

Economic, Political and Social Conditions of Indian Migration to Germany

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Abstract

Since the mid-20th century Indians constitute an important group in certain sectors of the German economy, although their total number is small, as compared to other foreign nationalities in Germany, and as could be expected considering the size of their home country, and the difference in the per-capita income of both countries. In fact, migration from India is largely composed of highly educated professionals, persons seeking higher education, and family members of both groups. The launching of the EU Migration Pact in 2008 brought the question about the benefits for both sides into the focus of policy makers in both countries, because this accord urges EU states to reach bi-lateral migration agreements with the migrants' countries of origin which should include aspects of in-migration as well as return migration of high-skilled professionals. In that context, this paper approaches the questions what drives India to Germany migration, what are the perspectives, and the potential benefits. It is shown that Germany is competing with other EU countries in the global for highly skilled, as almost all of them are facing a population structure in which the share of younger labour force is rapidly declining. In addition, German companies in particular lack engineers, IT experts and other technical specialists. To fill the gaps, the country tries to attract these experts from abroad. But although each year thousands of highly-qualified Indians enter the country, most of them leave after a few years, over which they usually had undergone significant upgrading of their skills and qualifications. The loss which then occurs to Germany might hence become a benefit to India. However, there are clear indications that a third party who would also win, without having born any costs, many Indian specialists who leave Germany do not return to India, but instead move on to the United States.

Keywords: Migration, High-skill migrants, Germany, Labour market, Temporary migration.

1. Introduction

Although small in number as compared to other migrants' nationalities, Indians constitute a publicly visible share of the foreigners living in Germany, as they play an important role in different segments of the country's economy and in the area of higher education. In the early 21st century, questions about the future perspectives of Indian migration to Germany have gained increasing importance, for Germany as well as for India. Faced with growing labour shortages in specific professions, Germany is interested in attracting a highly-qualified labour force, in particular IT experts and personal for the health sector which seem to be available in India in large numbers. By the EU Migration Pact, signed in 2008, it was requested at the same time to harmonise its own interests with those of India as a potential sending country, and to reach a bi-lateral agreement which would benefit both sides. To shape appropriate policies and to formulate such an agreement, a solid basis of knowledge is required, and both parties have to be aware of potential conflicts of interests. Stock-taking of the experiences made it an essential precondition for that and for negotiating with each other. However,

information about the situation of Indians in Germany is scattered, even more about the costs and the benefits for India, Germany and the migrants. This paper is intended to contribute to filling this gap by thorough literature review, by tracing the governance of migration on the EU and on the German level by analyses of available statistical data and future assessments, and by comparing labour demand and supply structures in Germany and India, as well as in countries competing for labour force.

International migration at the beginning of the early 21st century is obeying the laws of economic globalisation. Within the worldwide competition for market shares and under increasing national and international economic pressure, the race for the “best brains” and “highest skills” has intensified. Under these conditions, the countries of the European Union (EU) are under double pressure: while the domestic supply of human capital threatens to erode due to the declining young population, and, in some countries, comparatively low or not sufficiently targeted investment in public education, the demand for so-called “high-potentials” is increasing on a global scale. In the course of this global competition, even richer industrialised countries, like Germany, lose highly qualified specialists, who should be substituted as fast as possible. EU countries increasingly react to this development by changing their immigration rules, with the intention to facilitate the recruitment of a highly qualified labour force from abroad, and the on-stay of excellent foreign students from abroad, in order to support their own economic progress.

Although Germany shares a lot of characteristics with other EU countries, it has to cope with its own specific situation, to which it strives to find individual solutions, not always in harmony with other EU member states. This paper explains the framework of Germany’s migration policy and addresses the question which role Indian migrants play and could play in this context, also with a view to potential costs and benefits for the Indian state.

Section 2 will provide an overview on the economic, political, and social developments which have framed international migration to Germany since the late 1950s whereby special consideration is given to the EU membership. Section 3 focuses on the EU migration policy, into which the German policy is contextualised. Section 4 traces the migration of Indians to Germany. While focusing on the late 20th and early 21st century, it also takes a brief look back upto the 19th century. Section 5 presents some reflections about net benefits gained by Germany, India, and the migrants, and Section 6 draws conclusions.

2. Pull Factors in Germany

Germany’s national interests with regard to the admission of foreigners are mainly determined by its population development, the labour market requirements, and considerations of social peace within the country, issues which are closely interlinked with each other. Two major problems are prominent: population decline and lack of a highly qualified labour force. At the same time, the migration debate is characterised by expressed fears of competition between domestic and foreign labour force, which might lead to unemployment of Germans and to pressure on wage rates, of cultural clashes, and of security problems.

2.1 Demographic Development

Germany faces a strong birth rate decline which would lead to an equal population decline, as far as this is not counterbalanced by immigration¹. With birth rates dropping over decades, down to 1.3 children per woman in 2008 (Stat. Jahrbuch, 2009a), the population is over-

¹ Details of population decline in Germany and other EU countries are described in Birg (2004a).

ageing. In 2008, the median age of Germany's population was 43.4 years, while in India, for comparison, it was only 25.1 years (CIA, 2009). The result is a growing shortage of a young labour force and financial problems in the existing pension system which is built upon a generation contract, i.e. the present contributors, the working population, financially support the pensioners. In spite of on-going reforms, the perspectives for the working population to secure their old-age income as expected, according to the presently applied calculation formula in the mid- to long term, are rather pessimistic. Similar problems arise in the health insurance system, as an older population implies higher health expenditures.

Without significant numbers of immigrants, the German population is expected to drop from 83 million in 2000 to 63 million in 2040 and to 36 million in 2080 (US Census Bureau, 2009). The population in Germany includes an increasing number and share of foreigners, resp. persons with migratory background. Forecasts indicate that their share in the population will increase to almost 30 percent in 2030 (see Table 1). However, the number of migrants who would be required to completely prevent a population decline, and to counterbalance the population composition in favour of a higher share of young, productive labour force, is considered as inconsistent with social peace in the country (see Table 1; Birg, 2002 and Birg, 2004b). Especially delinquent young foreigners, often second-generation immigrants, are causing increasing worries among the population (see Baier and Pfeiffer, 2008). Also, fears about the loss of cultural identity and difficulties to integrate foreigners with language problems into the labour market and into social life exist on a broad basis.

Table 1: Population Forecasts for Germany 1998-2050 in Millions and %

Year	1998	2005	2030	2050
Total	82.6	82.4	77.5	68.0
Population A	74.6	73.0	62.2	49.0
Population B	7.4	9.4	15.2	19.0
B as % of total	9.0	11.4	19.6	27.9

Source: Data from Birg, 2002 and 2004b

Definitions

Population A = Population with German citizenship from 1998 onwards

Population B = Population with foreign citizenship in 1998 - plus descendants after 1998.

Germany's population decline hence cannot be halted and completely counterbalanced by immigration respectively, without obstructing the country's social peace. However, the demographic composition of Germany's population could be influenced considerably by immigrants (Dietz and Walwei, 2007) without a positive net in-migration, the dependency ratio² would increase from 0.8 in 2000 up to 1.38 in 2050; with a net immigration of 135.000 persons p.a. to 1.22; and with 270.000 immigrants p.a. to only 1.16 (Brücker *et al.*, 2006). The extent to which the increasing ageing of the population can be moderated will have considerable consequences for public finances, for the country's social security systems, and finally for its overall economic development.

2.2 Labour Market Requirements

Major topics of Germany's immigration policy since the 1950s have been the need for low-skilled labour force demanded complementary to working capital in the industrial sector, which was dominating over the first decades, and the demand for professional and a highly

² The dependency ratio is defined here as the relationship between the number of those below 20 and older than 60 years to those aged between 20 and 60.

qualified labour force which has come to the foreground since the late 1990s. At the same time, requirements of the agricultural sector for seasonal labour have been responded to, largely without major public discussions, by annually issuing temporary labour contracts to workers from East Europe.

2.2.1 Lower-skilled Segment

Over the 1950s to the early 1970s, Germany attracted and actively recruited millions of labour migrants, mainly from Southern Europe and Turkey, the vast majority of them low-skilled. Complementary to physical and human capital they supported Germany's boosting economic growth concentrated in the industrial sector (see Knerr, 1998)³. With changing economic conditions a recruitment stop was issued in 1973, marking the end of the period of active recruitment. After that, up to the 1980s, labour migration became more difficult. Still, the number of immigrants hardly declined, as family reunification became a dominant form of immigration to Germany, and few returned to their home countries. After Germany's reunification in 1991, the immigration of persons from East Europe with German roots, the so-called "Aussiedler", and other migrants from the East Europe became dominant.

Also, in the 1990s, Germany started to admit seasonal workers, mainly for agriculture. Regularly about half a million seasonal workers from East Europe are employed for the farm sector each year. They constitute the largest group of the foreign labour force in the country. This programme has been restricted to persons from certain East-European countries, and for many years, those who arrived under this scheme were mainly Polish. Due to a favourable economic development in Poland and alternative destinations, their share, however, has declined from the early 2000s (Pruin and Knerr, 2006). Special regulations also apply for the service sector, for construction and other industries. A number of branches would not be internationally competitive without foreign labour force. Indian workers, although used to work abroad on the basis of timely restricted contracts, are not eligible for these programmes. Within the group of unskilled and low-skilled labour force, migrants from India do not play a significant role. Few show up working illegally in the service sector, as restaurant helpers or street vendors, but according to the available statistics their number in this segment is rather marginal.

2.2 High-potentials

Germany's migration scenario has changed considerably since the 1990s, and as mentioned above its immigration policy underwent significant modifications. Net in-migration declined, and in 2006, for the first time in over half a century, it was negative with 51,902 persons (Stat. Bundesamt, 2007). A large share of Germany's out-migration is "brain drain", as highly-skilled workers and academics have left to work in Switzerland, Norway, Great Britain and other places (see Knerr, 2008). As shown by *Docquier and Bhargava*, Germany was for example among the top emigration countries of physicians in 2000. It lost 8,800, which is more than a third of the number of physicians who had left India, from where 20,300 emigrated in the same year, followed by the UK with 12,200 and the Philippines with 9,800 (Docquier and Bhargava, 2006). At the same time, a large number of physicians from abroad are working in Germany's health sector, in particular in public hospitals, many of them from Eastern Europe, Iran and also from India. Germany's declining economic development since the turn

³ For details see Knerr, 1997.

of the century was also accompanied by net out-migration of migrants from other EU 15-countries who are among the higher educated group of Germany's migrants (Knerr, 2007).

Declining birth rates, deficiencies in the education system, and out-migration have resulted in increasing lack of high-potentials in Germany, in particular of IT specialists and engineers. The over ageing of specialists in the area is striking and provides pessimistic outlooks for the future: In 2007, the number of graduated professionals in mathematics, IT, and natural sciences, aged 55 and over, was higher than the number of those below 35 – a relationship of 0.9, while the respective OECD average was around two, for example in Sweden 4.7, in Ireland 4.2, in France 2.4, and in Great Britain 1.9 (OECD, 2008). As calculated by Plünnecke and Koppel, 20,000 engineers less than required graduate from German universities per year (Plünnecke and Koppel, 2009). According to their estimates, the resulting lack of engineers implied a loss of € 3.5 billion to the German economy in 2006, in terms of forgone profits. For 2008, Plünnecke and Koppel calculate a domestic supply gap of 36,556 machinery and vehicle engineers (equal to 25.6 percent of those employed in the profession), 25,242 technicians for machinery (25.2 percent of the employed), and 17,310 IT specialists (10.7 percent of the employed) (Plünnecke and Koppel, 2009). This demonstrates that scarcities occur specifically in those sectors which are most essential to Germany's economic growth, i.e. the car industry and the machinery industry, with far-reaching consequences for the employment of lower-skilled as well.

As a step to counterbalance the increasing gap between demand and for supply of high-skilled, in 2000, the then (social-democratic) German chancellor Gerhard Schröder in 2000 announced a 'Green Card' programme for IT specialists, which was countered by parts of the opposition by a campaign that soon became known under the slogan "Kinder statt Inder" ("children instead of Indians"). It was a starting point of an intensive public discussion about the role of foreign high-potentials to fill essential skill-gaps.

Although the share of foreigners in technical, natural sciences, and mathematics professions in Germany is still low as compared to other important industrialized countries, it shows a clearly increasing trend, reflecting reactions to the described problems.

Foreign students in German universities came into focus in the course of this debate too. Researchers advise politicians to keep an eye on that resource pointing to other countries, especially the U.S., which profit from foreign students who stay on after completion of their studies and support their host country's economic development (see e.g. Zimmermann, 2009). While before it was an explicit policy in Germany to urge students from poorer countries to leave Germany after their graduation, hoping they would afterwards work to the benefit of their home countries, this attitude has gradually been changing since the late 1990s/early 2000s. Increasingly they are viewed as a potential resource for Germany's economy, and careful steps are taken to keep them in the country. Between 2000 and 2007, the number of foreigners enrolled in German universities in mathematics, IT, and natural sciences almost doubled, from around 18,000 to 35,000, and the same for engineering, from around 22,000 to 40,000 (Stat. Bundesamt, 2009). As a result, 10 percent of the students in engineering at German universities came from abroad in 2006, while in 1997 this had been only 5 percent (DB Research, 2008)⁴. Hence, Stifterverband in 2009 concluded: "International students are a potential for the future" (Stifterverband, 2009:11). Indians play a significant role in this context (see section 4).

⁴ In the United States, more than half of the students enrolled in engineering are foreigners.

3. German Migration Policy within the Framework of EU Migration Governance

As part of the European Union, Germany for many years has joined EU efforts to harmonise the Common Immigration Policy. Yet, the success of these efforts is moderate, in particular regarding the area of labour migration which reflects the diverging interests of the member states. The fact that the borders between EU-member states are quite open nevertheless poses a certain pressure to negotiate about common rules.

“Migration policy” includes different areas in the EU context: asylum and refugee policy, labour migration, with different policies for low-skilled on the one hand, and highly skilled and educated on the other hand, EU-internal and external migration, migration of members of the new EU states (entering 2004 and 2007), illegal migration, visa policy and integration policy.

3.1 EU Migration Governance

Since the EU has been founded, migration policy has played an important role in the integration process, both with regard to movements within the Community and with regard to the protection of its outward borders. The EU migration discussion from the beginning has been characterised by different views and conflicting interests between and within the individual countries. The major issues considered in the debates are security, economic development, social and humanitarian aspects. A number of treaties and agreements were negotiated and signed, covering different types of migration⁵, reflecting different priorities and national influences. It is striking that consent has been reached with regard to issues of refugees, asylum seekers and illegal border crossing, but not on labour force topics.

In the course of time issues of labour market requirements have been increasingly interlinked with EU countries' migration policies. On the one hand, a cheap low-skilled labour force has been required, complementary to capital since the industrial take-off in the 1950s to sustain industrial growth, to protect fruit and vegetable production from global competition or to keep the supply of services inexpensive. On the other hand, demand for highly qualified specialists later on has gained importance in EU countries as well as in other regions of the world where it is necessary for keeping positions in the global market or for supporting the economic take-off. With a few exceptions, EU countries display declining birth rates which at the beginning of the 21st century have dropped to below replacement level. This development increasingly turns up on the labour markets as declining domestic labour supply, a trend which will continue with severe consequences over the following decades.

Still, in the early years of the EU⁶, the shaping of the migration policy was under undisputed control of national interests. The sovereignty of decision-making was primarily localised at national levels. In the 1950s and 1960s, for example, different countries independently concluded bi-lateral recruitment agreements with other states in order to meet their domestic demand for labour. By the intensified EU integration, i.e. the creation of a

⁵ The group of migrants is differentiated within the laws according to rights and duties. An essential difference is the allocation into the group of EU citizens on the one hand and Third-State countries' citizens on the other hand. Within the second group further classifications play a role. Birsl (2005) identifies four types of migrants: postcolonial and ethnic migrants, labour migrants, asylum seekers and refugees.

⁶ At that time still named “European Economic Union”

common space of action, and construction of common EU outward borders, national interests increasingly were shifted into the background in favour of common interests.

A milestone in the history of the EU migration policy was the *Schengen Treaty* signed in 1985 which became a basis for further agreements. It has established a single market, covering the free movement of goods, services and people. It segregates two types of migrants: EU citizens possessing the exclusive right to move freely within the member states⁷, and so called “third state citizens” who do not have that right. Over the following years, the security of the EU’s outward borders and the handling of refugees and asylum seekers was a top issue on the agenda of all major EU treaties and meetings.

By regulating the asylum application process the *Dublin Convention* established the pathway for further developments concerning asylum seekers and refugees. Although signed in 1990, it only came into force in 1997, and was re-negotiated before the EU’s East enlargement in 2004 (*Dublin-II-Convention*). One of its essential rules is that the EU country into which a refugee enters first is responsible for that person and his/her application process. Therefore refugees have to apply for asylum in the EU state whose border they cross first.

The process of establishing a common EU asylum law has remained on the political agenda. It is still closely watched by the public which is regularly faced with problems of illegal entrance of thousands of migrants from Africa to the Mediterranean member states (so-called “boat people”) and other striking topics of illicit entrance and human trafficking brought up in the mass media.

In 1992, the *Maastricht Treaty* put visa regulations and visa enforcement under joint EU-responsibility. However, a common asylum and immigration policy still could not be negotiated. In the same year the EU countries’ asylum and refugees policy converged in the “*London Convention*”: by establishing the concept of “safe third states”, the border control of the EU was partly externalised.

A broad direction of future measures to be taken was set out in the *Tampere Programme* in 1999. It emphasises the need for a common EU migration and asylum policy which would include partnership with countries of origin, steps towards a common EU asylum system, fair treatment of third country nationals: and joint approaches towards the management of migration flows (European Commission, 2009).

The *Amsterdam Treaty* of 1999 was by its architects meant to become another major milestone in the EU migration policy: Its main target was to create a common EU migration law system within the following five years. Yet, this aim was not reached to the extent which had previously been expected by experts and scientists (Birsl, 2005). Over the next decade additional agreements were signed, mainly focusing on security issues, in particular with regard to asylum seekers, refugees, and border protection. The Hague Programme was another important step in this direction. Altogether a more protective policy developed, and EU cooperation is functioning well in the area of data exchange, in particular about delinquent foreigners. The protection of the EU’s outward borders is increasingly perceived as a common task which is implemented by FRONTEX, an EU agency. Also, visa enforcement is uniform within the EU.

⁷ In 2009, the Schengen Treaty was fully implemented in 28 European states: 25 EU member states and 3 non-EU member states (Norway, Iceland and Switzerland). The UK and Ireland have implemented the Schengen Treaty with some restrictions; and Bulgaria, Romania and Cyprus adopted only a part of it. Further implementations will be decided upon in the future.

At the turn of the 21st century, the competition for a highly-qualified labour force had developed into the prominent issue of the EU countries. In 2000, at a special meeting of the EU, the so-called Lisbon Process was agreed on, which aims at turning the EU into the most competitive and dynamic science-based economic area in the world. A careful look at the 'hidden agenda' of the Lisbon Process reveals a 'brain-gain strategy'. The EU policies also attach high importance to the attraction of qualified students, graduates, young researchers and scientists which are considered as 'high potentials' for the achievement of the Lisbon aims. Accordingly, the European Heads of State and Government defined the objective that the European Union should become 'the most favoured destination of students, scholars and researchers from other world regions' (Hahn and Schelewsky, 2006).

After a long time of discussions and compromises among EU member states, the *European Pact for Immigration and Asylum*⁸ (the so-called "Migration Pact") was signed in November 2008. It mainly covers asylum and border management and regulations for highly qualified migrants who will be attracted into the EU by a so-called "Blue Card". Efforts to promote legal migration go hand in hand with efforts to stop illegal migration. While reflecting consensus with regard to policies towards asylum seekers, and migrants who entered illegally, labour migration, in contrast, still shows up as a controversial area where countries have remained largely free to formulate their own laws and regulations, according to their specific economic situation and the requirements of their domestic labour markets. Despite all differences, one common area is obvious at least for the EU 15⁹: The need for highly qualified in-migrants, in which context IT experts from India are often mentioned explicitly. The "Blue Card" was created in the framework of the Migration Pact as an instrument to attract such high potentials. From 2011 onwards, it is to provide easy access to the EU labour market for a highly qualified labour force from third countries. It includes a two-year residence and work permit, with the possibility of a prolongation. After these two years the holder is entitled to move on to another EU country, and it is then easier for him to bring family members to his country of residence. For receiving the Blue Card at least five years of professional experience, and an employment contract in an EU country with a salary of at least the 1½ fold of this country's average salary are required.

The EU Migration Pact also includes more rigorous measures against illegal in-migration countries than before, and more consequent repatriations; the "Guideline for Repatriation" is considered as a backbone of the Migration Pact. Agreement has also been reached on an overall harmonisation of asylum rights but still has not been fixed in details in the Migration Pact.

Essentially, the Migration Pact expresses a policy of temporary in-migration, also for highly qualified persons. Legal migrants, too, generally are expected to leave once they are no longer demanded by the host country's economy. They are viewed as a pool of labour force to compensate for disequilibria on domestic labour markets. The pro and cons of such a system are highly debated, as well as questions about its practical implementation.

The explicitly new policy element as emphasised in the Migration Pact is that member states are requested to interlink in-migration with the development of the migrants' home countries and to view both aspects in relation to each other. The Migration Pact thus

⁸ See "EU-Ratsdokument 12626/08" passed in November 2008.

⁹ These are the "old" EU members, i.e. those who were members before the EU's Eastern enlargement: Belgium, Denmark, Germany, Finland, France, Greece, Great Britain, Italy, Ireland, Luxembourg, Netherlands, Austria, Portugal, Sweden and Spain.

establishes a connection between migration policy and international development policy, and intends to promote synergies between both. It emphasises the potential of positive impacts of migration on EU hosts and at the same time the migrants' home countries. Several models are suggested to optimise according strategies. As a corner stone of the Migration Pact the so-called "Mobility Agreements" with Third Countries have been introduced. They contain provisions to facilitate and to channel legal in-migration, as well as measures to fight illegal entrance and human trafficking, and to improve border protection. A declared goal of the Agreements is to derive benefits from the migration process for the development of the migrants' native countries. For that purpose, the return of the migrants to their home countries and their re-integration into the domestic labour market there is included as an important target element.¹⁰

India and the EU have already developed specific bi-lateral agreements on issues of international migration before the Migration Pact was formulated. On 7th September 2005, the India-EU Joint Action Plan for Strategic Partnership was signed which includes agreements on migration, based on the fact that subjects of migration and consular issues are increasingly important in the face of large-scale international movement of people, and the large migrants communities in both India and the EU¹¹. It recognises the importance of facilitating the movement of people. After the first India-EU Summit in Lisbon in 2000, an India-EU Joint Working Group on Consular Issues was set up for that purpose, with a focus on business relations, education and academic exchanges, and tourism. It also aimed at encouraging institutions on both sides to undertake joint studies on topics related to skill shortages and the changing demographic profiles in both regions.

In spite of some common guidelines formulated in the Migration Pact, differing priorities of interest between EU member states persist. The socio-economic and political contexts in individual member states differ to a large extent. For example Germany, a country in the centre of Europe, has less problems with illegal migrants than Spain which is just a few sea miles away from poor African countries. In addition, EU countries compete with each other for high-potentials. Statistical evidence shows that there is a large amount of in-migration of high-skilled persons in particular into the EU-15 countries. A closer look however reveals that these movements are predominantly proceeding within the EU (Kohancec and Zimmermann, 2009). Efforts to create a uniform migration policy hence have not been successful, although harmonisation has been a stable topic on the EU agenda. As some differences seem to be unbridgeable, and individual interests diverge too much to reach agreement, this brought the question up, whether it is possible at all to shape a common migration policy.

Moreover, in most of the member states, some regions have particularly high rates of in-migration, and also demand for expatriate labour force (for example Germany and Spain), so that already at the national level diverging interests exist. Only in some areas of interest, in particular border protection, the member states over the years have come close to each other, and follow the same guiding lines.

3.2 Germany's Migration Policy

Germany's migration policy is influenced by various stakeholders representing different political, administrative and civil-society interests. It has concentrated almost exclusively on

¹⁰ A pilot agreement has been concluded with the republic of Moldavia.

¹¹ For details see Hahn and Schelewski, 2006.

questions of in-migration. Only since around 2005, the phenomenon of out-migration of high-potentials has appeared on the political agenda (Knerr, 2007). In the political arena a large number of decision makers on different competence levels can be identified, such as the United Nations (UN), the European Union (EU), the EU member states, and within the member states regional and local authorities. The interaction between them has become an interwoven and partly intransparent area. In addition to the formal decision makers, a large number of non-governmental institutions, such as religious organisations and immigrants associations, as well as lobby groups and the media have a decisive influence.

Orientation to Germany's national immigration governance is essentially provided by the UN Charter on Human Rights; the UN Convention Relating to the Status of Refugees; by the EU's principles, which are laid down in numerous agreements and treaties; its national political, economic and social interests and priorities; and the policies of the Federal States. Within this framework of converging as well as diverging interests, lengthy negotiations are taking place. While, discussions in Germany seem to be largely dominated by economic interests, the outcomes of legal processes in form of laws and regulations are not consistent with their highlights and often not coherent in themselves. It is a striking indicator that Germany, although it had been a country of immigration for decades, could only pass its first National Immigration Law in 2005. It is based on the German government's declared principle regarding the country's immigration policy: "The Immigration Act provides the legal basis for controlling and limiting immigration in line with our economic, social and political interests. At the same time it offers all immigrants a basic package of measures to promote integration. The Act to Implement Residence- and Asylum-Related Directives of the European Union not only translated EU directives into German law, but also implemented the experience from the 2006 evaluation of the Immigration Act" (Federal Ministry of the Interior, 2009). By regulating the formal immigration process the 2005 law segregates legal and illegal migrants, asylum seekers, refugees and labour migrants.

Still, the 2005 law brought important changes in the area of labour migration to Germany. It provides more demand-driven entry rules for labour migrants while confirming the general principle that temporary work permits will only be granted if the respective position cannot be filled by a German or an EU citizen. Several ways are defined through which foreigners may enter the country for work. Skilled workers and highly qualified labour force form a delimited group whose entry is regulated by specific paragraphs, giving them the possibility to be granted unlimited residence permits. This step has been welcomed by the private business community. The president of the Federation of German Industries (Bundesverband der deutschen Industrie – BDI), Michael Rugowski, for example, welcomed the new rules, emphasising that the German economy urgently needs skilled employees and specialists to keep pace with international competition. At the same time he requested that Germany should be made a more attractive place for highly qualified labour force (Wöhrle, 2004). The law also contains – as a novelty – specific provisions for the in-migration of entrepreneurs. Foreigners who plan to open a business in Germany which would create at least 10 jobs, and start with an investment sum of at least one million euros, can receive a temporary residence permit. If successful business running can be proven after three years, this temporary permit can be changed into an unlimited one. In addition, immigrants arriving as highly skilled specialists will receive a settlement permit from the beginning. Finally, foreigners who have lived in Germany for five years and who can provide evidence of their ability to earn a living, five years of social security contributions, and sufficient knowledge of German, will also be entitled to a settlement permit.

After all, at the beginning of the 21st century for Germany, the in-migration of highly-skilled professionals and of temporary labour force, in particular for the agricultural sector, are priority areas of migration policy.

Still, the German Immigration Law, national as well as in its position within the EU, shows inconsistencies with the economy's labour market requirements (Zimmermann, 2009; Kahanec and Zimmermann, 2009). Domestic companies face severe shortages of engineers, to such an extent that the lack of engineers already constitutes a limiting factor for the activity expansion of certain branches. Medium companies, in particular in Germany's structurally weak Eastern regions, where it is more difficult to find skilled and qualified labour force anyway, demand a policy which attracts more highly qualified and skilled foreigners to work in Germany. Some entrepreneurs have even expressed their intention to move their business to an Eastern European country if they are not able to find the experts they need. This problem is expected to get worse again after the end of the 2009 economic crisis.

Under these conditions, the German government plans to open the country's labour market more to foreigners, in particular to attract engineers. In October 2008, Germany's Vice Chancellor declared in Parliament that the government will fight the shortage of skilled labour by facilitating the access to the German labour market for engineers from the new East European EU member states within one month. For other branches, however, priority still has to be given to Germans. Yet, although the German economy in principle needs and welcomes highly-qualified labour force, work permits are only issued to persons who have found employment at a wage rate which is significantly higher than the average salary paid in Germany. Still, the German government favours an ease of the national immigration rules, e.g. by granting permanent residence permits more easily and reducing the minimum salary for receiving work permission for highly-skilled professionals. Altogether, no coherent strategy is obvious.

The 2005 law also contains provisions to promote the integration of immigrants, in particular by offering them courses on the German language and the country's social and legal conditions. Failing to attend such courses may result in the government's refusal to grant unlimited residence status. Based on the argument that young immigrants will integrate better into the German society if they arrive early, only children up to 12 years of foreigners living in Germany are being allowed to join their parents already living in Germany. Only immigrants who enter Germany with their entire family are entitled to bring children up to 18 years along with them.

The question remains why, when the German Immigration Law was passed in 2005, claims for the introduction of a point system (also by the commission which drafted the law) were rejected, although in the preparatory phase, a point system as a means of allocating entry rights was under discussion, strongly favored by many scientists and representatives of the private sector. Provisions were made for regulations under which applicants would get the right to come to Germany depending on criteria they meet in defined categories like age, education, work experience, family status, language competence, relationship to people in Germany, or country of origin, irrespective of having a job in Germany in advance. Moreover, migrants entering under the point system would have been eligible for a settlement permit of unlimited duration. It would surely have been an adequate instrument to channel and guide the in-migration of highly qualified persons. The 2005 law hence appears paradoxical and does not seem to have sufficient priority on economic requirements.

In order to cope with the tightening scarcity of the high skilled labour force, the German Federal Cabinet in July 2008 established the “Action Programme of the German Government – Contribution of Labour Migration to secure the basis of professionals in Germany”¹² which came into force on 1st January 2009. The Ministry of the Interior and the Ministry of Labour and Social Affairs declared that with this decision a steering of the immigration of highly qualified labour force according to the requirements of the labour market is provided for, and a systematic monitoring for tracing the demand for this kind of labour force is taken care of, in order to strengthen Germany’s position in the global competition for the best.

The Action Programme explicitly recognises that additional demand for highly qualified could soar up in the short as well as in the long run. In particular on the labour market segment for academics, severe bottlenecks could arise which might already restrict Germany’s economic growth from the mid-2010s onwards. However, for the German government, explicit priority in this strategy to overcome such scarcities is on first baling out the less mobilised domestic labour force potential (older persons, women, foreign migrants already staying in Germany).

From 2009 on, the German labour market has been opened for academics from the new EU member states, by renouncing the priority examination (“Vorrangprüfung”). The transitional arrangement which establishes exceptions from the principle of free movement for the EU-8¹³, Bulgaria and Romania, however has been prolonged until 2011. Also, the German government obliges itself to secure the agricultural sector’s need for seasonal labour force in future to the required extent.

Specific provisions taken to facilitate the immigration of highly qualified persons and to strengthen Germany’s position in the global competition for the “best brains” are (see BMI, 2008):

- The threshold salary for the immigration of highly qualified is lowered to € 63.600, from around € 86.400.
- From 2009 onwards, the labour market is opened for all academics from Third Countries in order to also allow young graduates the in-migration, and to facilitate small and medium sized enterprises the employment of foreign academics. However, before foreigners can be employed it is to be examined by the authorities if a) there is no preferential domestic labour force available for the concrete job offered, and b) the foreigner will not be employed at conditions which are less favourable than those to which comparable German labour force would be employed.
- Graduates of German Schools abroad are exempted from the priority tests if they want to pursue a subsequent professionally qualifying education and subsequent employment in Germany. This also applies if they hold an academic degree and want to work in Germany in an employment related to that degree.
- Germany intends to primarily make use of the potential of those young legally tolerated foreigners who, being integrated in the country, are familiar with the German culture and undergo their education in Germany (“educational natives”). For that purpose, the 2005 law grants them easier access to higher education and the possibility to receive a secure residence permit if they hold a job or a binding

¹² “Aktionsprogramm der Bundesregierung – Beitrag der Arbeitsmigration zur Sicherung der Fachkräftebasis in Deutschland”.

¹³ The EU-8 countries are Poland, the Czech Republic, Slovakia, Hungary, Estonia, Latvia, Lithuania, and Slovenia.

employment contract in Germany. This applies also to tolerated university graduates whose diploma are recognised in Germany, and who have worked in a job which corresponds to their qualification for two years or more.

- In the global competition for high-potentials, Germany has some disadvantages especially in relation to English-language immigration countries. This concerns especially facilitations in the formal recognition of foreign diploma and the use of migrants' potentialities and qualifications, in particular through adequate profiling and targeted adjustment training.

Through systematic labour market monitoring it is intended to improve the identification of actual up to long-term labour market requirements and the assessment of the development of supply of and demand for labour in order to facilitate specific pragmatic decisions.

The Residence Act establishes the principle that employment and self-employment of foreigners are to be adapted to Germany's economic needs, taking into account the labour market situation and the necessity to reduce unemployment (BMI, 2009a).

In 2009, Germany's policy on immigration and integration, recognising that in the context of globalisation, growing mobility and demographic change, long-term migration movements will also have a major impact on Germany, officially follows three overriding key principles: a) integrating immigrants living here lawfully and permanently managing and controlling immigration in a more differentiated way that takes Germany's economic and societal needs into account; b) fulfilling humanitarian obligations derived from the German constitution and a number of internationally binding conventions and agreements; c) ensuring the protection and security of Germany and the people who live here; d) actively advocating Germany's views within the European Union, the Council of Europe and the United Nations (see Federal Ministry of Interior, 2009b).

4. Indians' Position in Germany

Migration from India to Germany in the late 20th and in the early 21st century has been mostly motivated by economic reasons, including studies and training. In addition, a significant share of Indian immigrants arrived in the framework of family reunification. As a result of the previous decades of in-migration, in the early 21st century many second generation Indians are living in Germany. Still, migration from India to Germany is not as large as may be expected when comparing the bi-national differences in per capita income and population size.

4.1 Driving Forces of Indian Migration to Germany

Indians going to Germany form only a small part of Indian out-migrants (Khadria, 2002). Considering Germany's situation on the one hand and that of India on the other hand, some driving forces of migration from India to Germany become clear, being confined to the restrictions explained above. Considering the large difference in population sizes, the fact that Germany's population shows a decline which might be called "dramatic", and – in spite of India's strong economic growth – the still large difference in the living standard between both countries (see Table 2) a large number of Indians could be expected to have moved to Germany. This, however, is not the case.

Table 2: Socio-economic Indicators of Germany and India*

Indicator	India	Germany	Relationship India/Germany
Population ('000)			
- 2008	1,156,898	82,330	14,052
- 2025	1,396,046	80,637	17,313
Per capita income			
- US\$ PPP)	2,925	35,613	0.082
- rank (all countries)	113	14	8.07
Per capita income			
- US\$ nominal	1,068	44,471	0.02
- rank (all countries)	131	15	8.73
Human Development Index	0,619	0,935	8.7
- rank (out of 177)	128	22	5.82
Economic growth, %	9.1	2.5	3.64
Median age, years	25.1	43.4	0.58
Population growth, %			
- 2008	1.4	-0.1	1.3
- 2025	1.0	-0.2	0.8
Literacy rate, %	66	99	0.67
Net migration rate, %	-0	2	0
Sectoral composition of GDP, %			
- agriculture	17.2	0.9	19.1
- industry	29.0	30.1	0.96
- service	53.7	69.0	0.78

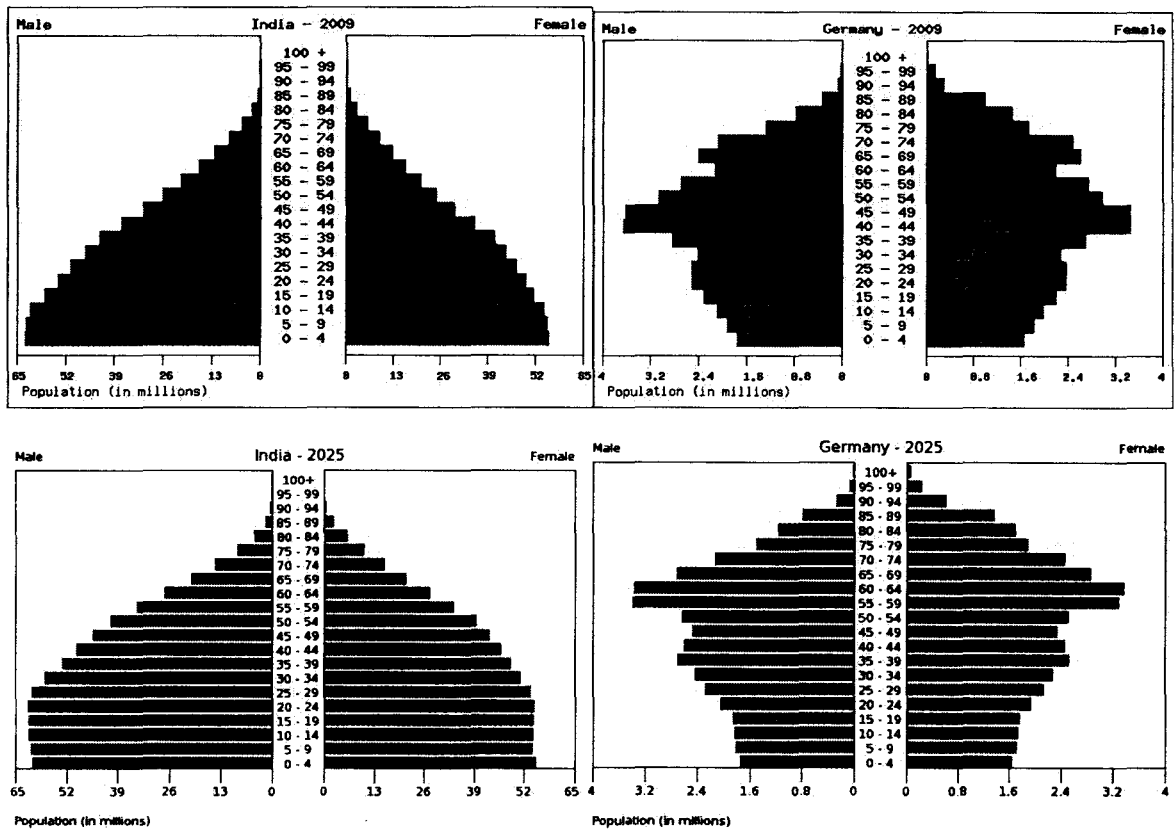
* Figures refer to 2008, if not otherwise stated.

Source: U.S. Census Bureau 2009; World Bank, (2009a and 2009b), UNDP, 2008, CIA, 2009

Significant migration of Indians to Germany dates back to the time before World War I, when Indians were mainly arriving to study engineering in German Universities, a profile which has been maintained until the 21st century. During the 1950s and 1960s when Germany's economic boom boosted demand for workers from abroad, only a few immigrants came from India, as they were not eligible for the country's large-scale recruitment programmes. Those who came arrived mainly to study, or to take over jobs on the higher skill and professional level. Many of them brought their wives from India or married in Germany. As they have reached retirement age, their children are established as second generation immigrants with families of their own.

In the late 1960s and 1970s, a second wave of Indian migrants arrived in Germany. With these cohorts, the number and share of labour migrants among the Indian community in Germany increased. The first major group among them were young Christian nurses from Kerala. Thousands of them were recruited by German hospitals to fill the gaps in the ailing state-run health system. They arrived in organised contingents and were taken care of by German institutions. Within a few years, a Malayali community had established itself in Germany. It retained Indian traditions, and marriages with men in India or with Malayali men who were already in Germany were common. They lived largely confined within their own community, and, e.g., went to special Indian mass. They aimed at a high professional status for their children, many of them succeeding in medicine, a preferred area of studies in this group. In the 1970s, a large number of Sikh asylum seekers from the Indian Punjab came to Germany, with typically younger family structures.

Figure 1: Growth and Changing Age Composition of Germany's and India's Population



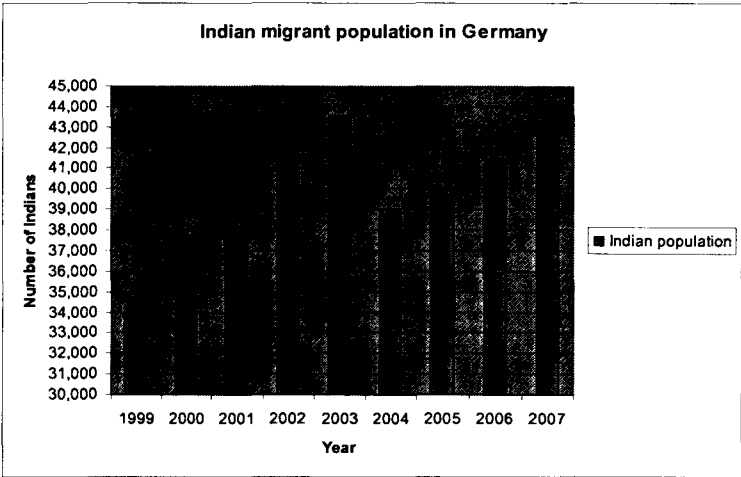
Source: US Census Bureau 2009

The German government's Green Card initiative was, among others, addressed to Indian IT specialists. Between 2000 and 2004, the German government thus tried to attract highly skilled IT specialists who were in short supply in Germany. Especially smaller and middle sized companies could not fulfil their requirements; at least not at the prevailing salaries. However, the restriction of the Green Card's validity to five years, as well as perceived hostility arising from certain segments of the German society deterred many Indian specialists from going to Germany (Gottschlich, 2008). Nevertheless, a significant number of young Indian professionals were attracted, and some brought their wife and children.

In 2007, approximately 43,000 Indian citizens were living in Germany, in addition to the many second-generation Indians already born there (Figure 2) (Statistisches Bundesamt, 2009). Thus they constitute a marginal group of foreign nationals in Germany. Between 1991 and 2006, the number of Indian migrants entering Germany fluctuated between 5,000 and 10,000 (Migrationbericht, 2007). Since the mid-1990s, it shows a more increasing trend, and almost doubled between 1998 and 2006 (see Figure 3). Since the early 2000s, the number of Indian migrants to Germany has gathered momentum. Especially highly-qualified IT specialists have become important, due to the German government's explicit efforts to attract them into the country, along with the "Green Card Initiative", although these efforts were not as successful as had been hoped for, due to unattractive conditions, like the obligation to leave after a few years, the prohibition to bring family members, and language barriers. Major hurdles which Indians feel in Germany are language barriers, a complicated bureaucracy, the requirements of

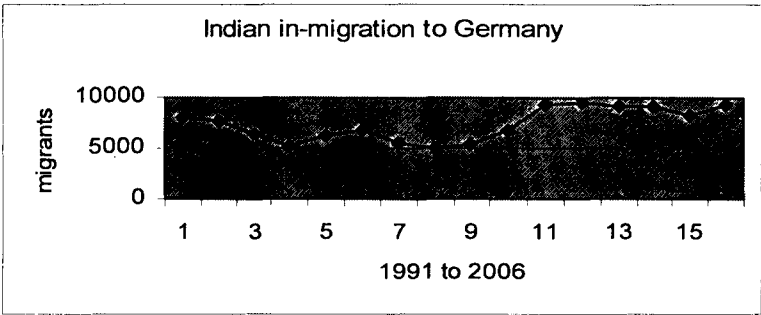
the social security system and racial discrimination, mainly due to suspicion and mistaken identities (Gottschlich, 2008).

Figure 2: Number of Indian Migrants in Germany, 1999 to 2007



Source: Based on Data from Statistisches Bundesamt (2009)

Figure 3: Indian In-migration to Germany, 1991 to 2006



Source: Based on Data from Migrationsbericht (Migration Report) 2007

Gross migration figures display pronounced fluctuations. Table 3 shows that there is significant to-and-from migration among Indians in Germany, indicating that temporary migration is dominant. In 2006, for example, 9,500 Indians officially migrated to Germany, but at the same time, 8,228 left the country. In fact, most of the Indians coming to Germany stay for less than four years.

Table 3: Number of Indian Migrants in Germany

Inflow 2005	Inflow 2006	Outflow 2005	Outflow 2006	Saldo 2005	Saldo 2006
8,364	9,500	7,095	8,228	+1,269	+1,272

Source: Stat. Bundesamt, 2006

In 2006, 7,751 Indians arrived on the basis of a longer-term residence permit. 2,600 came for job employment (against only 1,556 the year before), 1,627 for family reunification (almost one third of them children), and 1,028 for study purposes (Stat. Bundesamt, 2007). The high share of men among the Indian immigrants is striking. With 71 percent it has the fourth largest share among all nations' immigrants groups¹⁴.

¹⁴ Only Hungarians with 77 percent of men, Algerians and Croats display higher proportions.

Indians also run many businesses in Germany, reaching from small shops to businesses which are subsidiaries of Indian companies. Indian enterprises are important employers in Germany. Exact figures about the number of jobs created are not available, but estimates indicate about 20,000 by 2008. The most important branches, as measured by the number of businesses, are IT (42 percent), car industry (11 percent), pharmacy (10 percent), and consulting (10 percent) (Indien Aktuell, 2008).

Information about Indians living in Germany on an illegal basis is rare, sketchy and unreliable. An estimated 1,000 illegal migrants from India are in the country. Their number is slowly declining, by about 1.7 percent p.a. An indicator might be the number of those caught when trying to enter Germany illegally and of those who were repatriated. In 2000, for example, these figures were 1,354 persons and 822 persons, respectively, which is a marginal share of the total of each category (BAMF, 2009).

Most of the second generation Indians, and also many of the first generation, have German citizenship. Still they are particular within the German society, and remain in close contact with their root origins, as can be seen in the extended internet communities and other networking activities of Indians abroad. Some feel they still belong to India, while others identify themselves more as Germans.

The German government makes – in addition to the Green Card initiative mentioned above – targeted efforts to attract Indians with high qualifications. An increasing number of agreements to intensify cooperation in education and sciences, and to promote academic exchange have been signed since the 1990s (see Hahn and Schelewski, 2006). Smaller, but nevertheless promising, initiatives are undertaken to attract Indian students to Germany. In 2008, for example, the German Academic Exchange Service (DAAD) issued a special programme addressed to Indian Bachelor students, offering them monthly scholarships of 650€ for up to three months for internships in science, technology and engineering in German institutions of higher education or research institutions to work there with German PhD students, scientists or professors.

Students are an important group among the Indians in Germany. In 2005/06, about 4,000 Indians studied in Germany, 10 percent of them educational natives. Germany hosts almost 20 percent of the Indian students staying in the EU in 2005/06. Thus, it holds rank 2, after the UK which hosts 65.8 percent of the Indian students. However, the proportion of PhD students is notably higher in the case of Germany than in UK: 18 percent of the students, as compared to 8 percent. In contrast to that, only 4 percent of the students are on first degree in Germany, while this share is 20 percent in UK. (Hahn and Schelewsky, 2006)

On the global level, Germany is rank 5 regarding the in-migration of Indian students. The number of Indian students in Germany shows an increasing trend, rising from by the 6-fold from 1996/97 to 2005/06. At the same time, the share of those studying engineering has sharply increased, from 20 percent to almost 48.8 percent, and the share of those in mathematics and natural sciences from 25.4 percent to 36.3 percent (Hahn and Schelewsky, 2006). Their number almost doubled between 2002 and 2006, from 2,196 to 4,237 (OECD, 2007). Thus, 3 percent of the Indian students who studied abroad in 2004 were inscribed in Germany, while 62 percent studied in the U.S., followed by 12 percent in Australia (OECD, 2006).

Among the 25,971 foreign students who graduated in Germany in 2006, 816 were Indians. 47 of them had already finished school in Germany, i.e. can be supposed to be second-generation Indians. The Indian graduates were concentrated in engineering (434 persons), and mathematics and natural sciences (289) (BAMF, 2009). Only 20 had studied medicine which is surprising against the background of a comparatively large number of Indian doctors in Germany's health sector.

A large share of the Indian students in Germany are funded by the German Academic Exchange Service (DAAD).

5. Reflections about the Scope of a Triple-win Situation

The contents of possible bi-lateral agreements about Indian-to-Germany migration as inspired by the EU Migration Pact is determined by the question how far it would be a win-win-win situation, i.e. a net gain to the migrants, to Germany and to India.

Referring to the migrants, the answer appears obvious: they move on a voluntary basis, as they see an advantage in their stay in Germany. In fact, a large share of them is occupied in high-level jobs, or run a business, which is often transnational. Another share is in education, mostly in German universities, investing in human capital. How far they will finally benefit India remains open in individual cases. Although most of them leave Germany after the completion of their studies, it is not granted that all of them will return to India; some might as well leave for the U.S. and other non-Indian destinations. This applies also for those who have completed their contracts under the Green Card Initiative, resp. left Germany before the end of the contract. In any case, they privatize the gains from up-grading of their skills and knowledge, and they may reap the benefits from it wherever they receive the highest price.

The German economy could profit by gaining urgently needed high-skilled labour force. Unfavourable demographic developments, deficits of the domestic education system, and lack of the pressure for reforms could be counterbalanced. How far this succeeds is also closely related to the success of integrating the in-migrants. If this policy is successful, Indians might contribute to ease off the labour market situation. However, different social groups in Germany could be or might feel adversely affected, and some resistance against such a development might build up. It is often stressed that Germany also wins in terms of cultural enrichment, as Indian music, food and home wear items have spread all over Germany.

For India, the essential question arises whether the migrants who move to Germany constitute a "brain loss". This question is highly debated and can only be answered through an in-depth investigation. Yet, considering the high gross, as compared to the much lower net numbers of Indian migrants moving to Germany suggests that there is important circular migration, and that a "brain up-grading" might take place in Germany, resulting in a gain of human capital for India. In this context, the discussion often refers to the case of Indian IT experts who had worked in the US IT sector and then returned to India where they became a motor of the country's IT industry (see Hunger, 2003). Half of India's most successful 20 software companies, which together produced 40 percent of the industry's total turnover, has been founded by returnees from the U.S. in the early 1990s, 19 of them have been run with participation of returnees (Hunger, 2003). In addition, establishing networks has played an important role: a lot of the India's software production is exported to the U.S. through such networks. However, Indian business men in and returnees from Germany might not reach the critical mass which is necessary to initiate or support such activities. India explicitly wants

to profit from the Indians working abroad, in order to become an “IT superpower of the 21st century”, as mentioned in official government documents (Hunger, 2003). In fact, the IT sector is considered as India’s internationally most competitive sector, which promises to create millions of jobs (Hunger, 2003). Attracting Indian IT specialists back from abroad obviously implies conflicts with the economic interests of Germany.

Returnees from Germany may enrich India’s economy, as their skills and knowledge usually upgrade over their stay in Germany; especially over the 2008/09 economic crisis it might be expected that many leave Germany for lack of jobs¹⁵. However, the question to where they go is open. Although no statistics are available about where they may move afterwards, evidence has shown that many leave for the United States.

Yet, there are also critical voices which question out-migration of highly qualified and high-skilled professionals from the beginning. So, for example, Khadria (2002) expresses that the out-migration of Indian IT specialists poses a danger for India’s development, and could lead to scarcities of specialists. In fact, although India’s universities and the number of graduates have expanded tremendously since the 1990ies, there is still a comparatively low share in the specialisation areas which are in high demand in Germany: In 2004/05 only 5 percent of the students in India’s institutions of higher education were enrolled in engineering, and 20 percent in sciences (University Grants Commission, 2006, cit. from Hahn and Schelewsky, 2006). At the same time, Khadria emphasised that some institution-based surveys in India put the emigration of engineers from cutting edge Indian Institutes of Technology at between 22 percent and 33 percent, and from premier medical institutions at 55 percent (Khadria, 2002: 1). There exists an obvious conflict in the case of the migration of Indian engineers: they are needed in Germany, however they are a scarce resource in India too (Khadria, 2002).

The vast majority – some sources indicate 90 percent - of the Indian students and researchers which Germany has hosted return to India. They transfer additional human capital in form of knowledge and experience from Germany to India which promotes Indian universities. At the same time their return in many cases creates added value for both countries, as bi-lateral collaborative research and joint projects are established as a follow-up.

Also, trainees and consultants who had spent some time in Germany are an asset to Indian companies, and at the same time might contribute to support German-Indian business relations after their return.

For the Indian economy, migrants’ remittances play an important role. Over many decades they have eased foreign exchange restrictions and have provided livelihood security to poorer families. Yet, considering the composition of the Indian community in Germany, this aspect does not appear important in the present context. It can safely be assumed that the majority of Indian migrants in Germany come from better-off families, and perform higher qualification jobs, respectively, are studying. Typically, these groups remit a smaller share of their income and they stop remitting earlier, for reasons like family reunification, internationally oriented investment strategies and moderate financial obligations to the families back home. In 2006, India received € 22 mio. remittances from Germany, and increase of 10 mio. as compared to 2002 (Elizabeth Holmes, Carola Menzel and Torsten Schlink, 2007)

¹⁵ For general arguments see Zimmermann 2009.

Financial benefits for India might occur through transnational businesses run by many Indian migrants in Germany, speeding up international trade with India, thus opening up chances for creating additional profits and employment there.

There is obviously also a (potential) fourth group of winners, namely those countries to where Indian specialist move after a skill and/or knowledge up-grading they might have received through their work experience in Germany.

6. Conclusions and Perspectives

The Migration Pact is the result of decades of discussion, a discussion which for a longer time will not be finished. EU Migration Policy is a slowly developing field. Most of the contracts had to be renegotiated or did not reach their aims. As the situation of the EU member states differs significantly, interests can hardly be harmonised. There are major conflicts of interest, in particular regarding economic requirements, but also diverging points of view about what is socially acceptable, and where are the limits to the tolerance of the population and the stability of social peace. Convergence of EU migration policy is proceeding slowly and only in some areas. The history of the EU migration policy shows regular conflicts of interest between member states, which often appear insurmountable and prevent the implementation of a homogenous strategy. Nation states do not seem prepared to give up their own sovereignty and put common EU interests in front of their own interests, and seem to be determined to act individually flexibly and autonomously. Most probably they fear otherwise unfavourable repercussions on their national labour markets and protect their own economy.

If politicians follow the advice of some researchers, who put Germany's economic development into the foreground, there might be conflict instead of a win-win-win situation, as Germany will try to keep the best brains within its own economy.

What does all this mean for the perspectives of a bi-lateral agreement as required by the Migration Pact? Germany in the short to mid-term might not be interested in such an agreement. Its low-skilled foreign labour force comes from East European countries, and hence agreements referring to the low-skilled labour market segment do not seem to be relevant. However, as the birth rates in the country also have steeply declined, and at the same time, in many of these countries the domestic economy has expanded, they probably will have their own labour shortages in a few years. Segments like services may then consider also lower-skilled temporary labour force from India. For the highly qualified, Germany might have growing interest in in-migration of Indians, but not in return migration which, however, should be an essential element of a bi-lateral agreement according to the Migration Pact. The Green Card plan could be good for India, but Germany's economic requirements could drive for a revision in the direction of longer stay of the migrants. Also, the interest in an on-stay of Indian students in Germany is growing, even more so as they typically undergo high-level studies in fields which are highly required in Germany.

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