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EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT

[…]

Accompanying the document

Proposal for a Directive of the European Parliament and of the Council

concerning the status of third-country nationals who are long-term residents (recast)

{COM(2022) 650 final} - {SEC(2022) 200 final} - {SWD(2022) 651 final}

Executive Summary Sheet

Legislative initiative on revising the Long-term residents Directive (2021 Commission work programme)

A. Need for action

Why? What is the problem being addressed?

The main objective of the Long-term residents Directive is integrating third-country nationals who are settled on a long-term basis in Member States. This is a key element in promoting economic and social cohesion, a fundamental objective of the EU. For this purpose, the Directive sets out the conditions under which third-country nationals who have legally and continuously resided in a Member State can acquire 'EU long-term resident status'. However, as highlighted already in the 2019 Fitness Check on legal migration and implementation report, some unresolved problems continue to undermine fully achieving the Directive's objectives. In particular:

1) there are a number of **barriers to acquire EU long-term resident status** for many third-country nationals, who therefore cannot benefit from this status that enables integration in the host society;
2) there are **barriers to the integration of long-term residents** due to a lack of clarity and consistency in the rights granted by the EU status;
3) third-country nationals with EU long-term residence permits face a number of **barriers in exercising the right to move and reside in other Member States**.

What is this initiative expected to achieve?

The **general policy objectives** of the initiative are to:

1) ensure migration flows in the EU are managed efficiently through the approximation and harmonisation of Member States' national legislation;
2) ensure the fair treatment of third-country nationals legally residing in the EU;
3) strengthen the EU's competitiveness and economic growth.

The **specific policy objectives** correspond to the main problems above and aim to:

1) create a more coherent, efficient and fair system to acquire EU long-term resident status;
2) facilitate long-term residents' right to move and reside in other Member States (intra-EU mobility);
3) improve the rights of long term-residents and their families.

What is the added value of action at EU level?

The objective to improve the use and effectiveness of the EU long-term resident status cannot be achieved by Member States alone. Further improving these common procedures requires EU action. The problems identified above are unlikely to disappear soon, and they are directly related to the current legal rules. In particular, effective rules on intra-EU mobility can only be defined at EU level.

B. Solutions

What legislative and non-legislative policy options have been considered? Is there a preferred choice or not? Why?

The impact assessment evaluates **four options** with different levels of EU intervention.

- **Option 1** involves **non-legislative action** aiming to improve how the Directive is implemented and promote EU long-term resident status.
- **Option 2** envisages a **targeted revision of the Directive** aiming to ensure a level-playing field with the national statuses and improve long-term residents' rights, including intra-EU mobility.
- **Option 3** envisages a **wider revision of the Directive** that includes the measures in option 2 and also facilitates the conditions to acquire EU long-term resident status.
- **Option 4** envisages a **major legislative revision of the Directive** creating a single EU permanent residence status, abolishing national schemes, and grants the right to move freely within the EU to long-term residents.

The **preferred option** is **option 3.** It would contribute to addressing all identified problems and improve the Directive's overall implementation. It has the best social and economic impact and is the most politically feasible option.

Who supports which option?

The **European Parliament** favours a legislative revision of the Directive that addresses all identified problem areas. Some **Member States** have expressed their concerns about a legislative revision of the Directive, while others are open to the changes in options 2 and 3. All Member States opposed a major revision. Most **stakeholders** consulted (civil society, economic and social partners, and legal migration experts) are in favour of the measures in options 2 and 3.

C. Impacts of the preferred option

What are the main benefits of the preferred option?

The preferred option includes many measures that would address most of the identified shortcomings in the Directive in all problem areas. The preferred option is expected to have social and economic benefits. The economic benefits are based on the assumptions that more third-country nationals would have access to EU long-term residents status with the corresponding rights, and an increased share of third-country nationals would move to another Member State. This would lead to a higher tax revenue overall, increased productivity and spending, and improved economic growth. The preferred policy option would bring more consistency with case law of the Court of Justice of the European Union.

Lastly, the preferred option is expected to be the best one to address the occasionally diverging stakeholder views (see the section above) and so is the most politically feasible one.

What are the main costs of the preferred options?

The estimated costs of the preferred option include the following costs for Member States:

- one-off administrative costs: EUR 781 000;
- recurring administrative costs: EUR 151 000;
- one-off compliance costs: EUR 452 000;
- recurrent compliance costs: EUR 900 000.

The following recurring cost savings are also estimated (on average every year):

- Member States: EUR 24 500;
- Third-country nationals: EUR 1 145 000;
- EU businesses: EUR 112 700.

How will businesses, small and medium-sized companies (SMEs) and microenterprises be affected?

The preferred option would help businesses, in particular the measures to facilitate intra-EU mobility. Employers, and in particular SMEs, would benefit from access to a larger pool of qualified third-country nationals already legally residing in the EU.

Will there be significant impacts on national budgets and administrations?

The national authorities in charge will need to adapt existing procedures and ensure compliance with the new rules because of the level-playing field mechanism, the amended conditions to acquire the status, and the measures for intra-EU mobility. However, the preferred option brings significant simplification, which to some extent counterbalances the administrative and compliance costs.

Will there be other significant impacts?

The preferred option will have a positive impact on third-country nationals who will benefit from the measures introducing a level-playing field. They will have a real choice between the EU long-term residence permit and national long-term residence permits, be able to fulfil the conditions to acquire the EU long-term residence status more easily, and benefit from improved rights – including intra-EU mobility rights – and circular migration opportunities.

D. Follow up

When will the policy be reviewed?

Article 24 of the Directive already provides for reporting obligations, i.e. for the Commission to regularly present a report on the application of the Directive in Member States and to propose amendments it deems necessary. This principle will also apply to the changes in the Directive's revision.