

# **Making the Invisible Visible: Spain's Immigration Reform and the Future of Labour Migration in Europe**

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## **Introduction**

Across Europe—and increasingly across the world—migration policy remains one of the most contested areas of public policy. Political debates frequently focus on border control, asylum procedures, and irregular arrivals, all of which serve to liken migration issues to security concerns. Yet beneath this highly politicised discourse lies a more enduring structural reality: many European economies increasingly depend on migrant labour to sustain key sectors and offset demographic and economic decline. Ageing societies and local inability or unwillingness to take on certain jobs worsen the situation (Caritas Europa, 2022). Whether due to a lack of skills or inadequate working conditions, it is estimated that 28 occupations are currently facing shortages in Europe, which lowers competitiveness and damages these nations' future economic prospects (McGrath, 2021).

In this context, the Spanish government has proposed reforms that could allow the regularisation of approximately 500,000 undocumented migrants currently living and working in the country. If implemented at its maximum scale, over a million could apply, representing one of the most significant immigration regularisation programmes in Europe in the past two decades (Chislett, 2026).

While migration debates across the European Union (EU) often prioritise border enforcement and preventing irregular entry, Spain's proposal addresses a different challenge: integrating migrants already present and participating in the economy, frequently in informal or precarious conditions. The policy, introduced under President Pedro Sánchez, seeks to provide legal pathways to residency through reforms to the country's "arraigo" system, which allows migrants to obtain legal status if they can demonstrate social integration and sustained residence (Hedgecoe, 2026).

The Spanish government has framed the initiative as both an economic and a social policy. By enabling undocumented migrants to obtain legal residency and employment contracts, the reform aims to bring a significant portion of the informal labour force into the legal economy, subsequently improving labour protections and social integration. In many ways, it represents a pragmatic response to labour shortages, demographic pressures, and the proliferation of unregulated labour. Nonetheless, while the policy could generate significant benefits, its success will ultimately depend on careful implementation and complementary policies addressing labour market integration, bureaucratic capacity, and broader EU-level migration governance.

## **Historical Context: Spain and Immigration**

Spain's relationship with migration has undergone a dramatic transformation in recent decades. For much of the twentieth century—and particularly during and immediately after the dictatorship of Francisco Franco—Spain was primarily a country of emigration. Millions of Spaniards

left the country in search of economic opportunities elsewhere in Europe and in Latin America (Finotelli & Rincken, 2023). But this trend soon reversed.

By the 1990s and early 2000s, Spain's rapidly expanding economy and promise of stability after the establishment of the EU began to attract large numbers of foreign workers. The country's rapid growth, its unique geographic features as a "gateway" to Europe, its cultural and linguistic similarities to former colonies, and the rise in worker shortages in key sectors, all combined to transform Spain into one of the region's principal destinations for migrants (Finotelli & Rincken, 2023).

Indeed, migrants did come. Labour gaps were filled in agriculture, construction, tourism, and domestic care services. Many gained access through their ancestry, as Spanish citizenship can be passed down by blood, while others followed the rules, mandates, and laws controlling entry to the nation. But that does not account for all cases. Many who initially entered the country through temporary visas but overstayed their allotted permits, as well as others who entered via irregular routes, eventually became part of a growing undocumented workforce operating deep within Spain's informal economy.

To address this, successive governments periodically implemented large-scale regularisation programmes. One of the most notable occurred in 2005 under the administration of José Luis Rodríguez Zapatero, when approximately 600,000 individuals were granted legal status. The policy required applicants to demonstrate both employment contracts and residency in Spain, to then enable them to transition into the formal labour market (de Antonio & Perez Galindo, 2026).

Although the programme did generate controversy among some European governments, who feared it might encourage further irregular migration (a pull-factor effect). Others argued that more residents mean a greater strain on public services like education and healthcare. But looking at the data from 2005, there was a negligible change in hospital admissions and demand for education. Indeed, it is mostly older residents who require the most support from welfare systems (Monras, 2026). Newly regularised migrants began contributing to Spain's social security system and tax base, while the policy helped formalise sectors that had long relied on irregular labour. Studies conducted by organisations such as the OECD later suggested that the programme and immigration as a whole helped boost the country's growth beyond predictions, indicating that more than half of GDP growth between 2000 and 2005 could be directly attributed to migrants (Organisation for Economic Cooperation and Development, 2007, p. 22).

These outcomes are extremely useful for predicting the likely results of this new reform. Similar to 2005, the most immediate effect is likely to be fiscal: incorporating up to half a million workers into the formal economy could generate several billion euros annually in additional contributions if similar per-worker gains are realised. And the previously mentioned labour shortages in key sectors further increase the probability that beneficiaries will be absorbed quickly into formal employment. However, the structural context has evolved. Spain's economy is now more

service-oriented and continues to exhibit high levels of temporary and precarious work, raising the possibility that legalisation alone may not significantly improve long-term mobility. Administrative capacity will also play a decisive role, particularly given the ambition of processing large numbers of applications within relatively short timeframes. While empirical evidence of the “pull factor” is often limited, the current European political climate may amplify such concerns regardless of tangible data, especially if there is no change to border systems—unlike in 2005, when border controls were actually strengthened (Monras, 2026).

### **Migration and Labour Market Pressures in Contemporary Spain**

Spain remains one of the primary destinations for migrants in the EU. According to Eurostat data, immigration has played an increasingly important role in sustaining both population growth and labour supply in the nation (EURES - EUROpean Employment Services, 2025). This is due to several structural dynamics behind Spain’s current migration dynamics.

Firstly, the Spanish labour market continues to rely heavily on migrant workers in industries characterised by labour shortages and demanding working conditions, mostly in the primary sector and in seasonal labour. Many of these sectors experience persistent difficulties recruiting local workers due to relatively low wages, the inherent impermanence of work, or physically demanding conditions, while migrants are far more likely to accept these conditions, often due to their own vulnerability (EURES - EUROpean Employment Services, 2025).

Secondly, Spain faces mounting demographic challenges. Like many Western nations, Spain has been experiencing declining fertility rates and a rapidly ageing population. Demographic projections from institutions such as the European Commission suggest that immigration will come to play a critical role in sustaining labour markets and supporting pension systems across ageing European societies, and help the government meet its welfare goals (Caritas Europa, 2022, p. 3). Indeed, the situation is such that the benefit received by migrants versus that received by the government may be comparable. For Spain in particular, fertility rates currently remain among the lowest in the EU, while life expectancy continues to increase (Eurostat, 2026). As a result, the ratio between working-age individuals and pensioners is expected to decline significantly in the coming decades, placing additional pressure on public finances and labour markets to mitigate this disparity.

Moreover, the persistence of a large informal economy continues to shape migration patterns. Undocumented migrants frequently work in precarious conditions, lacking formal contracts or access to labour protections. This dynamic can create incentives for employers to come to rely on this irregular labour, perpetuating a cycle of informality that disadvantages both workers and the state (EURES - EUROpean Employment Services, 2025). Over time, this erodes potential tax revenues, which damages the government’s ability to provide quality services. It also leads to distorted competition and weakens overall economic productivity, placing Spain at a disadvantage with low wages and economic stagnation. All of these issues combined have amounted to enough of a concern

to cause the Spanish government to believe change was necessary. That is where the new regulation comes in.

### **The Proposed Regularisation Policy**

The Spanish government's proposed reform focuses primarily on changes to the pathways to residency for migrants who can demonstrate social integration in Spain. Under this new policy, undocumented migrants who can demonstrate several years of residence, as well as employment and/or social ties, may be eligible for legal residency permits. Government estimates suggest that approximately 500,000 individuals will ultimately benefit from the new framework (Hedgecoe, 2026).

In early 2026, the Spanish Council of Ministers (essentially, the cabinet) initiated the process of implementing the reform, which could grant both residence and work permits to individuals who entered the country irregularly but have been residing in Spain for at least five months as of December 31st, 2025. The initiative also includes provisions for certain asylum seekers who applied before said date, offering them a more efficient alternative to the usual extensive bureaucratic procedures (Pasetti, 2026).

The reform seeks to address many migration-related concerns simultaneously: bringing undocumented migrants into the formal labour market so that they may begin to contribute fully, reducing the vulnerability of migrants who currently lack legal status and are therefore more susceptible to exploitation, and addressing labour shortages in key sectors of the economy (Pasetti, 2026).

Civil society organisations—including migrant advocacy groups, trade unions, and religious organisations—have long campaigned for expanded regularisation pathways. Many argue that large numbers of undocumented migrants have lived and worked in Spain for years and are already deeply integrated into local communities. A policy such as this one would serve to formally recognise the social presence that already exists. Campaigns led by coalitions such as Regularización Ya argue that legalisation is both a matter of social justice and administrative improvement (Sánchez, 2026). Additionally, the policy has also received support from several business associations and trade unions that recognise the importance of migrant labour in sustaining economic activity in their sectors. Regularisation could help them too, improving productivity and stabilising supply chains (Pasetti, 2026).

Yet, this does not mean that it is without controversy. Opposition parties—most notably far-right Vox—have criticised the initiative as an incentive for further rule-breaking. Many see it as too ambitious considering the country's administrative capacity and the current political situation in Europe. It does not sound too far-fetched to claim that policies like this one undermine the work done at the border and the controls that have been in place for years, a point I turn to in a later section.

### **Potential Benefits of Regularisation**

## *Economic Benefits for Spain*

One of the most immediate potential benefits of regularisation is the formalisation of employment. Undocumented migrants often work in informal arrangements that deprive governments of tax revenue while leaving workers vulnerable to exploitation. By granting legal status to hundreds of thousands of migrants, Spain could significantly expand its tax base and increase contributions to the social security system. Evidence from previous regularisation programmes suggests that migrants who obtain legal status are far more likely to participate fully in the formal labour market. Indeed, economic research on Spain’s 2005 regularisation programme found that newly regularised workers contributed on average around 4000 euros per person per year in additional tax and social security payments (Elias et al., 2025, p. 27). These contributions helped strengthen public finances while improving transparency. The data for 2005 shows the increase in tax collection comes from the increase in payroll-tax revenues from the general regime (99% of the overall increase), agrarian regime (5%), and housekeeping regime (5%), the sectors where migrant labour has historically been most prevalent (Elias, et al., 2025, p. 41).

**Table 1: Estimates of the change in tax revenue per newly legalised immigrant, 2005. Taken from Elias et al., 2025.**

Dep. Var.:	Change in per capita payroll tax revenues by labor market contract type								Total (9)
	General Reg. (1)	Self.emp. (2)	Agricult. (3)	Sea (4)	Coal (5)	Housekeeping (6)	Accident (7)	Unemp. (8)	
Δ Immigrants in social security/pop.	3,870*** (1,116)	94.5* (54.0)	186.6*** (47.2)	-3.9 (17.1)	12.1 (20.5)	186.0*** (57.8)	-17.0 (29.7)	-446.8 (301.7)	3,882*** (914.4)
Observations	50	50	50	50	50	50	50	50	50
R-squared	0.584	0.194	0.419	0.225	0.092	0.700	0.216	0.497	0.642
Controls	yes	yes	yes	yes	yes	yes	yes	yes	yes
Share of contribution	99%	2%	5%	0%	0%	5%	0%	-12%	100%
Immigrant share	6.9%	4.5%	12.3%	5.1%	5.2%	51.3%	—	—	7.5%

NOTE: This table estimates the contribution per regularized immigrant in each regime of social security in euros. Estimates are based on a continuous difference-in-difference strategy, where province-specific pre-change linear trends are removed. Regressions are weighted by population. Controls include: political alignment dummies, coastal dummies, share of construction and share of immigrants from non EU-15 at baseline. The coefficients in columns (1) to (8) add to the coefficient in column (9). Robust standard errors are reported. \* significant at the 0.10 level; \*\* significant at the 0.05 level; \*\*\* significant at the 0.01 level. Immigrant share represents the percentage of immigrants in each regime (average 2002-2007).

As previously mentioned, this can also be critical to transform Spain’s most vulnerable industries. Agriculture, tourism, and domestic care services—three pillars of the Spanish economy—depend heavily on migrant labour (Elias, et al., 2025, p. 29). Legalising undocumented workers already employed in these sectors could stabilise labour supply while reducing the economic distortions created by informality.

## *Social and Demographic Benefits*

Beyond its economic effects, regularisation may also produce broader social and demographic benefits. Spain's ageing population presents significant long-term challenges for its welfare state. As the number of pensioners increases relative to the working-age population, the sustainability of pension systems and public services will depend increasingly on maintaining a sufficiently large (legally recognised) labour force. According to projections from the European Commission, Spain is expected to have one of the sharpest increases of old-age dependency ratio in the region, with fewer than two working-age individuals per retiree by 2050 (Eurostat, 2021).

Immigration has already played a crucial role in mitigating demographic decline in Spain. Undocumented migrant integration could serve to strengthen the country's workforce while increasing the number of contributors and helping mitigate the effect of lower and lower fertility rates. Therefore, this policy can not only be a short-term administrative fix, but also a strong demographic intervention to ensure greater economic sustainability and balance.

Regularisation may also improve social integration. Migrants with legal status are better able to access education, healthcare, housing, and other essential services. These improvements can help reduce the vulnerabilities associated with undocumented status and thus help them better integrate into and participate in the communities they live in (Pasetti, 2026).

### ***Benefits for Migrants***

For migrants themselves, legalisation can represent a transformative shift in living and working conditions. Undocumented migrants frequently face unstable employment, exploitation, and limited access to essential services. Without legal status, they may be reluctant to report abuse or seek legal protection (Hedgecoe, 2026). Indeed, obtaining legal residency allows migrants to sign formal employment contracts, access labour protections, and participate more fully in society. Legalisation can also significantly improve economic stability and living standards while reducing the constant fear of detention or deportation.

Having "papers" changes everything: they open up the possibility of formal employment, improve labour conditions, reinforce protection against exploitation, increase economic stability and income, and have a great bearing on other aspects of everyday life, ranging from living conditions to physical and mental health. Studies also show that the benefits extend to immediate family and even future generations, positively influencing the education and opportunities of the children of beneficiaries (Pasetti, 2026).

### **Potential Risks and Critiques**

Despite these potential benefits, the policy is not without risks or criticisms. One frequently raised concern is the possibility that regularisation programmes could encourage further irregular migration. Critics argue that migrants may be more willing to enter or remain in a country without legal status if they believe future legalisation programmes are likely. Essentially, legalisation

programmes may become an incentive for illegal entry. However, empirical evidence regarding this so-called “pull factor” remains inconclusive (Pasetti, 2026). Migration decisions are influenced by a complex set of factors, including economic opportunities, labour demand, political stability in countries of origin, and existing migrant networks. Evidence from past regularisation schemes in Spain and elsewhere suggests that migration flows tend to respond more strongly to economic cycles than to policy signals alone. For instance, inflows into Spain declined sharply following the 2008 global financial crisis despite the absence of major changes in regularisation policy (Plummer, 2010).

Indeed, cross-national analyses by the OECD have found no consistent causal link between regularisation programmes and prolonged increases in irregular entry. While it is true that short-term fluctuations occur, long-term trends appear to be driven primarily by economic opportunity (Lowell, 2009, p. 117). The concerns about a “pull-factor” may be more relevant in political terms, so the challenge lies more in managing existing realities to prevent such hypotheses from having a base to rest upon, like the strengthening of border controls alongside legalisation in 2005.

Another challenge concerns administrative capacity. Regularising the status of hundreds of thousands of individuals is a significant bureaucratic undertaking. Immigration authorities must process applications, verify residency claims, and ensure that eligibility criteria are met. Without adequate administrative resources, the process could become slow and inefficient.

A further concern is that regularisation alone may not eliminate labour market inequalities. Migrants may remain concentrated in low-wage sectors with limited opportunities for upward mobility. Without complementary policies such as training programmes, skills recognition systems, and language education, legalisation may improve working conditions without significantly improving long-term economic prospects.

### **Policy Recommendations**

While Spain’s regularisation initiative has the potential to generate significant benefits, its long-term success will depend on effective implementation and complementary policies. Steps must be taken to ensure the concerns outlined above do not necessarily materialise.

In order to hasten the transformation of the labour market and to ensure any success is long-lasting, policymakers should prioritise labour market integration programmes that enable migrants to transition into stable and productive employment. Training initiatives, language programmes, and credential recognition systems can improve long-term economic mobility. These should be accompanied by stronger labour inspections, which are essential to ensure that employers do not continue relying on informal employment practices. Effective enforcement can help prevent exploitation while ensuring that newly regularised workers benefit from legal protections.

Spain should also coordinate migration policy more closely with its European partners. Migration pressures and labour market demands often extend beyond national borders, and greater cooperation within the EU could help create more coherent and sustainable migration frameworks

(Chislett, 2026). In fact, another interesting aspect of this policy is that it runs counter to the modern political landscape, not only within the EU but also across the globe. The exacerbated politicisation of the situation of migrants and the return of xenophobic rhetoric provide a climate in which policies like this one seem unlikely. Yet the Spanish regularisation proves that it is possible to consider migration from a different perspective, with a focus on inclusion instead of separation, and perhaps much can be gained from further cooperation and a greater sense of policy unity in the region.

Finally, policymakers should expand legal migration channels. Regularisation addresses the situation of migrants already present in the country, but long-term migration governance also requires accessible and well-managed legal pathways for future migration, so that—ideally—there is a steady decline in the need for “regularisation” policies instead of an exponential increase.

## **Conclusion**

Spain’s proposed regularisation of approximately half a million undocumented migrants reflects the realities of contemporary labour markets and demographic change, and represents a major shift in how migration can be understood within advanced economies. While migration debates often focus on border control and irregular arrivals, the Spanish initiative highlights the importance of integrating migrants who are already contributing to the country’s economy and society.

The reform is not only a corrective policy, but a more strategic response to mounting pressures from different fronts: ageing populations, persistent shortages, cultural shifts, current control limitations, the need to address vulnerabilities and informality, they all mounted to expose the need for more flexible understandings of migration governance—ones that don’t stop at the border. Bringing undocumented migrants into the formal economy gives Spain the potential to strengthen its own public finance, improve the labour market, and improve the living standards for entire communities. This does not mean the policy is without risk. Its effectiveness is not ensured by any means. Indeed, it depends on far too many factors working together to create a more forward-looking, alternative migration framework.

Because that is what makes this particular policy so interesting, and especially so within the current climate. Whether it succeeds or not, this is a direct challenge to the currently prevailing wisdom that restriction is more powerful than integration. In this era of Spanish policy, migration is no longer defined by control. Integration may well be the more economically rational alternative after all.

This experience, which may even come to be seen as an experiment, may provide valuable lessons for other countries facing similar situations. For other European countries, this can serve both as a test and a reference point. If accompanied by other relevant reforms, regularisation could evolve from a reactive instrument into a more coherent component of long-term migration policy. Otherwise, it risks remaining a temporary solution to a structural problem.

Ultimately, the question is not whether migration will continue to shape Europe's economic future, but how governments choose to manage its realities. Spain has made its choice: making the invisible visible. Time will tell if it was the correct one.

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