



OSKA study:

Need for foreign labour until 2035

Key findings

The sustainable development of Estonia's economy and society depends significantly on the availability and quality of the labour force. In the next decade, the number of young people entering the labour market will be lower than the number of people exiting it, which means not all jobs can be filled with domestic labour. Foreign labour must be involved to some extent to maintain economic competitiveness and ensure the provision of necessary services and products.

Estonia's labour market is shaped not only by labour migration but also by the number of people receiving international protection, intra-EU migration, family reunification, and other factors.

The number of foreign workers in Estonia nearly doubled between 2019 and 2023. In 2023, there were 66,000 foreign workers in Estonia, 9% of whom were EU citizens, while the majority came from third countries.

Of the foreign labour force employed in Estonia in 2023, 55% were of Ukrainian origin, including 36% under temporary protection status. When the war ends, many Ukrainians may return home, and their rapid replacement will pose a significant challenge for employers.

People who come to Estonia for different purposes fill different gaps in the labour market. Those staying for short periods typically work in skilled or low-skilled occupations. Recipients of international protection also tend to enter the labour market through low- and medium-skilled jobs, where proficiency in the local language is not required. Among those who migrate for work purposes, one-third are top specialists. EU citizens are also more likely to work in top specialist positions.

Most foreign labour is employed in the manufacturing industry. This is followed by administrative and support services, half of which involve agency labour, mostly used in industry. A significant number of foreign workers are also employed in construction, ICT, trade, and accommodation and food services.

According to OSKA's general forecast, by 2035 Estonia will face an annual shortfall of approximately 1,400 top specialists and 700 skilled workers that cannot be met by domestic graduates. Involving foreign labour to a certain extent is unavoidable. Most of the missing workforce will likely need to be recruited from abroad. Additional labour will be needed in the information and communication sector,



manufacturing, transport and logistics, and also in healthcare and social care. Recruiting foreigners into healthcare and social care is particularly challenging due to language and qualification requirements – meeting labour demand in this field requires a separate national programme or set of measures.

Estonia's current migration policy is characterised on the one hand by protective measures for the domestic labour market – such as the immigration quota (0.1% of the population), wage criteria, and labour market testing – and on the other hand by special measures designed to attract skilled specialists and talent, such as the startup visa, scale-up visa programme, exceptions for the ICT sector, and a regulation for top specialists.

However, Estonia's migration policy remains fragmented and complex. Numerous exemptions to the immigration quota have been introduced over time, making the system difficult to navigate for both employers and migrants. To better meet the needs of the future labour market, a unified foundation for labour migration policy is needed, defining its goals and principles, including how labour migration relates to other types of migration.

To improve labour migration policy, the following should be considered:

- Different wage criteria for top specialists, skilled workers, and low-skilled workers, linked to specific sectors, as average wages vary across industry, healthcare, ICT, agriculture, etc.;
- Implementation of regulated labour migration measures based on bilateral cooperation agreements with selected third countries;
- Promotion of study-related mobility in sectors with labour shortages, coupled with support for entering the labour market after graduation;
- Greater focus on integration into society, including for accompanying family members of top specialists and skilled workers, and facilitating their entry into the labour market;
- Introduction of a “trusted employer” scheme – where companies that undergo an assessment process are allowed to recruit foreign workers more easily and efficiently.