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COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT

Accompanying the document

Proposal for a
DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
on the recognition of qualifications of third-country nationals

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A. Need for EU action

What is the problem being addressed?

The EU faces persistent and deepening labour and skills shortages across key sectors, including healthcare, ICT, construction and education. Third-country nationals (TCNs) make a substantial and growing contribution to EU labour markets¹ and have particularly strong presence in sectors facing acute labour shortages, including health and long-term care, ICT, construction and engineering. At the same time, the overqualification rate among TCNs is nearly twice as high as for nationals, indicating that their skills are not being effectively translated into labour market outcomes.

TCNs seeking employment in the EU and/or wanting to access a regulated profession face fragmented, burdensome and opaque procedures for recognising their qualifications, undermining the attractiveness of the Single Market as a destination for global talent. The average duration of a recognition procedure for access to a regulated profession is estimated at 14.2 months and direct administrative costs approximate EUR 1500 per application. Employers, particularly SMEs, also face uncertainty and high administrative costs when assessing third-country qualifications, reducing their incentives to recruit internationally even in sectors facing severe shortages.

Three mutually reinforcing drivers underpin the problem: the divergence across national recognition systems involving different migration and other competent authorities (CAs); the complexity and burden of procedures for TCN, and the difficulties faced by authorities and employers in understanding and trusting qualifications and skills obtained in third countries.

What is this initiative expected to achieve?

The primary objective of this initiative is to address EU labour and skills shortages by facilitating the recognition of qualifications for TCNs. To achieve this, the initiative focuses on three key areas:

- Streamlining qualification recognition systems both within and across Member States by improving alignment and consistency between national recognition systems across the EU, and coherence within MS between recognition systems for access to regulated professions and those embedded in migration regimes.
- Reducing legal and administrative complexity for applicants, employers, and authorities
- Improving the clarity and comparability of third-country qualifications to boost trust and enhance the overall assessment of foreign skills across the EU.

What is the added value of action at EU level?

¹ Over 12.8 million third-country nationals were employed in the EU in 2025.

Labour shortages are cross-border in causes and consequences. The EU collectively presents itself as a single destination for talent through the EU Talent Pool, Talent Partnerships, the Blue Card and other legal migration instruments. However, if recognition remains cumbersome and unpredictable, the value added of those instruments will be reduced for employers and jobseekers. Facilitating the recognition of qualifications of TCNs would send a clear signal that the Union offers fair and navigable routes for skilled workers to use their qualifications. A such, it enhances the EU's global competitiveness by ensuring it can swiftly integrate and retain the exact talent needed to drive innovation and economic growth.

Acting at EU level delivers economies of scale — particularly for building trust in third-country qualifications, which requires shared tools and shared knowledge — and prevents further divergence that would arise if 27 Member States continue to develop parallel national approaches. The legal basis is Article 79(2)(a) and (b) TFEU.

B. Policy options

What policy options have been considered? Is there a preferred choice? Why?

Three policy options were assessed, all aiming to improve recognition of TCN qualifications across the EU, simultaneously addressing systemic divergence, procedural complexity and the trust deficit.

Policy Option 1 (PO1) consists of voluntary soft measures to establish common tools developed collaboratively by the Commission, Member States and stakeholders. These include EU guidelines for recognition procedures, voluntary common templates and documentation checklists, and AI-assisted verification tools. No obligations are imposed on Member States.

Policy Option 2 (PO2) would introduce a common, binding set of procedural rules at EU-level for the recognition of qualifications of third-country nationals. This includes fixed deadlines, a right to appeal, a set list of required documents, fee transparency, the right to communicate in a language frequently used by migrants, and coordination between recognition and migration authorities. This option would also establish an EU-level authenticity check service and interoperable national databases on the comparability of third-country qualifications.

Policy Option 3 (PO3) includes all measures under PO2 and adds an EU system of automatic recognition for third-country qualifications for those professions for which harmonised minimum training requirements exist under the Professional Qualifications Directive (PQD). Under this system, third-country institutions voluntarily apply to have specific programmes verified against EU quality assurance standards and PQD minimum training requirements by designated trusted review bodies. Approved programmes are listed in a publicly accessible EU register. Holders of listed qualifications receive automatic recognition in any Member State without individual assessment, on the same conditions as EU-citizens under OQD. Qualifications must be issued by third country institutions as verifiable digital credentials.

PO3 is identified as the preferred option. It is the most effective, efficient and coherent of the three options assessed. The combination of common procedural rules and a system of automatic recognition for selected training programmes produces the strongest direct cost savings and the strongest indirect benefits across all dimensions tested, while remaining proportionate (it does not harmonise national education and vocational education and training systems, does not create new professional standards, and fully respects Member State competence over regulation of professions, the organisation of education and training systems, recognition decisions, and migration policy and admissions). No new administrative burdens are imposed on citizens and businesses.

Who supports which option?

There is broad consensus among stakeholders that difficulties in the recognition of qualifications and the validation of skills of TCN constitute a major structural barrier to effective labour market integration and to addressing persistent labour shortages.

Civil society and professional organisations as well as TCN and employers support binding minimum procedural standards foreseen under the preferred option.

Business associations generally welcome the approach to address labour shortages and supporting EU competitiveness by making recognition of qualifications less cumbersome and costly. They support minimum procedural standards to reduce processing times and burdens, improved guidance and information

While there is also broad support for common minimum rules among competent authorities responsible for recognition of qualifications for regulated professions, they are more cautious about automatic recognition of specific pre-approved learning programmes. Professional organisations in healthcare and CAs for healthcare professions emphasize that faster recognition timelines cannot come at the expense of thoroughness; any accelerated process must be backed by rigorous prior verification of training programs.

C. Impacts of the preferred options

What are the benefits of the preferred option?

PO3 delivers considerable direct administrative cost savings for applicants, competent authorities and employers as well as wider economic and social benefits.

At constant migration levels, the preferred option is expected to reduce administrative costs for applicants and CAs by over EUR 22 million/year, resulting in cumulative administrative savings of approximately EUR 231 million between 2029 and 2040. In addition, employers would benefit from a reduction of around 25% in administrative costs for applications under the general system and of approximately 42.5% for automatically recognised qualifications. At constant recruitment levels, the reduction of employer-borne recruitment costs is estimated

at over EUR 20 million/year, resulting in a cumulative cost reduction of EUR 207 million between 2029 and 2040.

PO3 would also reduce the processing time of recognition applications considerably, allowing qualified TCNs to exercise a regulated profession of their choice more quickly (by between 9 to 10 months depending on the recognition regime). This generates monetised time savings for the applicants, which in the aggregate are estimated at approximately EUR 300 million/year or slightly over EUR 3 billion from 2029 to 2040.

Beyond these direct quantified impacts, PO3 generates significant wider economic and social benefits:

- **Third countries nationals** would benefit from faster and less costly recognition procedures, in line with the principle of good administration. This would increase their employment opportunities and career prospects in line with their qualification and reduce incentives for informal employment.
- **Businesses** would benefit from increased high-quality recruitment opportunities, helping them to address critical shortages and enhancing businesses' competitiveness and growth potential.
- The **allocative efficiency of EU labour market** would improve, **reducing “brain waste”** and **overqualification** among third-country nationals.
- Improved recognition of professional qualifications would support the **provision of essential services**, notably healthcare, by allowing for the faster integration of qualified professions in regulated professions.

What are the costs of the preferred option?

Implementation costs are borne primarily by the Commission and, to a lesser extent, Member State administrations. Costs for individual TCNs and businesses are expected to decrease.

At EU-level, the preferred option would entail IT development and maintenance costs linked to database interoperability, EU-level authentication services and the creation of a public register of pre-approved quality assurance learning programmes.

At MS-level, there would be IT development and integration costs to ensure the interoperability of national databases on third country qualifications and recognition.

The total implementation costs² at EU level for the period 2027 to 2040 are estimated at between EUR 24.8 million and EUR 40.2 million. For all the Member States combined they are estimated at between EUR 39.4 and EUR 69.0 million.

The overall cost burden is expected to be uneven across Member States, depending in particular on the maturity of their existing digital infrastructure and the extent of system upgrades needed.

How will enterprises and SMEs be affected?

² Discounted to 2026 present values (discount rate 3%)

The initiative will positively affect businesses, particularly SMEs operating in sectors facing labour shortages 68% of SME survey respondents cited reduced administrative burden during recruitment as a key benefit; 63% easier assessment of foreign qualifications; 61% faster recruitment processes; 50% lower verification costs. Aggregate employer-borne cost savings under PO3 are estimated in the order of magnitude of EUR 14–30 million per year at constant recruitment levels.

The measures most directly benefiting SMEs without dedicated HR capacity are: standardised information requirements, the EU authenticity check service, binding procedural deadlines, and verifiable digital credentials, which eliminate fixed costs of external consultancy and ad hoc authentication.

Will there be significant impacts on national budgets and administrations?

Member State administrations will incur one-off adaptation costs and modest recurring costs, as set out above. These are proportionate to the scale of improvements delivered. CAs will benefit from reduced per-case processing workload particularly for the sectoral subgroup (approximately 40% of procedures) where credential verification replaces case-by-case substantive assessment, allowing resources to be redirected to complex cases. The EU authenticity check service and comparability database mutualise at EU level verification work currently duplicated across 27 national systems.

D. Follow-up

When will the policy be reviewed?

In line with the Better Regulation Guidelines, the Commission will evaluate the initiative five years after it enters into force, in cooperation with Member States and after consulting the stakeholders concerned. The Commission will report on implementation progress and the functioning of the automatic recognition register, using data provided by Member States and the designated review bodies.