

<sup>49</sup> Publication: The Latvian Herald, No 110, 14.07.2009. [Entered into force on 01.09.2009]

Foreign experts and members of foreign boards of undertakings (companies) who work in Latvia shall be fluent in and use the official language to the extent that is necessary for the performance of their occupational and positional duties, or shall themselves ensure translation into the official language.

Integration requirements are not imposed on third-country nationals who apply for temporary residence permit but there exist provisions on Latvian language proficiency level required for the performance of occupational and positional duties. Every employer is responsible for the compliance of third-country nationals with requirements for language proficiency level. For example, the State Employment Agency rejected work invitation for a foreigner without knowledge of official language who wished to work as a route minibus driver. As far as a driver is obliged to communicate with clients at least minimal knowledge of the language is necessary. In turn a work invitation for a person who was engaged as a masseuse in the Oriental massage salon was approved because the employer has included in the employment contract provision that presence of an interpreter will be ensured, if necessary.

Integration requirements are imposed on third-country nationals who apply for permanent residence permit. Third-country nationals are entitled to qualify for permanent residence permit or the European Community's permanent resident status, if their official language proficiency corresponds at least to 2<sup>nd</sup> degree of fundamental level (A2). Language proficiency tests are not required for persons with primary, secondary or higher education if the acquired educational programs are accredited and the education language is Latvian<sup>50</sup>.

Latvian legislation does not provide for state funded activities for integration of third-country guest workers except persons who have been granted refugee status. A refugee in Latvia is entitled to receive state support for integration in society.<sup>51</sup> A refugee from the age of 7 years is entitled to benefit for Latvian language training. The said benefits have to cover real costs of training but no more than Ls 35 per month. The benefit payments are stopped when the refugee's language proficiency corresponds to the first level and the refugee has been granted supporting documents.

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<sup>50</sup> In accordance with Cabinet of Ministers Regulations No 733 dated July 7, 2009.

<sup>51</sup> Cabinet of Ministers Regulations No 23 dated January 12, 2010 "Provisions Regarding Benefits for Refugees and Persons who have been Granted Alternative Status".// The Latvian Herald, No 8, 15.01.2010. [Entered into force on 16.01.2010]

It should be noted that the Ministry of Education and Science, the Office of Citizenship and Migration Affairs and the Latvian Language Agency as cooperation partners from December 1, 2009, to June 30, 2010, implemented the project „Establishment of e-learning course for Latvian language mastering with the aim of facilitating education and labour market accessibility for third-country nationals” co-financed by the European Fund for the Integration of third-country nationals.

Within the project an electronic language training programme is developed which shall give to third-country nationals a possibility to master Latvian language in accordance with the level A1 and further level A2 and in parallel to get acquainted with Latvian state, history, geography, and social life therefore facilitating the integration of an individual in society of Latvia. The training course is focused on students who speak fluent Russian as an intermediate language. In total 40 interactive language lessons with the means of self-monitoring are developed. The electronic language training programme is available at the environment of School portal of the Ministry of Education and Science since July 1, 2010.<sup>52</sup> Russian as the intermediary language choice was determined on the basis of migration statistical data showing that the number of Russian-speaking people is the largest among third-country nationals in Latvia, e.g., on January 1, 2009, there were 8002 representatives of the target group - third-country nationals with temporary residence permit, among them 6523 or 81.5% with knowledge of Russian as native or intermediary language.<sup>53</sup>

## 3.2. Statistics and trends

### 3.2.1. Statistics on the labour market and migration

The aggregated data about occupations with the largest employment of third-country nationals in Latvia is presented in this chapter.

**Table 3.2.1.1: Employed in specific occupations in 2004**

<b>Occupation</b>	<b>Employment in Latvia in total</b>	<b>Third-country nationals</b>	<b>Job vacancies</b>

<sup>52</sup> Integration Fund for Third-country Nationals.// [http://www.pmlp.gov.lv/lv/par\\_pmlp/projekti/e\\_macibas\\_ETVVIF.html](http://www.pmlp.gov.lv/lv/par_pmlp/projekti/e_macibas_ETVVIF.html) - [see: 30.03.2010.]

<sup>53</sup> Source of data: The Office of Citizenship and Migration Affairs.

	<b>Number</b>	<b>%</b>	<b>Number</b>	<b>%</b>	
Cook*	-	-	51	0.2	1 774
Teaching personnel	43 825	7	8	2	586
Employee in construction, manufacturing and transport industries	71 134	8	96	22	3 018
<b>Other</b>	731 300	82	288	66	-
<b>Total</b>	<b>882 490</b>	100	<b>443</b>	100	-

**Table 3.2.1.2: Employed in specific occupations in 2005**

<b>Occupation</b>	<b>Total employment</b>		<b>Third-country nationals</b>		<b>Job vacancies</b>
	<b>Number</b>	<b>%</b>	<b>Number</b>	<b>%</b>	
Cook	-	-	46	7	1 999
Teaching personnel	44 111	3.6	19	3	623
Employee in construction, manufacturing, and transport industries	106 966	11.6	60	9	3 856
<b>Other</b>	764 942	83	513	80	5 782
<b>Total</b>	<b>916 019</b>	100	<b>638</b>	100	<b>12 260</b>

**Table 3.2.1.3: Employed in specific occupations in 2006**

<b>Occupation</b>	<b>Total employment</b>		<b>Third-country nationals</b>		<b>Job vacancies</b>
	<b>Number</b>	<b>%</b>	<b>Number</b>	<b>%</b>	
Cook	-	-	54	6	1 777
Teaching personnel	43 738	5	28	3	597
Employee in construction, manufacturing, and transport industries	304 880	32	200	23	2 541
<b>Other</b>	615 327	64	571	67	14 242
<b>Total</b>	<b>963 947</b>	100	<b>853</b>	100	<b>19 157</b>

**Table 3.2.1.4: Employed in specific occupations in 2007**

\* There are no data on total employment of residents of Latvia as cooks because responsible institutions do not aggregate statistical data on specific occupations.

Occupation	Total employment		Third-country nationals		Job vacancies
	Number	%	Number	%	
Cook	-	-	149	5	1 796
Teaching personnel	43 855	4	39	1	685
Employee in construction, manufacturing, and transport industries	331 475	32	1 302	46	2 673
<b>Other</b>	660 256	64	1 357	48	15 077
<b>Total</b>	<b>1 035 586</b>	100	<b>2 847</b>	100	<b>20 231</b>

**Table 3.2.1.5: Employed in specific occupations in 2008**

Occupation	Total employment		Third-country nationals		Job vacancies
	Number	%	Number	%	
Cook	-	-	189	8	1 302
Teaching personnel	43 970	4	25	1	807
Employee in construction, manufacturing, and transport industries	305 541	30	493	21	627
<b>Other</b>	664 831	66	1 697	71	5 407
<b>Total</b>	<b>1 014 342</b>	100	<b>2 404</b>	100	<b>10 561</b>

**Table 3.2.1.6: Employed in specific occupations in 2009**

Occupation	Total employment		Third-country nationals		Job vacancies
	Number	%	Number	%	
Cook	-	-	135	10	563
Teaching personnel	33 078	4	32	2	394
Employee in construction, manufacturing, and transport	225 803	26	455	32	536

industries					
<b>Other</b>	567 240	70	795	56	884
<b>Total</b>	<b>826 121</b>	100	<b>1417</b>	100	<b>2 377</b>

It is essential to note that statistical data on total employment in Latvia are collected and aggregated by the Central Statistical Bureau but the data on vacancies in specific occupations are collected and aggregated by the State Employment Agency. The State Employment Agency has at its disposal also data on vacancies submitted by employers and this, in turn, does not ensure a full outlook of labour market because the employers declare a vacancy only when they seek to find an employee with the help of the State Employment Agency.

The results of **short-term** labour market **forecast** for 2010, included in the Informative Report of the Ministry of Welfare „On short-term labour market forecast for 2010 and main priorities of training of unemployed and job seekers”, show that in the labour market a demand for higher-level specialists can be expected, inter alia for business and financial consultants, employees with good sales skills, export managers, transport and logistics specialists, high-skilled production workers in manufacturing industry, information and communication services professionals including programmers, information technologies project managers, nurses, physicians, social rehabilitators in health and social care sector. By elaborating the aforementioned forecasts the Ministry of Welfare took into consideration the evaluations made by labour market experts including representatives of ministries, industry associations, employment agencies and scientists, as well as data analysis performed by the State Employment Agency.

Informative Report of the Ministry of Welfare „On short-term labour market forecast for 2010 and main priorities of training of unemployed and job seekers”<sup>54</sup> contains the forecast for changes in labour demand elaborated by the European Centre for the Development of Vocational Training, showing, industries, were after improving of the economical situation, is going to be a need for skilled workers and they are as follows:

- Manufacturing;
- Food industry;

<sup>54</sup> Informative Report of the Ministry of Welfare „On short-term labour market forecast for 2010 and main priorities of training of unemployed and job seekers” // [http://www.lm.gov.lv/upload/darba\\_tirgus/darba\\_tirgus/lmzino\\_040310.pdf](http://www.lm.gov.lv/upload/darba_tirgus/darba_tirgus/lmzino_040310.pdf) - [see: 08.03.2010.]

- Electricity, gas, and heating;
- Transport and storing;
- Information and communication services;
- Water supply, sewage, waste management, sanitation;
- Social work, social care, babysitting, medical support staff.

Labour market medium-term (until 2015) forecast elaborated by the Ministry of Economics are based on *Eurostat* demographic projections EUROPOP2008. The Informative Report of the Ministry of Economics dated June 8, 2010 „On **medium-term** forecast for the development of the balance of labour demand and supply”<sup>55</sup> emphasizes the fact that in 2010 compared to 2009 labour demand shall decrease in all occupational groups in breakdown by educational status. For 2010, the largest decrease in labour demand can be expected in the high-skilled occupational groups (by 7.9%). Within these occupational groups the lowest demand will be for paramedics, economists, financiers, and analytics and similar specialists as well as nature scientists. It is expected that in 2015 compared to 2009 the number of employed in the high-skilled occupational groups shall be lesser. The expected decrease is approximately by 3 thousands of employed or by 1.4 per cent. The largest decrease in number of employed is expected for physicians - by 19.4% in connection with the planned reforms of health care system. For 2015, the increase in labour demand is expected in such high-skilled occupational groups as computer specialists where the number of employed is expected to increase by 8,4%, engineers and architects – by 7,9%, as well as in occupations within humanities and social sciences groups including lawyers – by 6%. In 2015 compared to 2009 the increase in labour demand is expected also for such occupational groups as nature scientists and economists, financiers, and analysts and similar specialists. Within the intermediate-skilled occupational groups in 2010 compared to 2009 the decrease in labour demand will amount to 6.6%. The largest decrease in labour demand for the intermediate-skilled occupational groups is to be expected in 2010. The lowest demand shall be for nurses, construction workers as well as for commercial and individual service providers. In 2010, labour demand will decrease also for drivers (by 1.1 thousand). In turn, starting from 2011 the number of employed in this profession shall gradually

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<sup>55</sup> Informative Report of the Ministry of Economics „On medium-term forecast for the development of the balance of labour demand and supply” // <http://www.mk.gov.lv/lv/mk/tap/?pid=40177623&mode=mk&date=2010-06-01-> [see: 08.03.2010.]

increase. In 2015 compared to 2009, relatively large increase in labour demand is expected for machinery and equipment operators and mechanics. In 2010, labour demand for these occupations shall decrease whereas starting from 2011 there shall be a gradual increase in demand. A high labour demand is expected also for agricultural workers, where the number of employed shall increase by 7% as well as for commercial and individual service providers and construction workers accordingly by 6 and 2.8 per cent.<sup>56</sup>

The aforementioned report forecasts for intermediate-skilled groups an increase in demand for **drivers** mostly in connection with an expected rather fast recovery of transport industry from economic crisis.

In accordance with two demographic development scenarios and two economic developments scenarios the Ministry of Economics has developed two labour demand development scenarios. It can be expected that up to 2015 a significant surplus of labour shall persist. In case of the slower development scenario, in 2015 labour supply shall extend demand by approximately 10.5%, but in case of the faster development scenario by 8.7%. It can be expected that after 2011 the increase in labour demand shall be faster than increase in labour supply, and this in turn could result in an additional braking effect on balanced economic development in the years to come.<sup>57</sup>

The representatives of the Ministry of Economics point out that the demand shortage should be compensated by attracting employees with other skills or in rare cases by attracting immigrants.<sup>58</sup>

### **3.2.2. Analysis of trends and relevant developments**

Economic recession has stimulated a dramatic reduction in the number of guest workers employed in almost all economic sectors and the largest decrease was in construction where the number of issued work permits in 2009 as compared to 2008 has decreased by 98% (in 2008, for this sector were issued 628 work permits, in 2009 – 82). The number of invited guest workers has decreased also in transport sector – by 53% and in manufacturing – by 42%. The said trend persists also in 2010. Of course, the percentage of decrease as compared to the same period in 2009 is not so dramatic but it

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<sup>56</sup> Ibid.

<sup>57</sup> Ibid.

<sup>58</sup> Ministry of Economics: Unemployment in 2015 shall be 8-9,5%; jobs shall be lost by 19% physicians and 11% pedagogues.// <http://www.delfi.lv/news/national/politics/em-bezdarbs-2015-gada-bus-8--95-darbu-zaudes-19-arstu-un-11-pedagogu.id=32203163> – (see: 08.06.2010.)

must be pointed out that in several economic sectors the number of invited guest workers has reached zero.<sup>59</sup>

Third-country nationals employed in construction, manufacturing, and transport industries filled many job vacancies in 2007 when the fast economic growth resulted in large labour demand.

Despite of statistical data showing a decrease in employers' interest to employ third-country nationals, it should be noted that in some economic sectors the need to employ guest workers will persist.

Since the educational institutions of Latvia do not offer an opportunity to acquire the qualification of, for instance, cook in national cuisines of other nations many third-country nationals specialized in Eastern, Caucasian and other national cuisines are employed in Latvia. The same situation is with shipbuilding specialists as we can see in Table 3.2.2.1. In shipbuilding industry mostly Ukrainian nationals are employed.

**Table 3.2.2.1: Third-party nationals employed in shipbuilding industry, 2004-2009**

<b>Occupation</b>	<b>Total</b>	Belarus	Ukraine	Russia	Moldova
Welder	<b>38</b>	0	24	0	14
Ship repairman	<b>402</b>	1	392	9	0
<b>Total</b>	<b>440</b>	<b>1</b>	<b>416</b>	<b>9</b>	<b>14</b>

Regular employment of Ukrainian and other third-party nationals in shipbuilding in Latvia can be explained by the following:

- 1) The accredited Latvian educational institutions practically do not offer these training programmes;
- 2) The few local specialists trained in Latvia are reluctant to work in the sector because of very hard working conditions and compensation that amounts to just the average wage level;
- 3) In turn, in Ukraine shipbuilding specialists are trained by relevant educational institutions and the most part of them have a vast work experience but at the present moment are unemployed due to lack of orders;<sup>60</sup>

<sup>59</sup> Source of information: The Office of Citizenship and Migration Affairs.

<sup>60</sup> Source of information: The State Employment Agency.

4) The Ukrainian nationals are fluent in Russian and therefore employers are interested in their employment because of easy communication between the employer and the employee.

The State Employment Agency experts believe that employers' demand for third-country nationals in some specific sectors such as shipbuilding specialists, cooks with experience in various national cuisines and consultants regardless of rather time consuming and complicated procedure for acquiring of a work permit and changes in economic situation shall persist also in years to come.

The State Border Guard in collaboration mainly with the State Labour Inspectorate and the State Revenue Service and attracting also officials from the State Police, if necessary; conduct regular inspections in order to detect employment of illegal immigrants. The State Border Guard applies administrative penalties to the employer for employing illegal immigrants. As far as the number of detected employment of illegal immigrants is relatively small we can not talk about a significant impact of illegal immigrants on a specific sector.

**Table 3.2.2.2: Work invitations approved by branches of the State Employment Agency in breakdown by sectors (2005-2007)**

<b>Sector</b>	<b>2005</b>	<b>%</b>	<b>2006</b>	<b>%</b>	<b>2007</b>	<b>%</b>
<b>Agriculture/Fo- restry</b>	0	0	13	1.2	53	1.7
<b>Industry</b>	242	47.9	233	22.0	603	19.2
<b>Construction</b>	33	6.5	487	46.0	1865	59.3
<b>Commerce</b>	24	4.8	22	2.1	73	2.3
<b>Hospitals</b>	64	12.7	115	10.9	188	6.0
<b>Transport/com- munications</b>	30	5.9	57	5.4	224	7.1
<b>Real property/business</b>	54	10.7	57	5.4	47	1.5
<b>Education</b>	7	1.4	8	0.8	6	0.2
<b>Leisure, culture, athletics</b>	24	4.8	16	1.5	9	0.3
<b>Other sectors</b>	27	5.3	50	4.7	75	2.4
<b>Total</b>	<b>505</b>	<b>100</b>	<b>1058</b>	<b>100</b>	<b>3143</b>	<b>100</b>

**Table 3.2.2.3: Work invitations approved by branches of the State Employment Agency in breakdown by sectors (2008-2009)**

<b>Sector</b>	<b>2008</b>	<b>%</b>	<b>2009</b>	<b>%</b>
<b>Agriculture/Forestry /Fisheries</b>	32	1.1	4	0.3
<b>Mining industry</b>	28	1	0	0
<b>Manufacturing</b>	1146	39	475	41
<b>Construction</b>	823	28	62	5
<b>Commerce</b>	97	33	40	3.4
<b>Accommodation/ Catering</b>	229	8	137	12
<b>Transports/Storing</b>	334	11	289	25
<b>Services</b>	97	3	17	1.4
<b>Health</b>	20	1	10	1
<b>Art/Leisure/Recreation</b>	12	0.4	7	1
<b>Other sectors</b>	95	3.2	115	10

It should be noted that from 2004 to 2007 the State Employment Agency made the breakdown of third-country nationals approved work invitations by sectors under 1<sup>st</sup> edition of NACE classifier but from 2008 the aforementioned data are aggregated in accordance with 2<sup>nd</sup> edition of NACE classifier.

In the light of the economic situation, the number of work invitations for third-country nationals approved by branches of the State Employment Agency in 2009 as compared to 2008 decreased by 2.5 times. The largest decrease was in construction – 13.3 times and manufacturing – 2.4 times because of negative impact of the economic crisis on the said sectors in Latvia.<sup>61</sup>

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<sup>61</sup> Source of information: State Employment Agency.

#### **4. Analysis and conclusions**

In connection with the intensive emigration of Latvian population to other European Union Member States after Latvia's accession to the European Union in 2004, in 2006-2007 significantly increased the number of third-country nationals employed in Latvia and an active public debate on the need to facilitate the entry procedure for guest workers in Latvia was carried out.

Currently, the economic crisis has an adverse effect on the Latvian labour market situation – the increase in unemployment rate and reduction in the number of unemployed persons which began in late 2008, continued in 2009 and significantly reduced third-country nationals' entry in Latvia as guest workers. In 2009, the number of issued work permits was by 45 per cent lower than in 2008 and in some sectors such as in construction the number of invited guest workers was reduced even by 90 per cent. Since the Latvian economy is still experiencing relatively high unemployment rate and Saeima elections will take place in October 2010, the issues of attracting of third-country nationals to Latvian labour market are not likely to appear in the political space. By contrast, in the academic environment studies and debates on increase in labour demand after Latvia's recovery from crisis are carried out increasingly often. The basis for studies and debates are Latvian demographic projections showing that need for labour in order to ensure the growth of Latvian economy will facilitate increase in labour demand and we will be unable to meet this increase with labour resources available in Latvia. This forecast is built on the past processes of population migration – in 2009 negative migration balance increased up to 1.8 times and number of inhabitants in consequence of recorded migration decreased by 4.7 thousand, as well as on low fertility rates.

Researchers of migration issues increasingly often urge Latvian authorities to address migration issues and to develop migration policy including the labour migration aspects, therefore the development of migration policy should be included into agenda of the Ministry of Interior and the Office of Citizenship and Migration Affairs in the nearest future in order to prepare for the period when local labour market will experience labour resources shortage in due and effective time. In the development of migration policy one should involve also representatives of other institutions – the Ministry of Economics, the Ministry of Welfare, the Ministry of Education and Science, as well as social partners – representatives of trade unions and

employers' organizations, and researchers whose research studies are dedicated to the migration issues.

Notwithstanding the difficult economic situation, the State Employment Agency experts believe that in the years to come in Latvia the demand for the third-country nationals who are specialists in a specific sector such as shipbuilding specialists, chefs with experience in various national cuisines and consultants in specific areas shall persist. The highest percentage of third-country nationals are from Russia, Ukraine, and Belarus, which can be partly explained by the fact that nationals from these countries are capable to use Russian in communication with the employer and a part of society.

It is important to note that this year competent institutions have implemented the principle of one stop agency: in cases when an employer wishes to invite third-country nationals as guest workers there is no need to address two governmental authorities, the State Employment Agency and the Office of Citizenship and Migration Affairs. The officials of the said Office shall also examine the labour market situation and documents certifying vocational education and vocational qualification of the third-country national. The aforementioned improvements of the procedure employers are to follow in order to receive work permits for third-country nationals.

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## **Appendix**

### **Institutions involved in various areas of migration and employment policies**

**Ministry of Interior** is the leading governmental authority in the area of internal affairs with migration as one of its subsectors; therefore it shall develop and implement migration policy as well as state border guarding policy of the Republic of Latvia.

**Office of Citizenship and Migration Affairs** is a governmental authority under supervision of Ministry of Interior and shall be responsible for implementation of national migration policy including repatriation and asylum policy and issuance of identity and travel documents.

**State Border Guard** is an armed governmental authority under supervision of Ministry of Interior implementing state border guarding policies and national migration policies within its competence. Under provisions envisaged in legislation, State Border Guard shall control compliance with requirements for entry, residence, departure and transit of foreigners within the territory of the Republic of Latvia, as well as within its competence perform activities provided for by migration and asylum legislation.

Within **Ministry of Foreign Affairs** competence shall be the external dimension of asylum and migration, i.e., relations with the third countries as well as migration and development policies issues.

**Ministry of Economics** shall develop and implement economic structural policy and shall be responsible for forecasting of labour demand and supply.

**National Economy Council under Ministry of economics** is a consultative institution established by the founders of the National Economy Council – Ministry of Economics, Chamber of Commerce and Industry of Latvia, Union of Municipalities of Latvia, Latvian Free Trade Union Federation, Latvian Employers' Confederation. The Council shall operate in accordance with Cabinet of Ministers Regulations No 238 dated April 29, 2003 „Statutes of the Ministry of Economics”. The aim of the Council is to facilitate elaboration and implementation of business-friendly policy in Latvia, to facilitate introduction of sustainable principles of economic development, to facilitate sustainable development of Latvia and public participation in it, as well as to facilitate performance of duties determined by Lisbon strategy and to ensure involvement of authorities, municipalities, and social partners in performance of said

duties. The Council consists of experts representing Ministry of Economics, Chamber of Commerce and Industry of Latvia, Union of Municipalities of Latvia, Latvian Free Trade Union Federation, Latvian Employers' Confederation.

**Ministry of Welfare** is the leading governmental authority in the areas of employment, social protection and gender equality.

**State Employment Agency** is a governmental authority under supervision of Minister of Welfare implementing national policies in the areas of reduction of unemployment and support for unemployed persons, job seekers, and persons under the risk of becoming unemployed.

**State Revenue Service** is a governmental authority under supervision of Minister of Finance which shall furnish information on tax liabilities of the legal person wishing to employ a foreigner or inviting a foreigner.

**Latvian Employers' Confederation** is the largest employers' organization representing employers' interests in the areas of improving of business environment, education, employment, social security, health care, labour law, and labour protection.

**Latvian Free Trade Union Federation** is the largest non-governmental organization in Latvia with 21 member organization implementing safeguarding of interests of professional trade union members and employees at the industry and inter-branch levels. It shall take part in development of economic and social development programmes, evaluation of draft laws, working groups on improvement of working conditions, wages, tariff policies, compulsory social insurance and social security, health care, as well as employment, vocational training and lifelong learning.