

Value-based labour migration

Less where possible,
more where necessary



Summary of the 'Value-based labour migration: less where possible, more where necessary' advisory report

The Dutch Social and Economic Council (SER) strives for a future-proof economy with high-quality work for everyone. For an open economy like the Netherlands', labour migration is essential. It helps address shortages, contributes to economic growth, and supports the sustainability of the welfare state. Work has become the primary motive for migration. Over the past fifteen years, the number of international workers entering the Netherlands annually has tripled, primarily due to increasing labour migration from Central and Eastern Europe and countries outside the EU. Currently, between 735,000 and 1.1 million international workers work in the Netherlands.

At the same time, the current scale of labour migration and use of migrant workers raises fundamental questions about its practical feasibility and public support. Specifically, the SER has three concerns in this regard. First, the SER considers the (legal) position of low-paid migrant workers problematic. Abuses still occur too frequently, and good employer practices are insufficiently rewarded. Furthermore, the SER believes that labour migration has still not been sufficiently integrated into a broader policy approach. Investments in the economy and labour market should be made first – with a focus on broad labour participation and innovation – before focusing on labour migration. The SER also believes that the current focus on labour migration is not yet sufficiently aligned with the major societal challenges and transitions facing the Netherlands.

How do we address these bottlenecks? The SER aims to work towards a more targeted deployment of labour migration, in line with the broad prosperity ambitions recently formulated in the SER vision. In doing so, the SER builds on the recommendations of the Task Force for the Protection of Migrant Workers and the State Commission on Demographic Developments 2050. The SER aims to reduce demand for international workers by investing in job quality, labour-saving technology, and the available labour pool in the Netherlands. Indirect policy instruments offer significant opportunities for this, notably through labour market, innovation, and economic policy. Furthermore, the SER aims to more directly steer the conditions and circumstances under which workers from outside the EU come to the Netherlands. These ambitions are detailed further around the four themes below.

1) Improving the position of low-paid migrant workers and combating unfair competition

The current labour market structure, combined with inadequate enforcement, creates opportunities for situations where low-paid migrant workers are employed for poor-quality work, often through questionable arrangements. This is detrimental to these workers and puts pressure on companies that do (want to) operate responsibly. This leads the SER to state that abuses in the areas of pay, working conditions, and living conditions must be tackled vigorously. Fines and sanctions should be linked to company turnover, and in cases of serious underpayment, it should be possible to close a company down. The Dutch Labour Inspectorate could also focus more specifically on back payments of unpaid wages. Furthermore, working practices within the supply chain should be made safer and fairer, and workers should be offered help getting unpaid wages. Abuses by temporary employment agencies are being combated by stricter conditions under the Dutch Employment Placement Act (*Wet toelating terbeschikkingstelling van arbeidskrachten*, or Wtta). Furthermore, the SER advocates for a statutory income guarantee upon first employment, greater responsibility for employers' registration in the Personal Records Database (BRP), and better rental protection through target-group contracts. Finally, the SER is collaborating with sectors on a broadly implemented Code of Conduct for good employment and client practices, enshrined in collective labour agreements and monitored by social partners, so as to permanently improve the position of low-paid migrant workers.

2) Promoting investments in labour-saving technology. Labour-saving technology, such as robotisation and automation, can play a significant role in reducing demand for low-wage

labour, which is currently largely filled by EU workers. However, the incentive to invest in technology often remains low due to the availability of low-wage migrant workers. Moreover, many companies lack the knowledge, resources, and infrastructure to implement technological solutions. The SER, therefore, believes that the government should more actively stimulate innovation by, for example, including criteria in its public procurement that promote innovation, making impact assessments focusing on technological innovation mandatory, and making better use of tax regulations to this effect. Collaboration between knowledge institutions and sectors can lead to sectoral knowledge centres and productivity pathways that provide practical support to companies. In addition, agreements with clear targets can be established to reduce the use of labour migration and accelerate investments in technology, with a specific focus on social innovation and job quality.

3) Investing in the available labour pool

Better utilisation of the available labour pool in the Netherlands is essential to reduce dependence on labour migration. For example, the long-term unemployed and part-timers are still underutilised in the labour market. There is also insufficient investment in people with a migration background, such as unemployed and homeless EU workers, asylum seekers, and partners of knowledge workers. Successful pilot projects have shown that early guidance and an integrated approach are effective, but in practice, systematic support is still lacking. The SER, therefore, recommends scaling up proven initiatives and providing them with structural funding per region, with a clear public infrastructure. Local authorities should also be given greater responsibility for guiding asylum seekers into employment. Social return policies can be applied more uniformly and comprehensively in public procurement. For international workers staying in the Netherlands for longer periods, it is important that language training and career development be included in collective labour agreements. Structural policies are also needed for reintegration and for supported (voluntary) return of unemployed and homeless EU workers.

4) Directly influencing the influx of workers from third countries. Knowledge sectors such as IT, chip and biotechnology, and vital shortage sectors, including healthcare and education, are indispensable for the future economy and society. Furthermore, the Netherlands is experiencing structural labour shortages to meet societal challenges and transitions. Although indirect measures can limit demand for international workers, it is plausible that the influx of workers from third countries will remain necessary. The Netherlands pursues a welcoming policy for knowledge workers, but this is not without its problems. Furthermore, third-country nationals are increasingly being posted via other EU Member States, which makes their (legal) position vulnerable and also leads to unfair competition. The SER emphasises the importance of the knowledge migrant scheme but wants to tackle improper use much more rigorously through higher fines and the withdrawal of recognised sponsorship. The legal frameworks surrounding cross-border posting must also be clarified, with agreements being made at the EU level regarding foreign postings and the protection of these workers. The government should provide more support to employers who are currently making limited use of existing labour migration policies. At the same time, investments can be made in the business climate by better retaining international students and talent. Finally, the SER wants to explore, together with sectors, how skilled workers can be recruited in a targeted manner and under favourable conditions to address societal challenges and transitions.

Towards value-creating labour migration

In conjunction, the aforementioned themes contribute to more targeted labour migration with high-quality work, better safeguarding the value of various groups of international workers and of labour migration in the broader sense. This will make business models based on cheap and flexible foreign labour less attractive, which will benefit the legal position of low-paid migrant workers and also reduce demand for this type of labour. At the same time, the SER advocates for targeted investments in labour-saving technology and the available labour supply. This will create greater coherence between broader labour market and economic policy on the one hand, and the deployment of international workers on the other. Finally, by directly

targeting the influx from third countries, labour migration will be better aligned with the societal challenges and transitions facing the Netherlands. This will ultimately lead to the Netherlands becoming less dependent on labour migration, while those who do arrive gain more security and are employed in high-quality jobs.



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