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Tapping Foreign Potential: How Germany's Western Balkans Regulation Shaped Labor Migration

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Contents

1	Introduction.....	6
2	Institutional Background	8
3	Migration Aspirations	9
3.1	Data	10
3.1.1	Samples	10
3.1.2	Gallup World Poll	10
3.1.3	Location Preferences.....	10
3.1.4	Individual Characteristics	13
3.2	Destination-specific Covariates and Interactions	14
3.3	Methodology	14
3.3.1	Deterministic Component of Utility V_{jn}	15
3.3.2	Stochastic Component of Utility ϵ_{jn}	16
3.4	CNL Results on Aspirations	16
4	Realized Migration Flows by Channel	17
4.1	Data	19
4.2	Empirical Strategy.....	20
4.3	Channel-Specific Post-2016 Estimates	22
4.4	Heterogeneity by Origin Country	24
5	Cross-Destination Changes in Asylum Applications	26
6	Conclusion	30
	References.....	32
Appendix		35
A	Data	35
A.1	Choice set	35
A.2	Variables	36

Abstract

In 2015, the German government introduced the Western Balkans Regulation, expanding employment access for citizens of the six Western Balkan countries within a broader policy environment that also tightened asylum procedures and return enforcement. This paper investigates changes in migration aspirations and first residence permits in response to the policy. Using a cross-nested logit, we find that the initial Regulation significantly increased migration aspirations toward Germany, whereas subsequent extensions did not raise aspirations further. A synthetic difference-in-differences analysis estimates approximately 14,000 additional employment permits annually, with particularly large effects for Kosovo. Total first residence permits increased by approximately 17,200 annually relative to the synthetic counterfactual. While the estimate may also capture substitution induced by contemporaneous asylum-policy tightening, the Regulation provides the most direct explanation for the increase in employment permits.

Zusammenfassung

Im Jahr 2015 führte die Bundesregierung die Westbalkanregelung ein, die Staatsangehörigen der sechs Westbalkanstaaten den Zugang zum deutschen Arbeitsmarkt erleichterte. Diese Regelung war eingebettet in eine weiterfassende Migrationspolitik, die Asylverfahren und Rückführungen verschärfte. Diese Forschungsarbeit befasst sich mit den Auswirkungen der Westbalkanregelung auf Migrationsbestrebungen und ersterteilten Aufenthaltserlaubnissen. Mittels eines Cross-Nested-Logits zeigt sich ein signifikanter und starker Anstieg der Migrationsbestrebungen nach Deutschland, wohingegen später erfolgte Politikmaßnahmen keinen weiteren Einfluss darauf hatten. Ein synthetisches Differenz-von-Differenzen-Modell ergibt einen Schätzwert von ungefähr 14.000 zusätzlichen jährlichen Ersterteilungen zur Erwerbsarbeit, insbesondere aus Kosovo. Die Anzahl der ersten Aufenthaltserlaubnisse stieg um ca. 17.200 relativ zum hypothetischen Wert. Während der Schätzwert ebenfalls Substitutionen gleichzeitiger Asylverschärfungen beinhalten könnte, bietet die Westbalkanregelung die offensichtliche Erklärung für den Anstieg in Arbeitsmarktzulassungen.

JEL

J61, F22, K37

Keywords

Labor migration, Migration management, Western Balkans, Germany

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1 Introduction

Migration policy can affect the overall scale of migration flows as well as the channels through which migration takes place. When legal pathways are limited, prospective migrants may consider alternative routes, including the asylum system, even when average recognition rates are low. A policy that expands access to one channel may therefore change the composition of migration flows rather than simply increasing or decreasing their total number. Germany's Western Balkans Regulation offers a well-suited setting in which to study this mechanism.

In 2015, during the broader European migrant crisis, 120,882 asylum applications from citizens of the six Western Balkan countries (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia) were registered in Germany, accounting for more than one quarter of registered applications.¹ Actual figures may have been higher because Germany was unable to register all asylum applications that year. Across the six countries, average recognition rates were extremely low: less than 0.3 percent of applications were approved, while more than 60 percent were rejected as unsubstantiated or manifestly unfounded within the same year (Bundesamt für Migration und Flüchtlinge, 2016).

In response to the 2015 increase in asylum applications, Germany adopted a broader policy package toward the Western Balkans that combined two legally distinct elements. The Western Balkans Regulation, implemented on January 1, 2016, expanded access to employment-based residence permits for citizens of the six countries. Contemporaneously, Germany tightened asylum policy through safe-country designations, accelerated procedures, and stronger return enforcement: Albania, Kosovo, and Montenegro were added to the list of safe countries of origin in 2015, while Bosnia and Herzegovina, North Macedonia, and Serbia had already been included in 2014.

We analyze the impact of the Western Balkan Regulation at two stages of the migration process. First, we examine whether the Western Balkans Regulation changed migration aspirations in the region, where Germany was already a highly preferred destination before the policy. Second, we estimate how realized migration flows changed by recorded reason for migration, with particular attention to how the composition of first residence permits changed after the expansion of the employment pathway. The distinction between recorded reasons for migration allows us to assess whether the increase in employment permits was accompanied by changes in other permit categories. Because the data do not

¹ In 2019, North Macedonia adopted its name, which we also use retrospectively throughout this paper.

link individuals across application or admission routes, our analysis cannot directly identify whether particular migrants switched from one channel to another.

For our analysis on migration aspirations, we employ individual-level data from the Gallup World Poll and estimate a cross-nested logit model of destination choice and examine whether Germany became more attractive to prospective migrants from the Western Balkans after the introduction of the Regulation. For realized flows, we apply a synthetic difference-in-differences (SDID) design to first residence permits disaggregated by recorded reason in the administrative Eurostat data. Therein, prospective migrants may consider education, employment, family, or other routes depending on the opportunities, constraints, and expected probability of admission associated with each. Our analysis of the Western Balkans Regulation is therefore informative about a specific German employment policy and, more generally, about how expanded legal employment access may change the composition of recorded migration. Our approach compares observed post-treatment migration from the Western Balkans to Germany with a synthetic counterfactual, constructed from a weighted combination of other origin countries that closely matches pre-treatment trends.

We find that the initial Regulation increased aspirations to move to Germany by around 47 percent, while further policy changes had no additional effect. According to our estimates, the policy change was followed by a large increase of approximately 14,000 additional employment permits, especially from Kosovo. Because the Regulation directly expanded employment access, it is the most plausible primary mechanism for this increase, although the estimate may also incorporate substitution induced by contemporaneous asylum-policy tightening. Family permits increased and permits recorded under Eurostat's heterogeneous residual "other reasons" category declined. These opposite movements document a change in the composition of recorded permits and are compatible with a change in the relative use of admission channels. They do not, however, identify individual switching between employment, humanitarian, or other routes.

Our paper contributes to two strands of the migration literature. The first concerns the formation and realization of migration aspirations. Existing work shows that only a small share of individuals who express a desire to migrate ultimately do so, and that this gap depends on migration barriers (Docquier/Peri/Ruyssen, 2014; Dustmann/Okatenko, 2014). Individual financial and security constraints also play a role (Clemens/Mendola, 2024; Aksoy/Poutvaara, 2021), while individual characteristics, such as male gender, high levels of education (Migali/Scipioni, 2019; Aslany et al., 2021), and networks abroad (Bertoli/Ruyssen, 2018), increase the probability of self-selection into migration. We contribute to this literature by showing that expanded legal employment access can increase destination attractiveness, even beyond already elevated levels, and coincide with substantially higher realized employment migration.

The second strand examines how policy shapes realized migration flows. Previous work shows that migration barriers affect migrant selection and that major policy changes in popular destination countries can alter location choice, and thus, migration pressures. Such shifts may be related to electoral outcomes (Baud et al., 2024; Beine et al., 2024), uprisings (Docquier/Tansel/Turati, 2020), preferential trade agreements (Beverelli/Orefice, 2019), or major policy shifts toward asylum seekers (Guichard/Machado, 2024; Vortisch et al., 2025) and unauthorized migrants (Massey/Durand/Pren, 2016). We add to this literature by documenting how an origin-specific expansion of employment access was followed by substantial changes in the composition and total volume of first residence permits.

2 Institutional Background

Before the introduction of the Western Balkans Regulation, mobility from the region to Germany was governed by a sharp distinction between visa-free short-stay travel and labor-market access. By 2010, citizens of five of the six Western Balkan countries could travel visa-free to the Schengen area for short stays, while Kosovo remained subject to visa requirements.² However, visa liberalization did not confer employment rights. Citizens wishing to work in Germany required an employment-based residence permit under the general rules applicable to third-country nationals. This limited employment access created incentives for some individuals without an available employment pathway to consider other routes, including the asylum system, despite very low average recognition rates.

The Western Balkans Regulation facilitates the entry of citizens from the six countries into the German labor market by allowing them to apply for an employment-related residence permit without a formal qualification permit (*Qualifikationserlaubnis*).³ To qualify, applicants must have a concrete job offer, a place in vocational training, or an employment contract approved by the Federal Employment Agency. Since March 2020, employers have been required to demonstrate that hiring the applicant would not displace a German or EU/EEA worker, a condition known as the priority review (*Vorrangprüfung*). The Regulation applies to all occupations except regulated professions, such as physicians. Eligible applicants must reside outside Germany and apply through the German diplomatic mission in their country. In addition, applicants must not have received benefits under the German Asylum Seekers Benefits Act within the previous 24 months. First-time applicants over age

² Visa liberalization for Montenegro, North Macedonia, and Serbia took effect in 2009, and for Albania and Bosnia and Herzegovina in 2010. Kosovo obtained visa-free short-stay access to the Schengen area in 2024.

³ Brückner et al. (2020) note that capacity bottlenecks and administrative restrictions limited migration flows in initial years.

45 must also meet a minimum gross annual income threshold, set at 55,770 euros in early 2026, or demonstrate adequate retirement savings.

The Western Balkans Regulation was initially introduced as a temporary employment measure scheduled to expire after five years. It substantially broadened employment access, while separate asylum-policy reforms adopted in 2014–2015 tightened the treatment of asylum claims from the region.

In 2020, the Regulation was extended and subsequently capped at 25,000 approvals annually by the Federal Employment Agency. As part of the broader reform of Germany's skilled immigration framework, the policy was made permanent in November 2023, with the annual quota doubled to 50,000 Federal Employment Agency approvals from June 2024 onward. The 2025 federal coalition agreement calls for reducing the annual quota from 50,000 to 25,000 approvals, although this measure has not yet been implemented.

Federal Employment Agency records show more than 567,000 approvals under the Regulation between 2016 and 2025. Separately, Eurostat records more than 620,000 first employment-related residence permits issued to Western Balkan nationals in Germany between 2016 and 2024, including permits issued under employment provisions other than the Regulation. The measure remains popular, as reflected in the current administrative backlog of 6–7 months for Albania and Kosovo (Bundesagentur für Arbeit, 2026b). Recently, failure to meet legal requirements unrelated to qualifications has increased rejection rates, again particularly for Kosovo (35 percent of all applications in 2025) and Albania (29 percent; Bundesagentur für Arbeit, 2026a).

The Regulation also forms part of Germany's response to demographic aging and structural labor shortages, which have prompted successive governments to expand legal migration pathways. Additionally, the Regulation is embedded in a broader foreign-policy strategy: the 2015 asylum episode and Russia's growing influence increased German and European interest in institutional engagement with the Western Balkans. The Regulation therefore combines a domestic labor-market policy with a geopolitical dimension, making it an instructive case study for the global debate on migration diplomacy.

3 Migration Aspirations

The first part of our analysis examines the impact of the Western Balkans Regulation on migration aspirations in the region. Migration aspirations directly express location

preferences and can be viewed as unrestricted stated preferences. We use a discrete choice model to analyze these responses in the Gallup World Poll.

3.1 Data

3.1.1 Samples

Table 1 highlights the size of the Western Balkan diasporas in Germany between 2011 and 2024. Two key observations emerge. First, except for Montenegro, all Western Balkan countries rank among the top 21 countries of origin despite their relatively small populations. Second, the diasporas of all Western Balkan countries grew substantially during this period. For example, the Kosovar diaspora more than tripled, rising from seventeenth to tenth place, while the Albanian diaspora grew elevenfold.

They also show Germany's importance as a destination: the diaspora populations range from 3.8 percent of Serbia's domestic population to 18.4 percent of Kosovo's.

3.1.2 Gallup World Poll

The key data on location preferences come from the Gallup World Poll conducted in origin countries. The Gallup World Poll surveys respondents over age 15 in more than 160 countries. The data are nationally representative and cover more than 95 percent of the world's population in a given year.

Because of computational constraints, we restrict the migration-aspiration analysis to a choice set of 76 countries and territories, listed in Appendix Table A.1. The set includes countries that respondents did not select, allowing us to account for alternatives that may appear irrelevant.

3.1.3 Location Preferences

Our analysis uses two sequential questions on migration aspirations in the Gallup World Poll. First, each respondent answers: *“Ideally, if you had the opportunity, would you like to move permanently to another country, or would you prefer to continue living in this country?”* Respondents who indicate a preference to move abroad are then asked: *“To which country would you like to move?”*

Table 1: Major Diasporas in Germany, 2011–2024.

Year Country of origin	2024	2020	2015	2011
Türkiye	1,402,783 (1.)	1,316,395 (1.)	1,352,151 (1.)	1,462,627 (1.)
Ukraine	1,085,298 (2.)	134,989 (19.)	122,875 (20.)	112,034 (12.)
Syria	889,482 (3.)	787,094 (2.)	419,639 (5.)	30,261 (34.)
Romania	771,276 (4.)	753,663 (4.)	444,241 (4.)	157,422 (8.)
Poland	723,151 (5.)	773,680 (3.)	703,804 (2.)	440,210 (3.)
Italy	564,547 (6.)	587,167 (5.)	557,406 (3.)	482,892 (2.)
Afghanistan	404,269 (7.)	233,114 (10.)	146,687 (15.)	50,199 (27.)
Croatia	384,451 (8.)	399,168 (6.)	283,343 (7.)	211,815 (5.)
Bulgaria	362,421 (9.)	368,396 (7.)	228,734 (8.)	97,479 (16.)
Kosovo	309,435 (10.)	166,056 (16.)	136,447 (17.)	89,990 (17.)
Greece	298,398 (11.)	328,275 (8.)	314,574 (6.)	262,323 (4.)
Russian Federation	266,385 (12.)	235,469 (9.)	210,346 (9.)	176,960 (6.)
India	264,832 (13.)	144,223 (18.)	78,249 (26.)	45,325 (29.)
Serbia	252,808 (14.)	190,045 (14.)	173,293 (10.)	138,663 (10.)
Iraq	229,916 (15.)	225,183 (11.)	137,335 (16.)	73,833 (21.)
Bosnia and Herzegovina	227,689 (16.)	204,189 (12.)	157,039 (13.)	142,264 (9.)
Hungary	184,836 (17.)	191,852 (13.)	171,154 (11.)	80,021 (20.)
Spain	175,638 (18.)	161,165 (17.)	148,056 (14.)	100,946 (15.)
Austria	163,916 (19.)	166,515 (15.)	166,311 (12.)	162,231 (7.)
China	149,736 (20.)	133,820 (20.)	107,613 (22.)	73,571 (22.)
North Macedonia	147,714 (21.)	117,969 (24.)	91,684 (25.)	61,794 (24.)
Iran	144,336 (22.)	109,121 (26.)	66,881 (29.)	45,580 (28.)
Netherlands	132,606 (23.)	133,311 (21.)	134,510 (18.)	128,059 (11.)
France	120,205 (24.)	120,328 (23.)	116,572 (21.)	102,336 (14.)
Vietnam	120,045 (25.)	93,204 (27.)	75,913 (27.)	73,205 (23.)
Portugal	119,654 (26.)	124,536 (22.)	124,017 (19.)	106,494 (13.)
Albania	118,697 (27.)	76,582 (28.)	74,615 (28.)	10,603 (61.)
United States	110,391 (28.)	117,661 (25.)	104,519 (23.)	89,835 (18.)
Morocco	92,814 (29.)	72,220 (30.)	64,807 (30.)	55,255 (25.)
Pakistan	88,594 (30.)	69,275 (32.)	63,000 (31.)	28,590 (37.)
⋮	⋮	⋮	⋮	⋮
Montenegro	26,110 (57.)	17,335 (65.)	16,066 (62.)	10,240 (63.)

Countries in bold belong to our sample of Western Balkan countries. Numbers in parentheses indicate each country's overall rank that year.

Data source: Statistisches Bundesamt (2026).

We can include only respondents who express a preference to move *and* name a specific country. We therefore exclude missing or nonspecific responses to either question.⁴ Additionally, we consider stayers, representing the large fraction of people who do not express a preference to move abroad.

⁴ Examples of nonspecific answers include *African Country*, *Arab Country*, and *Island Nations*. Furthermore, we drop observations with a preference for non-sovereign states such as Nagorno-Karabakh, Northern Cyprus, and Somaliland, for which we lack data on other characteristics.

Table 2 reports destination preferences in the Western Balkan sample before and after the policy, with January 2016 as the key institutional change.⁵ Despite substantial volatility, Germany remained the leading destination and became more popular after the policy: its share of mentions increased from 21 to 31 percent.

Table 2: Stated Aspirations for Most Popular Destinations in Western Balkan Countries (2010–2024).

(a) Pre (2010–2015)				(b) Post (after 2015)			
	Freq.	Percent	Cum.		Freq.	Percent	Cum.
Germany	1,950	20.86	20.86	Germany	4,286	31.09	31.09
United States	1,317	14.09	34.95	Switzerland	1,725	12.51	43.60
Italy	917	9.81	44.76	United States	1,385	10.04	53.64
Switzerland	906	9.69	54.45	Italy	907	6.58	60.22
United Kingdom	519	5.55	60.00	Austria	632	4.58	64.80
Sweden	492	5.26	65.27	Sweden	581	4.21	69.02
Austria	419	4.48	69.75	United Kingdom	509	3.69	72.71
Canada	396	4.24	73.98	Australia	404	2.93	75.64
France	344	3.68	77.66	France	312	2.26	77.90
Australia	273	2.92	80.58	Norway	310	2.25	80.15
Spain	251	2.69	83.27	Canada	303	2.20	82.35
Greece	209	2.24	85.50	Greece	225	1.63	83.98
Norway	185	1.98	87.48	Serbia	205	1.49	85.47
Serbia	178	1.90	89.39	Spain	185	1.34	86.81
Netherlands	160	1.71	91.10	Netherlands	171	1.24	88.05
Russia	100	1.07	92.17	Türkiye	163	1.18	89.23
Belgium	86	0.92	93.09	Denmark	157	1.14	90.37
Denmark	75	0.80	93.89	Belgium	141	1.02	91.39
Türkiye	63	0.67	94.57	Slovenia	134	0.97	92.36
Slovenia	53	0.57	95.13	Russia	126	0.91	93.28
	⋮	⋮	⋮		⋮	⋮	⋮
Total	9,348	100.00		Total	13,788	100.00	

The left panel lists stated aspirations in the pre-period between 2010 and 2015, while the right panel covers years after 2015. The sample includes all respondents in the six Western Balkan countries (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia), while percentages refer to aspiring migrants only. The frequency tables are based on Jann (2007).

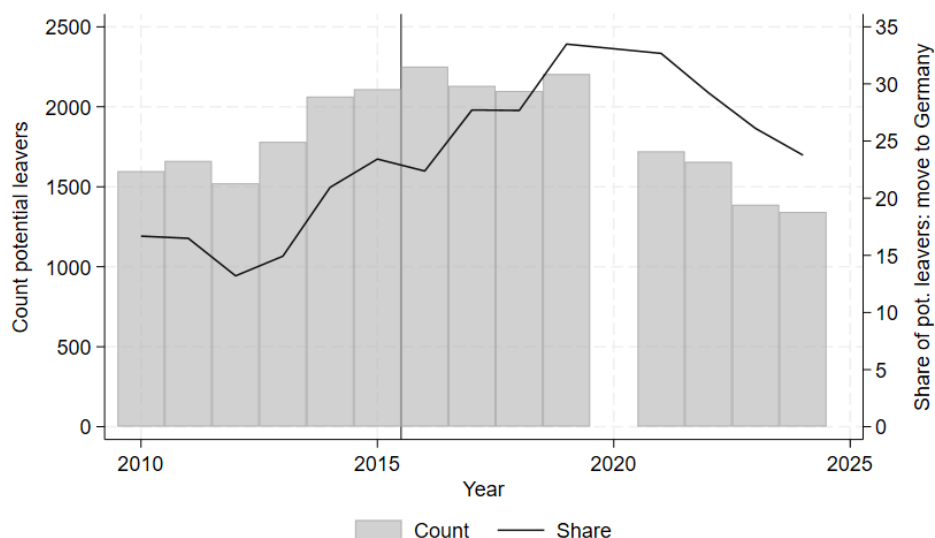
Data source: Gallup (2025)

Fig. 1 shows the same trend in the share of respondents aspiring to move to Germany. Although the already high share rose before the policy, the largest increase occurred in 2017, and the share peaked in 2019. It has declined since 2021, possibly because of Germany's economic downturn and, more recently, the rising number and share of rejected applications from Albania and Kosovo, as mentioned above. The bars also show a decline in the number of Western Balkan respondents who express a desire to move abroad.

Finally, Western Balkan countries have the highest shares of respondents naming Germany as their preferred destination in the 2008–2024 Gallup World Poll. Kosovo, Albania, Bosnia

⁵ The last pre-policy Gallup World Poll interview in the Western Balkan countries was conducted on August 9, 2015, before both the 2015 peak in asylum applications to Germany and the policy's implementation.

Figure 1: Aspirations to Move to Germany in Western Balkan Countries.



The graph illustrates the proportion of aspiring migrants from the six Western Balkan countries (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia) who express aspirations to move abroad and to Germany. Data are not available for 2020, and Montenegrin data are missing for 2021. The bars represent the annual count of potential leavers (up to 6,106 respondents a year; 6,488 in 2019), which is measured on the left vertical axis. The line represents the share of potential leavers who prefer to move to Germany, which is measured on the right vertical axis. The vertical line indicates the implementation of the Western Balkans Regulation in January 2016.

Data source: Gallup (2025). Graph based on Jann (2014).

and Herzegovina, and North Macedonia occupy the top four positions, with shares ranging from 3.43 to 4.89 percent; Serbia ranks seventh, at 2.2 percent.

3.1.4 Individual Characteristics

The Gallup World Poll provides a broader set of individual characteristics, which we include in our discrete choice models to gauge their impact on the propensity to emigrate and destination choice. These variables encompass age (Beine, 2020), level of education, gender, network abroad (Beine/Docquier/Özden, 2011; Munshi, 2003; Esipova/Ray/Srinivasan, 2011), marital status, and log income per household member. Table A.2.1 provides additional details about the variables in our analysis with additional information on the calculation of individual income in Appendix A.2.2.

We segment our results by educational attainment to capture heterogeneity in the propensity to emigrate (Beine/Bierlaire/Docquier, 2025), for which we follow the classification in the Gallup World Poll: low (LE, primary education and below), medium (ME, secondary education and up to three years of tertiary education), and high (HE, at least four

years of tertiary education). We interact the three education levels with the destination-specific variables described in Section 3.2.

3.2 Destination-specific Covariates and Interactions

We append destination-specific data on distance from the origin country, log income per capita (Grogger/Hanson, 2011), and population size.⁶ These measures capture characteristics that may attract migrants because a destination resembles their home country in social and economic terms. GDP per capita and population size vary over time, allowing us to examine changes in destination attractiveness. Respondents' aspirations may also reflect cultural proximity, media coverage, and trade links.

We draw these measures from several sources. GDP data cover all years (International Monetary Fund, 2026); for population, we use the nearest available year (United Nations, 2022). Distance is time-invariant and measured as the geodesic distance between national capitals (Mayer/Zignago, 2011). We provide more information on destination-specific variables in Table A.2.3.

We interact destination income with the three education levels to allow its association with migration propensity and destination choice to differ by education (Grogger/Hanson, 2011; Özden/Packard/Wagner, 2018; Beine/Docquier/Özden, 2011; McKenzie/Rapoport, 2010).

3.3 Methodology

We model location preferences in a random utility framework. Respondent n considers all potential locations j , including the domestic option, and chooses the location that maximizes utility U_{jn} . Utility consists of a deterministic component V_{jn} and a stochastic component ϵ_{jn} :

$$U_{jn} = V_{jn} + \epsilon_{jn} \tag{1}$$

We include the main determinants of migration in V_{jn} , while distinguishing between the domestic option and foreign destinations.

⁶ Missing data on the Kosovar diaspora prevent us from including this variable in the model.

3.3.1 Deterministic Component of Utility V_{jn}

The utility of staying in location $j = 0$, V_{0n} , is

$$V_{0n} = D'_n \beta, \quad (2)$$

where D'_n is a vector of individual characteristics. We consider age, gender, marital status, and personal income. Additionally, we interact three binary variables for different levels of education with another binary for a personal network abroad (Beine, 2020; Beine/Docquier/Özden, 2011; Munshi, 2003). Appendix A.2.1 presents more details on these characteristics. The coefficient of each variable, expressed by β , describes the effect on the probability of staying.

We model the utility of moving to foreign destinations other than Germany as

$$V_{jn} = Z'_{jn} \gamma + \delta_{m(j)}, \quad j = 1, \dots, J - 1. \quad (3)$$

The vector Z'_{jn} represents a foreign destination's attractiveness in terms of distance and GDP per capita. Because these factors may have heterogeneous effects across groups, we interact them with education level. The $\delta_{m(j)}$ terms capture the attractiveness of destination j by nest m , allowing us to account for unobserved factors in the distribution of ϵ_{jn} .

In the utility of Germany as the chosen foreign destination, $z_{DEU,n}$ describes the policy effect for someone who aspires to move to Germany:

$$V_{jn} = Z'_{jn} \gamma + \delta_{m(j)} + \zeta z_{DEU,n} \times post, \quad j = DEU. \quad (4)$$

The policy term enters through the interaction with the post-period indicator.

We allow the policy to affect migration aspirations directly and indirectly through ζ . The direct effect captures Germany's increased attractiveness to Western Balkan respondents. The indirect effect captures the corresponding decline in the relative attractiveness of other destinations. The direct effect is the elasticity of the probability of choosing Germany with respect to the change in the probability of moving there between the pre- and post-policy periods. The indirect effect is each location's cross-elasticity with respect to that change in aspirations and depends on the distribution of the stochastic component ϵ_{jn} (Beine/Bierlaire/Docquier, 2025; Beine et al., 2024).

3.3.2 Stochastic Component of Utility ϵ_{jn}

The location-choice model must account for the possibility that some destinations are close substitutes, which implies correlated stochastic terms because of shared unobserved characteristics. Consequently, the traditional logit model's independence of irrelevant alternatives (IIA) assumption is likely to be violated (Train, 2009). We therefore partition the choice set into a domestic option ($j = 0$) and foreign destinations ($j = 1, \dots, J$). Fig. 2 shows how the cross-nested logit model groups foreign destinations into membership in the European Economic Area (EEA) and OECD nests to capture similarities among them. Both organizations reflect a high degree of comparability for Western Balkan citizens regarding labor mobility (EEA) and economic prosperity, and more generally, Western values (OECD).

For each foreign destination $j = 1, \dots, J$, we compute the number of nests K . We then set $\alpha_{jm} = 0$ if destination j does not belong to nest m , and $\alpha_{jm} = \frac{1}{K}$ if it does.⁷ Appendix Table A.1 reports the location choice set and the corresponding α_{jm} values.

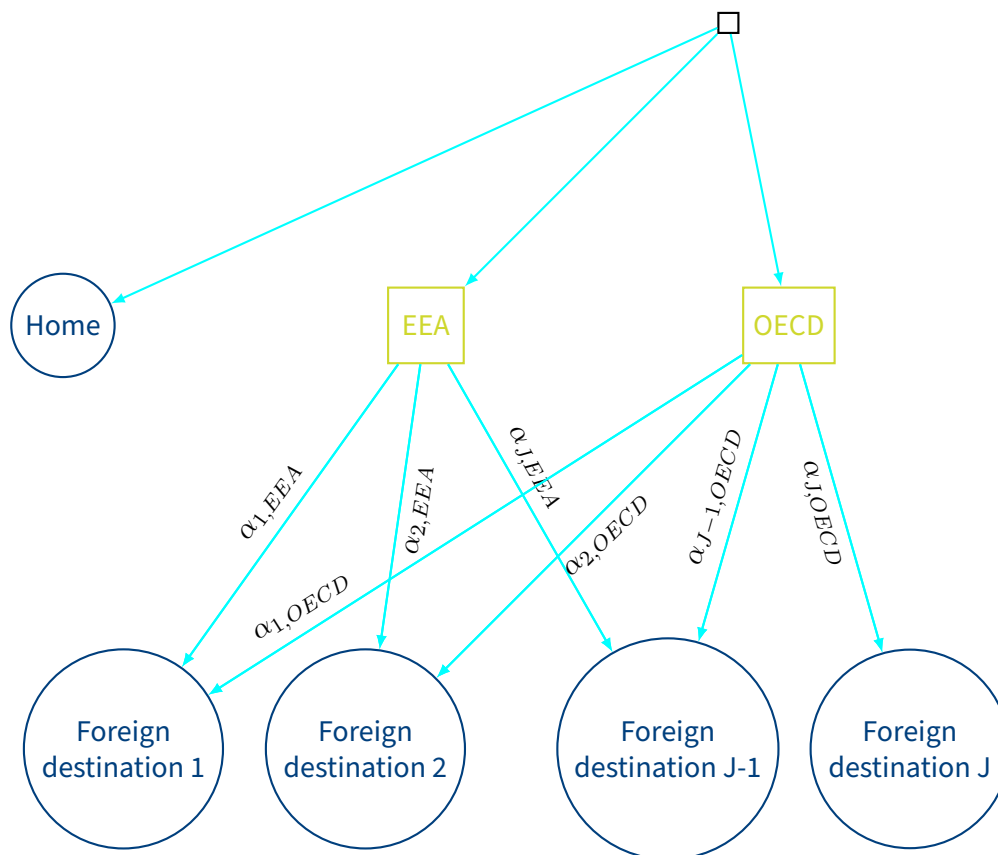
3.4 CNL Results on Aspirations

Table 3 presents the CNL results. We find a positive and statistically significant effect of Germany's expansion of labor-market access for citizens of the Western Balkan countries. In our preferred model, column (2), the coefficient of 0.383 on *Western Balkans Regulation* $\times$ *DEU* implies that the odds of naming Germany as the preferred destination increased by about 46.7 percent among Western Balkan respondents (derived from $e^{0.383} - 1$). The same specification shows no statistically significant impact following the policy extensions in column (3). The other variables are consistent with the existing literature. GDP and distance, both measured in logs, are relevant and show the expected variation across education levels. Apart from marital status, all personal characteristics (age, gender, networks abroad, and individual income) matter with distinct patterns: all education groups show a strong preference to stay and are statistically indistinguishable.

Our results also highlight the relevance of EEA and OECD countries, as both $\delta_{m(j)}$ coefficients are positive and highly significant. Moreover, both categories yield a plausible CNL nesting structure because the null hypothesis of irrelevant nests, $H_0 : \mu_m = 1$, can be rejected in all cases. Adding the policy-extension variables, *WBR extension* and *WBR permanent*, or origin-specific effects does not improve the CNL specification because

⁷ For computational reasons, we group all remaining destinations in a third nest but do not estimate its coefficient.

Figure 2: Structure of the Cross-nested Logit Model for Migration.



the log-likelihoods are effectively identical. Thus, only the initial policy appears to have affected migration aspirations in the Western Balkans.

Overall, the Western Balkans Regulation appears to have increased migration aspirations toward Germany, consistent with the official migration statistics. Expanding viable legal pathways may therefore increase a destination's attractiveness even from an already high baseline. However, subsequent policy extensions did not further increase migration aspirations, indicating limits for the role of policy.

4 Realized Migration Flows by Channel

We now turn from stated migration aspirations to first residence permits issued in Germany. We examine whether employment permits increased after the Western Balkans Regulation took effect and whether the composition and total number of first residence permits

Table 3: Logit and CNL Results for Western Balkans Regulation's Impact on Migration Aspirations.

	(1) Logit	(2) CNL	(3) CNL
Utility of staying in the domestic location (V_{0n})			
Low education (LE)	10.700*** (0.2560)	7.730*** (0.2000)	7.720*** (0.2100)
Medium education (ME)	11.200*** (0.2430)	8.220*** (0.1850)	8.210*** (0.1940)
High education (HE)	12.400*** (0.3440)	8.480*** (0.2370)	8.480*** (0.2480)
Male	0.063** (0.0261)	0.066** (0.0260)	0.067** (0.0260)
Single	-0.001 (0.0319)	0.002 (0.0319)	0.004 (0.0319)
Network abroad	-0.343*** (0.0324)	-0.283*** (0.0322)	-0.284*** (0.0324)
Age under 65	0.027*** (0.0012)	0.026*** (0.0012)	0.026*** (0.0012)
Age over 65	0.107*** (0.0136)	0.107*** (0.0135)	0.107*** (0.0135)
Log income at origin	0.116*** (0.0085)	0.112*** (0.0084)	0.112*** (0.0084)
Utility of moving to a foreign location (V_{jn})			
Log distance $\times$ LE	-0.314*** (0.0076)	-0.218*** (0.0173)	-0.218*** (0.0187)
Log distance $\times$ ME	-0.282*** (0.0070)	-0.199*** (0.0160)	-0.199*** (0.0173)
Log distance $\times$ HE	-0.240*** (0.0099)	-0.169*** (0.0148)	-0.169*** (0.0160)
Log GDP $\times$ LE	1.410*** (0.0457)	0.825*** (0.0559)	0.822*** (0.0598)
Log GDP $\times$ ME	1.400*** (0.0363)	0.835*** (0.0489)	0.835*** (0.0528)
Log GDP $\times$ HE	1.650*** (0.0688)	0.863*** (0.0602)	0.864*** (0.0645)
Log diaspora $\times$ LE	0.063*** (0.0132)	0.046*** (0.0071)	0.046*** (0.0071)
Log diaspora $\times$ ME	-0.009 (0.0086)	0.011* (0.0065)	0.012* (0.0064)
Log diaspora $\times$ HE	-0.033* (0.0173)	-0.002 (0.0104)	-0.001 (0.0104)
Log population	0.405*** (0.0106)	0.196*** (0.0142)	0.195*** (0.0153)
Western Balkan regulation (WBR)	0.440*** (0.0397)	0.383*** (0.0391)	0.387*** (0.0499)
WBR extension			0.009 (0.0360)
WBR permanent			-0.054 (0.0442)
δ_{EEA}	-0.473*** (0.0392)	-0.820*** (0.1300)	-0.821*** (0.1400)
δ_{OECD}	1.370*** (0.0455)	3.710*** (0.1410)	3.710*** (0.1510)
Parameters of the nest structure (μ_m)			
μ_{EEA}		1.250*** (0.0924)	1.250*** (0.1000)
μ_{OECD}		3.070*** (0.2090)	3.070*** (0.2300)
Origin-specific effects	Yes	Yes	Yes
Log-likelihood	-43,878.08	-43,372.64	-43,372.1
Observations	31,150	31,150	31,150
Parameters	27	29	31

Standard errors in parentheses
 * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Logit and cross-nested logit estimates of determinants of migration aspirations among stayers and potential migrants in the Gallup World Poll (2010–2024). Origin countries: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia.

changed at the same time. To distinguish changes across admission categories, we estimate separate synthetic difference-in-differences models for permits recorded under

employment, family, education, and other reasons. We also estimate the change in total first residence permits to assess whether the increase extended beyond a reallocation across recorded categories.

4.1 Data

We use Eurostat data on first residence permits issued in Germany to third-country nationals between 2008 and 2024. The data report aggregate permit counts by citizenship, year, recorded reason for migration, and permit duration. Eurostat distinguishes four broad reasons for migration: employment, family, education, and other reasons. Because the data are aggregated, we cannot connect family permits to employment permits held by other household members or follow individuals across admission routes. Our outcome is the annual number of first residence permits issued to nationals of origin country o in year t . The main specification includes all permit-duration categories reported by Eurostat; first residence permits are defined as permits valid for at least three months. We also estimate a specification restricted to permits valid for at least 12 months.

The “other reasons” category contains permits that Eurostat does not classify under employment, family, or education. It may include humanitarian, discretionary, retirement, diplomatic, and other grounds for residence. These permit counts do not measure asylum applications, rejected asylum claims, or refugee recognition, and the composition of the category may change over time. Changes in asylum and related discretionary policies may nevertheless have affected some of the permits recorded within it. Any estimated effect must therefore be interpreted as a change in the residual category as a whole, rather than as a change in asylum or humanitarian migration specifically.

We exclude several origins from the donor pool. Croatia and the United Kingdom are excluded because changes in their EU membership status create breaks in their residence-permit series. Russia, Ukraine, and Belarus are excluded because Russia’s invasion of Ukraine and the associated regional disruption produced exceptional migration patterns after 2022. We also exclude Syria, Afghanistan, and Iraq because their permit flows changed sharply around 2015–2016, making them unsuitable for constructing the counterfactual evolution of Western Balkan flows. The resulting balanced panel contains the six Western Balkan countries and 155 potential donor origins observed throughout 2008–2024.

4.2 Empirical Strategy

We define 2016 as the first treatment year, corresponding to the implementation of the Western Balkans Regulation. The six Western Balkan countries form the treated group, and the donor pool contains the 155 other origin countries described above. Because Germany is the destination in every observation, the design compares changes in permit flows across origin countries. The counterfactual is constructed from donor countries whose permit flows provide the closest match to the pre-2016 evolution of flows from the Western Balkans.

We estimate synthetic difference-in-differences models following Arkhangelsky et al. (2021). For each outcome, the estimator assigns unit weights to the donor countries and time weights to the pre-treatment years. The unit weights are chosen to balance the pre-treatment levels and trends of the treated and donor groups. The time weights give greater weight to pre-treatment years that are more informative about the post-treatment counterfactual. We estimate separate models for employment permits, family permits, education permits, permits recorded under other reasons, and total first residence permits.

Formally, let $Y_{o,t}$ denote the number of first residence permits issued in Germany to nationals of origin country o in year t . Let $\mathcal{W}$ denote the six Western Balkan countries and $\mathcal{C}$ the set of donor countries. The treatment indicator is

$$D_{o,t} = \mathbf{1}\{o \in \mathcal{W}\}\mathbf{1}\{t \geq 2016\}.$$

For each year, define the average outcome for the treated countries and the weighted outcome for the synthetic control as

$$\bar{Y}_t^{\text{WB}} = \frac{1}{|\mathcal{W}|} \sum_{o \in \mathcal{W}} Y_{o,t}, \quad \bar{Y}_t^{\text{SYN}} = \sum_{o \in \mathcal{C}} \hat{\omega}_o Y_{o,t}.$$

The SDID estimator compares the average post-treatment difference between the treated and synthetic series with their weighted pre-treatment difference:

$$\hat{\tau}^{\text{SDID}} = \frac{1}{T_{\text{post}}} \sum_{t=2016}^{2024} \left(\bar{Y}_t^{\text{WB}} - \bar{Y}_t^{\text{SYN}} \right) - \sum_{t=2008}^{2015} \hat{\lambda}_t \left(\bar{Y}_t^{\text{WB}} - \bar{Y}_t^{\text{SYN}} \right). \quad (5)$$

where $\hat{\omega}_o$ denotes the unit weight assigned to donor country o , $\hat{\lambda}_t$ denotes the weight assigned to pre-treatment year t , and $T_{\text{post}} = 9$ is the number of post-treatment years. The unit and time weights each sum to one. The weights are estimated separately for each outcome.

The resulting estimate is the average annual treatment effect per Western Balkan origin country during the 2016–2024 period. Section 4.3 discusses channel-specific results, while section 4.4 presents estimates obtained by treating each Western Balkan country separately. We estimate standard errors using placebo permutation inference with 1,000 replications. In each replication, treatment is reassigned to a set of six origins from the donor pool. We calculate two-sided p -values using a normal approximation based on the resulting placebo standard errors.

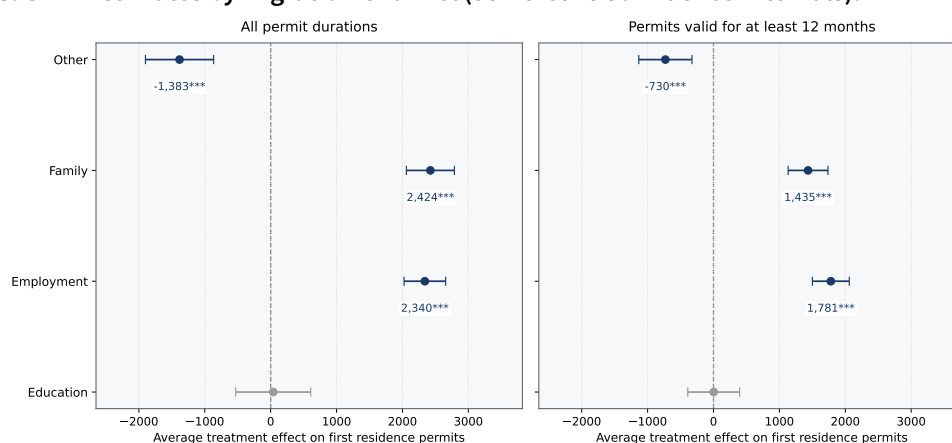
The treatment date corresponds to the introduction of the Western Balkans Regulation, and the employment-permit estimate is therefore the result most directly connected to the policy. However, the Regulation was implemented in a policy environment that also included tighter asylum procedures and return enforcement, and the employment-permit estimate may include substitution toward employment permits induced by the asylum-policy changes. The family, other-reasons, and total-permit estimates cannot be attributed to the Regulation alone and instead reflect the broader policy environment.

Identification requires that, without the Regulation and the accompanying policy changes, the difference between Western Balkan permit flows and the weighted donor series would have remained stable after 2016. The trends presented below allow us to assess the pre-treatment fit, but they cannot rule out shocks that affected Western Balkan origins differently after treatment. The COVID-19 pandemic disrupted mobility and permit processing in 2020 and 2021. Russia’s invasion of Ukraine produced exceptional migration flows after 2022. Indirect effects from both events may still have differed between the treated and donor origins considered.

4.3 Channel-Specific Post-2016 Estimates

Figure 3 presents the SDID estimates by migration channel for both permit-duration specifications. We begin with employment permits, the outcome most directly linked to the Western Balkans Regulation. The results show a substantial increase relative to the synthetic counterfactual from 2016 onward. In the specification using all permit durations, the estimated increase is 2,340 permits per Western Balkan country per year. When the outcome is restricted to permits valid for at least 12 months, the estimated increase is 1,781 permits per country per year.

Figure 3: SDID Estimates by Migration Channel (95 Percent Confidence Intervals).

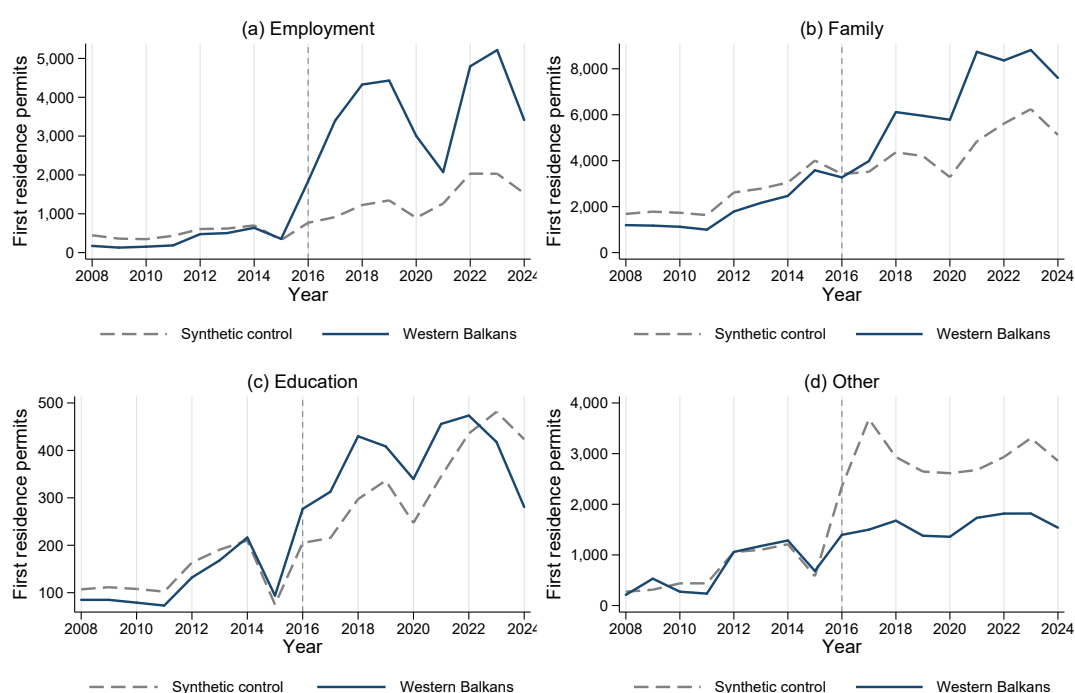


Notes: The left panel shows estimates using all permit durations; the right panel shows estimates for permits valid for at least 12 months. Point estimates are average annual treatment effects per Western Balkan origin country. Error bars show 95 percent confidence intervals. Gray markers indicate statistically insignificant estimates. Stars denote significance: * $p < 0.10$, ** $p < 0.05$, and *** $p < 0.01$. The donor pool contains 155 non-Western Balkan origin countries and excludes Afghanistan, Belarus, Croatia, Iraq, Russia, Syria, the United Kingdom, and Ukraine. Standard errors are based on 1,000 placebo permutation replications. Data: Eurostat, 2008–2024.

The increase after 2016 was not confined to employment permits. Family permits rose by an estimated 2,424 permits per country per year in the specification using all permit durations and by 1,435 permits when the outcome is restricted to permits valid for at least 12 months. This pattern is consistent with workers being accompanied or subsequently joined by family members. However, the aggregate data do not link family permits to employment permits held by other household members. We therefore cannot determine whether the increase in family permits resulted from family reunification following employment migration under the Regulation. We find no statistically detectable increase in education permits. The estimates are 39 permits per country per year in the specification using all permit durations and 3 permits when the outcome is restricted to permits valid for at least 12 months. The Regulation did not directly alter access to education permits, and the estimates provide no evidence of a comparable increase in this category.

Permits recorded under “other reasons” moved in the opposite direction. They declined by an estimated 1,383 permits per country per year in the specification using all permit durations and by 730 permits when the outcome is restricted to permits valid for at least 12 months. Because this residual category combines several legal grounds for residence, the decline cannot be interpreted as evidence of substitution from asylum or humanitarian routes into employment migration. The estimates show a change in the recorded composition of first residence permits after 2016: employment and family permits increased, education permits remained broadly unchanged, and permits recorded under other reasons declined.

Figure 4: SDID Trends by Migration Channel (All Permit Durations).



Notes: The solid line shows the average annual number of first residence permits across the six Western Balkan countries. The dashed line shows the weighted synthetic counterfactual. The vertical dashed line marks the introduction of the Western Balkans Regulation in January 2016. Data: Eurostat, 2008–2024.

Figure 4 shows how these differences across permit categories developed over time. The observed and synthetic series follow broadly similar paths before 2016. After 2016, the observed employment and family series rise above their synthetic counterparts, the education series remain close, and permits recorded under other reasons fall below the synthetic series.

Despite the decline in permits recorded under other reasons, total first residence permits increased. We estimate this change directly by applying SDID to the sum of the four permit categories. We do not add the channel-specific estimates because the unit and time weights are estimated separately for each outcome. Table 4 reports an increase of 2,862 permits per

country per year in the specification using all permit durations and 2,134 permits when the outcome is restricted to permits valid for at least 12 months. Across the six Western Balkan countries, the corresponding estimates are 17,173 and 12,802 additional first residence permits per year, calculated using the unrounded per-country estimates.

If Western Balkan permit flows would otherwise have followed the post-2016 development of the weighted donor pool, the estimates imply that total first residence permits increased rather than merely being redistributed across recorded categories. Because Germany changed both employment access and asylum policy during this period, the total-permit increase cannot be attributed to employment liberalization alone.

Table 4: SDID Estimates by Permit Duration.

Duration	ATT per country	ATT for all countries
All durations	2,862*** (550)	17,173*** (3,300)
At least 12 months	2,134*** (453)	12,802*** (2,719)

Notes: Standard errors are reported in parentheses and are based on 1,000 placebo permutation replications. The all-countries estimates equal the corresponding per-country estimates multiplied by six. * $p < 0.10$, ** $p < 0.05$, and *** $p < 0.01$.

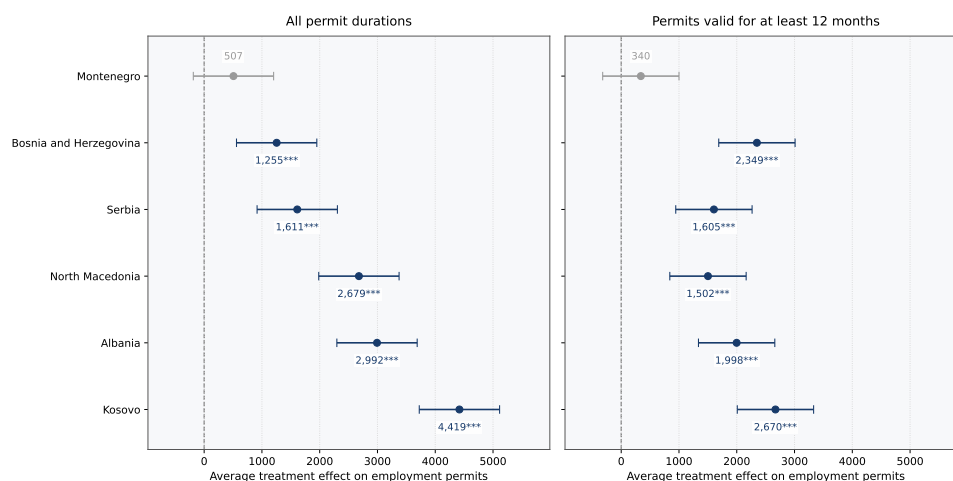
4.4 Heterogeneity by Origin Country

We examine heterogeneity in the employment-permit results by estimating SDID separately for each of the six Western Balkan origin countries. Each model uses the same pool of 155 donor origins. Fig. 5 reports the country-specific estimates for the two permit-duration specifications.

The employment-permit estimate is positive for every origin country and statistically significant for five of the six. In the all-duration specification, the estimates range from 507 permits per year for Montenegro to 4,419 for Kosovo. Kosovo also has the largest estimate in the 12-month specification, at 2,670 permits. Albania and North Macedonia have the next largest estimates in the all-duration specification, while the estimates for Serbia and Bosnia and Herzegovina are smaller but statistically significant.

Montenegro is the only country for which the employment-permit estimate is statistically insignificant in both specifications. The confidence intervals are wide relative to the point estimates, so the results for Montenegro are imprecise rather than evidence of no change.

Figure 5: SDID Estimates by Origin Country: Employment Channel (95 Percent Confidence Intervals).



Notes: The left panel shows estimates using all permit durations; the right panel shows estimates for permits valid for at least 12 months. Blue markers indicate statistically significant estimates ($p < 0.10$), while gray markers indicate statistically insignificant estimates. Error bars show 95 percent confidence intervals.

For Bosnia and Herzegovina, the estimate for permits valid for at least 12 months is larger than the estimate using all permit durations.⁸

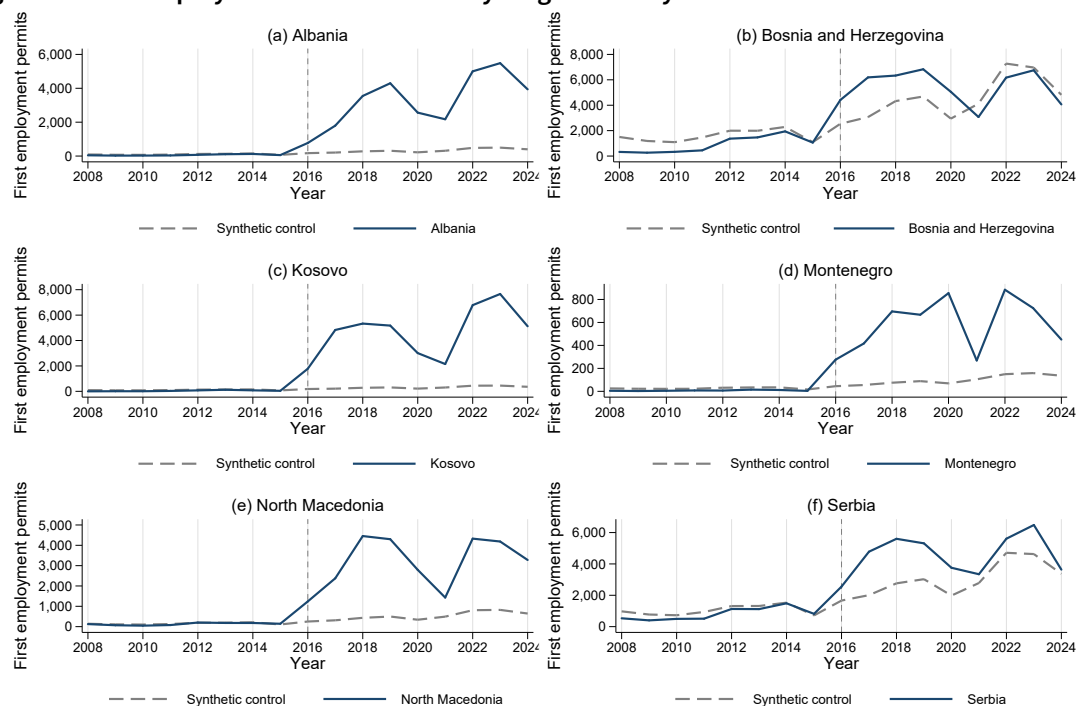
The country-specific estimates are also consistent with the descriptive evidence presented earlier in the paper. Kosovo combines the largest employment-permit estimate with a strong stated preference for Germany in the Gallup data and an established diaspora in Germany. Montenegro, by contrast, has the smallest and statistically insignificant employment-permit estimate and the smallest diaspora among the six Western Balkan countries shown in Table 1. More generally, the largest employment-permit increases occur among origins with established migration links to Germany. Nevertheless, these comparisons are descriptive; the country-level estimates do not identify migration aspirations or diaspora networks as mechanisms.

Fig. 6 shows the observed and synthetic employment-permit series for each origin country in the all-duration specification. The treated and synthetic series remain close before 2016 and separate afterward in most panels. The largest absolute gap appears for Kosovo, whose observed series reaches approximately 8,000 permits in 2023. Several countries experience temporary declines during 2020 or 2021, interrupting the post-2016 increase.

Table 5 extends the country-specific analysis to education permits, family permits, and permits recorded under other reasons. The non-employment estimates show that the compositional change differed across origins. None of the education-permit estimates is

⁸ The two models use separately estimated unit and time weights, so the difference should not be interpreted as a formal comparison between the two coefficients.

Figure 6: SDID Employment Permit Trends by Origin Country.



Notes: In each panel, the solid line shows annual first employment permits for the indicated origin country, and the dashed line shows the weighted synthetic counterfactual. The vertical dashed line marks the introduction of the Western Balkans Regulation in January 2016. Estimates use all permit durations. Data: Eurostat, 2008–2024.

statistically significant. Kosovo has the largest family-permit estimate and the largest decline in permits recorded under other reasons. Albania and North Macedonia also have statistically significant increases in family permits. Bosnia and Herzegovina and Serbia combine increases in employment and family permits with significant declines in permits recorded under other reasons. Montenegro's estimates are imprecise across all four permit categories.

5 Cross-Destination Changes in Asylum Applications

First-time asylum applications from Western Balkan nationals to Germany fell sharply after 2015 (Bundesamt für Migration und Flüchtlinge, 2024). We examine whether this decline was accompanied by an increase in applications to other European destinations. Such an increase would be consistent with some applicants responding to Germany's asylum-policy changes by applying in another country. Fig. 7 plots first-time asylum applications to

Table 5: Country-Specific SDID Estimates by Migration Channel.

Country	Education	Family	Other reasons
Albania	201.84 (587.30)	3,207.01*** (492.98)	191.23 (759.46)
Bosnia and Herzegovina	−185.25 (587.34)	2,976.80*** (492.98)	−1,501.11** (760.17)
Kosovo	268.88 (587.34)	4,244.54*** (492.98)	−3,361.63*** (759.92)
Montenegro	−43.42 (587.29)	176.38 (492.98)	−447.95 (759.35)
North Macedonia	−86.58 (587.26)	1,411.41*** (492.99)	−1,158.18 (760.17)
Serbia	−2.50 (587.32)	1,845.49*** (492.99)	−2,252.64*** (759.87)

Notes: Entries report country-specific synthetic difference-in-differences estimates for annual first residence permits using all permit durations. Standard errors are reported in parentheses and are based on 1,000 placebo replications. The donor pool and specification are the same as those used for the employment estimates in Fig. 5. * $p < 0.10$, ** $p < 0.05$, and *** $p < 0.01$. Because placebo inference uses the same donor pool within each migration channel, the standard errors are nearly identical across origin-specific estimates. The small differences reflect simulation variation across the 1,000 replications.

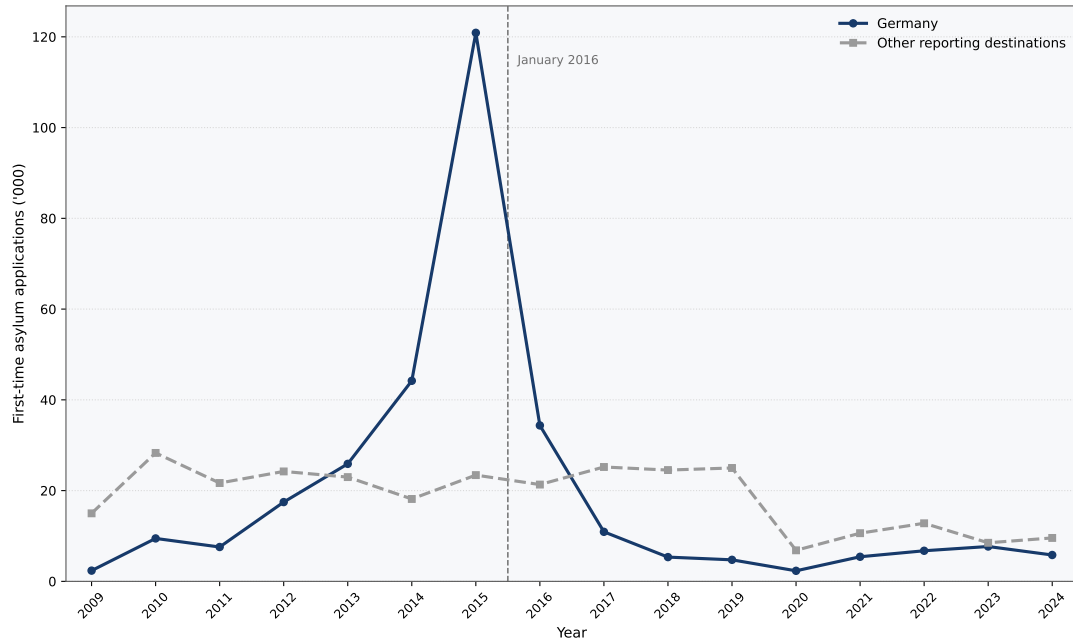
Germany against their total across the other European destinations in the sample. The total across these destinations showed no comparable increase after 2015, suggesting that the decline in Germany was not offset by a broad increase elsewhere. Because this aggregate comparison does not account for destination-specific shocks or changes in applications from other citizenship groups, Fig. 7 provides only descriptive evidence.

To account for these factors, we also estimate a Poisson pseudo-maximum-likelihood event-study model using annual observations at the citizenship–destination–year level. PPML accommodates zero application counts, and the exponentiated coefficients can be interpreted as incidence-rate ratios. The sample covers 2009–2024 and contains the 16 non-German reporting destinations observed throughout this period. Afghanistan, Belarus, Iraq, Russia, Syria, and Ukraine are excluded from the comparison group because their asylum flows were affected by major conflicts and displacement shocks. Standard errors are clustered at the citizenship–destination level.

Formally, let $A_{c,d,t}$ denote the number of first-time asylum applications from citizenship group c to destination d in year t . The event-study specification is

$$E[A_{c,d,t} \mid \alpha_{c,d}, \gamma_{d,t}] = \exp \left(\alpha_{c,d} + \gamma_{d,t} + \sum_{\substack{k=2009 \\ k \neq 2015}}^{2024} \beta_k \text{WB}_c \mathbf{1}\{t = k\} \right), \quad (6)$$

Figure 7: First-Time Asylum Applications from Western Balkan Nationals to Germany and Other Reporting Destinations.

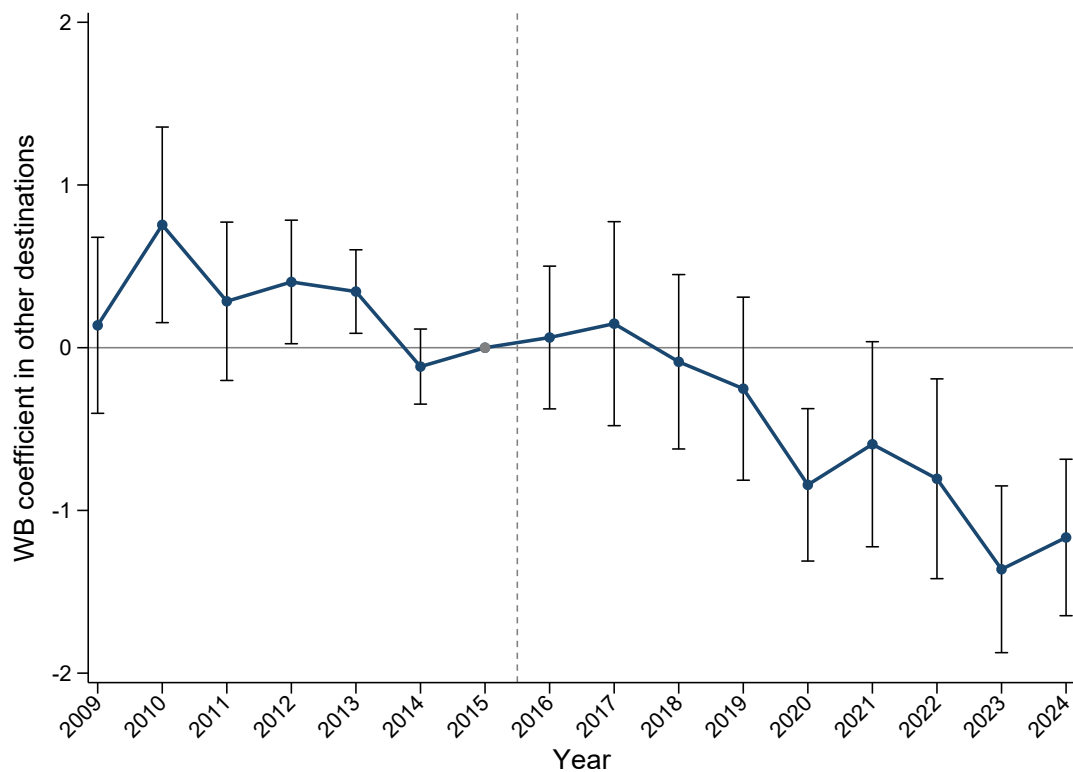


Notes: The figure shows annual first-time asylum applications from nationals of Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia. Germany is shown separately. The series labelled *Other reporting destinations* is the sum of applications to Belgium, Czechia, Estonia, France, Ireland, Italy, Latvia, Lithuania, Malta, the Netherlands, Norway, Poland, Portugal, Slovenia, Sweden, Switzerland, and the United Kingdom. The first 16 destinations are observed throughout 2009–2024. The United Kingdom is included only through its final year of reporting in the Eurostat asylum database. The vertical dashed line marks 2016, when the Western Balkans Regulation entered into force and the post-treatment period begins. Data: Eurostat first-time asylum applications.

where WB_c equals one for the six Western Balkan citizenships. Citizenship–destination fixed effects $\alpha_{c,d}$ absorb persistent differences in application levels between each citizenship and destination. Destination–year fixed effects $\gamma_{d,t}$ absorb annual shocks common to all citizenship groups within a destination. The coefficients β_k measure the change in applications from Western Balkan nationals relative to the change for comparison citizenships in the same destinations, with 2015 as the omitted reference year.

Fig. 8 reports the year-specific estimates of β_k and their 95 percent confidence intervals. Relative to the omitted year 2015, the coefficients for 2016, 2017, and 2018 are small and statistically insignificant. We therefore find no statistically detectable increase in first-time asylum applications from Western Balkan nationals to the included destinations during the first three years after 2015. The coefficients become increasingly negative in the later years. However, this decline should not be solely attributed to the Western Balkans Regulation. Other policy changes and broader migration developments may have affected applications from Western Balkan nationals over this longer period.

Figure 8: First-Time Asylum Applications to Other Reporting Destinations: Event-Study Estimates.



Notes: The figure reports Poisson pseudo-maximum-likelihood estimates of the interaction between an indicator for Western Balkan citizenship and calendar-year indicators. The omitted reference year is 2015. The sample covers 2009–2024 and includes Belgium, Czechia, Estonia, France, Ireland, Italy, Latvia, Lithuania, Malta, the Netherlands, Norway, Poland, Portugal, Slovenia, Sweden, and Switzerland. The six Western Balkan citizenships are Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia. Afghanistan, Belarus, Iraq, Russia, Syria, and Ukraine are excluded from the comparison group. All models include citizenship–destination and destination–year fixed effects. Error bars show 95 percent confidence intervals based on standard errors clustered at the citizenship–destination level. The vertical dashed line marks 2016, when the Western Balkans Regulation entered into force and the post-treatment period begins. Data: Eurostat first-time asylum applications.

Both Fig. 7 and Fig. 8 show no compensating aggregate increase in applications to the included destinations after 2015. This pattern does not support large-scale redirection toward these destinations, although it does not rule out smaller changes, applications to destinations outside the sample, or changes in irregular migration. Importantly, because the data contain aggregate application counts, we cannot determine whether particular applicants redirected their claims. The data also cannot be used to assess applicants' protection needs or the humanitarian consequences of Germany's asylum-policy changes. Therefore, these findings describe aggregate changes across destinations and do not address individual decisions or the merits of asylum claims.

6 Conclusion

Germany introduced the Western Balkans Regulation alongside tighter asylum procedures and stronger return enforcement toward the same origin countries. We examine how this policy period changed migration aspirations, first residence permits by recorded reason, and asylum applications to other European destinations.

Germany was already the most frequently named destination among potential migrants from the Western Balkans before the Regulation. The discrete choice analysis of the Gallup data shows a further increase after its introduction. In our preferred cross-nested logit specification, the odds of naming Germany as the preferred destination increased by approximately 47 percent. We find no statistically significant additional change following later extensions of the Regulation.

The residence-permit analysis shows a large increase in employment migration from 2016 onward. The estimated increase is approximately 2,340 employment permits per Western Balkan origin country per year relative to the synthetic counterfactual, corresponding to around 14,000 additional permits annually across the six countries. The estimates are positive for every origin and largest for Kosovo. Family permits also increased, education permits remained largely unchanged, and permits recorded under “other reasons” declined.

The decline in permits recorded under other reasons was smaller than the combined increase in employment and family permits. Applying SDID directly to total first residence permits gives an estimated increase of approximately 17,200 permits per year across the six countries. Under the identifying assumption, the policy changes therefore increased the total number of first residence permits rather than merely reallocating permits across recorded categories.

The close timing of the employment and asylum-policy changes means that their respective effects cannot always be separated. The employment-permit results are most directly connected to the Regulation. Its magnitude may also include substitution toward employment permits induced by the accompanying restrictions on asylum-related migration. Because the permit data are aggregated by origin, year, and recorded reason, they cannot show whether particular individuals moved between application or admission routes.

A cross-destination analysis provides no evidence that the decline in Western Balkan asylum applications to Germany was offset by an increase in applications to the other European

destinations in the sample. The event-study estimates are close to zero in the first years after 2015 and become negative later in the period. This pattern weighs against large-scale redirection of asylum applications toward the included destinations, although it does not rule out smaller changes, applications elsewhere, or changes in irregular migration.

The German case shows that a broad employment pathway can tap substantial labor force potential from countries with established migration links and strong demand for access. It also shows how employment policy can be used as part of migration diplomacy: access to legal employment gives destination countries a concrete instrument for cooperation with origin governments on migration management across several admission categories. Whether a similar policy would produce comparable effects elsewhere depends on labor demand, existing migration networks, administrative capacity, and the migration and asylum policies introduced alongside it.

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Appendix

A Data

A.1 Choice set

Table A.1: Choice Set and Participation Parameters for Nests.

Country/Territory	EEA	OECD	Country	EEA	OECD
Afghanistan	0	0	Kazakhstan	0	0
Albania	0	0	Kuwait	0	0
Algeria	0	0	Libya	0	0
Argentina	0	0	Malaysia	0	0
Armenia	0	0	Maldives	0	0
Australia	0	1	Malta	1	0
Austria	0.5	0.5	Mexico	0	1
Azerbaijan	0	0	Montenegro	0	0
Belarus	0	0	Morocco	0	0
Belgium	0.5	0.5	Nepal	0	0
Bosnia and Herzegovina	0	0	Netherlands	0.5	0.5
Brazil	0	0	New Zealand	0	1
Bulgaria	1	0	North Macedonia	0	0
Canada	0	1	Norway	0.5	0.5
China	0	0	Pakistan	0	0
Costa Rica	0	1	Philippines	0	0
Cyprus	1	0	Poland	0.5	0.5
Czechia	0.5	0.5	Portugal	0.5	0.5
Denmark	0.5	0.5	Qatar	0	0
Egypt	0	0	Romania	1	0
Eswatini	0	0	Russia	0	0
Finland	0.5	0.5	Saudi Arabia	0	0
France	0.5	0.5	Serbia	0	0
Georgia	0	0	Singapore	0	0
Germany	0.5	0.5	South Africa	0	0
Greece	0.5	0.5	South Korea	0	1
Hong Kong	0	0	Spain	0.5	0.5
Iceland	0.5	0.5	Sweden	0.5	0.5
India	0	0	Switzerland	0	1
Indonesia	0	0	Syria	0	0
Iran	0	0	Thailand	0	0
Iraq	0	0	Türkiye	0	1
Ireland	0.5	0.5	Ukraine	0	0
Israel	0	1	United Arab Emirates	0	0
Italy	0.5	0.5	United Kingdom	0	1
Jamaica	0	0	United States	0	1
Japan	0	1	Venezuela	0	0
Jordan	0	0	Vietnam	0	0

The table lists the countries in the choice set, their nest membership in European Economic Area (EEA) and OECD, and the corresponding values of $\alpha_{j,m}$.

A.2 Variables

A.2.1 Individual-specific Variables

Table A.2.1: Sources and Descriptions of Individual-specific Variables in the Gallup World Poll (2007–2023).

Variable	Description	Gallup question code	Time Horizon
Age	Age of the respondent	WP1220	2010–2024
Education level	Education level of the respondent	WP3117	2010–2024
Gender	Dummy = 1 if the respondent is male	WP1219	2010–2024
Income	Computed income of individual	Authors' calculation based on equivalence scale ⁹	2010–2024
Marital status	Dummy = 1 if the respondent is single	WP1223	2010–2024
Network abroad	Dummy = 1 if a respondent has a network abroad	WP3333	2010–2015, 2019

A.2.2 Individual Income

We use an equivalence scale, following Beine/Bierlaire/Docquier (2025), to derive individual income from household income per capita (variable INCOME_4). First, we compute total household income (h_n) by multiplying household income per capita by the household size (variable $hsize$). We then consider the number of adults (WP12) and children (WP1230) in the household, using age 15 as the threshold for adulthood. Finally, we obtain individual income I_n from the following formula:

$$I_n = \frac{h_n}{1 + 0.5 (adults_n - 1) + 0.3 children_n}.$$

⁹ See Appendix A.2.2 for further details.

A.2.3 Destination-specific Variables

Table A.2.3: Sources and Descriptions of Destination-specific Variables.

Variable	Description	Source	Time Horizon	Time Frequency
Distance	Distance between origin country and destination	CEPII: Mayer/Zignago (2011) ¹⁰	time-invariant	
GDP	GDP per capita	IMF: World Economic Outlook Database (PPP international dollar, ICP benchmarks 2017–2021)	2010–2024	Annual
Population	Total population at destination	United Nations: World Population Prospects 2024	2010–2024 ¹¹	Annual

¹⁰ We correct the coordinates for capitals in Belgium, Eswatini, Hong Kong, Israel, Malaysia, Montenegro, the Netherlands, and South Africa.

¹¹ We use the projection included in the data for the year 2024.

List of Figures

Figure 1: Aspirations to Move to Germany in Western Balkan Countries.....	13
Figure 2: Structure of the Cross-nested Logit Model for Migration.....	17
Figure 3: SDID Estimates by Migration Channel (95 Percent Confidence Intervals).	22
Figure 4: SDID Trends by Migration Channel (All Permit Durations).	23
Figure 5: SDID Estimates by Origin Country: Employment Channel (95 Percent Confidence Intervals).	25
Figure 6: SDID Employment Permit Trends by Origin Country.	26
Figure 7: First-Time Asylum Applications from Western Balkan Nationals to Germany and Other Reporting Destinations.	28
Figure 8: First-Time Asylum Applications to Other Reporting Destinations: Event-Study Estimates.....	29

List of Tables

Table 1: Major Diasporas in Germany, 2011–2024.	11
Table 2: Stated Aspirations for Most Popular Destinations in Western Balkan Countries (2010–2024).	12
Table 3: Logit and CNL Results for Western Balkans Regulation’s Impact on Migration Aspirations.	18
Table 4: SDID Estimates by Permit Duration.....	24
Table 5: Country-Specific SDID Estimates by Migration Channel.	27
Table A.1: Choice Set and Participation Parameters for Nests.....	35
Table A.2.1: Sources and Descriptions of Individual-specific Variables in the Gallup World Poll (2007–2023).	36
Table A.2.3: Sources and Descriptions of Destination-specific Variables.	37

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