

Welcome Address by

JÜRGEN CHROBOG

Former State Secretary,
Chairman of the BMW Foundation Herbert Quandt

Dear Mr. Šadžius,
Ladies and Gentlemen,

On behalf of the BMW Foundation Herbert Quandt, I welcome you most cordially to the 7th Munich Economic Summit in the Bavarian state capital. I am happy to note that the summit, now in its seventh year, again attracts attention from all over Europe. Once again, we have succeeded in bringing together renowned experts, business representatives and political leaders from the EU of 27 and beyond for this economic summit. We have found – at least I hope we did – a “good mixture” which is so important for an interdisciplinary exchange. A total of 140 personalities from 23 countries have accepted our invitation. I would like to thank all of you for your active participation.

Last year, the focus of the discussion was on the demographic changes in Europe and their consequences for the economic dynamics and the social security systems of the EU Member States. Already then, we talked about the question of controlled, compensatory immigration, which is an urgent one in light of the growing shortage of skilled workers and the decrease in population, especially in Germany. This year, the focus of the conference is on “Europe in the Global Competition for Talent”. And it is in this context, too, that the issue of immigration to the EU will play an important role.

But first of all, how competitive is Europe when it comes to the quest for the best and brightest? If one takes a look at recent statistics and studies, the situation is not a particularly happy one, especially in Germany. On the one hand, highly skilled workers leave the country – a process which is summed up by the catchphrase “brain drain”, on the other hand the numbers of skilled immigrants remain stagnant. This

simply means that the negative brain drain is not compensated by a positive talent gain from abroad. We are looking at an exodus of well-educated academics and professionals, while the best talents from potential immigrant countries steer clear of Germany – to put it bluntly.

Several causes can be put forward for this imbalance. One is the generally higher mobility among highly qualified workers in a globalised world of work, but there are also more specific reasons such as economic and professional incentives which become particularly effective where the access barriers to the labour markets abroad are low. It is true that some of it sounds exaggerated if one notes that – according to an OECD study – 7 percent of Germans with higher education live abroad, with the OECD average being 4 percent. In other European countries such as the Netherlands (9 percent), Great Britain (15 percent) or Ireland (26 percent), the figures are much higher. Moreover, we should not forget that, we are often talking about temporary employment abroad, which can also be seen as a strong point of the German export economy. There is also a high number of returnees to Germany who appreciate our culture, stability and social security system.

And yet I think that there is cause for alarm given the downward trend in Germany in attracting and keeping highly qualified workers – especially in light of the structural changes towards a knowledge-based economy and the demographic challenges of the future. Ultimately, this does not only hold for the academic elite, but also for the second tier of skilled workers. What are the political responses of Europe – and of Germany in particular – to this negative trend?

To begin with, there is the introduction of the so-called “Blue Card” proposed by the European Commission. Given the need for engineers and scientists, this programme is designed to bring foreign experts to Europe. As you will remember, a similar concept was embraced by the former government of Chancellor Gerhard Schröder in 2000. However, its attempt to introduce a “Green Card” aimed at IT specialists met only with limited success, not least



because there was no political intent to carry out a radical reform of the immigration law.

It already becomes apparent that a Europe-wide solution such as the Blue Card will meet with a similar fate. The current coalition government opposes this concept, arguing that it does not take into account the extremely heterogeneous labour market relations in the Member States, which stand in the way of EU-wide regulations. For that reason, the German federal cabinet gives priority to a national solution and advocates education and training programmes at home. This is to increase educational opportunities for both the general population and the elite and to promote innovative solutions and approaches. I am sure that we will hear more on this issue this evening from Federal Minister Schavan.

As important as these national initiatives are, it is an indisputable fact that we will not be able to do without the directed immigration of skilled workers. In order to live up to our aspirations of being a high-technology country, we have to put more emphasis on qualified immigrants and lower the legal barriers for immigration. I can only endorse the call from some political and business leaders to relax the legal requirements for immigrants. Indeed, it seems appropriate to implement measures to lower the minimum wage limit for highly qualified workers, to relax admission requirements for foreign students and to simplify administrative procedures.

At the same time, political leaders should promote the positive aspects of immigration and not link the immigration of foreign elites to the loss of jobs. The highly skilled workers needed by the German economy cannot be found among the many – still too many – unemployed people in Germany. The opposite is true, in fact: highly qualified workers from abroad contribute to economic growth and innovation and to the creation of jobs at home. Here, too, it is worth taking a look beyond Europe's borders: classic immigration countries such as Canada or the United States are proof of the success of a flexible, directed and transparent immigration policy, which makes them attractive to young talents even in the face of competition from emerging economies such as India.

Let me conclude by adding that Europe can only keep its promise of developing into the most competitive knowledge-based economy in the world if it takes an active role in the global competition for talents and if it takes the necessary steps in time. What this role –

and these steps – might be, will be the subject of our intensive and, I am sure, controversial discussions today and tomorrow. I wish all of you an insightful 7th Munich Economic Summit and now I have the pleasure of officially opening the 7th Munich Economic Summit, together with Professor Sinn, the President of CESifo Group.