

Re-thinking approaches to labour migration

Potential and Gaps in EU Member States' Migration Infrastructures Case Study Summary — **Italy**



KEY MESSAGES

- Italy is experiencing a significant **increase in immigration**, primarily driven by requests for asylum and international protection, family reunifications, and work-related reasons. The number of undocumented migrants in Italy continues to rise, representing 8,4% of the total foreign population.
- **Foreign workers** play a substantial role in various sectors of the Italian economy, such as tourism, catering, agriculture, and personal services. However, *skills mismatch* among foreign workers is a prevalent issue, underscoring the challenges and complexities of integrating foreign labour into the Italian workforce.
- Italy's immigration system operates primarily through a **quota system** established by the annual *Flows Decree (Decreto Flussi)*, which determines the maximum number of work permits to be issued and allocates reserved quotas for citizens from countries with significant migration pressures.
- Throughout 2023, Italy supported two initiatives for the implementation of **legal labour mobility projects**, with a total funding of EUR 10,6 million from the European Commission, supplemented by EUR 1,4 million from Italian funds. Italy collaborates with Egypt to establish the "Italo-Egyptian Employment Centre", aimed at providing vocational training for workers in the tourism and hospitality sector. Additionally, partnerships with Tunisia and Morocco, facilitated by the IOM, focus on training initiatives for 2,000 construction workers and 500 in the mechatronics sector, respectively.
- Further possible **improvements** in the Italian immigration system include reviewing the quota mechanism and the Flows Decree to enable a direct matching system between labour supply and demand, reintroducing legal pathways for job-seeking purposes, improving skills matching and employment quality through regulatory interventions, as well as enhancing Italy's attractiveness for aspiring entrepreneurs and skilled workers.



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BACKGROUND AND CONTEXT

Italy's declining population growth has led to demographic ageing, exacerbating pressure on the pension system and contributing to labour shortages, with the average age of the Italian population standing at 46,2 years. Conversely, Italy is experiencing an increase in immigration. While historically a country of emigration, Italy now ranks fourth in the EU for the total number of immigrants, with 318.400 arrivals in 2021. Of these, approximately 240.000 were citizens of non-EU countries. The primary reasons for new entries in 2022 were requests for asylum and international protection (45,1% of the total), followed by family reunifications (28,1%) and work-related reasons (15,0%). In addition, the number of undocumented migrants estimated to be residing in Italy continues to increase. According to estimates, irregular immigrants make up 8,4% of the total foreign population.

Most of the arrivals of 2022 originated from European countries outside the EU (225.106 entries, or 50,1%), South Asia (14,8%) and North Africa (11,6%). Among the top origin countries were Ukraine (167.106 or 37,2%), Albania (34.594 or 7,7%), Bangladesh (24.530 or 5,5%) and Morocco (24.259 or 5,4%).

CURRENT AND FUTURE LABOUR SHORTAGES

In 2022, Italy's economy saw substantial growth, marked by a 6,8% increase in GDP at market prices and a 3,7% rise in volumes. Moreover, the unemployment rate declined to 8,1%, although it still remains one of the highest in the EU. There is a notable regional disparity, with the North-West and North-East regions of Italy boasting unemployment rates below the European average, while the South's rate stands at 14,3%, surpassing that of all European countries.

The real economic growth of 2022 had varying impacts across sectors. The services sector and construction sector experienced notable growth rates of 4,8% and 10,2%, respectively, while agriculture contracted by 1,8%. The industrial sector remained relatively stable with a minor decrease of 0,1%. Notably, certain production sectors exhibit a significant foreign presence. In sectors with high foreign employment rates, particularly in tourism, catering, agriculture, and collective and personal services, non-EU nationals make up a substantial portion of the workforce, exceeding 10% in some

cases. Specifically, non-EU employees comprise 13,4% in the tourism and catering sector, 12,4% in agriculture, and 22,6% in collective and personal services. Moreover, data highlight the prevalence of the over-skilling phenomenon among foreign workers, with a significant proportion of foreign workers with tertiary educational attainment employed in low- or medium-skill professions. This phenomenon is particularly pronounced among non-EU citizens (where 60,2% are affected) and, to a lesser extent, among EU citizens (42,5%), compared to the 19,3% estimated for Italians.¹

The sectors expected to have the largest employment needs in absolute terms in 2023–2027, in line with the expected investment impact of the National Recovery and Resilience Plan (NRRP), are trade and tourism, other public and private services, the health sector, education and culture, finance and consulting, and construction and infrastructure. However, Italian firms are facing increasing challenges in recruiting manpower, primarily attributed to a scarcity of suitable candidates and inadequate candidate preparation. The most acute shortages are observed in specialised technical roles such as metal carpentry (70,5%), construction (69,9%), and plant and machinery management (56,6%).

According to the Italian National Institute of Statistics (Istat), employment is expected to grow in line with the GDP in both 2023 (+0,6%) and 2024 (+0,8%), accompanied by a fall in the unemployment rate to 7,6% in 2023 and 7,5% in 2024.

LABOUR MIGRATION POLICY IN ITALY

Italy operates under a quota system established by the annual Flows Decree. This decree is formulated by the government using data from the three-year planning document and information regarding prevailing labour shortages. It determines the maximum number of work permits to be issued. Additionally, the Flows Decree allocates reserved quotas for citizens from countries with significant migration pressures, with which Italy has entered into specific cooperation agreements on immigration. In reality, since the issuance of the last three-year planning document for the period 2004–2006, planning for the entry flows of non-EU workers has been conducted only on a transitional basis. It was

¹ See Ministero del Lavoro e delle Politiche Sociali, 2023e (details and bibliography in the full case study).

only in 2023 that the use of this instrument was unblocked.

In 2023, the Italian government issued the Cutro Decree, containing urgent provisions on the subject of legal entry flows of foreign workers and the prevention of and fight against irregular immigration. As a result of this decree, workers who have completed special education and training programmes in their countries of origin will now be able to enter Italy, together with other categories of foreign workers, without having to fit within the quota requirements. Throughout 2023, Italy supported two initiatives for the implementation of legal labour mobility projects, funded by EUR 10,6 million from the European Commission, supplemented by EUR 1,4 million from Italian funds. These initiatives include establishing an "Italo-Egyptian Employment Center" for individuals in the tourism and hospitality sector in Egypt, as well as the training of 2,000 construction workers in Tunisia and 500 mechatronics workers in Morocco.

LEGAL LABOUR MIGRATION PATHWAYS

Non-EU foreigners seeking to work in Italy typically need to apply for a work and residence permit, which is granted upon receiving work authorization from provincial labour offices. The issuance of this visa, whether for subordinate or self-employment, is subject to numerical limits set in the annual decrees outlined by the Flows Decrees. The three-year planning document issued in 2023 allows for the admission of a total of **452,000 foreign citizens** for both seasonal and non-seasonal employment as well as self-employment. The breakdown is as follows: 136,000 foreign citizens for 2023, 151,000 for 2024, and 165,000 for 2025.

Subordinate Work and Residence Permits

The procedure for the first entry of non-EU citizens into Italy for **subordinate work** purposes involves several prerequisites. Employers must demonstrate the unavailability of Italian and EU workers (as well as non-EU citizens already residing in Italy), along with suitable accommodation documentation for the foreign national. Additionally, they must commit to covering the worker's return travel expenses and adhere to the relevant collective labour contract provisions. Entry clearance is granted or denied after consultation with the *Questura* (office responsible for police force, public order and relative administrative services) and must be utilised within six months. However, experts question the feasibility of this

process due to its complexity and lengthy nature, making it unlikely for employers to hire foreign workers without prior personal contact.

Autonomous Work and Residence Permits

The entry process for non-EU citizens seeking **non-occasional autonomous work** in Italy involves meeting specific conditions within predetermined quotas established in the Flows Decrees. These conditions include providing evidence of adequate housing and possessing financial means exceeding the minimum level required by law. The legislation encompasses various industrial, professional, handicraft, or commercial activities, with applicants required to demonstrate the necessary professional and moral qualifications (e.g. clean criminal record) as per Italian law. However, the process is often complicated and discouraging, as it involves acquiring multiple authorizations from different government ministries. Consequently, non-EU citizens frequently resort to alternative arrangements, such as working under coordinated and continuous collaboration agreements, rather than pursuing formal autonomous work visas.

Residence Permits Outside the Quota System

The Italian legislature provides a mechanism for entry into Italy outside the quota system outlined in the Flows Decree, particularly for **autonomous or subordinate work where future needs cannot be predicted**. This process allows for admissions throughout the year with simplified procedures for obtaining work permits and without numerical ceilings, except for certain categories such as training courses, professional sports and voluntary work. Article 27 of the Unified Text on Immigration (TUI) details various cases of out-of-quota entry, specifying the professions covered and relevant procedures. Additionally, no visa is required for foreign **researchers** coming from another Member State if they have an agreement with a recognized institute and possess a degree qualifying for doctoral studies in their home country. **Volunteers** are also included in the out-of-quota mechanism, with their sponsoring organisation required to provide insurance coverage for healthcare, liability, and accidents related to volunteer activities.

Residence Permits for Seasonal Work

The residency permit for **seasonal work** requires employers or trade associations seeking to establish seasonal work relationships in the agricultural and tourism/hotel sectors with foreign citizens to submit

a request to the Single Desk for Immigration of the province of residence. The permit's validity cannot exceed nine months, and must correspond to the duration of the seasonal activity. Additionally, the law allows for the conversion of the seasonal work permit into a fixed-term or open-ended permit, and provides priority for seasonal workers with previous experience in Italy to re-enter the following year within the quotas reserved for seasonal workers.

Residence Permits for Working Holidays

Young foreigners participating in **youth exchange programs** or mobility initiatives under international agreements can enter into Italy for working holidays. Entry visas for working holidays are issued to citizens of countries with bilateral agreements with Italy, typically targeting individuals aged 18 to 30/35. These permits last up to one year, with quotas determined by bilateral agreements. Permit holders can work for up to six months with one employer, with simplified procedures for employment authorization.

EU Blue Card

The EU Blue Card allows **highly-qualified foreign citizens** to enter Italy outside the quota system provided by the Flows Decree. These individuals are issued a residency permit known as the "*Carta blu UE*," valid for two years for open-ended employment contracts or for the duration of the employment relationship in other cases. Employers must submit the application for the entry clearance online, providing details of the job proposal, including salary that is at least three times the minimum level for exemption from health care costs.² Family reunification is allowed under general conditions, and holders can apply for a long-term residence permit after five years. However, data indicate a low issuance of EU Blue Cards in Italy over the past decade, with only 3,116 cards issued.

Intra-corporate Transfer Permit

The Intra-corporate transfer (ICT) permit applies to corporate groups that temporarily transfer their non-EU citizens, employees of a group company, to their Italian subsidiary. Italian immigration law provides two main categories of **intra-corporate work permits**: the national intra-company work permit and the EU ICT work permit. Under these permits, workers temporarily transferred within corporate groups to their Italian subsidiary maintain their employment relationship with their employer in their country of

origin. Eligible workers include executives, highly specialised workers, and trainees, as well as those holding an ICT work permit for another European country who are subsequently transferred to Italy.

SUGGESTIONS FOR POSSIBLE FUTURE ADAPTATIONS TO LABOUR MIGRATION POLICY AND THE USE OF EXISTING PROVISIONS

Italy must prioritise promoting legal pathways for labour migration while effectively communicating efforts to combat irregular migration. This involves providing clear and transparent pathways for legal migration and implementing robust border control measures. Proactive measures at both national and EU levels should be adopted to combat irregular migration, including policies to assist Italy in managing its consequences and enhancing border security. Clear communication is crucial to differentiate between efforts to mitigate irregular migration and controlled inflow of regular migrants, fostering social cohesion and meeting labour market demands effectively. Some possible courses of actions are outlined below.

Review the quota mechanism and the Flows Decree to allow for a direct matching system between labour supply and demand.

Italy will need to undertake comprehensive reforms to its entry procedures, to better align with dynamic labour market demands. This involves revising the quota mechanism to allow for a flexible matching system between labour supply and demand, addressing overqualification among non-EU workers. Adjustments should reflect labour market needs, with increased quotas and simplified administrative procedures within the Flows Decree.

Reintroduce sponsorship opportunities and legal pathways for job-seeking purposes.

Reintroducing sponsorship programs could provide legal pathways for job seekers supported by relatives in Italy. This mechanism would enable direct assessment of candidates' abilities and relational skills, particularly crucial for workers employed by families. Requirements could include language proficiency, financial resources, and accommodation, with a potential double sponsorship model involving both Italian institutions and individuals.

² The employer must offer the worker a salary that is at least three times higher than the threshold that determines whether someone is exempt from paying healthcare costs in Italy.

Explore the potential of the proposed EU Talent Pool to address labour market concerns and prepare the country for its implementation by improving bureaucracy in terms of simplification and transparency.

The envisaged EU Talent Pool could provide Italy with the ability to streamline recruitment processes and reduce bureaucratic barriers benefitting Italian small and medium-sized enterprises (SMEs) by providing them with easier access to international talent without the high costs associated with recruitment agencies.

Assess the potential effectiveness of specialised recruitment channels (including mobility partnerships) addressing prospective labour market skill demand.

Italy could benefit from evaluating existing labour mobility schemes by aligning them with labour market needs and negotiating bilateral agreements with specific countries, particularly for sectors like healthcare. These agreements would involve local governments screening and certifying workers before migration, with provisions for mutual recognition of qualifications or fast-tracking certification programs. Careful balance will need to be sought so as to not over-regulate recruitment and to remain close to employers' needs, while ensuring that standards are met and safeguards are in place. Additionally, recent reforms propose prioritising TCNs with relevant vocational training, while pre-departure language and skills programs should be enhanced in collaboration with employers. Innovative approaches, such as traineeships, could improve recruitment and matching. Italy could also establish specialised recruitment channels abroad, particularly in healthcare, by involving embassies and consulates to screen and match migrants with job vacancies with involvement of potential employers. This strategy could be supported by learning from other EU countries and creating partnerships with foreign vocational training institutions to prepare workers for Italian standards.

Enhancing access to public employment, healthcare professions and addressing sector-specific challenges.

Italy faces challenges in its migration policies across various sectors, including public employment, healthcare, agriculture, and family care. Italy could prioritise developing more granular **sector-specific quotas or exempt sectors from quotas** and continue to target specific sectors with critical shortages such as healthcare, agriculture and family care, including through offering tailored immigration pathways and incentives for these professions. Special quotas for the **family care sectors** (about 9,500 slots of the Flows Decree are for the family care sector and social health sector in 2024) are a good example of such targeted efforts which could be expanded to other sectors.³ Tailored migration schemes are crucial for addressing labour shortages in Italy's **healthcare sector**, particularly in medical and caregiving roles. Expanding bridging programs and fast-track qualification recognition for foreign healthcare professionals, alongside language and system-specific training, can help align their qualifications with Italian standards and meet urgent workforce demands. Region-specific quotas tied to local demand, exempting **care workers** from the quota system and regularisation programs for undocumented workers, along with professional training and recognition of prior experience, could help meet the needs of Italy's ageing population while promoting the professional status of care workers. Recommendations for Italy's **agricultural sector** include simplifying work permits, fast-tracking options, and replacing the quota system with a process that allows foreign workers to declare their availability for specific vacancies, prioritising those with relevant experience or pre-departure training.

³ In general the Flows Decree specifies sectors that are eligible for employing foreign workers, though not all sectors have specifically dedicated quotas assigned.



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