



Danube University Krems

Department for Migration and Globalization

Migration and Labour Integration in Austria

SOPEMI Report on Labour Migration Austria 2009-10

Gudrun Biffl

November 2010

Report of the Austrian correspondent to SOPEMI (Système d'observation permanente des migrations), OECD's reporting system on Migration.

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SOPEMI Report on Labour Migration

Austria 2009-10

Gudrun Biffl

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Abstract

In 2009, the economic crisis reduced the inflow of foreigners to Austria to 91,800 (-2,900 or 3.1%). 26 percent came from the old EU-MS, in the main Germany; about as many came from EU10 and EU2 and 45% from third countries. 11 percent came from the former region of Yugoslavia (with a majority share of citizens of Serbia and Montenegro), 4.7 percent from Turkey, and 10 percent from Asia. As in previous years, fairly small numbers come from overseas countries in Africa (3.6 percent), America (3.9 percent) and Oceania (0.4 percent). At the same time outflows of foreigners increased slightly to 66,700, resulting in net migration of +25,700, 13,700 or 35% less than in 2008.

Of all outflows in 2009, about a quarter are from the old EU-MS, in the main Germany, indicating that the German population in Austria is largely a floating population, a consequence of a high degree of integration of the economies, the labour market, the education system and the society at large. This holds also for persons from the new EU-MS (EU10 and EU2), who constitute another 24 percent of all outflows. In contrast, fairly small numbers of persons from former Yugoslavia and Turkey are among the outflows from Austria, in particular in relation to the numbers residing in Austria, indicating that citizens of those countries of origin often arrive to stay, a trend since the former 'guestworker' movements of the 1960s and 1970s.

The number of asylum seekers increased somewhat versus 2008 to 15,800. 43% of the asylum seekers in Austria originate from Europe. The largest single country of origin is the Russian Federation, followed by Afghanistan, Kosovo and Serbia. Since 2006, applications by Serbian nationals have dropped considerably while applications from Afghan nationals have continued to rise.

In 2009, the inflow of foreign citizens with settlement rights amounted to some 55,400, of whom 37,800 from the EEA with free mobility, of whom close to 4,000 students (in particular Germany and Italy - South Tyrol). Thus, only one third of the annual inflows of settlers are third country citizens, mainly inflows of family members.

In addition to settlers, another 17,200 enter on a temporary basis. More than two third of the inflows are seasonal workers; some 18% are third country origin international students.

About one third of all permanent immigrant inflows from third countries enter under a quota (4,400 in 2009), i.e., either as a highly skilled migrant worker or as a family member of a third country migrant. The remaining two thirds enter outside quotas, in the main as family members of an Austrian or EEA citizen or on humanitarian grounds.

Unlike permanent immigration, temporary migration (surpassing 6 months of residence) is not capped by quotas for third country nationals. The annual inflows are only registered in the case of third country citizens; they may be students, researchers, artists or scientists, intercompany transferees, cross-border service providers, or humanitarian cases. The annual inflow of students of third countries constitutes 43 percent of all inflows of temporary migrants in 2009. The other major group are researchers, scientists, and artists and their families.

Relatively small numbers enter as service providers, intercompany transferees or on humanitarian grounds.

While Austria has a long tradition of immigration of foreigners, it also has a fairly longstanding net emigration of Austrians. In 2009, some 16,000 Austrians returned from abroad (inflows), while 21,000 went abroad (outflows). The negative balance has remained more or less stable at 5,100.

The number of naturalisations is declining rapidly from a peak of 45,100 in 2003 to 8,000 in 2009. The decline is due to two factors – the reform of the citizenship law (2005) and the end of the echo effect of the immigration wave of the early 1990s. The reform of the citizenship law introduced barriers to the acquisition of Austrian citizenship through marriage with an Austrian. One consequence of the legislative reform has been the decline of mixed marriages, while the number of marriages with both spouses native or foreign has remained fairly stable.

In January 2010, 15.4 percent of the Austrian population were first generation migrants (1.3 million of a total of 8.375 million inhabitants). The proportion of first generation migrants and second generation migrants with foreign citizenship is 17 percent in the total population (1.4 million) in January 2010. The employment rates of migrants differ by country of origin, but are highest for men and women originating from former Yugoslavia and for men with Turkish origin.

The unemployment rates of migrants are higher than for natives. They increased more than proportionately in 2009 to 10.2% (after 8.1% in 2008) as compared to 7.2 (5.8% in 2008) of Austrians (self-employed excluded from the employment base). As the major employment segments of migrants are increasingly under economic pressure, more and more migrants become entrepreneurs.

Austria is a country with a long tradition of immigration, but a short history of structured and comprehensive integration. But since the early years of 2000, integration has become a focal point of policy on a federal level. Integration on a regional basis is beginning to be complemented by a federal strategy. By the end of 2009, Austria put up a National Action Plan for integration of migrants, which is being coordinated by the Ministry of the Interior.

Introduction: The economy and the labour market 2009/2010

While global economic and trade growth have an impact on the Austrian economy, it is above all the economic development of the EU which determines Austrian GDP growth – as 73 percent of all exports go into the EU-26 countries. Accordingly, in 2009 the economic slump in Europe affected Austria markedly. Austria had the worst economic growth performance in 60 years with an annual negative growth rate of -3.9% versus 2008 (after +2.1 percent 2008).

The growth rate was somewhat better than in the EU 27 (-4.2 percent) and the euro-area (-4.1 percent). The Austrian economy continued to fare better than the main trading partners – Germany and Italy – basically as a result of the growing trade linkages with non-EU regions of the world, particularly the Near and Far East, and growing market shares.

By the end of 2009, the economic slowdown came to an end. In the current year economic recovery is well underway. It is expected that real economic growth will reach an annual average of 1.2% during 2010. (Rünstler 2010)

In Austria in 2009, the international financial and economic crisis reduced first and above all demand for Austrian export goods. The strong trade link with the USA – rank number 3 of Austria's major trading partners, after Germany and Italy, is the major culprit, affecting above all car manufacturing. Trade with South-East-European countries and China declined only little, thereby supporting export demand.

With increasing international integration and outsourcing of elements/stages of production in a value added chain, exports and imports are rising and declining in tandem. In 2009 exports declined by -18.2% while import growth was slightly less negative (-15.8% vs 2008), ensuring a continued positive current account balance of 6.32 billion Euros after 9.24 billion in 2008 – largely due to a positive balance with Central and Eastern European Countries and the Far East. The input-output table indicates that 39 percent of the value of Austria's exports is imported components (import-content of exports).

The international economic decline had also a dampening effect on tourism. But Austria was faring well in international comparison, raising its share in the international tourism market. In consequence, Austria has a market share of 6.7% of tourism revenues in the EU 15. Nonetheless, tourism revenues declined in 2009 versus 2008 by 3.5%. But it continues to contribute close to 8% of GDP.

Domestic demand reacted with a certain time lag to the economic growth slowdown. Investment declined by 8.1% after +1.0% in 2008. Investment growth declined above all in plants and equipment (from +0.1 percent in 2008 to -10.6% in 2009, followed by construction (2008: +1.8 percent, -6% 2009). In the construction sector, investment in housing slowed down but continued to hold in public sector infrastructure, above all road construction.

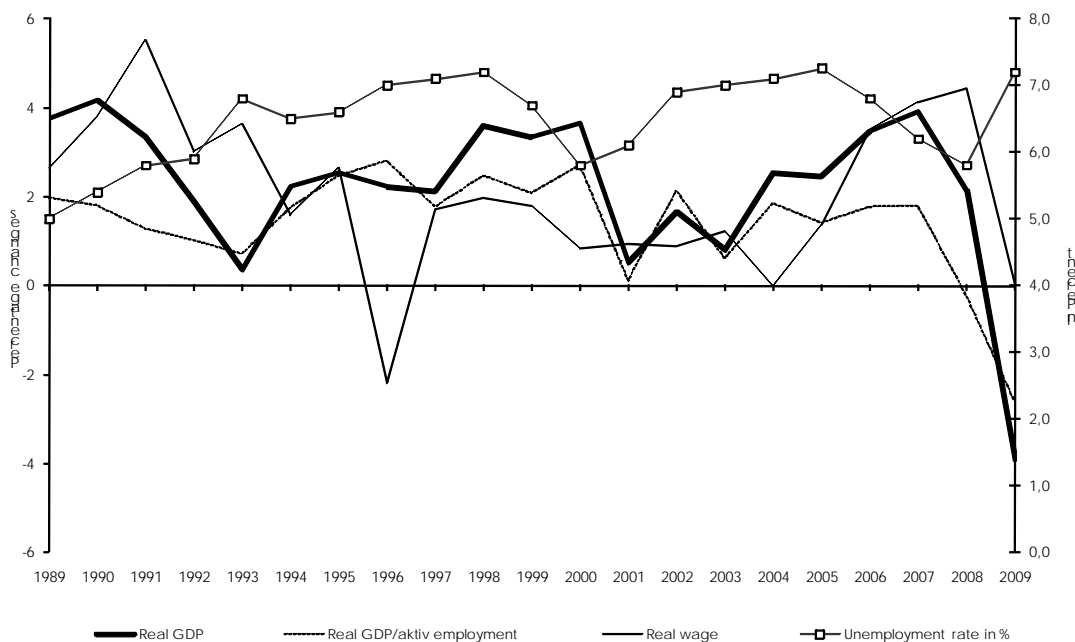
Anti-cyclical fiscal policy measures, in particular a tax reform, a 'family package' and the premium for scrapping the old car and buying a new one, put money into households thereby stabilising consumer demand. In consequence, private households raised their

expenditures by 1.5% versus 2008. Thus, consumer demand, which represents 70% of GDP, remained strong and was thus the major stabiliser of economic growth.

The inflation rate declined quickly in 2009 to 0.5% after 3.2% in 2008, thus raising real income growth by 1.1% before taxes respectively +2.3% after taxes. This was the largest increase for some time and a combined effect of high rises in collective wage agreements and substantial fiscal measures. It can be expected that the current year will see a turnaround and substantial negative wage drift.

The economic downturn throws its shadow over the public sector budget in 2009. The budget deficit increased from -0.4 percent of GDP in 2008 to -3.4 percent in 2009.

Figure 1: Macro-economic indicators
1989-2009



Source: Statistics Austria, Austrian Labour Market Service, Federation of Austrian Social Security Institutions, Own calculations.

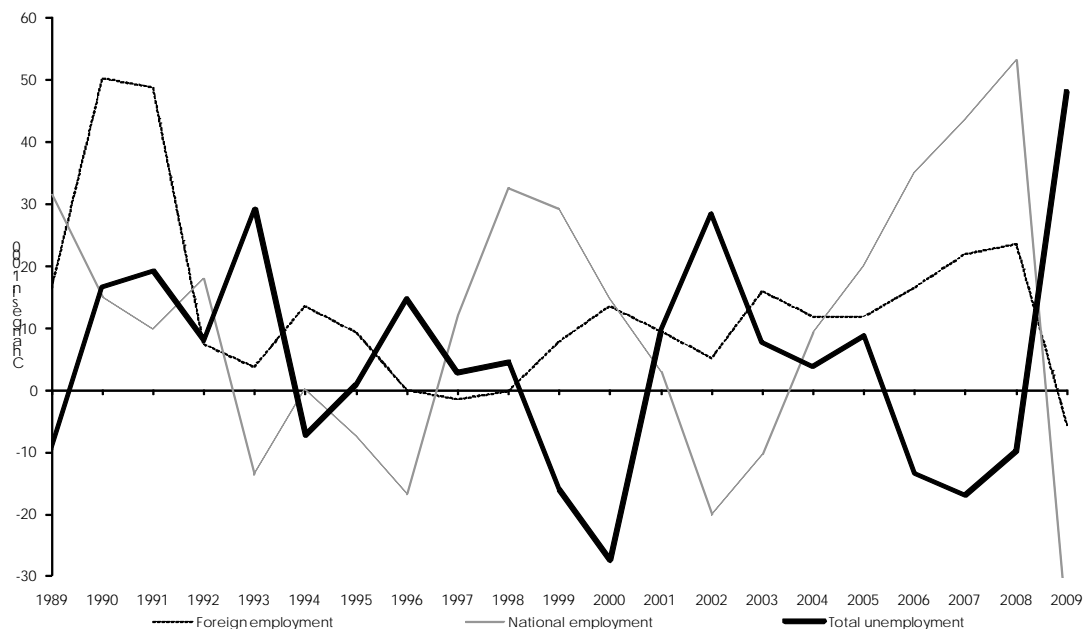
The labour market situation deteriorated in the course of 2009 significantly, even though labour market policies, in particular shorter working hours (Kurzarbeit), were put in place to reduce the shake out in manufacturing industries. Total labour demand (including self-employed) declined by 36,700 or -1 percent. Unemployment increased by 48,100 or 22.6%. Labour supply growth slowed down significantly, namely to 11,300 or 0.3%, after +76,000 or 2 percent in 2008.

The major bulk of the employed are wage and salary earners; their numbers declined by 44,800 or -1.4 percent to 3.259 million (excluding persons on parental leave, conscripts and unemployed on training measures) in 2009. In the current year, the number of wage and salary earners is expected to rise again, namely by some 15,900 (+0.5%).

Unemployment rose by 48,000 to 260,300. Thus the unemployment rate increased to 7.4 percent of the total active labour force excluding self-employed (after 6% in 2008), which is the traditional Austrian calculation of unemployment rates (based on administrative data, Figure 1).

Total employment (including self-employed and family helpers but excluding persons on parental leave and conscripts) amounted to 3,682 million in 2009. The economic slump was thus accompanied by a significant decline in employment as well as a clear decline in labour productivity growth. Labour productivity growth (real GDP/Active employment) declined by -2.4% (after -0.2 percent in 2008). In the current year, productivity growth is expected to recover again.

Figure 2: National and foreign labour¹
1989-2009



Source: Austrian Labour Market Service, Federation of Austrian Social Security Institutions. – ¹ Excluding formerly employed persons who are currently on parental leave or military service and unemployed in education and training measures.

The employment of foreign workers has increased continuously between 1999 and 2008 and took a slight dip in 2009 (-5,600, -1.3%). In contrast, the native work force has experienced transitory employment declines in 2002 and 2003. From 2004 until 2008 the number of employed Austrians rose steeply, however, partly as a result of naturalisations. In 2009 employment of Austrian citizens declined significantly (-39,200, -1.4%). The employment declines in 2009 are cyclical and transitory. In 2010 employment growth is resuming.

The rise in the employment of foreigners is on the one hand the result of a significant increase of employment of EU citizens, above all Germans, on the other the result of new legislation (modelled after the US-green card) which grants third country citizens who have legally

resided in Austria for 5 years permanent residence status with the right to access the labour market without a work permit (which is based on labour market testing). In 2010, the employment increase of foreign workers is expected to compensate for the decline of 2009 (Figure 2 and Table 1).

The share of foreign workers in total employment (excluding persons on parental leave) is thus constantly growing – from 11.3 percent 2002 to 13.4 percent in 2008. In 2009 it stagnated and is expected to rise again in 2010.

According to social security data, foreign employment (excluding self-employed and persons on parental leave) amounted to 430,500 in 2009 (5,600 or 1.3 percent less than a year ago). These data include EU citizens – their numbers have continually risen since Austria's EU membership. In the year 2009 95,600 citizens from the EEA/EU 14 were employed in Austria, i.e., 22 percent of foreign employment. Particularly Germans continue to flow into Austria in large numbers as the increasing integration of the Austrian and German labour markets promote cross-border mobility of workers. In 2009, 74,100 Germans were working on an annual average in Austria, 1,800 (2.5%) more than a year ahead.

Table 1: National and foreign labour force (wages and salaries) and unemployment rate of wage and salary earners:*

	Annual average		Change 2007/2008		Change 2008/2009	
	2008	2009	Absolute	Percent	Absolute	Percent
Total labour force ¹	3.516.394	3.519.600	66.697	1,9	3.206	0,1
National labour force	3.042.037	3.040.200	46.406	1,5	-1.837	-0,1
Foreign labour force	474.357	479.400	20.292	4,5	5.043	1,1
Total employment ¹	3.304.141	3.259.300	76.692	2,4	-44.841	-1,4
National employment	2.868.041	2.828.800	55.095	2,0	-39.241	-1,4
Foreign employment	436.100	430.500	21.597	5,2	-5.600	-1,3
Total unemployment	212.253	260.300	-9.995	-4,5	48.047	22,6
National unemployment	173.996	211.400	-8.689	-4,8	37.404	21,5
Foreign unemployment	38.257	48.900	-1.306	-3,3	10.643	27,8
	2005	2006	2007	2008	2009	
Total unemployment rate	7,5	7,0	6,4	6,0	7,4	
National unemployment rate	7,1	6,6	6,1	5,7	7,0	
Foreign unemployment rate	10,6	9,7	8,8	8,1	10,2	

Source: Own calculations. – * No continuous data on foreign and native self-employed. – ¹ Excluding formerly employed persons who are currently on parental leave or military service and unemployed but in education and training measures.

In addition to increased immigration from old EU-MS, rising numbers of migrant workers from new MS enter the labour market. In 2009, 82,000 citizens from the EU 12 worked in Austria on

an annual average, i.e., 2,900 or 3.7 percent more than the year ahead. The small increase relative to Germans indicates that the transition agreements on the movement of workers have had the expected effect of reducing the potential inflows. Only those citizens from the new member states can obtain free labour movement who have been legally employed in Austria for 12 months; in addition, the family members who reside in Austria legally with a family member who has the right to free labour mobility also gains free mobility on the labour market. In spring 2011 free mobility will apply to all citizens of the EU-10. It can be expected that inflows will increase, albeit not dramatically given the opportunities to access work in Austria also during transition regulations. It is expected that only unskilled labourers who have been barred from work so far will try to access the Austrian labour market.

The employment of citizens from third countries declined in 2009, namely by 11,300 or 4.3 percent to 252,900. Thus, third country citizens continue to represent the large majority of migrant workers in Austria, namely 59 percent of all foreign employed, even though they have been the group hardest hit by the economic and employment decline of 2009.

In 2009, 260,300 unemployed were registered with the labour market service, 48,000 or 22.6 percent more than 2008. The unemployment rate of wage and salary earners, i.e., the traditional national calculation of the unemployment rate which excludes the self-employed from the labour supply base (and which is based on administrative data), amounted to 7.4 percent. This represents a rise by 1.4 percentage points versus 2008. In the current year, unemployment is expected to continue to rise, albeit at a much reduced pace to 263,000; the unemployment rate of wage and salary earners should thus stagnate at the level of 2009.

The labour supply of foreign workers increased during 2009 by 5,000 to reach an annual average of 479,400. The unemployment rate increased for both native and foreign workers, to 7 percent and 10.2 percent respectively. In the current year, unemployment of foreigners and of natives will not change much versus 2009 (Table 1).

I. Migratory movements

The scope of flow analysis of migration is expanding in Austria as population registers have been increasingly harmonised and centralised. Thus, from 2001 onwards, inflows and outflows of nationals and foreigners by various nationalities have been made available on a national as well as regional basis.

In addition, detailed flow data exist for certain groups of migrants, in particular foreigners of third country origin, be they asylum seekers or foreign workers. Flow data are the result of institutional procedures linked to the planning and monitoring of various categories of migrants, mainly asylum seekers, foreign workers and, since the early 1990s, family members (family reunification). With the introduction of a more universal legislation on aliens (since mid 1993, revised 1997, amended 2002/2003 and again 2005), flow data on family reunification of third country citizens (non-EU/EEA-citizens) is becoming available. Different quotas according to residence status are decided upon annually by the governors of the federal states

together with the Federal Minister of the Interior and the Federal Minister of Labour. The inflow of foreigners is differentiated by status, the main categories are:

- a) Foreign workers (seasonal and annual workers, cross-border workers and commuters), wage and salary earners or self-employed;
- b) Highly skilled workers (Schlüsselkraft);
- c) Family reunification;
- d) Foreign students;
- e) Asylum seekers;
- f) Others.

1. Legal framework and reforms

Administrative procedures in the migration field are guided by two regulatory institutions – the Federal Ministry of the Interior and the Federal Ministry of Economic Affairs and Labour. While the former regulates the inflow and resident status of immigrants and short-term movers, the latter regulates access to the labour market albeit of an increasingly smaller and very specific group of workers. The interaction and co-ordination of policy concerning immigration is laid down in Federal Laws. The Chancellery has the position of a mediator in certain situations. In contrast, integration of migrants is regulated and organised on state level.

The inflow of workers of third country origin is regulated by quotas, except the following groups of persons:

1. persons working for foreign media with sufficient income,
2. artists with sufficient income,
3. wage and salary earners who may access the labour market without labour market testing (*specific groups of persons defined in the foreign worker law*),
4. partners and dependants of Austrians and citizens of the EEA, who are third country citizens.

In 2005, the legislation regarding foreigners has been revised fundamentally, affecting asylum law, the regulation of residence and settlement of foreigners and Alien Police Law (Asylgesetz 2005, Niederlassungs- und Aufenthaltsgesetz 2005 – NAG, Fremdenpolizeigesetz 2005). The regulations of the residence status and the access to work have been overhauled, coordinated by the two legislative bodies and in accordance with EU guidelines. The redrawing of legislation is thus to a large extent due to EU-efforts to coordinate migration policy and to harmonise legislation, at least as far as EU citizens and their third country family members are concerned.

Family reunification is uncapped for third country origin citizens who are partners of or are dependent children of an Austrian or EU/EEA citizen¹. Also third country citizens with the settlement right in another EU country (after 5 years of legal residence), may settle in Austria.

The inflow of settlers from third countries and of their third country family members is, however, regulated by quotas. The new residence and settlement law (NAG 2005) introduced a minimum income requirement for family reunification (family sponsoring²), in line with regulations in other immigration countries overseas. This amendment has reduced the inflow of migrants with low earning capacities who want to join a partner in Austria who himself/herself is living off welfare benefits (long-term unemployment benefit (Notstandshilfe) and social assistance). In addition, **forced and/or arranged marriages** are increasingly a target of control. Accordingly, in 2010 legislative reform came into effect **raising the age of the partner** who wants to enter Austria on the basis of **family reunification to 21**.

Access to the labour market is granted to settlers and to temporary residents according to the rules of the Foreign Worker Law (Federal Ministry of Economic Affairs and Labour). Persons residing less than 6 months for purposes of work in Austria are granted a work-visa and do no longer require a temporary resident permit by the Ministry of the Interior. Only for stays beyond 6 months is a residence permit required.

Apart from family reunification of third country citizens with third country citizens, an annual quota is fixed for highly skilled third country citizens (Schlüsselarbeitskraft). (Figure 3) Family reunification (Familiennachzug) quotas only apply to citizens of third countries, who are residing in Austria on the basis of a quota. One may distinguish 5 types of family reunion quotas (NAG 2005):

1. Highly skilled workers (§§2/5 and 12/8 AuslBG and § 41 NAG), their partners and dependent children (§46/3 NAG); for 2010 the inflow quota was fixed at 2,645, more or less the same level as in the last couple of years. The cap has never been reached on a national level; but some regions have set the cap too tightly and have had to raise the cap in the last couple of years without the need to raise the national cap. The actual inflows of highly skilled workers of third countries continued to rise between 2006 and 2009, from 548 to 1,237. Thus, highly skilled migration is not affected by cyclical economic fluctuations of demand but follows an autonomous trend in line with increased international economic integration. (Table 12)
2. Third country citizens who are permanent residents in another EU country and who want to come to Austria for the purpose of work (§8/1/3 NAG) or who want to settle in Austria without accessing the labour market (§49/1 NAG). This is a new quota in the revised

¹ After 4 years of residence the permanent residence permit (which was issued on the basis of family reunion) may be transferred into a permanent settlement permit in its own right. For a detailed account of legislation, quotas, and actual inflows see annual reports to the Ministry of the Interior, e.g., *Biffi – Bock-Schappelwein (2007/8/9)*, Zur Niederlassung von Ausländern und Ausländerinnen in Österreich http://www.bmi.gv.at/downloadarea/asyl_fremdenwesen/NLV_2006_endg_08_2007.pdf

² The sponsor has to document a regular income commensurate with the minimum wage.

residence law of 2005 and has been applied for the first time in 2006. In 2009 just as in the previous three years, only some 20 people entered Austria under this heading.

3. Family members of third country citizens (§46/4 NAG): the age of dependent children was raised from 15 to 18 years; the inflow quota for 2010 was 4,900, i.e., about the same as in 2009. This continues to be a rather tight cap for family reunification but does not seem to lead to queuing, i.e. a build up of open requests abroad (Figure 4).
4. Third country citizens, who have a permanent residence permit as family members without access to work may have this title transformed to one allowing access to the labour market (§§47/4 and 56/3 NAG). This is a quota introduced in 2006, meant to facilitate labour market integration of family members of settlers, who have resided in Austria for less than 5 years. In 2009 some 600 family members had their status transformed to free access to work. (Table 10) So far the quota has on average sufficed to satisfy the demand for transfers of titles; however, some regions like Burgenland and Upper Austria keep a tight lid on the transformations.
5. Third country citizens and their family members who settle in Austria without wanting to enter the labour market (§§ 42 and 46 NAG); the regulations were amended in the new law requiring the proof of regular monthly income (double the minimum of unemployment benefits as regulated in § 293 ASVG). The quota was raised to 235 in 2010 (after 230 in 2009 and 165 in 2008). In this category the cap tends to be rather tight.

Thus, the quota system is complex, whereby the basic logic is the linkage of the residence and labour rights of the family members of third country citizens to the status/title of the 'anchor', i.e. the third country citizen with the residence title in Austria who requests the reunification with family members.

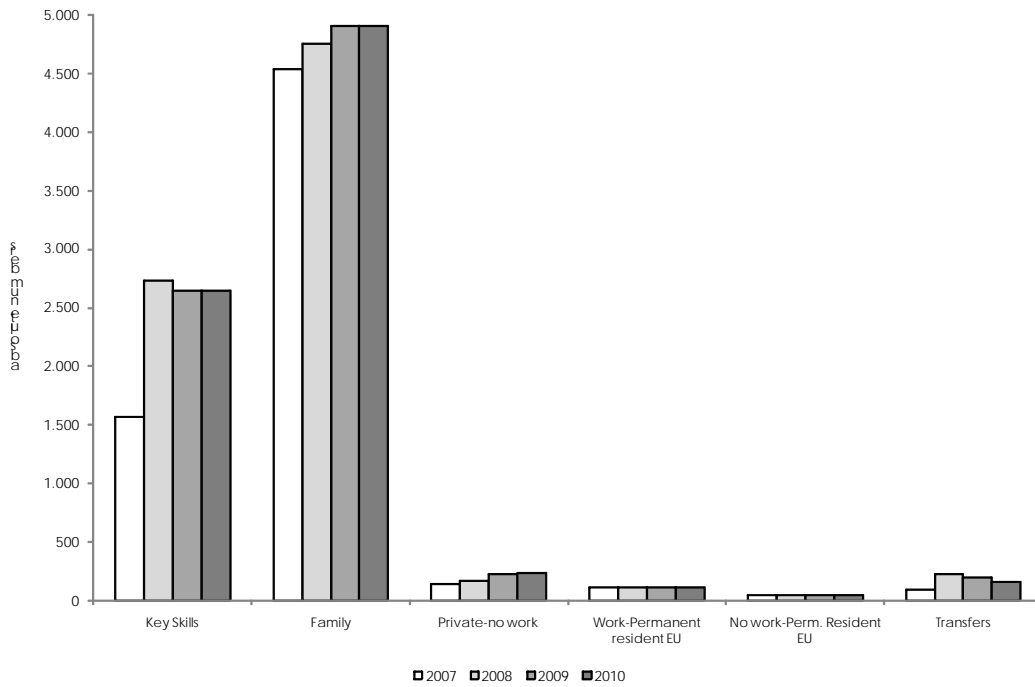
The inflow of third country citizens for work has become increasingly streamlined in the course of the 1990s and early 2000 as family reunification with naturalised Austrians and EU citizens gained momentum thereby raising the labour supply of largely un- and semiskilled persons. With reforms of immigration legislation in 2003, only highly skilled third country citizens may settle in Austria, while persons with lower skills, e.g. seasonal workers, are restricted to temporary work contracts. In addition, citizenship regulations were tightened such that it is increasingly difficult to obtain the Austrian citizenship.

Immigration of third country citizens to Austria for the sole purpose of work is thus limited to workers with key skills³ (Schlüsselkraftverfahren). In addition, workers of the new EU Members States may access the labour market in 67 occupations designated as shortage occupations (e.g. brick layers, carpenters, welders, glaziers etc.⁴) and health workers beyond quotas. Also for these occupations labour market testing applies and occupational competencies and skills have to be documented.

³ Key workers are more narrowly defined by the Austrian laws than highly qualified workers in Article 2(b) of Council Directive 2009/50/EC.

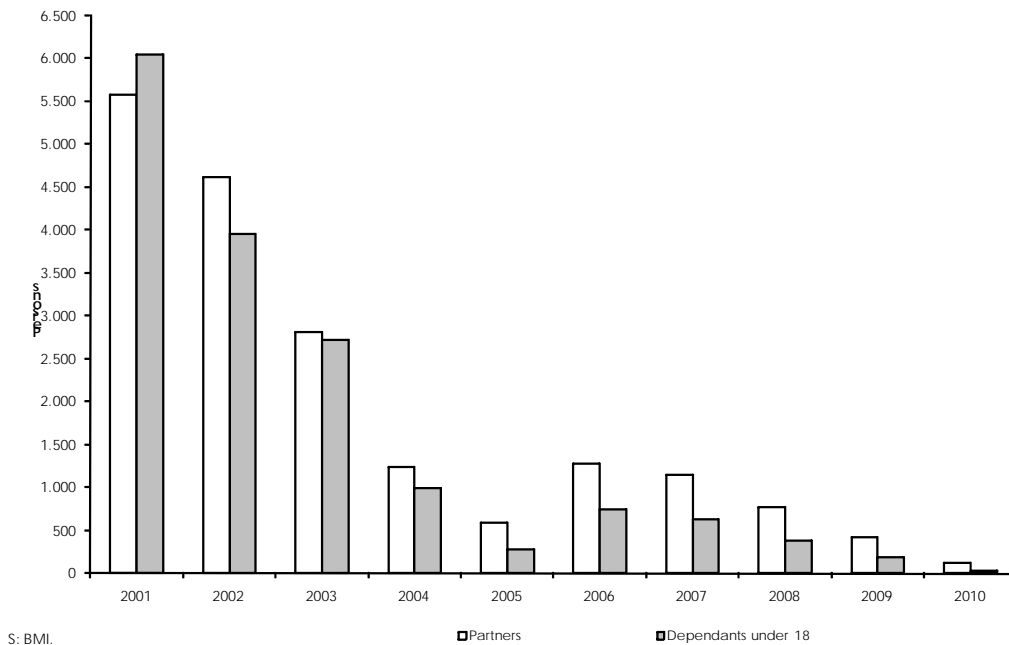
⁴ The occupations are cited in the Shortage Worker Act 2008.

Figure 3: Quota system and annual cap by category, 2007-2010



Source: Ministry of the Interior.

Figure 4: Open requests for family reunification (Queue abroad) 2001-2010



In the context of labour migration, the following settlement and temporary residence permits are most relevant:

- "settlement permit – key worker"
- "residence permit – intercompany transfers (Rotationskraft)"
- "residence permit – persons on business assignments of third country firms without a registered office in Austria (Betriebsentsandter)"
- "residence permit – special cases of paid employment" specified in the Foreign Employment Act, the most prominent being for researchers.

For the above permits, access to the labour market is linked to the residence permit in a so called "one stop shop procedure", which means that the settlement and the work permit are issued in a single procedure. In addition, third country nationals who have a residence permit without the explicit right to enter the labour market may obtain a work permit on the basis of an employer nomination scheme, i.e. after labour market testing.⁵

The work permits are subject to quota regulations: the total number of work permits is capped (Federal State quotas) to the extent that the number of employed and unemployed foreigners does not exceed 8% of the total dependent labour supply (291,000 for 2010).⁶ In some special cases a work permit can be granted by the governor beyond this quota up to a limit of 9% of the labour supply.

The requirements for a 'key worker' are in terms of a certain minimum earnings level rather than in terms of educational attainment levels such that young third country university graduates may not qualify, as entry wages tend to be below this ceiling. The person's monthly gross earnings have to be 60 percent or beyond the social security contribution ceiling, i.e., be equal to or surpass EUR 2,412 in 2009. Moreover, prior work experience has to be proven in addition to key skills (competencies). Accordingly, the numbers of third country employees with those narrowly defined characteristics are fairly stable over time at some 900 persons on an annual average (the annual number of some 1,300 'key workers' includes also dependent children and partners, the latter making up some 40% of the total).

The average age of skilled third country migrants ranges between 33 and 41. The oldest ones tend to be self-employed highly skilled workers, the youngest ones are researchers or inter-company transferees, somewhat older tend to be artists.⁷

Depending on the length of stay intercompany transferees and persons on business assignment need a work permit if the duration of stay exceeds six months, or a job

5 Art. 4b Aliens' Employment Act

6 Art.12a Aliens' Employment Act

7 For more details see Biffel et al 2009.

confirmation (for the work visa D⁸, which is issued by the embassies for a duration of work of up to six months).⁹

According to the requirements of the Directive 2005/71/EC researchers have to provide a hosting agreement of a registered research institution. They do not need a work contract just as all other activities which are exempted in the Foreign Employment Act.¹⁰

Thus, persons with a residence permit on the basis of 'special cases of paid employment activity' are exempted from the foreign worker employment law and therefore do not need a work permit. Among the activities are inter alia diplomats, as well as their domestic service providers, representatives of religious groups, internationally renowned researchers, mariners/employees on cross border ships, top managers as well as their family members and household service providers.¹¹

As immigration of workers to Austria is highly controlled and limited, the Federal Ministry of Labour and Social Affairs can admit seasonal workers in tourism and in agriculture and forestry in order to meet seasonal peak demands for workers.¹² The work permit is limited to six months but can be extended by a further six months if this is foreseen in the regulation, after twelve months the seasonal worker is not allowed to apply for a further permit for two months in order to prohibit settlement via this channel. Annual quotas (Kontingente) are set by the Minister of Labour.

Family members of EEA nationals or Austrian nationals are granted free access to the labour market. In most cases also family members of third country nationals have access to the labour market, namely when they have resided legally in Austria for 4 years, or when they have obtained a work permit on the basis of labour market testing or when they can carry out work on their own account.

As skill mismatch and labour scarcities surfaced increasingly in the second half of the years 2000, migration policy reform is underway. The adaptation of the **migration model towards the promotion of the inflow of skilled labour** is included in the government programme 2008-2013 (Regierungsprogramm: 105-112)¹³. In October 2010 the social partners agreed on **a reform of migration policy, the introduction of the so called 'Rot-Weiss-Rot-Karte'**. This decision was backed up by research on the expected impact of this migration policy reform on economic and employment growth. (Biffel et al. 2010) The implementation of the new regulations is expected for 2012.

8 Art. 24 Settlement and Residence Act.

9 Art. 18 Aliens' Employment Act

10 Art. 67 Settlement and Residence Act

11 Highly skilled managers are third country nationals who have a leading position in the managing or executive board of an multinational company or who are internationally recognised researchers and who have a monthly gross income of 120% or more of the wage level at which no further rise in social security contributions has to be paid (in 2010 this meant an income of at least €4.900 per month).

12 Art. 2 Settlement Regulation

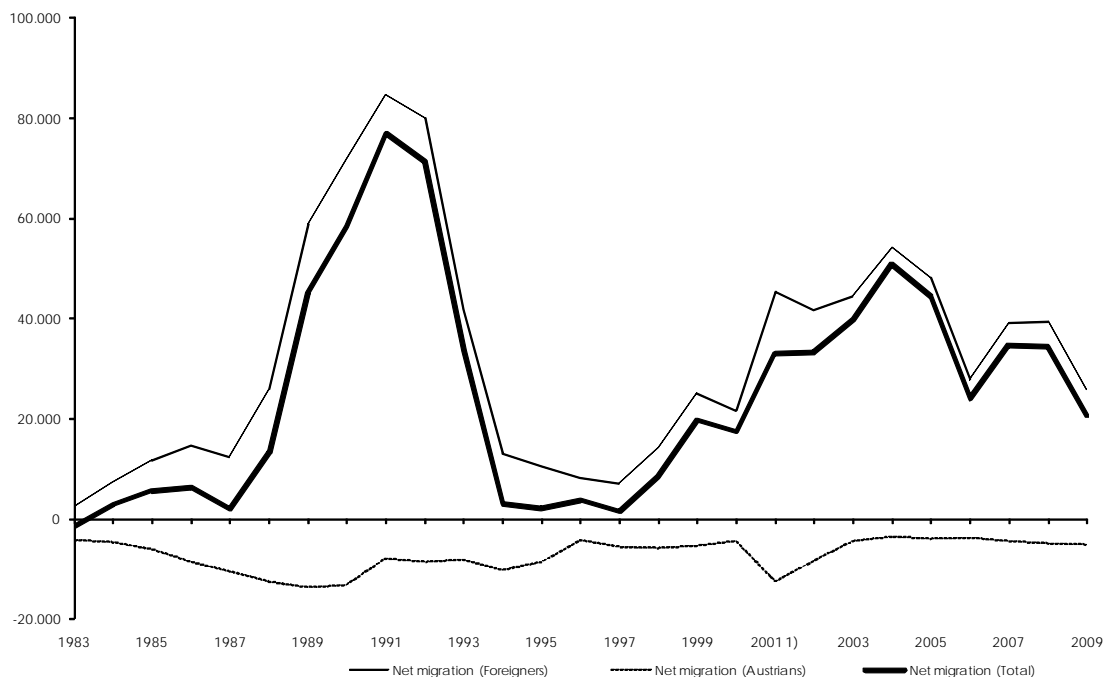
¹³ For more see the section on Migration and Integration: <http://www.bka.gv.at/DocView.axd?CobId=32965>

2. Migration movements by category

A) Population flows of nationals and foreigners

Austria experienced two waves of significant net immigration since the early 1980s; the first in the mid 1980s, to a large extent triggered by asylum seekers (many from Poland – Solidarnosz) culminating in 1991 with 76,800 net immigration; the steep rise towards the end of the 1980s is linked to the fall of the iron curtain and German reunification. Austria profited from the boost to economic growth of German reunification and attracted many migrants from traditional source countries as well as Central and Eastern European Countries (CEECs) who were looking for work (combination of push and pull forces, for more see *Biffi, 1996*) The net inflow continued to be high for another year or so due to substantial refugee inflows from the civil war in former Yugoslavia and the inability of the outdated foreign worker legislation to control immigration. It was thus the unprecedented rise in population inflows of the late 1980s and early 1990s that triggered off the revision of alien laws in Austria. The legislative reform brought about the introduction of immigration legislation which was modelled after US-regulations.

Figure 5: Net migration of Austrians and Foreigners
1983-2008



Source: Statistics Austria.

The second wave of immigration set in towards the tail-end of the 1990s and reached its peak in 2004 with 50,800 net immigration. Since then the net population inflow declined to 20,600 in 2009, i.e. by 59% versus 2004. The second hump is basically the echo-effect of the first one in the early 1990s – through the acquisition of Austrian citizenship; family reunification of an Austrian citizen with a third country national is possible outside quota restrictions. The

large inflow fuelled another legislative reform (Alien Law 2005, see chapter on legal ramifications above). Thus, also Austrian citizens face barriers to family reunification/formation with third country citizens if they have no regular (minimum) income (dependent children face no entry barriers as they are covered by family allowance). The restrictions in combination with the declining echo effect resulted in a reduction of net inflows of migrants from 48,200 in 2005 to 27,900 in 2006. In 2007 and 2008, net immigration of foreigners picked up again, reaching a level of 39,400 in 2008. In 2009, however, the economic downturn affected net inflows of foreigners; the inflow was reduced by one third to 25,700 (Figure 5).

The change in paradigm of the immigration policy away from worker migration to family reunification and humanitarian intake in 1992 resulted in immigration flows being increasingly supply driven rather than demand driven. Thus the mismatch between skills supplied and demanded increased. Accordingly, employers demanded reforms in immigration policy, basically the promotion of labour migration at the upper end of the skill level¹⁴. The government took the issue on and new regulations are expected to be implemented by 2012.

Net immigration flows are the result of significant net-immigration of foreigners; Austrians, in contrast, are on balance emigrating. In 2009, total net immigration amounted to 20,600 as a result of a net inflow of foreigners of 25,700 and a net outflow of Austrians of 5,100.

The net flow figures can be disaggregated into gross flows by gender and citizenship. Accordingly, in 2009, gross inflows amounted to 107,800 (of whom 91,800 foreigners) and outflows to 87,200 (of whom 66,100 foreigners). The inflow rate (inflows per 1,000 inhabitants) has thus declined versus the peak of 15 in 2004 to 12.9 in 2009. The outflow rate has been declining between 2002 and 2008 (from 9.3 to 9.1 2008), but rose again in the wake of slack labour demand in 2009 to 10.4. The net migration rate per 1000 inhabitants almost halved in 2009 versus 2008 to 2.5. **If we compare these migration flows with the number of settler resident permits granted to third country citizens in 2009, it can be established that of the 25,700 net inflow of foreigners somewhat more than one half were settlers of third countries, namely 14,300** (see Table 2 and Table 7).

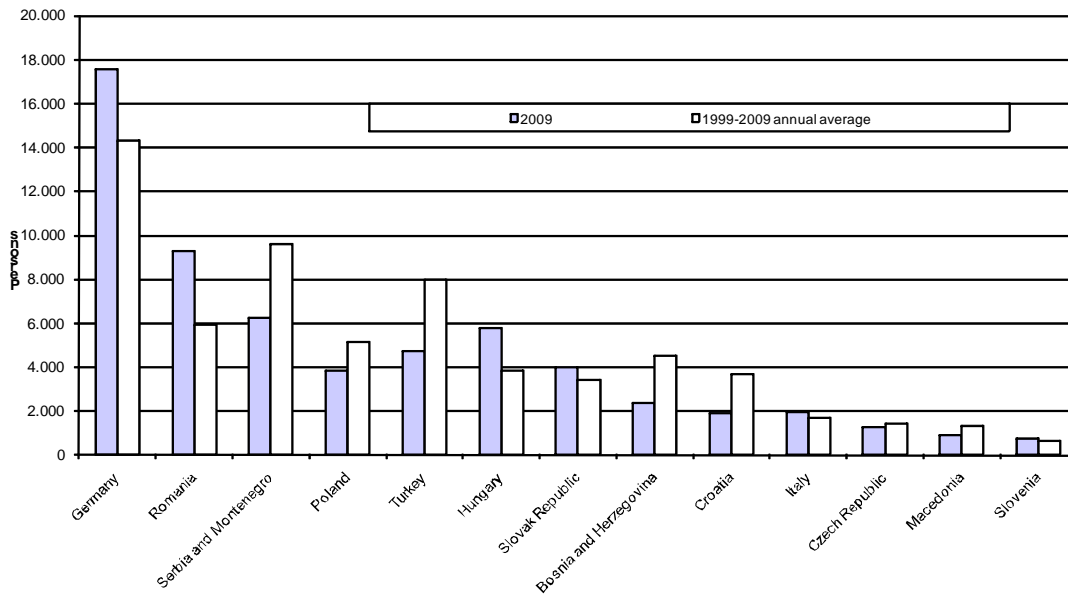
Turnover, i.e., inflows and outflows, tends to rise over time; gross flows are higher for men than women.

Inflows of men and women have increased more or less continuously until 2004, declined somewhat in 2005 and 2006, picked up again in 2007 and 2008 and declined in 2009 again as a result of the economic crisis. Outflows are smaller than inflows for both men and women.

The picture is very different for Austrians and foreigners. While the inflow rate of Austrian men and women is lower than the outflow rate, the contrary is true for foreigners, i.e., the outflow rate is lower than the inflow rate.

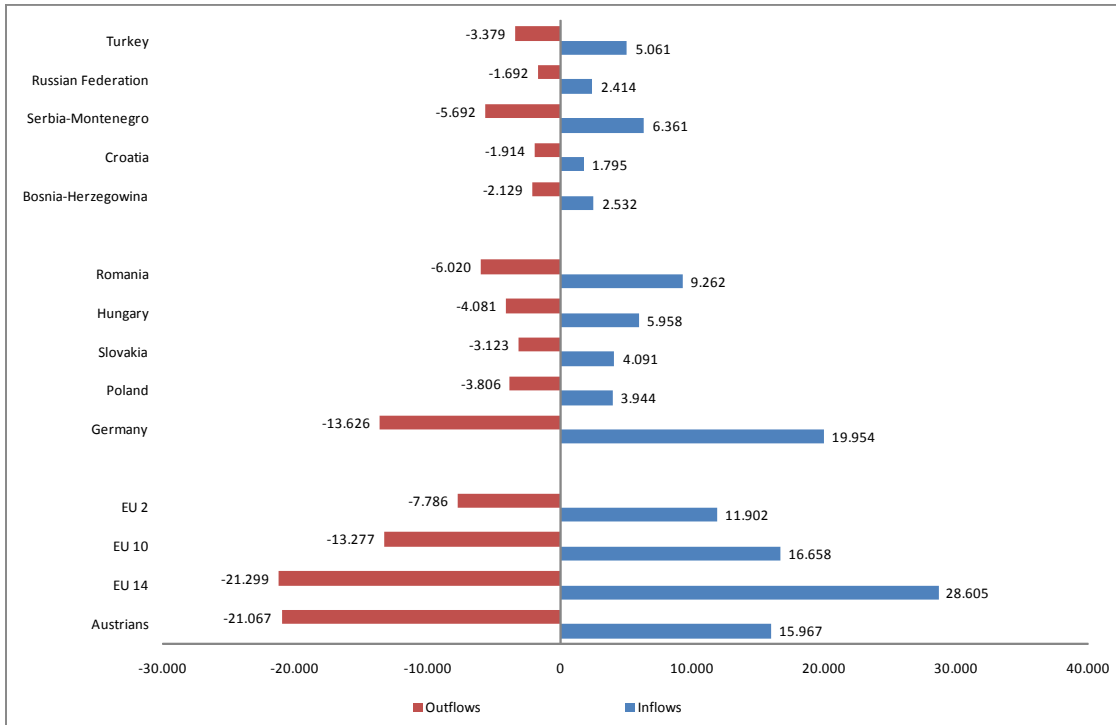
¹⁴ The most recent presentation of an immigration model for Austria along the lines of the Canadian point system has been presented by the employers association together with IOM, Austria, under the title of: "Zuwanderung gestalten: ein zukunftsorientiertes Migrationsmodell". See http://www.iv-mitgliederservice.at/iv-all/publikationen/file_474.pdf.

Figure 6: Inflows of top 13 nationalities into Austria 2009



Source: Statistics Austria.

Figure 7: Inflows and outflows by major countries of origin and the EU in 2009



Source: Statistics Austria.

Of all inflows in 2009, 26 percent came from the old EU-MS, in the main Germany; about as many came from EU10 and EU2 and 45% from third countries. 11 percent came from the former region of Yugoslavia (with a majority share of citizens of Serbia and Montenegro), 4.7 percent from Turkey, and 10 percent from Asia. As in previous years, fairly small numbers come from overseas countries in Africa (3.6 percent), America (3.9 percent) and Oceania (0.4 percent). (Figure 6 and Figure 7)

Of all outflows in 2009, about a quarter are from the old EU-MS, in the main Germany, indicating that the German population in Austria is largely a floating population, a consequence of a high degree of integration of the economies, the labour market, the education system and the society at large. This holds also for persons from the new EU-MS (EU10&EU2), who constitute another 24 percent of all outflows. In contrast, fairly small numbers of persons from former Yugoslavia and Turkey are among the outflows from Austria, in particular in relation to the numbers residing in Austria, indicating that citizens of those countries of origin often arrive to stay, a trend since the former 'guestworker' movements of the 1960s and 1970s.

Table 2: Migration flows in Austria: 2001-2009

	Total									Austrians								
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2001	2002	2003	2004	2005	2006	2007	2008	2009
<i>Total</i>																		
Inflows	111.998	108.125	111.869	122.547	114.465	98.535	106.659	110.074	107.785	15.142	21.981	18.528	18.301	16.470	15.636	14.911	15.313	15.967
Outflows	79.034	74.831	71.996	71.721	70.133	74.432	71.928	75.638	87.189	21.644	30.353	23.056	21.703	20.333	19.387	19.324	20.289	21.067
Net migration	32.964	33.294	39.873	50.826	44.332	24.103	34.731	34.436	20.596	-6.502	-8.372	-4.528	-3.402	-3.863	-3.751	-4.413	-4.976	-5.100
<i>Men</i>																		
Inflows	49.036	62.674	61.690	69.789	65.000	55.637	58.197	59.455	59.136	9.081	12.583	10.571	11.883	11.032	10.424	9.891	10.123	10.326
Outflows	41.377	46.097	46.074	44.991	40.816	43.606	44.105	44.684	50.473	12.554	22.417	18.158	16.735	13.125	12.749	12.681	12.573	12.511
Net migration	7.659	16.577	15.616	24.798	24.184	12.031	14.092	14.771	8.663	-3.473	-9.834	-7.587	-4.852	-2.093	-2.325	-2.790	-2.450	-2.185
<i>Women</i>																		
Inflows	40.892	50.491	51.864	57.610	52.822	45.335	48.708	50.619	48.649	6.061	8.015	5.819	6.569	5.335	5.164	5.064	5.190	5.641
Outflows	31.277	33.561	31.183	31.826	27.834	29.889	30.086	30.954	36.716	9.090	18.464	13.034	11.756	8.045	7.842	7.783	7.716	8.556
Net migration	9.615	16.930	20.681	25.784	24.988	15.446	18.622	19.665	11.933	-3.029	-10.449	-7.215	-5.187	-2.710	-2.678	-2.719	-2.526	-2.915
	Per 1000 inhabitants																	
<i>Total</i>																		
Inflows	13,9	13,4	13,8	15,0	13,9	11,9	12,8	13,2	12,9	1,9	2,7	2,3	2,2	2,0	1,9	1,8	1,8	1,9
Outflows	9,8	9,3	8,9	8,8	8,5	9,0	8,7	9,1	10,4	2,7	3,8	2,8	2,7	2,5	2,3	2,3	2,4	2,5
Net migration	4,1	4,1	4,9	6,2	5,4	2,9	4,2	4,1	2,5	-0,8	-1,0	-0,6	-0,4	-0,5	-0,5	-0,5	-0,6	-0,6

Source: Statistics Austria. Own calculations.

B) Entries and departures of refugees

i) Entries of refugees

Since the mid-1980s the number of asylum seekers rose at first steadily and towards the end of the 1980s abruptly – an experience Austria shared with other western European countries. By the end of December 1991 27,300 asylum seekers were registered in Austria. This was the starting point of a reform of the asylum legislation (Asylum Law 1991) – to a large extent induced by the intergovernmental co-operation within EU-member countries and the prospective new members to harmonise aspects of admission policies for foreign migrants in general and asylum seekers in particular. Major amendments to the asylum legislation took place in 1997, 2003 and 2005 and 2009 – all a consequence of EU-wide coordination of asylum legislation and procedures and thus harmonisation.

The first major reform of the asylum legislation, which came into effect 1992, resulted in a significant reduction of the number of asylum seekers in Austria. The legislative reform, institutional restructuring and reform of public funding of asylum seekers while they wait for the outcome of the asylum procedures, have all contributed to the reduction of inflows of asylum seekers. By the end of 1992 only 16,238 asylum seekers were registered, –11,100 (–40.5 percent) versus 1991. The downward trend continued until 1993, when the rock bottom of asylum applications was reached, with 4,744 asylum registrations. The decline in asylum applications took place at a time when substantial numbers of citizens of former Yugoslavia entered Austria as 'refugees'.

From April 1992 until mid 1995 an estimated number of 100,000 refugees from former Yugoslavia had fled into Austria. The total number of persons receiving shelter and/or financial support over that time span amounted to 84,000. The major inflow took place in 1992 with 50,000 Bosnians, followed by 20,000 in 1993, 10,000 in 1994 and 4,000 until mid 1995. By the end of December 1997 some 5,800 Bosnians remained in the financial care of the federal government and the states ("Bund-Länder-Aktion"). The promotion of the Federal Ministry of the Interior of return migration of Bosnians, who had remained in refugee camps, gained weight in 1997. Some but not all took up the opportunity for a subsidised return to Bosnia. By mid 1998, the end of the right to reside in Austria, the remaining Bosnians received permission to stay in Austria on humanitarian grounds.

As far as asylum applications are concerned, a slight rise set in 1994 and plateaued at 7,000 in 1996. In 1998 the number of asylum seekers rose again and reached 20,100 in 1999 as Kosovars fled into Austria. The invasion of Kosovo by Serbia and the resulting flight of Albanian Kosovars to neighbouring regions resulted in a rise in asylum applications, quite in contrast to the former refugee inflows from Bosnia. This goes to show that applications for asylum are guided by many factors, among them also institutional ones.

The Albanian Kosovars tended to choose the asylum route, because they thought they could never return to their country of origin. In contrast, Bosnians had hoped to return at some stage and therefore only claimed refuge. As it turned out, hardly any Bosnians returned to their country of origin, while Albanians tended to return, in relative terms, to a larger extent.

Table 3: Asylum seekers in Austria by the end of the year: 1952-2009

1952	2,457	1981	34,557
1953	1,723	1982	6,314
1954	2,283	1983	5,868
1955	1,941	1984	7,208
1956	169,941	1985	6,724
1957	58,585	1986	8,639
1958	3,599	1987	11,406
1959	3,439	1988	15,790
1960	5,178	1989	21,882
1961	4,116	1990	22,789
1962	3,458	1991	27,306
1963	3,435	1992	16,238
1964	3,611	1993	4,744
1965	4,247	1994	5,082
1966	3,805	1995	5,920
1967	3,872	1996	6,991
1968	7,334	1997	6,719
1969	9,831	1998	13,805
1970	3,085	1999	20,129
1971	2,075	2000	18,284
1972	1,838	2001	30,127
1973	1,576	2002	39,354
1974	1,712	2003	32,359
1975	1,502	2004	24,634
1976	1,818	2005	22,461
1977	2,566	2006	13,349
1978	3,412	2007	11,921
1979	5,627	2008	12,841
1980	9,259	2009	15,821

Source: Statistics Austria, Statistical Handbook of the Republic of Austria.

After a temporary slowdown in asylum inflows in the year 2000, inflows of asylum seekers rose rapidly until 2002, partly as a result of the crisis in Afghanistan. In 2002 the number of asylum seekers peaked at 39,400. Ever since then the numbers of applications for asylum declined steadily. In 2007 only 11,900 asylum applications were filed, 25,100 or 67.8 percent less than in 2002. However, in 2008, the number of asylum seekers increased for the first time since 2002 to 12,841 and continued to rise in 2009 to 15,821.

The sharp reduction in the numbers of asylum seekers between 2002 and 2007 was largely the result of Austria becoming a Schengen country within a larger Schengen region (Dublin Convention). It is therefore increasingly difficult to apply for asylum in Austria as one tends to have to pass through another Schengen country before reaching Austria. Our neighbouring

countries are considered 'safe havens', implying that asylum seekers crossing through one of these countries may rightfully be returned to these countries as first countries of asylum. It is increasingly recognised that some of the countries of transition of asylum seekers cannot be considered 'safe havens', e.g. Greece. Accordingly public pressure is mounting in 2010, triggered off by some spectacular cases which were caught by the media, where family members and children are being separated and deported to some of the countries concerned, to revisit and adapt current practices of refoulement.

In the course of the years 2000 the share of men amongst asylum seekers has declined somewhat from 77.8 percent in 2001 to 66 percent in 2008; in 2009 the share of men was on the rise again to 69.2%. The number of asylum seekers from Europe has reached a peak in 2003 with 17,600 applications. Since then the numbers declined by 61 percent to 6,900 in 2009. But until today, a large proportion of asylum seekers in Austria originate from Europe (43% in 2009). The largest single country of origin is the Russian Federation (as in 2008), followed by Afghanistan, Kosovo and Serbia. Between 2005 and 2008, applications by nationals of Serbia/Montenegro/Kosovo have dropped considerably but are on the rise again in 2009.

The second most important source region of asylum seekers is Asia with 28 percent of all asylum seekers in 2008. The largest numbers are originating from Afghanistan. The number of applications from Afghan nationals is continuously on the rise to 2,237 in 2009. The second source region in Asia is India, closely followed by Iraq, China, Iran, Pakistan and Bangladesh.

Table 4: Asylum seekers by gender and country/region of origin by 31 December: 2001-2009

Asylum seekers											In % of asylum seekers								
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2001	2002	2003	2004	2005	2006	2007	2008	2009	
Total	30.135	36.983	32.364	24.676	22.471	13.350	11.879	12.841	15.821										
Men	23.457	29.266	23.754	17.755	15.974	8.782	7.877	8.520	10.955	77.8	79.1	73.4	72.0	71.1	65.8	66.3	66.3	69.2	
Women	6.678	7.717	8.610	6.921	6.497	4.568	4.002	4.321	4.866	22.2	20.9	26.6	28.0	28.9	34.2	33.7	33.7	30.8	
Originating from Europe	7.598	17.403	17.591	15.227	14.229	8.506	7.131	7.100	6.880	25.2	47.1	54.4	61.7	63.3	63.7	55.3	44.9	43.5	
of which:																			
Armenia	1.259	2.039	1.112	414	520	354	405	360	440	4.2	5.5	3.4	1.7	2.3	2.7	3.4	2.8	2.8	
(Serbia, Montenegro, Kosovo)	1.649	4.729	2.521	2.840	4.408	2.522	1.774	1.715	2.014	5.5	12.8	7.8	11.5	19.6	18.9	14.9	13.4	12.7	
Macedonia	935	783	412	324	454	193	157	205	158	3.1	2.1	1.3	1.3	2.0	1.4	1.3	1.6	1.0	
Russian Federation	365	2.221	6.713	6.184	4.359	2.444	2.673	3.435	3559	1.2	6.0	20.7	25.1	19.4	18.3	22.5	26.8	22.5	
Moldavia	166	819	1.175	1.350	1.210	902	545	225		0.6	2.2	3.6	5.5	5.4	6.8	4.6	1.8	0.0	
Georgia	597	1.921	1.517	1.743	953	563	399	511	975	2.0	5.2	4.7	7.1	4.2	4.2	3.4	4.0	6.2	
Turkey	1.876	3.563	2.843	1.113	1.067	669	651	417	554	6.2	9.6	8.8	4.5	4.7	5.0	5.5	3.2	3.5	
Originating from Asia	19.701	15.816	10.513	5.871	5.676	3.238	3.022	3.064	4.439	65.4	42.8	32.5	23.8	25.3	24.3	25.4	23.9	28.1	
of which:																			
Afghanistan	12.957	4.322	2.360	757	928	697	762	1.382	2.237	43.0	11.7	7.3	3.1	4.1	5.2	6.4	10.8	14.1	
Bangladesh	949	1.104	887	331	548	140	70	52	95	3.1	3.0	2.7	1.3	2.4	1.0	0.6	0.4	0.6	
China Peoples Republic	95	666	569	565	460	194	205	236	398	0.3	1.8	1.8	2.3	2.0	1.5	1.7	1.8	2.5	
India	1.804	3.366	2.823	1.842	1.530	479	385	355	427	6.0	9.1	8.7	7.5	6.8	3.6	3.2	2.8	2.7	
Iraq	2.113	4.473	1.452	231	222	384	463	490	399	7.0	12.1	4.5	0.9	1.0	2.9	3.9	3.8	2.5	
Iran	733	711	981	347	306	274	248	250	340	2.4	1.9	3.0	1.4	1.4	2.1	2.1	1.9	2.1	
Pakistan	487	358	508	575	498	110	103	106	183	1.6	1.0	1.6	2.3	2.2	0.8	0.9	0.8	1.2	
Originating from Africa	2.398	1.794	3.543	3.246	2.126	1.366	1.480	1.724	1.235	8.0	4.9	10.9	13.2	9.5	10.2	12.5	13.4	7.8	
of which:																			
Nigeria	1.037	1.431	1.846	1.829	881	420	395	535	837	3.4	3.9	5.7	7.4	3.9	3.1	3.3	4.2	5.3	
Somalia	326	221	191	45	89	183	467	411	344	1.1	0.6	0.6	0.2	0.4	1.4	3.9	3.2	2.2	
Originating from America	25	27	42	35	25	12	42	70		0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.5	0.0	
of which:																			
Columbia	19	10	9	0	0	1	0	0		0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	

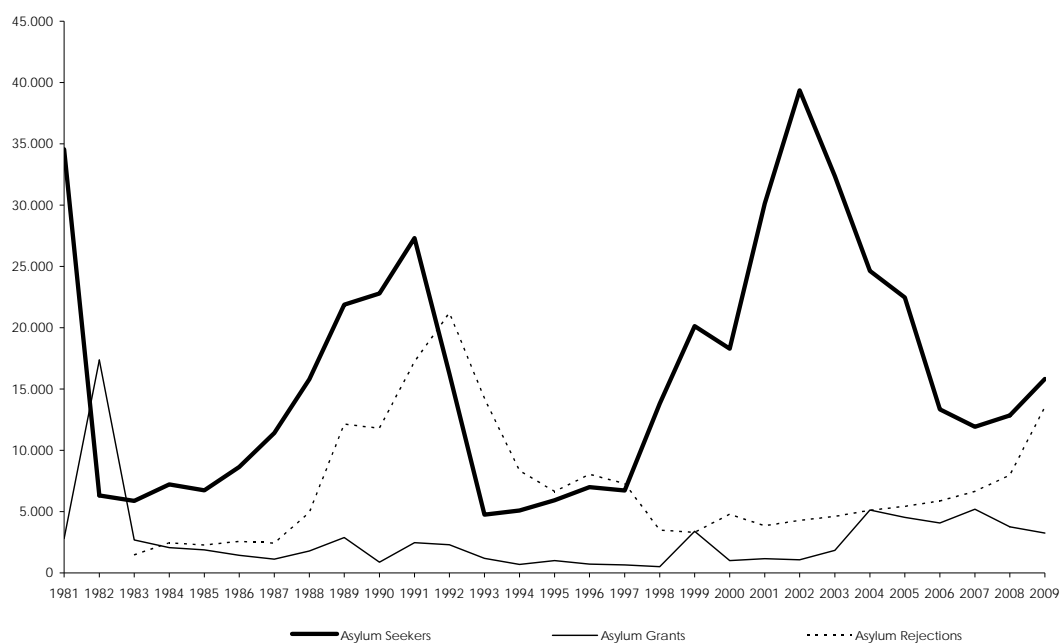
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As in previous years, a relatively small but rising number of asylum applications are filed by persons from Africa. The largest single country of origin is Nigeria (837), followed by Somalia (344). (Table 4)

In the course of the current year the number of asylum seekers is coming down. By the end of October 2010, a total of 9,127 applications were filed, 30% less than a year ago. The largest number of applications stems from the Russian Federation, followed by Afghanistan, Kosovo and Nigeria.

An increasing number of unaccompanied minors file asylum applications. In 2009 1,185 applied (compared to 900 in 2008). Their share in all applications increased thus to 7.5% in 2009 (after 4.4% in 2008). In 2010 the number of unaccompanied minors requesting asylum remains stable versus 2008.

Figure 8: Asylum procedures: Inflows, acceptances and rejections 1981-2009



Source: Statistics Austria, own calculations.

Processing asylum applications tends to be a lengthy process. While applicants from certain countries are receiving refugee status granted with a high probability, e.g., persons from Chechnya, others may face long waiting periods. In Austria, in the wake of reforms to the asylum legislation, procedures were streamlined and accelerated in 2004, e.g., by raising the number of staff. Accordingly, the backlog of asylum cases has been reduced.

In the year 2009, 3,247 asylum grants have been issued (-506, -13.5% versus the previous year) and four times as many have been rejected (13,531). These negative cases may result in refoulement, unless a return to the country of origin is unfeasible on humanitarian grounds (Test according to §8 of Asylum Law). In the latter case subsidiary protection status is granted and thus temporary residence status. In 2007 several cases made the public media, and a decision of the constitutional courts requested the Ministry of the Interior to clarify procedures by which residence may be granted to rejected asylum seekers on humanitarian grounds¹⁵.

By April 1 2009, an amendment to the residence and asylum laws (2005) came into effect (Fremdenrechtsnovelle 2009, BGBl. I Nr. 29/2009). Accordingly, residence status on humanitarian grounds is regulated separately in both laws, i.e. in the asylum act (§10 cites criteria on the basis of which permanent or temporary residence may be granted procedures and of the residence act (§§ 43 und 44 NAG 2005 have been extended). The catalogue of criteria is the same in asylum legislation (§ 10 Abs. 2 Z 2 AsylG), in the alien police law (§66 Abs. 2 FPG) and the residence act (§1 Abs. 3 NAG).¹⁶ In 2010 spectacular cases became known to the public, e.g. 8 year old twins (Kosovo Albanians) were put into a detention centre with their father before being deported October 7, which put **the subject of humanitarian residence to 'integrated' asylum seekers back on the agenda**. The girls plus father were allowed to return after a couple of weeks while procedures are overhauled.

In 2009, positive asylum decisions were granted mostly to refugees from the Russian Federation (43.1%), 18.1% of positive cases accrued to citizens of Afghanistan, followed by persons from Iraq (5.5%).

The acceptance rate of asylum applications (as a percentage of the sum of negative and positive cases) has fluctuated over time and it differs by country of origin. In 2004, the acceptance rate (positive cases in percent of positive and negative judgements) amounted to almost 50 percent, after 8.1 percent in 1997. Ever since then it declined and reached 19% in 2009.

Over the whole period of 1981 till 2008, a total of 469,261 asylum applications were registered, of whom a total of 76,327 were accepted as refugees according to the Geneva Convention, i.e., 16.3 percent, and 188,305 got their case rejected, i.e., 40.1 percent. The remaining 204,629 or 44 percent of all asylum applicants moved on before the procedures were terminated in Austria (Figure 8 and Figure 9).

Harmonisation of asylum legislation within the EU has brought about major changes in the treatment and deployment of asylum seekers in Austria. The legislative reform of 2005 had substantial financial implications for the state and regions. As of 2005, every applicant has the right to financial support by the state for the period of the asylum procedures. The financial

¹⁵ *Biffi – Bock Schappelwein* (2008) collected information on legislation in other EU-MS and on the annual numbers of rejected asylum seekers who get residence granted on humanitarian grounds.

¹⁶ For more information see *Biffi et al.* (2009).

burden is shared by all federal states according to their population size. This means that until 2004, large numbers of asylum seekers depended on the support of NGOs, in particular churches and affiliated institutions like Caritas. Since 2004 the states do not only have to provide shelter and other basic needs, but the local Labour Market Service is called upon to provide employment opportunities **for asylum seekers after a waiting period of 3 months. By order of the former Minister of Economic Affairs and Labour¹⁷ in 2004 labour market access was, however, limited to seasonal work, thereby reducing the scope of employment the law would actually offer.** This order brought about a deterioration of employment and learning opportunities of asylum seekers versus earlier labour market practices.

Once asylum seekers have received refugee status, they may enter the labour market without any legal restrictions. In case of rejection of the application, access to employment is denied. This puts the group of persons under stress, who for humanitarian reasons may not be sent back to their countries of origin.

While most migrants do not need any special integration support on the labour market, namely third country workers who have a work contract and who are free to enter, reside and work in Austria outside of any quota regulation, others are in need of special assistance beyond the right of free access to the labour market. This is particularly true for asylum seekers and refugees according to the Geneva Convention. Accordingly, a jobcentre was put in place, run by the Labour Market Service and the Integration Fund, to focus on the special needs of the target group.¹⁸

Since 2002 an increasing number of asylum seekers is receiving education and training as well as employment through innovative labour market policy initiatives, funded by the ESF. Various regional integration programmes, e.g., EPIMA and job shop, concentrate on improving skills/educational attainment level of young asylum seekers, also in view of improving their prospects to enter adequate employment (decent work). This development is in line with the objective of the EC to promote the employability of asylum seekers, documented in the Directive of the European Parliament of 25 April 2004, which aims at the promotion of integration of asylum seekers and refugees (www.refugeenet.org).

ii) **Outflow of refugees**

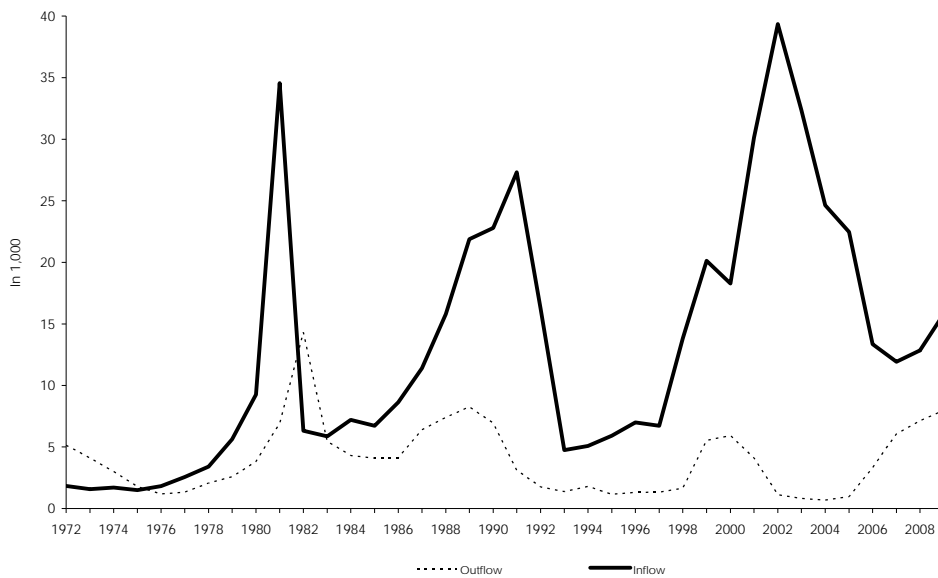
Until the fall of the Iron Curtain in 1989, asylum seekers and refugees (the majority from Eastern Europe) used Austria as a stepping stone for emigration to the traditional immigration countries overseas. Austria never conceived herself as an immigration country. Therefore an active integration scenario for refugees or immigrants was not put in place until rather recently, i.e., since the massive inflow of refugees from the region of former Yugoslavia in the

¹⁷ The order was issued by former Minister Bartenstein (Erlass zu GZ 435.006/6-II/7/04, EU -Erweiterungs-Anpassungsgesetz; Durchführungserlass).

¹⁸ http://www.integrationsfonds.at/habibi/habibi_jobcenter/

early 1990s. The outflow of asylum seekers and refugees was therefore always quite high relative to the inflows. When looking at outflow data one has to bear in mind that no comprehensive information exists on the outflow of refugees and asylum seekers. Only those figures are available, which are the result of processing emigration through IOM (International Organisation of Migration). These figures show a sharp decline from 1989 until 1995, followed by an increase till 2000 and a swift decline thereafter. In the year 2005 the outflow came almost to a halt (967) but picked up again in 2006 and reached 8,000 in 2009. (Figure 9 and Table 9)

Figure 9: Inflow and outflow of asylum seekers and/or refugees via Austria 1972-2009



Source: Statistics Austria.

The decline of registered outflows in the early to mid 1990s and since 2000 was on the one hand the consequence of policy changes in immigration countries – they started to recruit directly from Eastern European countries through their diplomatic representations – on the other hand refugees themselves may have preferred to stay closer to their countries of origin. In 1999, as the number of asylum applications reached record levels and integration in Austria became more difficult, asylum seekers tended to leave again in larger numbers, in particular to other countries in Europe and the USA. This behaviour came to a halt as asylum seekers increasingly remained in Austria, often on humanitarian grounds. In 2006, however, we see the beginnings of an increased outflow of refugees as it is becoming increasingly difficult for asylum seekers to find work and their chances for settlement on humanitarian grounds are deteriorating. By 2009, 8,000 refugees left Austria via the rest of the world, with

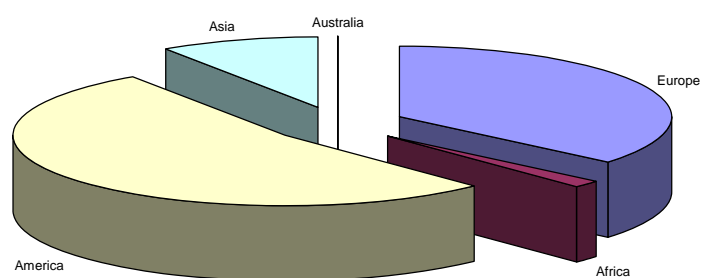
the help of IOM, more than double the number of 2006. 52% of the outflow of 2009 was directed towards the USA (4,200), 36% to another country in Europe and 9% to Asia.

Table 5: Outflow of refugees¹ via Austria 1972-2009

1972	5,140	1991	3,098
1973	4,105	1992	1,754
1974	3,012	1993	1,375
1975	1,787	1994	1,803
1976	1,186	1995	1,158
1977	1,335	1996	1,318
1978	2,071	1997	1,333
1979	2,597	1998	1,655
1980	3,818	1999	5,003
1981	6,909	2000	5,926
1982	14,317	2001	4,122
1983	5,441	2002	1,117
1984	4,314	2003	0,823
1985	4,103	2004	0,689
1986	4,131	2005	0,967
1987	6,397	2006	3,317
1988	7,397	2007	6,065
1989	8,267	2008	7,125
1990	6,934	2009	7,968

Source: International Organisation for Migration. – ¹ Outflow pertains only to refugees who leave Austria with the help of I.O.M.

Figure 10: Continents of destination of refugee outflows from Austria in 2009



S: Statistics Austria, IOM.

C) *Inflow of foreigners due to family reunification*

By mid 1993 a central alien register was established in the Federal Ministry of the Interior. This register distinguishes between different types of third country migrants and their residence status. The Settlement and Temporary Residence Law (NAG 2005) which replaced the Alien Law of the 1990s spells out the conditions under which different groups may enter and reside in Austria. The Alien-Register of the Federal Ministry of the Interior registers only those third country citizens, who require a residence permit.

Until 1997, third country citizens residing in Austria received a residence permit (Aufenthaltsbewilligung). With the amendment of the Alien Law in 1997, the residence permit system became more differentiated. Residence could be granted on a temporary basis (temporary residence permit – Aufenthaltserlaubnis) or permanent basis (settlement permit – Niederlassungsbewilligung). In 2003, rights of longer term permanent residents were widened by introducing a settlement certificate (Niederlassungsnachweis, the de facto green card) (Table 6).

Table 6: Structure of valid residence permits in Austria (1994-2010, mid year count)

1998-2003		2003-2005		2006 -		2006		2007		2008		2009		2010									
Settlement Certificate (NN)		Permanent residence (Daueraufenthalt)		Temporary Residence Permit (AB)		Family Member (FamAng)																	
Temporary Residence Permit (AE)																							
Settlement Permit (NB)																							
AB		AB		AB		AB		AB		AB		AB		AB									
AE		NB		Family Member (FamAng)		Permanent Residents		Permanent Residents		Permanent Residents		Permanent Residents		Permanent Residents									
NB		Family Member (FamAng)		Permanent Residents		Permanent Residents		Permanent Residents		Permanent Residents		Permanent Residents		Permanent Residents									
NN		Permanent Residents		Permanent Residents		Permanent Residents		Permanent Residents		Permanent Residents		Permanent Residents		Permanent Residents									
Total		Total		Total		Total		Total		Total		Total		Total									
25.624		19.022		482.318		27.682		575.207		19.008		18.765		19.290		20.381		20.275					
39.583		24.182		359.175		103.842		506.221		85.617		84.764		84.590		82.376		90.279					
482.318		359.175		17.882		38.167		42.416		42.936		40.036		354.346		311.730		307.664		308.566		306.007	
27.682		103.842		354.346		311.730		307.664		308.566		306.007		476.853		453.426		453.960		454.259		456.597	

Source: Federal Ministry of the Interior. Own calculations.

From 2006 onwards, temporary residence permits are only issued for persons who reside for more than 6 months in Austria. Thus, due to a change in administrative procedures the data on the residence status of third country citizens are not strictly comparable with the years ahead.

The number of valid residence permits of third country citizens (mid year count) has increased continuously from 280,500 in 1994 to 575,200 in 2004. In 2005 the number of permits to third country citizens declined to 506,200 (-70,000 or 12 percent), a result of eastern enlargement of the EU in May 2004. The citizens of new EU-MS have the right to reside/settle in Austria as EU citizens from old EU-MS.

In 2006 (mid year count), 476,900 valid residence permits were counted, 29,400 less than a year ago. The decline was in the main the result of the reduction in the number of short term permits (AE/AB of less than 6 months of stay); short stays of that order are from January 2006

onwards granted through a visa rather than a residence permit. By 2008 (mid year count) the number of residence permits declined further to 454,000, 22,900 or 4.8 percent less than 2006. Ever since then the number of residence permits remained more or less at this level (2010: 456.600). The decline had primarily been the result of a declining number of permanent residents as a result of the adoption of Austrian citizenship. In contrast, most other categories remained stable or increased slightly, in particular settlement permits (NB) and permits for family members other than partners and dependent children (Familienangehörige).

Of the total number of permits (mid year count) 306,000 or 67 percent were permanent residents, some 20 percent (90,300) had a settlement permit (NB) and 40,000 or 8.8 percent were a third country family member other than a partner or dependent child of an Austrian or other EEA citizen. Only 20,300 or 4.4 percent of all valid residence permits were temporary, i.e., for more than 6 months and less than a year.

i) Inflow of third country migrants by type of permit

It is important to remember that a relatively small proportion of the annual inflows of settlers (NB = Niederlassungsbewilligung) is regulated by quotas; temporary residents (until 2005 AE = Aufenthaltserlaubnis, from 2006 AB = Aufenthaltsbewilligung) are able to reside on the basis of regulations of labour market institutions (seasonal or other employment contracts), university or other school access rights or on humanitarian grounds. Over the year 2009 a sum total of 19,900 resident permits were issued to newcomers from third countries, about as many as in the previous 3 years; of all inflows 14,300 or 72 percent to settlers. Thus the annual inflow of settlers declined somewhat in 2009.

The number of temporary resident permits granted to third country citizens declined also slightly to 5,500 permits, a consequence of the deterioration of the economic situation following the financial economic crisis.

Of the 14,300 new settlers in 2009, only one third of the permits (4,400) was issued on the basis of a quota, i.e., either due to high skills (Schlüsselarbeitskraft) or as a family member of a third country citizen, who is a settler in Austria within a quota. Thus, 69 percent of the new third country settlers have the right to join their Austrian or EEA-family members or may settle on humanitarian grounds (Table 7 and Table 8).

Settler permits can also be acquired by having a temporary permit transformed or the status of a settler visa without access to work transferred into one with access to work. In the course of 2009, 2,800 such transformations were taking place; 81% went to persons who were under a quota/cap, namely 2,310. The transformations of titles were evenly spread across men and women. (Table 10)

Table 7: Annual inflows of settlers and temporary residents of third countries

Residence Permits issued in the course of the Year 2003-2009

Annual Sum by end of December

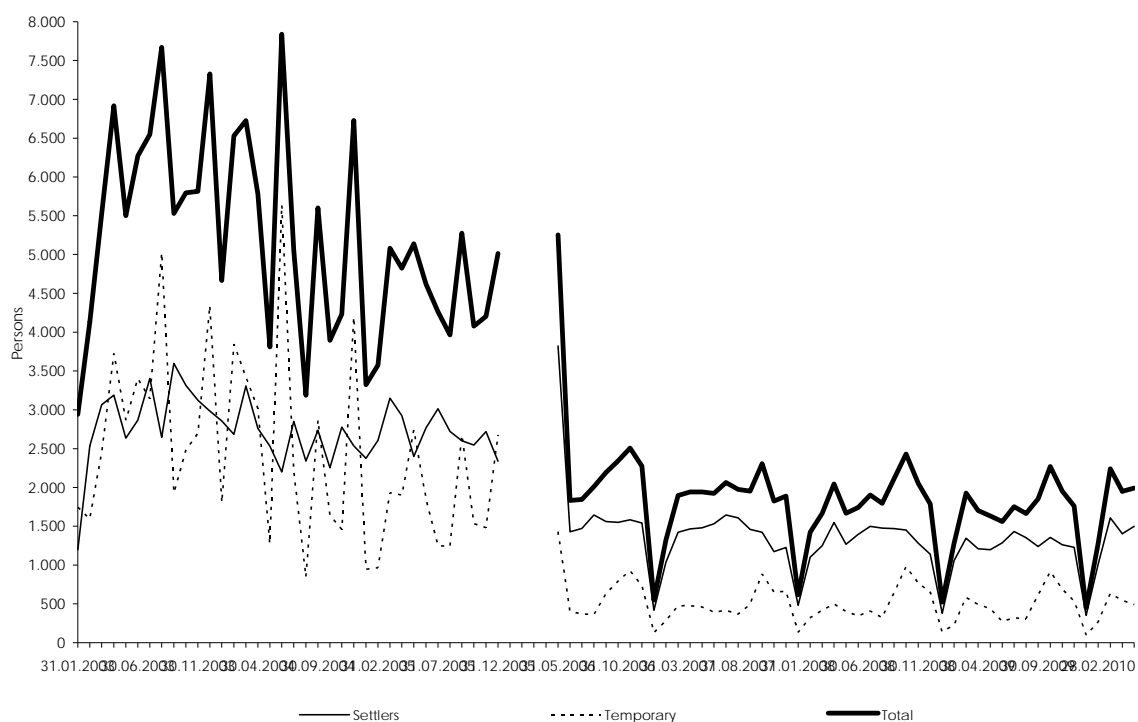
	2003	2004	2005	2006	2007	2008	2009
First issue settler	34.564	31.835	32.166	16.353	15.888	15361	14.347
First Issue temporary resident	35.405	32.209	21.200	6.613	5.699	5.879	5.532,0
	69.969	64.044	53.366	22.966	21.587	21.240	19.879
<i>Men</i>							
First issue settler	15.158	14.471	14.508	7.016	7.083	7.037	6.566
of which within quota regulation	2.977	1.840	2.287	1.616	2.096	2.218	1.809
outside quota	12.181	12.631	12.221	5.400	4.987	4.819	4.757
Prolongation of settlement	34.332	33.443	36.484	51.852	59.203	56.327	53.643
Transfer of title to settler (no quota)				362	614	1.057	1.181
Transfer of title to settler (inside quota)				144	280	279	286
First issue temporary resident	19.891	16.903	11.374	2.902	2.621	2.660	2.550
of which within quota regulation					0		
outside quota					2.621	2.660	
Prolongation of temporary stay	13.943	10.757	9.994	7.521	7.124	7.596	7.899
extension of residence permit	13.943	10.757	9.994	7.521	7.124	7.596	7.711
transfer of other title to resident title					0		188
Total	83.324	75.574	72.360	69.291	76.031	73.620	72.125
<i>Women</i>							
First issue settler	19.406	17.364	17.658	9.337	8.805	8.324	7.781
of which within quota regulation	5.050	3.298	3.971	2.453	3.159	5.183	2.601
outside quota	14.356	14.066	13.687	6.884	5.646	3.141	5.180
Prolongation of settlement	37.214	38.304	41.883	55.778	62.174	63.067	61.096
Transfer of title to settler (no quota)				450	619	951	1.129
Transfer of title to settler (inside quota)				229	292	289	251
First issue temporary resident	15.514	15.306	9.826	3.711	3.078	3.219	2.982
of which within quota regulation					0		0
outside quota					3.078	3.219	2.982
Prolongation of temporary stay	13.381	12.731	12.508	8.008	7.085	7.422	7.841
extension of residence permit	13.381	12.731	12.508	8.008	7.085	7.422	7.439
transfer of other title resident title					0		402
Total	85.515	83.705	81.875	76.834	81.142	82.032	81.080
<i>Total</i>							
First issue settler	34.564	31.835	32.166	16.353	15.888	15.361	14.347
of which within quota regulation	8.027	5.138	6.258	4.069	5.255	7.401	4.410
outside quota	26.537	26.697	25.908	12.284	10.633	7.960	9.937
Prolongation of settlement	71.546	71.747	78.367	107.630	121.377	119.394	114.739
Transfer of title to settler (no quota)				812	1.233	2.008	2.310
Transfer of title to settler (inside quota)				373	572	568	537
First issue temporary resident	35.405	32.209	21.200	6.613	5.699	5.879	5.532
of which within quota regulation	0	0	0	0	0		
outside quota	0	0	0	0	5.699	5.879	
Prolongation of temporary stay	27.324	23.488	22.502	15.529	14.209	15.018	15.740
extension of residence permit	27.324	23.488	22.502	15.529	14.209	15.018	15.150
transfer of title							590
Total	168.839	159.279	154.235	147.310	158.978	158.228	153.205

Source: Ministry of the Interior.

As to the newly issued temporary resident permits: of the total of 5,500 issued to third country citizens in 2009, the majority are persons working in Austria temporarily (and their family members), followed by students and their family members, and 1 percent could stay on humanitarian grounds, many of them 'integrated' asylum seekers.

Temporary residence may be granted on the basis of various regulations, e.g., a temporary employment permit granted by the Federal Ministry of Economic Affairs and Labour in the case of seasonal work, or as a result of a bilateral cross-border agreement (commuters from Hungary). These temporary work contracts are linked to employment contracts, which have a ceiling, e.g., in the case of seasonal workers and cross-border commuters. In these cases the residence in Austria is an integral part of the work contract and does not need processing by the Ministry of the Interior. Consequently, they are not included in the third country citizenship residence register. All other temporary residence cases which exceed a stay of 6 months are documented by the Ministry of the Interior, e.g., students, training and work experience schemes, sports and entertainment schemes etc. (Table 7 and Table 9). These stays are uncapped, e.g., researchers, students etc., i.e., all of the 5,500 temporary resident permits issued in 2009, are uncapped by quotas. The temporary residence status may be extended, e.g. in case of students. The total number of extensions is almost triple the number of first issues, namely 15,200 in 2009.

Figure 11: Monthly inflows of third country citizens by residence status (2003-2009)



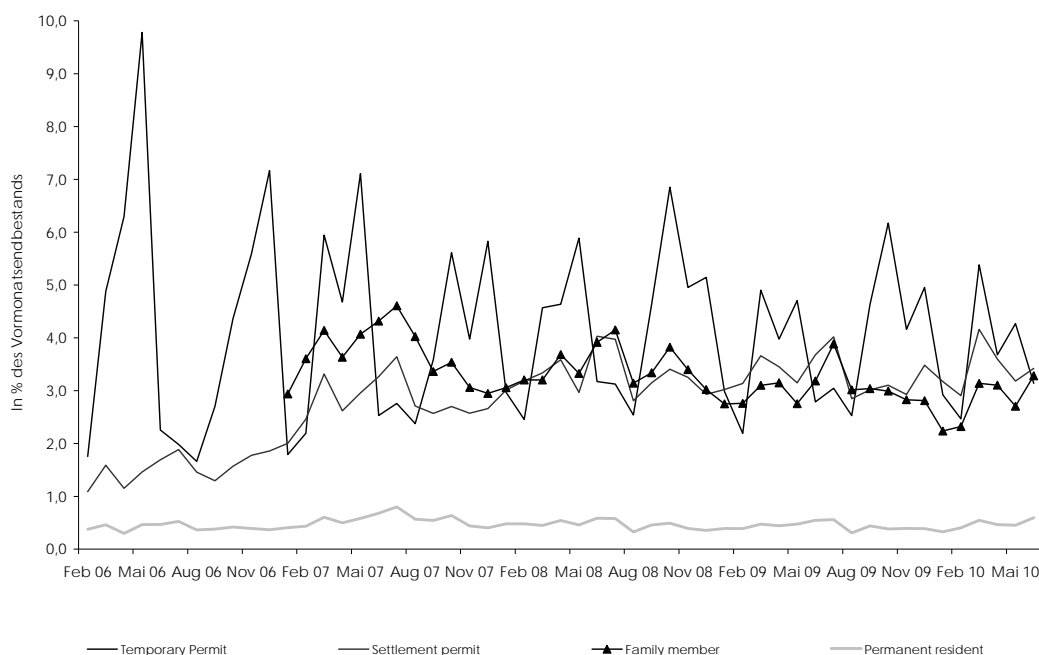
Source: Federal Ministry of the Interior, Own-calculations.

It is obvious from Figure 11 that temporary inflows have lost some of their volatility as a result of the exclusion of seasonal permits of less than 6 months from 2006 onwards. Administrative procedures may account for the small inflows at the turn of the year, both for settlers and

temporary residents. While temporary residents tend to flow in in larger numbers in the second half of the year, the contrary is the case for settlers. The annual average in terms of numbers is quite stable in the case of settlers, and on a slight rise in 2010; in contrast, the number of temporary residents tends to remain stable.

Figure 12 indicates that the inflow rate of temporary residents has a clear seasonal pattern – it is fairly high in relation to the stock in spring and autumn and low in the winter and summer months. The annual stock is averaging 20.000. In contrast, the inflow rate of green card holders (Daueraufenthaltskarte), i.e. third country citizens, who have resided and worked in an old EU-MS (also in Austria) for 4 years, have the right to settle and work anywhere in the EU, is less volatile and rising. Accordingly, their numbers are rising and reached 4.080 by mid 2010, after some 2,500 in mid 2006. The inflow rate into settlement permits is higher and also slightly rising; it exhibits an uneven spread over the year. The inflow rate of family members is about as high as the inflow rate of settlers, and exhibiting the same pattern. Family members may have their title transformed to one of settlement (which allows access to the labour market without labour market testing).

Figure 12: Monthly inflow rate in% (inflows in % of stock at end of previous month) of third country citizens by status (2006-2010)



Source: Federal Ministry of the Interior, Own-calculations.

In the course of 2009 14,3400 first settler permits were issued, somewhat less than in 2008. (Table 8) Two third of the settlement permits are issued to persons in uncapped categories, namely 10,000. The settler permits issued to third country citizens, for whom no quota limit applies, are either family members of Austrians (or of citizens of the EEA) or they have obtained settlement rights in another EU-MS, or else may reside in Austria on humanitarian grounds. As far as the first group is concerned, they have unlimited access to the labour market (5,000 in 2009). The latter may access work on the basis of labour market testing.

Amongst the capped categories a fairly small number are highly skilled migrants, who come for work. The figures have been rising between 2006 and 2009 by 300 or 52% to 832 and declined again in 2009 to 545. They constituted 3.8 percent of all first quota settlement permits in 2009. The majority of first settlers, who come under a quota, are family members who may only enter the labour market after labour market testing (limited access to work).

Table 8: Sum of settlement permits granted to citizens of third countries (Non-EU) by residence status and gender

1 January to end of December

	2007			2008			2009		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<i>Sum of all first settlement permits within the quota regulation</i>	<i>2.096</i>	<i>3.159</i>	<i>5.255</i>	<i>2.218</i>	<i>3.141</i>	<i>5.359</i>	<i>1.809</i>	<i>2.601</i>	<i>4.410</i>
No access to work	62	57	119	86	88	174	101	110	211
Limited (Family reunion)	1.353	2.665	4.018	1.333	2.508	3.841	1.178	2.076	3.254
Limited (Family reunion with self-employed high skilled settler)	13	20	33	5	17	22	8	18	26
Limited (Family reunion with salaried high skilled settler)	116	235	351	147	328	475	102	261	363
Limited (mobility of self-employed)	2	2	4		2	2	1		1
Limited (mobility of salaried worker)	7	5	12	6	7	13	7	3	10
High skilled settler (self-employed)	25	9	34	26	10	36	14	9	23
High skilled settler (salaried worker)	518	166	684	615	181	796	398	124	522
<i>Sum of all first settlement permits outside the quota regulation</i>	<i>2.114</i>	<i>2.002</i>	<i>4.116</i>	<i>2.119</i>	<i>1.950</i>	<i>4.069</i>	<i>2.502</i>	<i>2.434</i>	<i>4.936</i>
Family member	291	373	664	172	248	420	111	193	304
No access to work	9	8	17	11	9	20	9	13	22
access to work	8	7	15	2	2	4	381	311	692
Limited access to work (Family reunion)	1.682	1.507	3.189	1.860	1.624	3.484	1.772	1.713	3.485
Limited access to work	72	78	150	34	46	80	212	186	398
Limited access to work (European agreement)	3		3	3	5	8	2	8	10
Limited access to work (humanitarian)	49	29	78	37	16	53	15	10	25
<i>First settlement permits: Family member</i>	<i>2.873</i>	<i>3.644</i>	<i>6.517</i>	<i>2.700</i>	<i>3.233</i>	<i>5.933</i>	<i>2.255</i>	<i>2.746</i>	<i>5.001</i>
Family reunion (labour market testing for access to labour market)	18	16	34	24	11	35	6	7	13
Family reunion with Austrian/EEA (free access to labour market)	2.855	3.628	6.483	2.676	3.222	5.898	2.249	2.739	4.988
Sum of all first settlement permits	7.083	8.805	15.888	7.037	8.324	15.361	6.566	7.781	14.347
<i>Prolongation of settlement permits</i>	<i>29.781</i>	<i>31.527</i>	<i>61.308</i>	<i>31.554</i>	<i>33.778</i>	<i>65.332</i>	<i>30.335</i>	<i>32.965</i>	<i>63.300</i>
Family member	1.129	2.441	3.570	1.199	2.467	3.666	1.087	2.142	3.229
No access to work	364	561	925	375	529	904	363	469	832
Limited access to work (LM-testing)	12.712	12.133	24.845	10.887	10.740	21.627	8.942	8.957	17.899
High skilled settler (self-employed)	9	4	13	12	4	16	10	5	15
High skilled settler (salaried worker)	57	35	92	75	30	105	61	33	94
Unrestricted access to labour market	15.510	16.353	31.863	19.006	20.008	39.014	19.872	21.359	41.231
<i>Prolongation of other settlement permits</i>	<i>29.422</i>	<i>30.647</i>	<i>60.069</i>	<i>24.773</i>	<i>29.289</i>	<i>54.062</i>	<i>23.308</i>	<i>28.131</i>	<i>51.439</i>
Permanent residence- EU mobility	16.717	14.455	31.172	12.286	11.931	24.217	11.610	11.719	23.329
Permanent residence- family member EEA	1.902	1.818	3.720	1.594	2.188	3.782	1.839	2.614	4.453
Family member of perm. resident (LM-Testing)	12	17	29	29	27	56	22	18	40
Family member of Austrian/EEA (free access to LM)	10.791	14.357	25.148	10.864	15.143	26.007	9.837	13.780	23.617
Sum of all settlement permits	66.286	70.979	137.265	63.364	71.391	134.755	60.209	68.877	129.086

Source: Federal Ministry of the Interior, Central Alien Register.

Settlement permits entitle third country citizens to settle in Austria, but not everybody intends to settle, while others want to transform their settlement category into another title with more rights, e.g. free access to the labour market. Adding also the extensions and transformations into the picture, Austria issued a total of some 132,000 settlement permits in 2009.

In the event of a legal stay beyond 5 years, settlers may opt for obtaining a settlement certificate, which is available since 2003, modelled after the American 'green card'. Prolongations of settlement permits are becoming more frequent as the duration of stay gets longer and integration proceeds. In addition, large numbers of prolongations go to third country citizens who have permanent residence rights in another EU-MS. They may access the labour market in Austria without any limitations. Their numbers amounted to 25,700 in 2006, increased to 31,200 in 2007 and declined again to 23,300 in 2009.

*Table 9: Sum of temporary residence permits granted to citizens of third countries (Non-EU) by residence status and gender
1 January to end of December*

	2007			2008			2009		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<i>First temporary residence permits</i>	2 616	3 068	5 684	2 660	3 219	5 879	2 550	2 982	5 532
Employed persons on basis of GATS (mode 4)	93	12	105	152	19	171	85	22	107
Special protection					2	2		14	14
Family member of researcher	7	34	41	19	38	57	23	36	59
Family member of intercompany transfers	41	90	131	40	94	134	32	62	94
Family member of special employment-artist.scier	123	197	320	97	158	255	105	163	268
Family member of students	50	64	114	51	77	128	52	72	124
Family member of scientist/artist				13	45	58	7	17	24
Researcher	96	47	143	102	49	151	92	44	136
Humanitarian grounds	84	104	188	58	54	112	23	21	44
Artist (on the basis of work contract)	25	19	44	42	20	62	23	14	37
Artist (self-employed)	24	9	33	17	15	32	18	12	30
Intercompany transfers	120	27	147	114	36	150	66	18	84
Pupil	207	356	563	208	333	541	232	328	560
Self-employed	9	1	10	9	3	12	7	1	8
Special cases of salaried employees	542	1.123	1.665	529	1.164	1.693	474	1.096	1.570
Social worker	1	2	3		1	1		2	2
Students of higher education	1.194	983	2.177	1.209	1.111	2.320	1.311	1.060	2.371
<i>Extensions of temporary residence permits</i>	7 124	7 085	14 209	7 596	7 422	15 018	7 711	7 439	15 150
Employed persons on basis of GATS (mode 4)	44	38	82	90	39	129	104	39	143
Special protection				8	10	18	11	7	18
Family member of researcher	13	16	29	4	4	8	16	53	69
Family member of intercompany transfers	61	153	214	9	35	44	72	163	235
Family member of special employment-artist.scier	281	524	805	67	165	232	354	566	920
Family member of students	120	165	285	320	519	839	136	191	327
Family member of scientist/artist	35	58	93	128	173	301	24	50	74
Researcher	48	26	74	20	46	66	164	104	268
Humanitarian grounds	39	46	85	127	62	189	12	22	34
Artist (on the basis of work contract)	104	79	183	44	46	90	131	93	224
Artist (self-employed)	104	56	160	123	89	212	131	80	211
Intercompany transfers	149	46	195	109	65	174	179	49	228
Pupil	481	780	1.261	182	45	227	418	768	1.186
Self-employed	20	6	26	471	784	1.255	21	7	28
Special cases of salaried employees	1.018	653	1.671	1.136	678	1.814	1.132	656	1.788
Social worker	0	0	0	22	5	27			
Students of higher education	4.607	4.439	9.046	4.736	4.657	9.393	4.806	4.591	9.397
Sum of all temporary residence permits	9.740	10.153	19.893	10.256	10.641	20.897	10.261	10.421	20.682

Source: Federal Ministry of the Interior, Central Alien Register.

In addition to settlement permits, the Federal Ministry of the Interior issues temporary residence permits to persons who have obtained the right to enter for study, temporary work and business purposes including services mobility (GATS mode 4) or on humanitarian grounds. In the course of 2009, all in all 5,500 temporary residence permits were issued for the first time, and 15,100 were extended. The largest number of first temporary residence permits goes to students of higher education, namely 2,400 or 42.9 percent of all first temporary resident permits in 2009. Students are also the largest group to get their temporary stay extended namely 9,400 or 62% of all extensions. (Table 9)

Temporary residence status does not envisage the possibility of family reunion and access to welfare payments, in particular unemployment benefits.

*Table 10: Sum of all transformations of residence titles granted to citizens of third countries (Non-EU by gender (settlers and temporary residents)
1 January to end of December 2009*

	2009		
	Male	Female	Total
<i>Settler permit within quota</i>	1.181	1.129	2.310
Family member	5	10	15
access to work on basis of labour market testing	24	37	61
family member with free access to work	235	347	582
family member with access to work (LM-Testing)		1	1
Highly skilled (Schlüsselkraft)	40	36	76
free access to work	877	698	1.575
<i>Settler permit, no quota</i>	286	251	537
no access to work	5	3	8
access to work on basis of labour market testing	136	164	300
Highly Skilled (Schlüsselkraft)	85	43	128
free access to work	60	41	101
Sum of all transformations of settler permits	1.467	1.380	2.847
Sum of all transformations of temporary residence permits	188	402	590

Source: Federal Ministry of the Interior, Central Alien Register.

Table 10 provides an overview of the number and the composition of transformations of residence titles issued in 2009. Of a total of 3,437 transfers the majority went to settlers (83%), and there again for persons covered by quota regulations who want to obtain free access to work.

ii) Documentation of settlement on the basis of free movement within the EU/EEA

The Alien register of the Ministry of the Interior informs also on the number of citizens of another EU/EEA country who settle in Austria. In the course of the year 2009 37,800 EU/EEA

citizens entered Austria and registered as 'settlers'. About 50% entered for work, and some 10% (3,900) for study purposes. (Table 11) If one takes free movement within the EU/EEA into account, the annual inflow of persons with settlement rights amounted to 55,000 in 2009. Thus, only one third of the annual inflows of settlers are third country citizens and two third are of another EU/EEA country. This is a major difference to traditional immigration countries, which tend not to have substantial inflows as a result of free movement between countries. The only exception is Australia relative to New Zealand; however, in Australia only some 15% of all inflows are due to free movement. (Table 12)

*Table 11: Annual inflow of EEA-Citizens due to free movement by category
1 January to end of December 2009*

	2007			2008			2009		
	Men	Woman	Total	Men	Woman	Total	Men	Woman	Total
Documentation of registry	17.062	16.837	33.899	19.396	19.836	39.232	18.019	18.419	36.438
Employee	10.063	6.255	16.318	11.570	7.350	18.920	10.451	7.297	17.748
Education	1.166	2.001	3.167	1.447	2.496	3.943	1.548	2.373	3.921
Family reunification	3.619	5.547	9.166	3.898	5.826	9.724	3.798	5.492	9.290
Self-employed	822	649	1.471	953	1.930	2.883	953	1.320	2.273
Other family member/relativ	173	383	556	221	422	643	158	401	559
Others	950	1.566	2.516	1.057	1.447	2.504	1.111	1.536	2.647
Permanent resident document	269,0	436	705	250	365	615	646	684	1.330

Source: Federal Ministry of the Interior, Central Alien Register.

Table 12: Annual inflow of settlers and temporary residents by category

Annual inflow of settlers (permit data)					
	2005	2006	2007	2008	2009
Work	1.500	548	733	836	1.237
Family	29.400	15.628	14.939	14.384	12.433
Humanitarian (asylum grants)	5.900	4.234	5.440	3.649	3.247
Free Movement	19400	17.182	34.604	39.847	37.768
Others	700	177	216	141	677
Total	56.900	37.769	55.932	58.857	55.362
Annual inflow of temporary migrants					
international students	3.200	2.775	2.854	2.989	3.055
Seasonal workers	11.356	10.894	11.536	12.135	11.714
Intra-company transfers	200	186	147	150	84
Others	6.300	3.831	2.683	2.740	2.393
Total	21.056	19.359	17.220	18.014	17.246

S: BMI, LMS.

In addition to settlers, another 17,200 enter on a temporary basis. About two third of the inflows are seasonal workers; some 18% are third country international students (3,100) in 2009. According to registry data the split between third country and EU-citizens amongst the international student inflow is fairly even.

iii) Resident permit holders by type of status: stocks July 2010

A mid-year stock count (July 1, 2010) of the number of valid residence permits comes up with a figure of 456,600, i.e. a value close to the previous year (Table 13, Table 6 and Table 14). This may indicate that the economic downturn did not have an impact on the level of residence permits of third country migrants. It only had an impact on their employment opportunities as was indicated in the introductory chapter. The gender composition remains fairly stable, raising the number of women slightly to 226,000. Thus the share of women remains stable at close to 50%. The share of children and youth under 19 is slowly declining since 2005 and reached 20.7% in 2010, after 24.5% in 2005. In contrast, older persons (60 +) make up an increasing share of immigrants of third countries. In 2010 they made up 11.2% of the stock compared to 7% in 2005. Thus, ageing makes itself felt also amongst immigrants. Women are more than proportionately 20 to 40 years old, whereas men tend to be on average somewhat older than women.

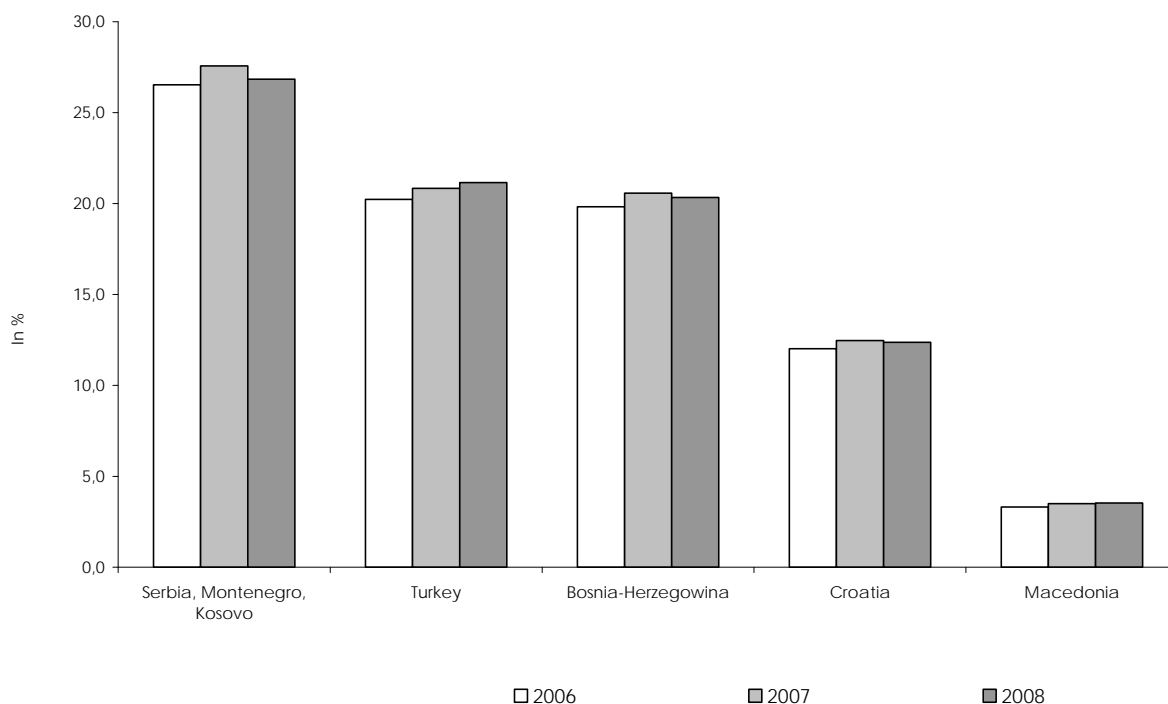
Table 13: Stock of valid residence permits of non-EU citizens by age and gender
Count by 1 July

	2005	2006	2007	2008	2009	2010
<i>Total</i>						
0 to 19	24,5	23,4	22,3	21,2	20,6	20,7
20 to 30	20,8	20,5	20,5	20,4	20,4	20,1
31 to 40	20,6	20,0	19,6	19,6	19,6	19,6
41 to 50	15,0	15,3	15,7	16,0	16,1	16,0
51 to 60	12,0	12,8	13,1	13,1	13,0	12,5
over 60	7,1	8,0	8,9	9,7	10,3	11,2
<i>Sum</i>	<i>506.221</i>	<i>476.863</i>	<i>453.426</i>	<i>453.960</i>	<i>454.259</i>	<i>456.597</i>
<i>Men</i>						
0 to 19	24,8	23,8	22,4	21,5	20,9	21,0
20 to 30	19,5	19,2	19,4	19,1	19,0	18,7
31 to 40	19,7	19,0	18,6	18,6	18,6	18,6
41 to 50	16,1	16,3	16,6	16,9	17,0	16,8
51 to 60	13,0	13,8	14,0	13,9	13,8	13,1
over 60	7,0	7,9	9,0	10,0	10,7	11,8
<i>Sum</i>	<i>258.013</i>	<i>242.179</i>	<i>231.336</i>	<i>231.069</i>	<i>230.190</i>	<i>230.560</i>
<i>Women</i>						
0 to 19	24,2	23,0	22,1	20,9	20,3	20,3
20 to 30	22,2	21,8	21,6	21,7	21,8	21,5
31 to 40	21,5	21,1	20,6	20,7	20,6	20,6
41 to 50	14,0	14,2	14,7	15,0	15,2	15,2
51 to 60	10,9	11,8	12,2	12,2	12,2	11,9
over 60	7,3	8,1	8,8	9,4	9,8	10,6
<i>Sum</i>	<i>248.208</i>	<i>234.684</i>	<i>222.090</i>	<i>222.891</i>	<i>224.069</i>	<i>226.037</i>

Source: Federal Ministry of the Interior, Central Alien Register.

By mid 2010, the largest single group of third country residence permit holders were citizens of Serbia/Montenegro/Kosovo. Their numbers amounted to 121,900, i.e. 26.7% of all residence permits. The second largest group were Turks with 99,900 permits (21.9% of all permits), followed by citizens of Bosnia-Herzegovina (85,700 or 18.8%), Croatia (54,900 or 12%), and Macedonia (16,100 or 3.5%). (Figure 13) Of these the majority are 'green card' holders, i.e., with unlimited access rights to work. People who originally came as settlers to join their family members, and who were barred from work for 5 years unless their skills were scarce and sought after (access to work subject to labour market testing) had their residence permit transformed to one with the option to take up work. Thus, the relatively small annual inflow of highly skilled workers does not mean that there is hardly any inflow of labour. It only shows that the target group of highly skilled migrants is small, but family reunion is a substantial source of labour, largely of an un- and semi-skilled nature.

Figure 13: Valid residence permits by major countries of origin 2006 to 2010 (mid year count)



S: BMI-BFIS, Own calculations.

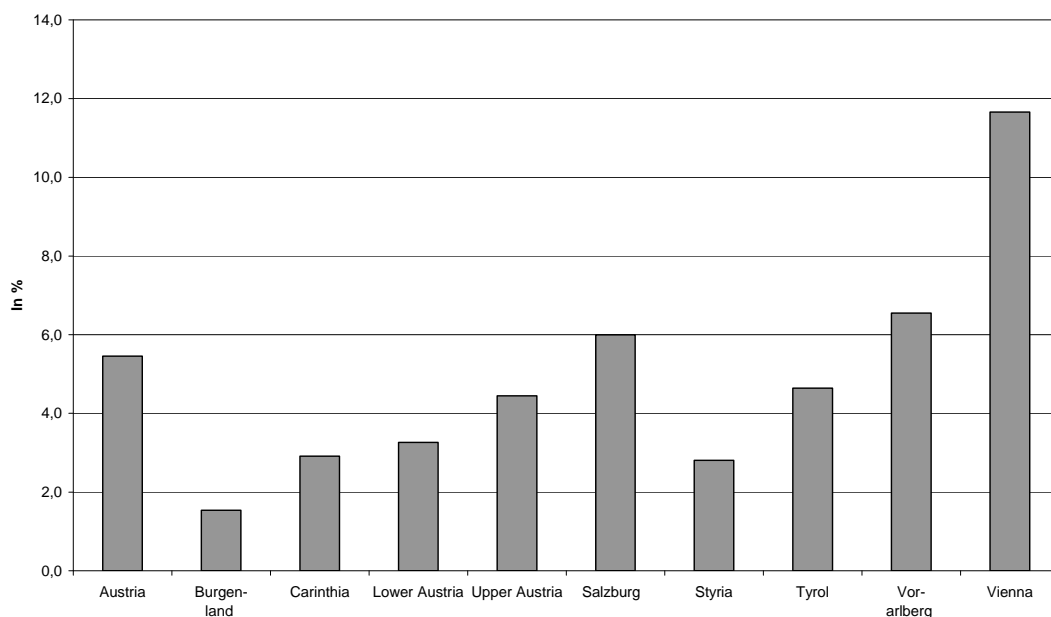
The Labour Market Service has the discretionary power to grant access to the labour market to family members who have not yet resided the required length of time in Austria to access the labour market without prior labour market testing. Explicitly excluded from access to the labour market are pensioners of third country origin and 'Privateers'. The amendment of the Alien Law of July 2002 allowed **students** to take up employment but not as fulltime workers but only as part-timers, to help cover their living expenses. This **amendment** was not expected

to and did not raise labour supply of migrant students but was to **legalise the clandestine work** on the part of students.

The foreign residence law (NAG 2005) specifies further that university graduates may have their temporary residence permit transferred to one of a highly skilled worker (Schlüsselarbeitskraft) outside any quota. This is not easily achieved, however, as the required wage to become eligible for a skilled worker title is too high for entrants into the labour market. An amendment of the income requirement for university graduates is in preparation and part of the migration policy reform, which is to become law in 2011.

The geographic distribution of third country resident permit holders follows the pattern of migrant distribution. On average, 5.5% of the total population in Austria in 2010 were third country migrants who held a resident permit. The proportion was highest in Vienna with 11.7% of the total population followed by Vorarlberg with 6.6% and Salzburg with 6%.

Figure 14: Valid residence permits in % of total population by region (permits mid year count, population by 1.1.2010)



Source: Federal Ministry of the Interior, Statistics Austria.

The regional dispersion of settlers and temporary residence permit holders differs significantly. Settler permit holders are concentrated on the central east-west axis of Austria and temporary resident permit holders along the eastern and south-eastern border. Citizens of third countries rarely settle in border regions of Upper and Lower Austria to the Czech Republic, neither in large sections of Styria, Carinthia and Burgenland.

Also in certain central regions south of the Danube third country citizens hardly settle. In contrast, Styria and Vienna are the most important regions for temporary resident permit holders. The regional clusters are in context with the history of migration and eventual settlement of former foreign workers on the one hand, and economic integration with neighbouring countries in the east and South East after the fall of the iron curtain on the other. Burgenland and Vienna are examples of particularly successful regional integration, i.e., above all with Hungary and the Slovak Republic.

Table 14: Valid residence permits, Legal basis on which residence is granted to citizens of non-EU-member states

1 July 2008/09

	2008			2009		
	Men	Women	Total	Men	Women	Total
Temporary residents						
1 Pupil	633	1090	1723	556	1034	1590
2 Student of higher education	5590	5323	10913	5877	5538	11415
3 Other education/Courses	1		1	0	2	2
4 Family reunion (with student of higher education)	170	227	397	160	232	392
5 Intercompany transferees	265	78	343	145	46	191
6 Family member of intercompany transferees	102	220	322	91	208	299
7 Employed persons on basis of GATS (mode 4)	117	53	170	145	46	191
8 Family member of scientist	14	43	57	28	55	83
9 Humanitarian grounds	86	92	178	106	106	212
10 Self-employment	30	7	37	26	7	33
11 Family member of researcher	22	50	72	25	74	99
12 Family member of highly skilled worker	8	10	18	1	8	9
13 Family member of artist	33	56	89	46	57	103
14 Family member of special cases of highly skilled salaried wo	350	602	952	326	566	892
15 Former Privatier, outside quota	50	78	128	112	56	168
16 Special cases of highly skilled employees (Researchers etc.)	1562	1508	3070	1515	1462	2977
17 Artist (with work contract)	201	123	324	170	133	303
18 Artist (self-employed)	125	88	213	139	100	239
19 Researcher	191	91	282	215	116	331
Sum of temporary residents	9550	9739	19289	9683	9846	19529
Settlers						
20 Limited access to work (subject to labour market testing)	12.985	12.577	25.562	9490	9478	18.968
21 Family reunion	17.839	24.577	42.416	17018	24111	41.129
22 No access to work	413	598	1.011	406	548	954
23 Relative	1.341	2.700	4.041	1122	2264	3.386
24 Highly skilled settler (self-employed)	48	22	70	48	17	65
25 Highly skilled settler (salaried)	945	423	1.368	934	416	1.350
26 Family member of highly skilled settler (self-employed) -LMT	18	28	46	7	20	27
27 Family member of highly skilled settler (salaried) LMT	176	340	516	160	378	538
28 Unrestricted access to work	22.894	22.868	45.762	23506	23843	47.349
31 Family member of humanitarian settler, LMT	48	46	94	40	28	68
35 Family member, LMT	2.548	3.471	6.019	2313	2971	5.284
36 Settler on humanitarian grounds, LMT	43	33	76	40	28	68
37 Formerly Third country origin, preferential treatment-Austria	1.496	2.290	3.786	1142	1695	2.837
38 Family member of Austrian	7.123	6.714	13.837	6376	5899	12.275
Sum	67.917	76.687	144.604	62.602	71.696	134.298
39 Permanent resident- EU free mobility	72.032	62.529	134.561	81551	72922	154.473
40 Family member-Permanent resident- EU free mobility	4.000	4.517	8.517	5615	6904	12.519
41 Settlement permit - Formerly settlement certificate	73.546	64.881	138.427	66980	58676	125.656
42 Mobility -unlimited access to work	11	8	19	17	11	28
Sum of Settlers	217.506	208.622	426.128	216.765	210.209	426.974
Sum of all valid resident permits of third country citizens	227.056	218.361	445.417	226.448	220.055	446.503
LMT = access to work subject to labour market testing						

Source: Federal Ministry of the Interior, Central Alien Register.

There is a strong ethnic/cultural regional segmentation of settlers and temporary residents. While Turks and Serbs tend to settle in Vorarlberg, Tyrol and Salzburg in the west and in Vienna

and Lower Austria south of Vienna in the east, Croats tend to be concentrated in the south and certain districts in Tyrol and Salzburg. In the east there are small enclaves of recent Croat settlement, often in areas in which Croats have old settlements which date back to the times of the Austro-Hungarian Empire. Temporary residents tend to come from the Eastern and South Eastern European countries/regions.

iii) Stock-Flow analysis of resident permits 2003-2010

The Federal Ministry of the Interior supplies the Austrian Institute of Economic Research with stock-flow data on resident permits for the purpose of writing an expertise on the structure and impact of third country migrant inflows on the labour market (*Biff – Bock-Schappelwein*, 2006, 2007, 2008, 2009).

The level and structure of valid residence permits at a particular point in time is the result of flows into and out of a particular category within a certain period of time. The stock of valid permits by residence status at the end of a month ($B_{i,t+1}$) is the result of the stock in the beginning of the month ($B_{i,t}$), plus the inflows during the month i.e., first issues ($Z_{Ei,t+1}$), prolongations ($Z_{Vi,t+1}$) and transfers ($Z_{Zi,t+1}$), minus outflows due to prolongations ($A_{Vi,t+1}$), transfers ($A_{Zi,t+1}$) or exit from Austria, death or naturalisation ($A_{Di,t+1}$); flows that cannot be attributed clearly or statistical errors are also to be taken into account ($\varepsilon_{i,t+1}$).

$$B_{i,t+1} = B_{i,t} + Z_{Ei,t+1} + Z_{Vi,t+1} + Z_{Zi,t+1} - A_{Vi,t+1} - A_{Zi,t+1} - A_{Di,t+1} + \varepsilon_{i,t+1}$$

$$B_{t+1} = \sum_{i=1}^n B_{i,t+1} \text{ Whereby } i = 1, \dots, n \text{ categories of residence status}$$

While inflows are clearly defined, some questions remain unresolved relative to the composition of outflows. Flows in and out of categories which are the result of transfers or prolongations of titles do not have an effect on the total stock, but they are considerable, thus indicating substantial administrative activities. The inflow rate has declined in 2006 as a result of reductions in the inflow of family members due to legislative change, and again in 2007 as a result of the enlargement of the EU 25 by Bulgaria and Romania.

In Figure 12 we look at the dynamics of inflows (first issues) in the various categories of residence permits over the year. We do not look into extensions as little is known about administrative procedures and the duration of processing by categories of permits and region. According to flow data, the volatility of temporary residence permits is relatively high, and there is still a seasonal pattern even though temporary migrants with short-term contracts of less than 6 months (often seasonal workers) are no longer registered in the Alien Register of the Ministry of the Interior. The inflow rate of persons on the basis of services mobility mode 4 (GATS – Betriebsentsandter) is high and rising. Particularly volatile and at times very high is the inflow rate of artists. In contrast, green card holders and permanent residents have a very low

and relatively stable inflow rate. The inflow rate to settler permits of family members has been declining significantly during the year of 2006, when the new regulations came into force but stabilised from 2007 onwards. On a continuous rise is the inflow rate of settler permits, as more and more family members acquire this status, which grants access rights to the labour market without labour market testing.

iv) Registration of residence of citizens of EU-member states

The new Foreign Residence Law (NAG 2005) did not only re-regulate the residence status of third country citizens, but also introduced the registration of residence of EU citizens. Accordingly, the inflow of citizens from the EEA is documented since January 2006. (Table 11)

Citizens of the EEA, who have the right to free mobility and their family members may have their residence status registered (*Anmeldebescheinigung*). In addition, third country citizens who have a permanent residence status in another country of the EEA may choose to settle in Austria. They get a settlement document (*Daueraufenthaltskarte*). By July 2010, 144,800 citizens of the EEA were registered under the first title in Austria (documentation of residence) and 4,080 under the second title (settlement document). About half of the registered EEA citizens were working in Austria (77,000, 42% of them women), in the main as wage and salary earners (68,600). Some 11 percent were students (16,400, two third of them female) and some 6% were family members or relatives (37,200, 59% of them women). (Table 15)

Table 15: Documentation of the residence status of citizens of the EEA and third country settlers in another EU-MS (mid year stock count)

	2008			2009			2010		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Documentation of registry	33.482	32.670	66.152	52.926	52.335	105.261	72.134	72.704	144.838
Employee	19.971	12.495	32.466	31.296	19.823	51.119	41.375	27.251	68.626
Education	2.403	4.303	6.706	4.150	7.013	11.163	6.225	10.131	16.356
Family reunification	6.778	10.297	17.075	10.696	16.042	26.738	15.081	22.074	37.155
Self-employed	1.642	1.632	3.274	2.613	3.357	5.970	3.642	4.779	8.421
Other family member/relativ	339	723	1.062	537	1.169	1.706	756	1.602	2.358
Others	1.821	2.714	4.535	2.894	4.224	7.118	4.111	5.921	10.032
ID-Card	528	506	1.034	740	707	1.447	944	946	1.890
Settler document	1155	1700	2.855	1.424	2.015	3.439	1.731	2.349	4.080

Source: BMI-BFIS.

D) Labour market flows

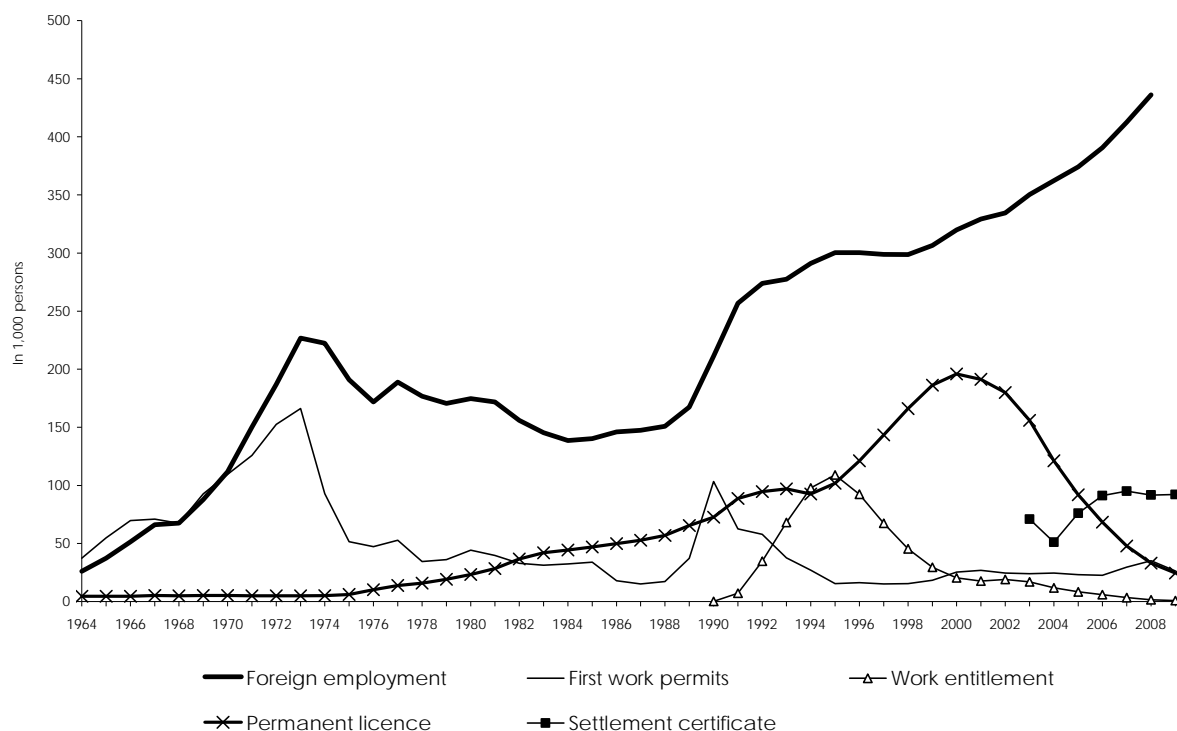
Austria has started out as a country targeting migrant workers rather than immigrant workers and their families. As a result, Austria has a long history of work permits; only relatively recently, i.e., in the 1990s, was this system complemented by regulations of family reunification and thus by a complex system of resident permits, following the pattern of immigration countries. In what follows, a short history of the development of the work permits system is given.

i) Entries of foreigners for work

Over time, i.e., since the 1960s, a highly differentiated system of work permits for different purposes and the changing status of foreigners evolved, whereby the scope of the labour and social rights of migrants is extended with the duration of work and stay in Austria.

Initial work permits are issued to foreign citizens (since 1994 only those from outside the EEA/EU), when they are entering the labour market for the first time ("first" issue, Erstantrag). The first work permit is issued to the firm and not the worker. After one year of work the status of the permit may be transformed into a permit issued to the foreign person (Arbeitserlaubnis), after five years of work to a permanent licence, which allows free mobility within the whole of Austria and marks the termination of firm/work control.

Figure 15: First work permits and total foreign employment 1964-2009



Source: Austrian Labour Market Service.

The "first" issue permit (Erstantrag) is only a weak indicator of the inflow from abroad since family members of foreign workers residing in Austria are also amongst this group, if they enter the Austrian labour market for the first time and are not eligible for the "green card".

A graph can better clarify the different aspects of the work permit system and its linkage to the stock of foreign employment. First entry permits used to have a high correlation with the

development of total foreign employment until 1990. Only in periods of rising demand for foreign workers does the issue of first entry permits increase. As employment of foreign workers stabilises, other forms of permits take over and regulate continued employment.

Between 1990 and today severe restrictions on the recruitment of foreign workers prevent the inflow of foreign employment through market forces. This is in the main the result of substantial refugee inflows and the echo effect of family reunion which raised potential labour supply. The objective of the restrictive migration policy relative to worker inflows was to promote integration of migrants who were already residing in Austria rather than allowing inflows from abroad to raise labour market competition and thereby unemployment.

The year 2000 marked a renewed slight increase in first employment permits (Beschäftigungsbewilligung), basically as a result of a renewed intake of foreign workers from abroad, largely seasonal workers in tourism and agriculture. It is apparent from Figure 15 that the significant rise in foreign employment since 2003 did not show up in the first employment permits, since the majority of the foreign workers had resided in Austria for 5 years legally (green card) and had thus the right to access the labour market without a work permit. In 2009, the number of first employment permits issued over the year amounted to 26,400, some 10,000 less than a year ahead, a result of the cyclical decline in labour demand.

With the introduction of work entitlements (issued to the person after 1 year of employment) in 1990 employment security increased for foreign workers. The increasing job stability of the second wave of foreign workers, who entered the labour market at the end of the 1980s and in the early 1990s, becomes evident in the transformation of work permits into work entitlements and eventually, after 1995, into permanent licences. In 2003, the introduction of the settlement certificate (permanent residence status) allowed the transformation of 'permanent' work permits into settlement (green) cards; this together with increasing naturalisation of settlers explains the drop in the number of 'permanent' work permits.

First work permits for up to one year are issued to the firm in order to allow the labour inspectorate to control the working and living conditions of foreigners when they first enter the labour market – to ensure fair and equal treatment and control for social and labour market dumping. As soon as a foreigner switches to a work entitlement (Arbeitserlaubnis – after one year of continued legal employment) or a "permanent" licence (Befreiungsschein – after 5 years of legal employment) she/he may move freely on the labour market, work site controls are abandoned.

Foreigners have to register in the district of residence (magistrates) and provide information about the housing conditions as well as the residence status (since mid 1993). The law requires a certain minimum living space per person in the household, which may be ascertained by the police, one reason being the **control of clandestine/illegal foreigners and the protection of foreigners against exorbitant rental rates**. The original intention of the regulation of the minimum living space had been, to ensure that firms, who employed foreign workers, also

provided the customary living conditions. Now that foreign workers have to find their own housing, this part of legislation may turn against the foreign worker.

It is helpful to put the flow data, i.e., permits granted over the year by category, in the context of stocks of persons/permits on an annual average. It can be seen from Table 17 that the Austrian labour authorities are endeavouring to document the various forms of influx to the labour market as a result of eastern enlargement of the EU and increased mobility of persons within the EU, including services mobility. The latter differentiates between the liberalised services (no labour market testing) and non-liberalised services. There is a difference between a services provision acknowledgement (Entsendebestätigung) and a services provision permit (Entsendebewilligung): for the latter labour market testing is required as it is in occupations which are not liberalised in the context of free services provision between new and old EU member states. The first is issued for a period of 6 months and may be extended, while the latter may not be extended after the period of 6 months has expired.

*Table 16: Various types of work permits for third country citizens 1999-2009
Stocks, Annual average*

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Temporary work permits (BB)	22.154	24.145	28.593	27.192	26.296	25.211	22.826	21.401	23.636	29.313	28.166
Work entitlements (AE)	29.524	20.399	17.685	18.974	17.008	11.856	8.451	6.067	3.417	1.495	879
Permanent licences (BS)	179.738	187.990	181.879	169.710	147.330	115.029	87.146	64.688	44.750	30.582	22.480
Provisional permit	17	40	88	9	5	86	12	10	14	25	23
Cross-border services (GATS)	350	459	588	635	623	648	447	466	391	361	207
§4c (Turkey) permanent licences	6.671	8.068	9.665	10.433	8.755	6.206	4.831	3.793	3.069	2.526	1.968
Bilateral agreements	686	1.059	1.563	1.926	2.499	2.196	850	774	916	1.011	858
Free mobility of labour new EU-MS						2.848	9.909	17.808	27.058	34.839	40.645
Highly skilled permits					226	731	627	1.098	1.602	2.094	1.908
Settlement certificate (NN)					17.693	56.072	76.128	91.228	95.147	91.783	76.497
Permanent Resident								1.507	6.170	12.354	15.696
Settlement-EEA								6.071	20.355	31.444	40.579
Employed based on valid permit	239.140	242.159	240.062	228.878	220.438	220.883	211.227	214.908	226.526	237.825	229.904

Source: Austrian Labour Market Service.

3. Emigration and return of nationals

The Austrian labour market is to a certain extent integrated with the industrialised countries bordering Austria in the west, and increasingly also the east and south-east. Until 2002 reliable employment data of Austrians abroad was regularly available for Germany and Switzerland. With the coming into effect of the bilateral agreement on the part of Switzerland with the EU in 2002 no distinction of the employment status of Austrians in Switzerland is available any longer. Also Germany terminated the publication of employment figures of Austrians in 2008.

The population register in Switzerland indicates that the number of Austrians in Switzerland stagnated from the mid 1990s to 2000 at a level close to 30,000. Since then the numbers rise again to reach 37,300 in 2008, i.e. plus 21% versus 2000.

Table 17: Austrian workers and salaried employees in the Federal Republic of Germany

	Federal Republic of Germany			Of which: Bavaria		
	1	Changes		1	Changes	
		Absolute	Percent		Absolute	Percent
1977	74,985	- 1,012	- 1.3	37,050	- 746	- 2.0
1978	75,245	+ 260	+ 0.3	37,210	+ 160	+ 0.4
1979	83,698	+ 8,453	+ 11.2	41,984	+ 4,774	+ 12.8
1980	87,212	+ 3,514	+ 4.2	44,903	+ 2,919	+ 7.0
1981	87,441	+ 229	+ 0.3	45,383	+ 480	+ 1.1
1982	84,811	- 2,630	- 3.0	44,000	- 1,383	- 3.0
1983	82,187	- 2,624	- 3.1	42,400	- 1,600	-3.6
1984	80,596	- 1,591	- 1.9	41,600	- 800	- 1.9
1985	80,644	+ 48	+ 0.1	41,000	- 600	- 1.4
1986	81,478	+ 834	+ 1.0	41,600	+ 600	+ 1.5
1987	83,306	+ 1,828	+ 2.2	42,591	+ 991	+ 2.4
1988	86,021	+ 2,715	+ 3.3	44,365	+ 1,774	+ 4.2
1989	88,701	+ 2,680	+ 3.1	45,987	+ 1,622	+ 3.7
1990	91,380	+ 2,679	+ 3.0	47,538	+ 1,551	+ 3.4
1991	93,352	+ 1,972	+ 2.2	48,900	+ 1,362	+ 2.9
1992	94,333	+ 981	+ 1.1	49,600	+ 700	+ 1.4
1993	93,155	- 1,178	- 1.2	48,683	- 917	- 1.8
1994	88,674	- 4,481	- 4.8	46,768	- 1,915	- 3.9
1995	83,587	- 5,087	- 5.7	44,580	- 2,188	- 4.7
1996	79,372	- 4,215	- 5.0	42,705	- 1,875	- 4.2
1997	74,845	- 4,527	- 5.7	40,625	- 2,080	- 4.9
1998	72,185	- 2,660	- 3.6	39,642	- 983	- 2.4
1999	70,179	- 2,006	- 2.8	38,955	- 687	- 1.7
2000	62,608	- 7,571	- 10.8	35,281	- 3,674	- 9.4
2001	62,605	- 3	- 0.0	35,211	- 70	- 0.2
2002	61,580	- 1,025	- 1.6	34,503	- 708	- 2.0
2003	59,958	- 1,622	- 2.6	32,951	- 1,552	- 4.5
2004	57,931	- 2,027	- 3.4	31,623	- 1,328	- 4.0
2005	56,350	-1,581	-2.7	30,548	-1,075	-3.4
2006	56,358	8	0.0	30,278	-270	-0.9
2007	56,387	29	0.1	30,268	-10	0.0
2008	56,763	376	0.7			
2009						

Source: "Struktur der sozialversicherungspflichtig Beschäftigten", Statistisches Bundesamt Wiesbaden. – 1 June.

In Germany, the number of Austrian wage and salary earners continues to be surveyed once a year. In mid 2008 some 56,800 Austrian wage and salary earners were counted, slightly more than a year ago. Thus the declining trend of employment of Austrians in Germany came to an end in 2006. The number of Austrians employed in Germany had started to decline in 1993 for the first time since the recession of the early 1980s. Ever since then the employment of Austrians had continued to shrink. The major share of Austrians is working in Bavaria. In 2007, some 30,300 or 54 percent of all Austrians employed in Germany were

working in Bavaria as wage and salary earners, this is more or less the same number as a year ahead. At the same time the number of Germans coming to work in Austria has increased to such an extent that by now more Germans are working in Austria than Austrians in Germany, namely 72,300 in 2008. This goes to show that as employment conditions in Germany deteriorated relative to Austria and partly also as a result of a reform of the social security benefit system (Hartz reform) and increased coordination of labour market services across borders, Germans started to flow in larger numbers into Austria than in the past.

II. Posted workers

Given the complexity of employment relationships involved in services mobility involving cross-border movement of persons, it is hard to establish the exact numbers of foreign persons and working hours involved. However, Austria, a country with comparatively good data on migration and cross-border services provision, affords a reasonable basis for assessing the effect of services mobility on economic and employment growth. In addition, Austria is a small open economy which owes much of its prosperity to its openness to international trade and migration. Today, about 50% of GDP derives from the production of goods and services for exports. The values of imports and exports are fairly balanced - exports make up 16% of GDP and imports 15% of GDP. At the same time, some 16 percent of the work force are migrants. This puts Austria amongst the leading European countries in terms of dependence on international trade including services and migrant labour.

Austria is also an interesting case, as, in 2004, it made transition agreements with the new EU-10-MS, to control the access of migrants from the new EU-MS to the labour market as well as limiting cross-border services provision for certain occupations and industries. In spite of that, both the number of migrants and service providers increased between 2004 and 2009, largely because labour market testing and proof for economic advantage meant that inflows were restricted but still open for negotiation. Thus, the number of migrants (wage and salary earners) from the new EU-10 MS increased by +34,147 or +116% to 63,600 between 2004 and 2009, while the number of EU-2 migrants increased by 3,000 or 19% between 2007 and 2009 to 18,300. Their share amongst the workers with non-Austrian citizenship increased from 12% to 19%; they constituted 2.5% of the wage and salary earners in 2009.

Its monitoring system and market testing process enabled Austria to derive interesting information about the occupations into which the service providers entered including sheltered occupations¹⁹. Between 2004 and 2009 some 20.000 persons from the new EU-MS took advantage of the opportunity to set up a business as independent contractors/self-employed, largely self-employed homecare service providers and to a lesser extent, building

¹⁹ The services sheltered from competition through cross-border service providers are gardening, services in the stone, metal and construction industry, security and cleaning services, home care services and social workers. For details of numbers, see G. Biffi – J. Bock-Schappelwein, 2008

services and consulting. In addition, the annual inflow of service providers increased from 3,070 in 2000 to 3,718 in 2003; in 2004 the inflow increased to 5,887 and continued to rise to 7,465 in 2007. From 2007 onwards the annual inflow subsided and returned to the level of 2004 (with 5,538). The bulk of the inflow was in the so called liberalised services, which get only registered but do not require an explicit acceptance (Entsendebestätigung versus Entsendebewilligung). In 2004 about half of all inflows for the purpose of services provision were in liberalised services, and thus merely registrations, and the other half were explicit authorisations for activities in sheltered occupations. In 2009, in contrast, 83% of all inflows were mere registrations.

All in all, the number of service providers who entered legally, either as self-employed or posted workers, has increased by some 30.000 and therefore somewhat less than the number of migrant wage and salary earners from the new EU-MS.

Given the increasing role of services in employment creation, the numbers of posted workers relative to migrant workers may increase quickly. In view of strict wage regulations and control of working conditions in the case of migrants and the limited controls and controllability of wage and working conditions of posted workers, the posting of workers may actually take precedence over immigration as a strategy of companies to satisfy their labour demands in a flexible way.

Table 18: Cross-border Service Provision (posted workers) in liberalised and non-liberalised jobs

	from	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Service provision authorisation	EU-12	2.118	2.530	2.905	2.786	1.827	1.474	1.535	779	328	216
	Other Countries	735	633	652	614	1.148	919	900	999	1.254	744
	Total	2.853	3.163	3.557	3.400	2.975	2.393	2.435	1.778	1.582	960
	from										
Service provision registry	EU-12	112	136	70	79	2.561	4.250	3.891	5.337	4.628	3.896
	Other Countries	105	114	152	239	351	867	419	350	645	682
	Total	217	250	222	318	2.912	5.117	4.310	5.687	5.273	4.578
Total	EU-12	2.230	2.666	2.975	2.865	4.388	5.724	5.426	6.116	4.956	4.112
	Other Countries	840	747	804	853	1.499	1.786	1.319	1.349	1.899	1.426
	Total	3.070	3.413	3.779	3.718	5.887	7.510	6.745	7.465	6.855	5.538

Source: LMS.

Distinction between migration and services mobility

The distinction between migration and trade in services becomes blurred as can be exemplified by temporary workers in harvesting. In relation to those migrant workers (of third country origin) who are employed directly by the local farmer, national immigration regulations apply, while in the case of harvesting services provided by a posted worker from a foreign leasing firm/labour contractor, GATS rules apply. This situation of dualisation of the workforce may be likened to the increasing number of workers in factories who are employed with leasing firms and temporarily working in one or the other factory alongside the core workforce of the enterprise.

The recent ECJ rulings indicate the line EU-policy may be expected to take, namely promoting the unrestricted movement of services²⁰, i.e. short-term labour migration regulated by the Services Directive²¹. This may be one result of the *Viking* and *Laval* judgments, which refer to Article 28 and thus the employers' entitlement to free movement.

In the case of mode 4 temporary migration/services mobility, it is argued by some (Winters et al. 2003) that the economic advantages are more straightforward and similar to the trade in goods²² and therefore less costly than permanent immigration. In the former, goods come into the country, in the latter, services. According to WTO (2004), the main advantage is derived from the temporary character of posted work, thus avoiding additional costs in terms of infrastructure and social and cultural integration associated with permanent immigration. This judgement is based on the assumption that posted workers, as a special case of temporary migrants, will return to their country of origin. But as we are dealing with human beings in democratic societies, it may not be so easy to enforce return-migration. Posted workers may take advantage of the opportunities of work in the receiving country and become permanent immigrants. Apart from the difficulty of enforcement of return-migration the question remains to what extent the preference of institutions like WTO to services mobility is the result of an underestimation or neglect of the social costs of trade.

In this connection, the most contentious issue will be the imposition of wage parity between local workers and foreign service providers following the argument of Chanda (2001)²³ that wage parity "negates the very basis of cross-country labour flows which stems from endowment-based cost differentials between countries." To deal with the problem, Chanda argues that the country of service provision could levy a tax on the service provider who is undercutting local wages, the proceeds of the tax being directed to a compensation fund to finance the retraining of local workers who may be adversely affected by the services provision.

III. Foreign residents and residents abroad: stocks

1. Foreign residents in Austria

According to the central population register, Austria counted 8,363,040 residents in the year 2009, 26,500 or 0.3 percent more than in 2008. Thus, population growth continues to slow

²⁰ Editorial 'Mobility of Services and Posting of Workers in the Enlarged Europe - Challenges for Labour Market Regulation' (2006) 12(2) *Transfer* 137, 138.

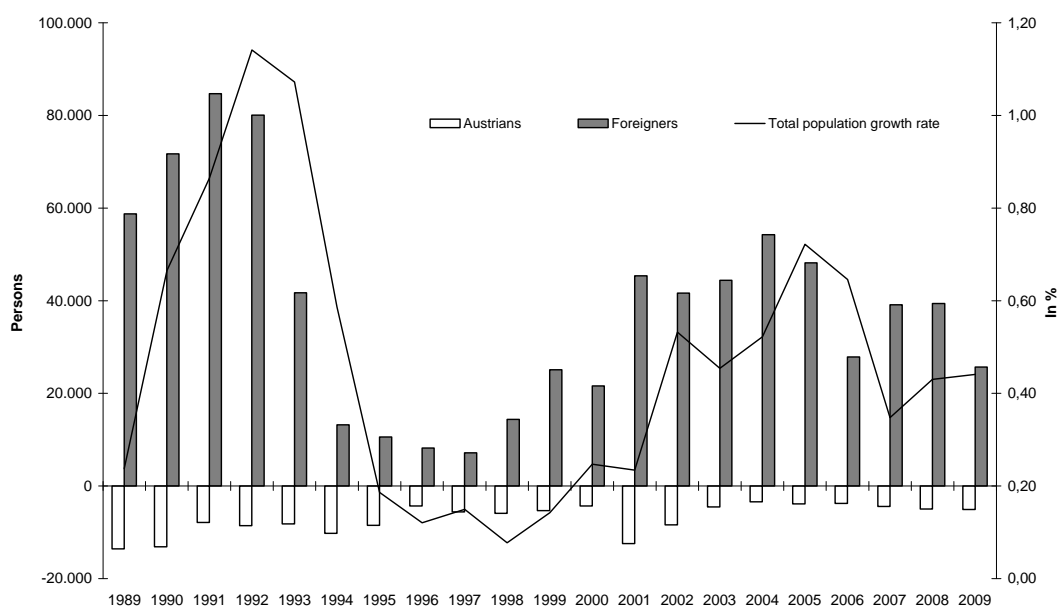
²¹ Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market [2006] O.J. L.376/36 (henceforth 'Services Directive'); see also Woolfson, C. and Sommers, J. 2006

²² See A. Winters, T. Walmsley, ZK. Wang, R. Grynberg, 2003

²³ See R. Chanda, 2001; similarly S. Chaudhuri, A. Mattoo and R. Self, 2004

down since 2005, after a steady increase between 2001 and 2005. Between 2008 and 2009, population growth is significantly slower than between 2007 and 2008 (+20,000 versus +36,700). The decline in population growth reflects the negative impact of the economic downturn on migration, as migration has been the main driver of population growth in the years 2000.

Figure 16: Net-migration of Austrians and foreigners and total population growth rate 1989-2009



Source: Statistics Austria. Own calculations

Table 19: Foreign residents in Austria

	Population		Population change between beginning and end of year				Statistical Correction
	Yearly average	Changes absolute	Total change	Birth-death	Migration	Naturalisation	
	Total						
1995	7.948.278	12.160	9.578	7.498	2.080	0	
1996	7.959.016	10.738	11.899	8.019	3.880	0	
1997	7.968.041	9.025	6.150	4.613	1.537	0	
1998	7.976.789	8.748	11.345	2.894	8.451	0	
1999	7.992.323	15.534	19.725	-62	19.787	0	
2.000	8.011.566	19.243	18.760	1.488	17.272	0	
2001 ¹⁾	8.042.293	30.727	42.694	691	32.964	0	9.039
2002 ²⁾	8.082.121	39.828	36.633	2.268	33.294	0	1.071
2003 ²⁾	8.118.245	36.124	42.300	-265	39.873	0	2.692
2004 ³⁾	8.169.441	51.196	58.786	4.676	50.826	0	3.284
2.005	8.225.278	55.837	52.939	3.001	44.332	0	5.606
2.006	8.267.948	42.670	28.686	3.619	24.103	0	964
2.007	8.300.954	33.006	35.608	1.625	34.731	0	-748
2008	8.336.549	35.595	36.668	2.669	34.436	0	-437
2.009	8.363.040	26.491	20.030	-1.037	20.596	0	471
	Austrians						
1995	7.271.217	4.552	3.040	-2.823	-8.503	14.366	
1996	7.277.307	6.090	9.140	-2.181	-4.306	15.627	
1997	7.284.647	7.340	5.539	-4.650	-5.603	15.792	
1998	7.290.308	5.661	5.784	-6.089	-5.913	17.786	
1999	7.298.368	8.060	10.337	-9.028	-5.313	24.678	
2.000	7.309.798	11.430	12.522	-7.483	-4.315	24.320	
2.001	7.324.719	14.921	17.320	-7.505	-12.408	31.731	5.502
2.002	7.343.758	19.039	20.141	-5.911	-8.372	36.011	-1.587
2.003	7.368.318	24.560	34.837	-7.521	-4.528	44.694	2.192
2.004	7.406.950	38.632	38.601	-2.571	-3.402	41.645	2.929
2.005	7.439.407	32.457	30.674	-4.333	-3.863	34.876	3.994
2.006	7.469.723	30.316	20.573	-3.861	-3.751	25.746	2.439
2.007	7.481.154	11.431	5.205	-5.883	-4.413	14.010	1.491
2.008	7.484.145	2.991	1.146	-5.620	-4.976	10.258	1.484
2.009	7.481.201	-2.944	-4410	-9.198	-5.100	7.978	1.910
	Foreigners						
1995	677.061	7.608	6.538	10.321	10.583	-14.366	
1996	681.709	4.648	2.759	10.200	8.186	-15.627	
1997	683.394	1.685	611	9.263	7.140	-15.792	
1998	686.481	3.087	5.561	8.983	14.364	-17.786	
1999	693.955	7.474	9.388	8.966	25.100	-24.678	
2000	701.768	7.813	6.238	8.971	21.587	-24.320	
2001 ¹⁾	717.574	15.806	25.374	8.196	45.372	-31.731	3.537
2002 ²⁾	738.363	20.789	16.492	8.179	41.666	-36.011	2.658
2003 ²⁾	749.927	11.564	7.463	7.256	44.401	-44.694	500
2004 ³⁾	762.491	12.564	20.185	7.247	54.228	-41.645	355
2005	785.871	23.380	22.265	7.334	48.195	-34.876	1.612
2006	798.225	12.354	8.113	7.480	27.854	-25.746	-1.475
2007	819.800	21.575	30.403	7.508	39.144	-14.010	-2.239
2008	852.404	32.604	35.522	8.289	39.412	-10.258	-1.921
2009	881.839	29.435	24.440	8.161	25.696	-7.978	-1.439

S: Statistics Austria. 1) Statistical correction of Census 2001 data by 10,545 for annual average. 2) Statistical correction: elimination of inconsistencies of balance of birth according to natural population development in the central population register (POPREG) and stock-flow

The positive migration balance between the beginning and end of year has started to pick up in 2001 from 17,300 and peaked in 2005 with 50,800; ever since then net immigration

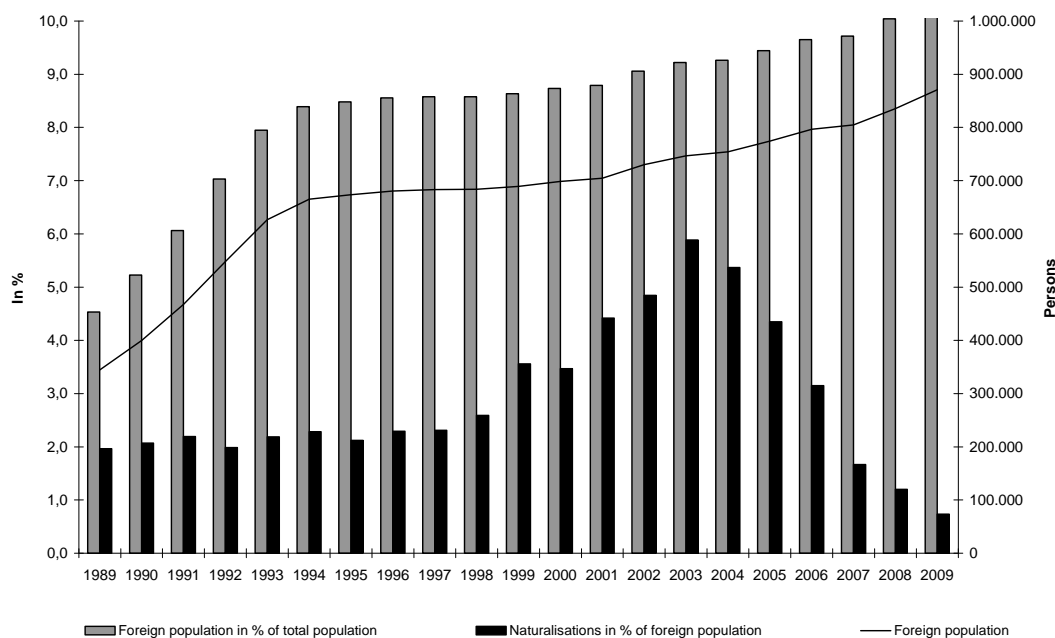
slowed down and reached a low of 26,500 in 2009. The migration flows are on the one hand driven by Eastern enlargement of the EU (reaching +50,600 in 2004), on the other by the migration policy reforms of 2005, which dampened family reunification inflows. Immigration remains high from old (particularly Germany) and new EU member states as well as more distant regions of the world.

Natural population growth, i.e., the balance of births and deaths, has picked up in 2004, partly linked to immigration, and remained at that relatively high level till 2006 with 3,600. In 2007 the positive balance halved versus 2006 and turned into a negative balance in 2009 (-1,000). (Table 19, Figure 16)

The number of naturalisations is declining rapidly since 2003. In the course of the year 2009, 8,000 foreigners adopted the Austrian citizenship, i.e., 0.7 percent of all foreigners of the year 2009. This is the lowest rate since the late 1970s. The decline is propelled by two forces – the reform of the citizenship law (2005) and the end of the echo effect of the immigration wave of the early 1990s. To acquire Austrian citizenship has become very difficult for immigrants because of the requirement, in case of marriage with an Austrian, of 5 years of marriage, a minimum period of residence in Austria (6 years) as well as financial means to support oneself.

Figure 17: Foreign population share and naturalisations in % of foreign population

1989-2009



Source: Statistics Austria. Own calculations

Net migration of Austrians has been negative for a long time; net outflows of Austrians increased in the second half of the 1980s, slowed down again in the second half of the 1990s. In 2001, the net outflow of Austrians took a steep rise (from -4,300 in 2000 to -8,400 in 2002). In 2002 net migration of Austrians peaked at 21,981, but slowed down again thereafter and stabilised at some 5,500 until 2009. In contrast, net immigration of foreigners exhibits two waves, the first in the early years of the 1990s and the second in the years 2000. Net immigration of foreigners took a slight dip in 2009 to 25,700 (after 39,700 in 2008).

The net effect of the diverging developments of migration, balance of births over deaths and naturalisations, on the number of citizens in Austria continues to be positive (+26,500). However, the number of Austrian citizens is starting to decline in 2009, in the main because of restrictions on the acquisition of citizenship. In 2009, the number of Austrians declined by 2,900 to 7,481,200. In contrast, the number of foreigners continues to rise. In 2009 foreign population increased by 29,400 to 881,800. The proportion of foreigners in the total population has as a consequence risen to 10.5 percent after 10.2 percent in 2008.

2. Live births of Austrian and foreign women

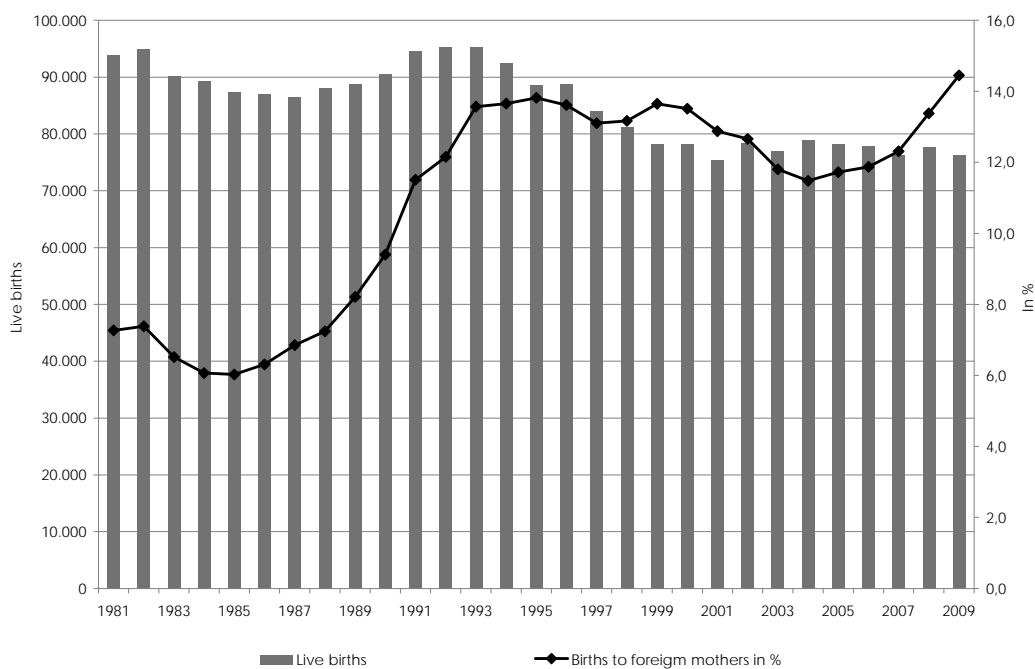
The number of births in Austria has been declining more or less continuously between 1992 and 2001, when a turning point was reached and births started to rise again until 2004. Ever since then the number of live births to Austrian women resumed the declining trend. In contrast, the decline in the number of births to foreign women, which had set in in 1993, came to a halt in 2005 and followed a rising trend ever since. (Figure 18)

The total number of live births has been declining from a peak of 95,300 in 1992 to 88,700 in 1995. It remained at this level in the following year but took a dip again in 1997. The number of births declined between 1997 and 2001. In 2002 the number of live births increased again to 78,400, and remained more or less at that level since then. In 2009, the number of live births was 76,300.

The total number of births to Austrian mothers amounted to 65,300 in 2009, and the number of births to foreign women amounted to 11,400. 14.5 percent of all live births are to a foreign mother, the highest proportion so far in Austria.

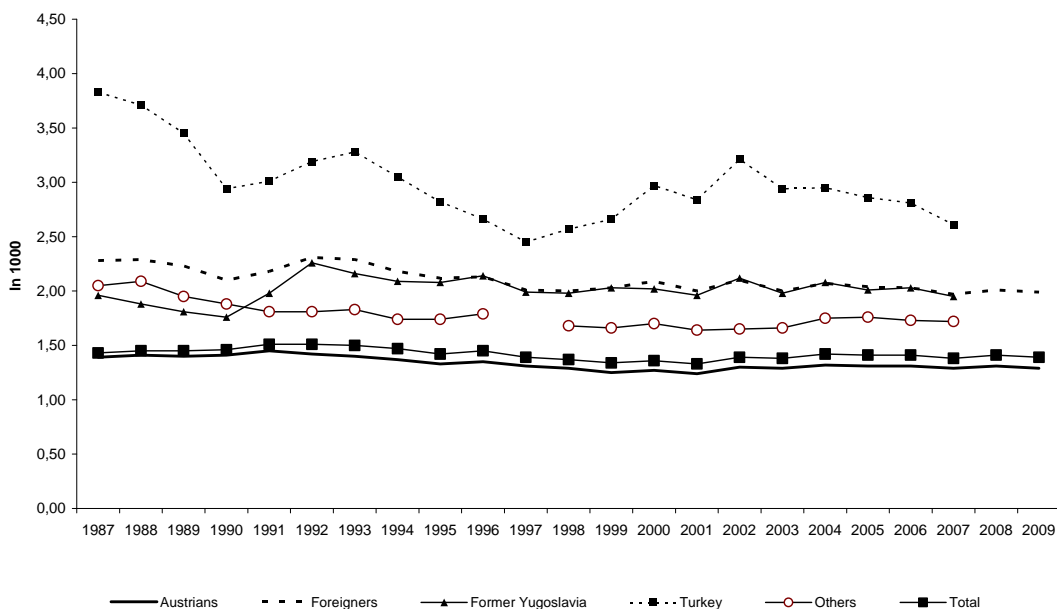
The increase in the number of live births between 1988 and 1992 had thus been short-lived; it had been the consequence of an above average inflow of young migrants who had at the same time an above average fertility compared to Austrians. The declining number of births since then has to be seen as a result of the declining fertility rate of Austrian and foreign women. The fertility rate of Austrian women has stabilised in 1999 at 1.25, while it declined slightly in the case of foreign women from 2.10 1998 to 1.99 in 2001. In 2002 the fertility rate of both, Austrian and foreign women, increased slightly. On a national average the fertility rate increased from 1.33 in 2001 to 1.39 in 2002.

Figure 18: Live births of native and foreign women 1981-2009



Source: Statistics Austria.

Figure 19: Total fertility rate of Austrian and foreign women
Average number of children per woman (1987-2009)



Source: Statistics Austria.

Figure 19 indicates that the fertility rate of foreign women is around the reproduction rate with 1.99, coinciding with the rate of women from former Yugoslavia, while the rate of Austrian women is clearly below the reproduction rate (2009: 1.29); the fertility rate of Turkish women is above the reproduction rate; it is somewhat unstable over time but following a declining trend.

The increasing number of foreign births between 1992 and 1995 was the result of a rising number of young and medium aged foreign women and not the consequence of a rise in the fertility rate of foreign women in Austria. The fertility rate of foreign women decreased over this time span (1992-2001) from 2.37 children per woman to 1.99, i.e., by 13.9 percent. The fertility rate of Austrian women has decreased between 1992 and 2001 by 12.7 percent to 1.24 children per woman. The slight increase in the fertility rate of both native and foreign women in 2002 was short lived and may have been motivated by the new regulation of parental leave and the increased family allowance. Migrant women had to realise that the eligibility criteria were difficult, particularly in the context of increased labour market competition and thus job insecurity. In 2009, the fertility rate of Austrian women amounted to 1.29, for foreign women to 1.99, reducing the average from 1.41 in 2008 to 1.39 in 2009.

3. Naturalisations and their composition

The rate of naturalisations follows with a certain time lag the waves of immigration. It increased in the course of the 1970s, in the wake of the consolidation of foreign worker employment, family reunion and eventual settlement; it declined in the early 1980s and fluctuated at a relatively low level of 2.2 percent of the foreign population between 1987 and 1995. Ever since then the naturalisation rate rose, reaching the peak in 2003 with 5.9 percent of the foreign population and declining since then to 0.7 percent in 2009. (Table 20 and Figure 17)

The largest single nationality group which takes up Austrian citizenship is from former Yugoslavia. With 4,200 naturalisations it constitutes 52% of all naturalisations. Next in line are persons from Turkey (15.6% of all naturalisations). The major source countries of the 'new' Austrians are from Europe. Only 1.3% of all naturalisations relate to someone outside of Europe.

In 2009, 38% of all naturalisation go to a person born in Austria, in the main second generation migrants. This conforms well to the age composition of the naturalised persons of 2009: 42.6% were under the age of 18, 56% in the main working age (19-59) and a small number was over 60 (1.7%). About two third of all naturalised persons were women in 2009.

7% of all naturalisations went to refugees (Geneva Convention).

Table 20: Naturalisations in Austria

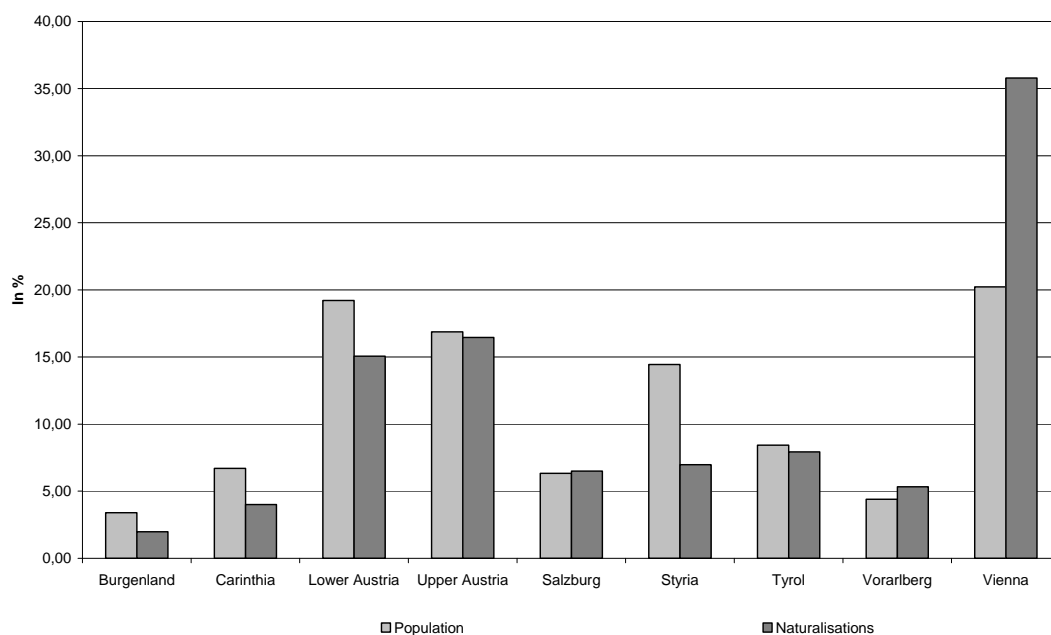
	Former Yugoslavia	Central and Eastern European Countries	Former nationality		Total	Women
			FRG	Turkey		
1961	0,215	0,685	0,808	.	3,597	1,045
1962	0,204	0,621	0,758	.	2,977	0,855
1963	0,220	0,552	0,656	.	2,624	0,729
1964	0,181	0,566	0,585	.	2,451	0,651
1965	0,193	0,581	0,475	.	2,242	0,608
1966	0,417	0,764	0,743	.	2,975	1,294
1967	0,721	1,261	1,818	.	5,409	3,380
1968	0,833	1,153	1,895	.	5,485	3,556
1969	0,946	1,126	1,834	.	5,460	3,628
1970	0,978	1,159	1,828	.	5,565	3,711
1971	0,978	1,117	1,756	.	5,521	3,708
1972	0,941	1,087	2,114	.	6,017	4,049
1973	0,952	1,496	1,876	.	6,183	4,025
1974	0,967	1,423	2,215	.	6,648	4,391
1975	1,039	1,297	2,546	.	7,139	4,581
1976	1,103	1,262	2,563	.	7,545	4,666
1977	1,369	1,042	2,374	.	7,405	4,294
1978	1,217	1,107	2,106	.	6,942	4,129
1979	1,432	1,327	2,103	.	7,754	4,555
1980	1,839	1,453	2,210	.	8,602	4,995
1981	1,517	1,555	1,960	.	7,980	4,822
1982	1,204	1,591	1,946	0,301	7,752	4,835
1983	2,262	1,777	2,804	0,306	10,904	6,404
1984	1,428	1,129	2,589	0,323	8,876	4,006
1985	1,449	1,368	2,091	0,296	8,491	4,025
1986	1,463	2,191	2,299	0,334	10,015	4,752
1987	1,416	1,847	1,381	0,392	8,114	3,955
1988	1,731	1,985	1,125	0,509	8,233	4,012
1989	2,323	1,664	0,886	0,723	8,470	4,305
1990	2,641	2,118	0,517	1,106	9,199	4,704
1991	3,221	2,413	0,455	1,809	11,394	5,685
1992	4,337	1,839	0,410	1,994	11,920	6,033
1993	5,791	1,858	0,406	2,688	14,402	7,490
1994	5,623	2,672	0,328	3,379	16,270	8,394
1995	4,538	2,588	0,202	3,209	15,309	7,965
1996	3,133	2,083	0,140	7,499	16,243	8,604
1997	3,671	2,898	0,164	5,068	16,274	8,600
1998	4,151	3,850	0,157	5,683	18,321	9,532
1999	6,745	3,515	0,91	10,350	25,032	12,649
2000	7,576	4,758	0,102	6,732	24,645	12,415
2001	10,760	5,155	0,108	10,068	32,080	15,872
2002	14,018	4,062	0,091	12,649	36,382	17,898
2003	21,615	4,098	0,107	13,680	45,112	22,567
2004	19,068	3,523	0,137	13,024	41,645	20,990
2005	17,064	2,666	0,139	9,562	35,417	17,848
2006	12,886	2,165	0,128	7,549	26,259	13,430
2007	9,362	1,141	0,113	2,077	14,041	7,600
2008	6,031	0,948	0,067	1,664	10,258	5,455
2009	4,181	0,802	0,174	1,242	7,978	4,222

Source: Statistics Austria, Statistical Handbook of the Republic of Austria.

The law regulating naturalisation specifies that foreigners may apply for citizenship after 10 years of legal residence. The communities have a certain discretionary power in granting citizenship, i.e., under certain conditions a foreigner may be naturalised after less than 10 years. Citizens of the EU/EEA may apply for Austrian citizenship after 4 years of residence, in contrast to citizens of third country origin who have to prove 10 years of residence. Exceptions are cases of special service to the country or special talent, e.g., artists, high achievers in sports, science, business, etc.

In 2009, 36% of all naturalisations went to Vienna, even though only 20% of the Austrian population live in Vienna, while 14% of the Austrian population live in Styria and only 7% of the newly naturalised persons. The differences in the regional structure reflect on the one hand differences in the shares of migrants and their composition, on the other procedural differences. It is on average easier to be naturalised in Vienna than in Western and Southern regions of Austria.

Figure 20: Regional structure of population and naturalisations: 2009



Source: Statistics Austria.

Between 1991 and 2009 419,500 foreigners took up Austrian citizenship, about two third from the traditional recruitment areas of migrant workers, the region of former Yugoslavia (158,900, 37.9 percent) and Turkey (119,900, 28.6 percent). In contrast – over the period 1980 to 1990, 96,600 foreigners were naturalised, of whom 25 percent from the above countries of origin. Then Germans and citizens of the former 'Eastern Block' were the main contenders.

4. Foreign born population

Since 2001 (census) Statistics Austria provides information on the population with migrant background (foreign born). In January 2010, 15.4 percent of the Austrian population were first generation migrants (1.292 million of a total of 8.375 million inhabitants), compared to 14.7% in 2007 and 12.5% in 2001. (Table 21)

Table 21: Foreign born at the beginning of the year 2007/2008/2009/2010

Country of birth	2007	2008	2009	2010
Total	8.282.984	8.318.592	8.355.260	8.375.290
Austria	7.067.289	7.072.276	7.078.162	7.082.440
Foreign	1.215.695	1.246.316	1.277.098	1.292.850
Foreign born in %	14,7	15,0	15,3	15,4
of Whom				
EU-MS/EEA	483.121	502.906	522.288	532.625
MS before 1995 (EU-14)	233.482	243.828	254.378	260.382
Germany	169.830	178.386	187.023	192.470
MS 2004 (EU-10)	176.705	179.594	182.802	183.304
MS 2007 (EU-2)	58.528	64.891	70.298	73.993
Non-EU-MS	732.574	743.410	754.810	760.225
By continents				
Other Europe	561.580	566.106	571.379	573.143
Former Yugoslavia	373.301	374.154	375.278	374.704
Turkey	154.088	155.941	157.750	159.038
Others	34.191	36.011	38.351	39.401
Africa	38.082	38.817	39.657	40.371
America	26.669	27.885	29.083	29.720
Asia	95.940	99.818	103.302	106.820
Oceania	2.434	2.514	2.649	2.660
Unknown	7.869	8.270	8.740	7.511

Source: Statistics Austria.

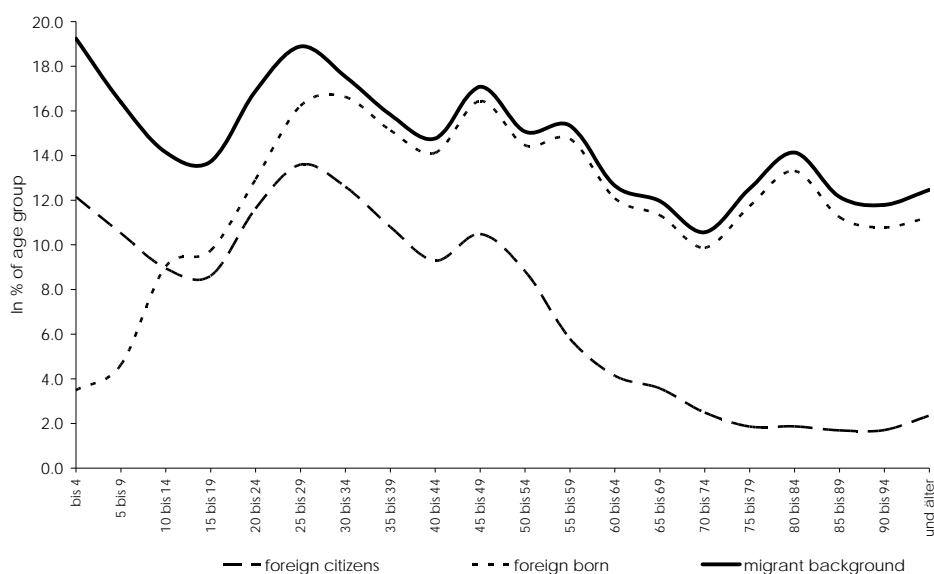
The most important source regions of migrants to Austria are from third countries (41.2% of the foreign born in January 2010), above all from former Yugoslavia (29% of the foreign born), followed by the EU-14 (20.1% of foreign born), in particular from Germany (14.9% of foreign born). People from Turkey constitute 12.3% of all foreign born in 2010 in Austria.

The combination of foreign born with citizenship allows a further differentiation of persons with migrant background, namely second generation migrants who were born in Austria to first generation migrants and who continue to be foreign citizens. This number amounted to 129,881 or 14.5 percent of the total foreign resident population in January 2010 (after 123,610 or 14.2 percent in January 2009). Thus, the proportion of first generation migrants and second generation migrants with foreign citizenship is 17 percent in the total population (1.423 million) in January 2010.

In the census data of 2001 one may identify a larger number of second generation migrants, by adding those who speak another language than German at home and who are either born abroad or whose parents are born abroad – This procedure is still an underestimation, as Germans are excluded from that data (we also excluded French, English and Spanish

speaking people). Given that estimation method, the proportion of persons with migrant background rises to 15.4 percent in 2001, compared to 11.2 percent foreign born. Figure 21 shows that the proportion of persons with migrant background so defined is not spread evenly across age groups, as immigrants tended to enter in waves²⁴. The situation of the first and second generation migrants is increasingly the focus of policy, making integration a key policy issue in regions with a long tradition of immigration, above all Vienna, Vorarlberg. Differentiated analyses of the situation of immigrants are being undertaken, e.g., for Vienna (Biffi et al., 2008)

Figure 21: Foreign citizens, foreign born and persons with migration background in percent of total population in Austria in 2001

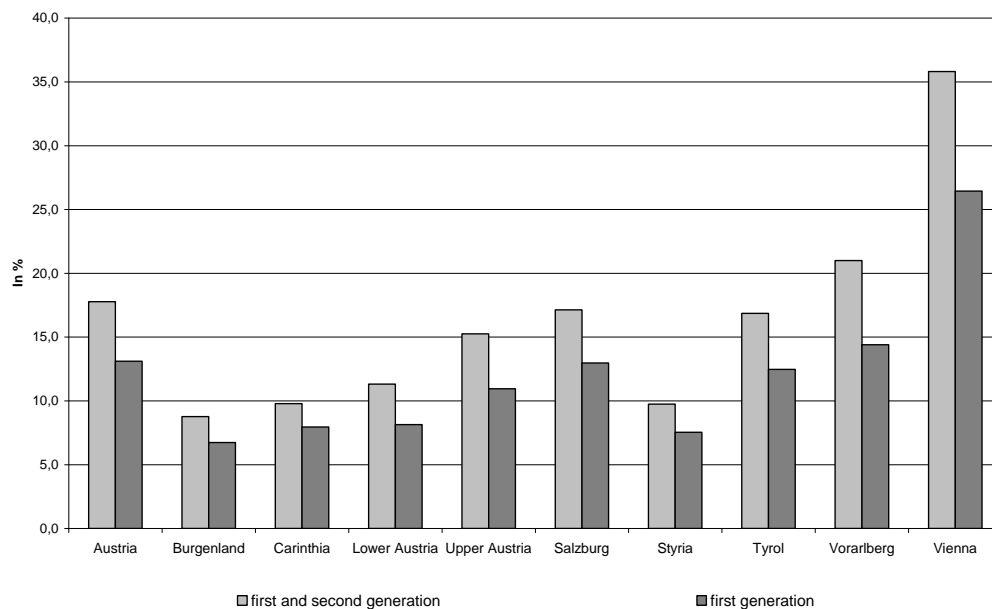


Source: Statistics Austria, Own calculations.

Another source of information on foreign born is the Labour Force Survey. According to it, the share of foreign born in the population has consistently been some 2 percentage points higher than the proportion of foreigners in the population or the foreign born. In 2009, the share of foreign according to the LFS amounted to 13.1% (compared to 15.3% of the population register). The numbers amounted to 1.1 million (rather than 1.28 million in the population register of January 2009). The number of second generation migrants (both parents born abroad) amounted to 385,500 or 4.7% of then population. Thus, according to the LFS, the proportion of first and second generation migrants taken together amounted to 17.8% of the Austrian population in 2009. (Figure 22)

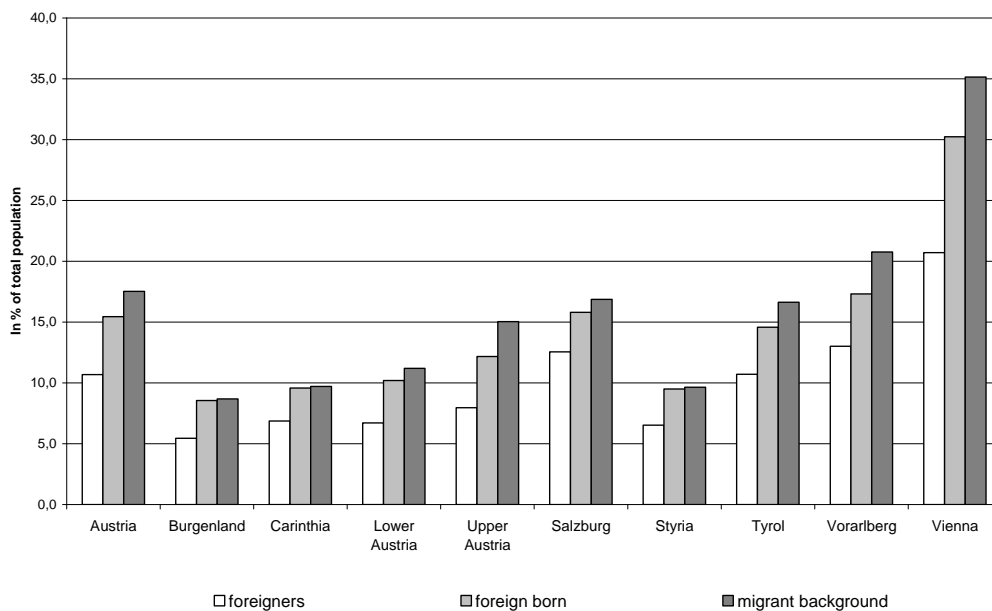
²⁴ For a detailed analysis and methodological issues see Biffi et al. (2008).

Figure 22: First and second generation migrants as a proportion of total population by region in Austria (2009)



Source: Statistics Austria, LFS. Own calculations.

Figure 23: Foreigners, foreign born and persons with migrant background (first and second generation migrants) in % of total population by region (2009)



Source: Statistics Austria, LFS. Own calculations.

If one combines the information of the various sources, i.e. the population register (foreign born and citizenship) and LFS (migrant background), one can see the impact of naturalisations and thus of the duration of stay of migrants. The share of foreigners in total population is lower than the share of first generation migrants in total population, which in turn is surpassed if we add the numbers of second generation migrants in as well. In Austria, the city of Vienna has a long tradition of immigration with on average 36% of the population having a migration background (first and second generation migrants. In contrast, Burgenland, the easternmost region, and Styria in the South have relatively small numbers of migrants as immigration is a relatively recent phenomenon. (Figure 23)

5. Development of mixed marriages

The number of total marriages in Austria has been stable for a long time – apart from some temporary increases as a result of marriage bonus. The introduction of a bonus system never had any long run impact on marriage behaviour, it did, however, have a significant effect upon the number of first marriages in the period, in which tax benefits were granted or a marriage bonus, i.e., in the 1970s and 1980s (see Figure 24 and Table 22). Also foreigners had access to the marriage bonus. In the 1990s one discontinued with the policy to provide incentives to marry, as these incentives did not have the effect hoped for, namely an increase in the fertility rate.

Figure 24: Total marriages and marriages of nationals
1972-2009



Source: Statistics Austria.

Table 22: *Marriages of Nationals and Foreigners*

	Total Marriages	Both spouses nationals	Both spouses foreigners	Mixed Marriages: of which	
				foreign husband	foreign wife
1971	48,166	45,312	0,331	0,774	1,749
1972	57,372	53,365	0,539	1,057	2,411
1975	46,542	42,769	0,518	0,930	2,325
1976	45,767	42,220	0,399	0,955	2,193
1977	45,378	42,198	0,428	0,869	1,883
1978	44,573	41,334	0,477	0,916	1,846
1979	45,445	42,077	0,514	0,945	1,909
1980	46,435	43,037	0,586	0,976	1,836
1981	47,768	43,652	0,976	1,093	2,047
1982	47,643	42,947	1,281	1,222	2,193
1983	56,171	51,745	0,736	1,321	2,369
1984	45,823	42,187	0,836	1,228	1,572
1985	44,867	41,250	0,830	1,252	1,535
1986	45,821	41,871	0,989	1,336	1,625
1987	76,205	70,907	1,421	1,834	2,043
1988	35,361	30,911	1,170	1,609	1,671
1989	42,523	36,670	1,202	2,441	2,210
1990	45,212	38,734	1,470	2,482	2,526
1991	44,106	37,260	1,603	2,458	2,785
1992	45,701	37,323	2,105	3,031	3,242
1993	45,014	36,072	2,506	2,649	3,787
1994	43,284	35,137	2,371	2,265	3,511
1995	42,946	35,070	2,369	2,082	3,425
1996	42,298	34,778	2,137	1,940	3,443
1997	41,394	33,966	1,923	1,977	3,528
1998	39,143	32,030	1,664	1,912	3,537
1999	39,485	31,816	1,719	2,131	3,819
2000	39,228	31,226	1,623	2,170	4,209
2001	34,213	25,622	1,446	2,456	4,689
2002	36,570	26,299	1,554	3,412	5,305
2003	37,195	25,713	1,823	4,111	5,832
2004	38,528	26,124	2,192	4,692	6,007
2005	39,153	27,245	1,833	4,246	5,829
2006	36,923	27,677	1,746	2,821	4,679
2007	35,996	27,689	1,758	2,463	4,086
2008	35,223	27,075	1,795	2,301	4,052
2009	35,469	27,245	1,880		

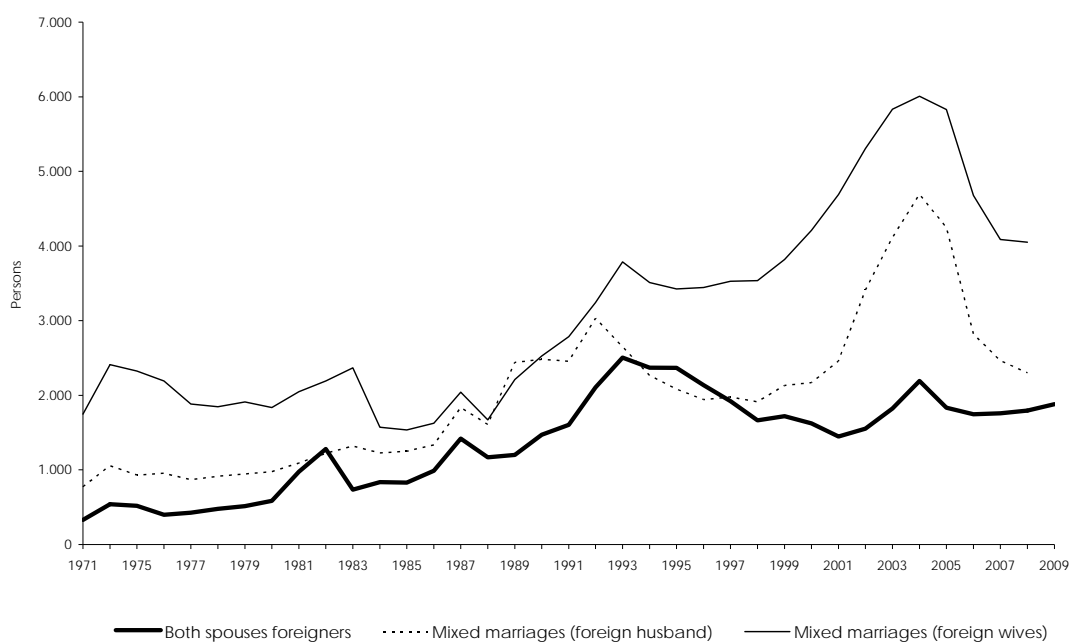
Source: Statistics Austria.

With the ageing of the population, marriages follow a long-term declining trend, which set in in the early 1990s. It affects Austrians as well as foreigners. In 2008, the number of marriages remained more or less stable versus a year ago (at 35,500), whereby Austrians (both spouses) as well as foreigners (both spouses) married somewhat more often than a year ago. In contrast, the number of mixed marriages declines continuously since 2004. This may be taken as an indication that it becomes more difficult for poor Austrians (often with migrant background) to marry a third country citizen (legislative reform of family formation and reunification). Above all Austrian women who marry a foreign spouse are experiencing significant declines in marriage rates (-2,400 or 51 percent between 2004 and 2008). But also

Austrian men marrying a foreign spouse experienced significant declines over that time span (-2,000 or 33 percent).

The proportion of marriages with both spouses nationals has declined significantly over the last 33 years. In 1971 94 percent of all marriages were between nationals. In 2005, their share had come down to 69.6 percent but increased again to 77 percent in 2009. The share of foreign marriages (with both spouses foreigners) increased from 0.7 percent 1971 to 5.3 percent 2009. While in 1971 only 5.2 percent of all marriages were with an Austrian spouse and foreign partner, their share rose to 27.8 percent in 2004 but declined thereafter to 18 percent in 2008. Traditionally the propensity to marry a foreigner is higher with Austrian men. Their share in total marriages amounted to 3.6 percent 1971 and rose to 15.7 percent 2003, and declined thereafter to 11.5 percent in 2008. In contrast only 1.6 percent of all marriages in 1971 were mixed, with the wife being Austrian and the husband foreign. This share has increased over time as well, particularly in the early years of 2000, reaching 12.2 percent in 2004. Since then the share of marriages of Austrian women with a foreign spouse has halved to 6.5 percent in 2008.

Figure 25: Mixed marriages and marriages of foreigners
1971-2009



Source: Statistics Austria.

The reasons for the disparate development of marriages are complex and not solely due to demographic change. Behavioural factors are also responsible, e.g., Austrians tend not to marry to the same extent and at such an early age as in the olden days, i.e., the 1960s and 1970s. In addition, Austria's immigrant population tends to look for potential spouses in their

countries of origin, often also third generation immigrants. In 1999 the Citizenship Law was amended to the extent that in the case of mixed marriages the partner of third country origin is eligible for Austrian citizenship after 5 years of marriage with the same partner and 6 years of legal residence. In the most recent legislative reform of 2005, it has been made even more difficult for the partner to obtain Austrian citizenship. The major hurdle is the need for regular income of one's own. In addition, the earnings/income requirement for the Austrian partner who wants to marry a third country citizen will make it harder. The nationality mix of the foreign spouses of Austrians is rather diverse; there is, however, a clear linkage with the traditional migrant source countries, in particular former Yugoslavia and Turkey.

IV. Employment and unemployment of foreign workers

1. Employment of foreign workers

According to social security data, Austria counted 430,500 foreign wage and salary earners in 2009, i.e., about 5,600 or 1.3 percent less than a year ago. The employment decline of migrants was thus proportional to the one of natives. Accordingly, the foreign worker share in total employment remained at 13.2 percent.

Of the total number of foreign employees 177,600 are citizens from the EEA/EU 27, of whom 95,600 from the old member states (EU 14/EEA/CH) and 82,000 from the new MS (EU 12). Thus, 41.2 percent of foreign workers are EU 27 citizens and not quite two thirds of third country origin (252,900) (Table 23).

The share of EU citizens amongst foreign wage and salary earners in Austria is rising for every single EU-MS: In 2000, only 10% of foreign wage and salary earners were EU 14/EEA/CH citizens compared to more than 22% today. Also the share of EU-10 and EU-2 citizens has risen since EU enlargement; accordingly, employees from the 12 new EU MS constitute another 19% of the foreign work force. In reality the numbers and the share may be somewhat lower, since naturalisations of foreigners take place but will become known to the social security department with a certain time lag only.

In contrast, third country citizens are making up a continuously smaller share of foreign workers. This can be seen in the declining number of foreign workers who need work permits (labour market testing). Their numbers declined since the mid 1990s, on the one hand because of EU-membership and free labour movement of EU citizens, on the other due to integration measures and transformations of the permit to one with free access to the labour market (green card).

In consequence, the number of foreign workers, who are working on the basis of a permit, is declining over time. While in 1994, 268,800 work permits were registered with the Labour Market Service, this number has come down to 211,200 by 2005. Since then the numbers

have been on the rise again, reaching a level of 237,800 in 2008, but declining again in 2009 as a consequence of labour slack. (Figure 26).

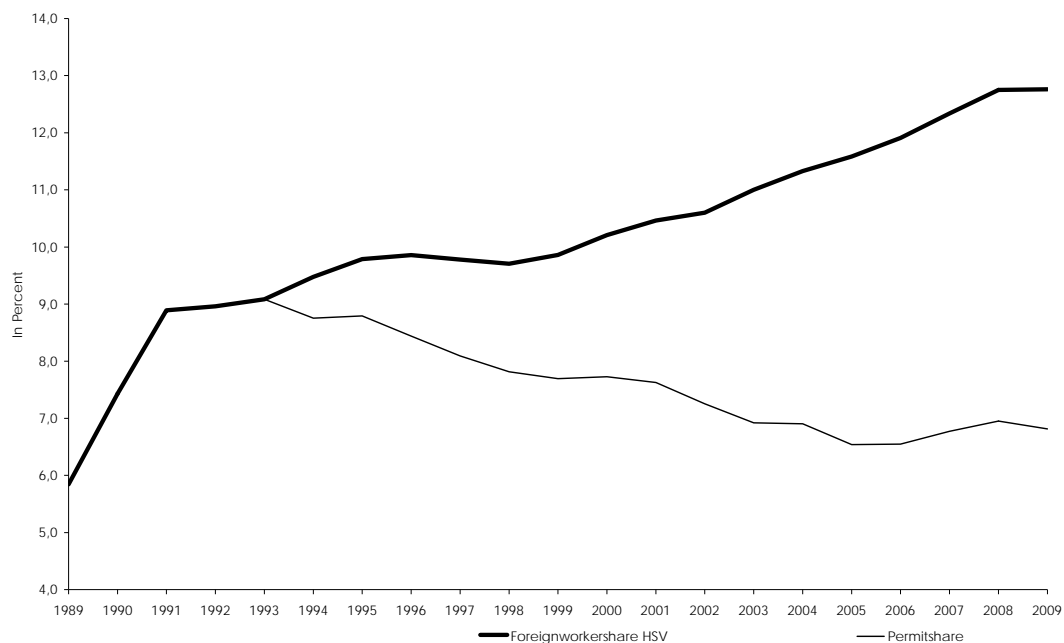
Table 23: Foreign wage and salary earners in Austria from 1961-2009

Annual average

	Foreign ¹ workers	Changes		Share in total
		Absolute	Percent	active employment In percent
1968	67,500	1,300	2.0	2.9
1969	87,700	20,200	29.9	3.7
1970	111,715	24,015	27.4	4.7
1971	150,216	38,501	34.5	6.1
1972	187,065	36,849	24.5	7.4
1973	226,801	39,736	21.2	8.7
1974	222,327	-4,474	-2.0	8.4
1975	191,011	-31,316	-14.1	7.2
1976	171,673	-19,338	-10.1	6.4
1977	188,863	17,190	10.0	6.9
1978	176,709	-12,154	-6.4	6.4
1979	170,592	-6,117	-3.5	6.2
1980	174,712	4,120	2.4	6.3
1981	171,773	-2,939	-1.7	6.1
1982	155,988	-15,785	-9.2	5.6
1983	145,347	-10,641	-6.8	5.3
1984	138,710	-6,637	-4.6	5.1
1985	140,206	1,496	1.1	5.1
1986	145,963	5,757	4.1	5.3
1987	147,382	1,419	1.0	5.3
1988	150,915	3,533	2.4	5.5
1989	167,381	16,466	10.9	6.0
1990	217,611	50,230	30.0	7.6
1991	266,461	48,850	22.4	9.1
1992	273,884	7,423	2.8	9.3
1993	277,511	3,627	1.3	9.4
1994 ¹	291,018	13,507	4.9	9.8
1995	300,303	9,285	3.2	10.1
1996	300,353	0,050	0.0	10.2
1997	298,775	-1,578	-0.5	10.1
1998	298,582	-0,193	-0.1	10.0
1999	306,401	7,819	2.6	10.1
2000	319,850	13,449	4.4	10.5
2001	329,314	9,464	3.0	10.7
2002	334,432	5,118	1.6	11.0
2003	350,361	15,929	4.8	11.5
2004	362,299	11,938	3.4	11.8
2005	374,187	11,888	3.3	12.0
2006	390,695	16,508	4.4	12.4
2007	412,578	21,883	5.6	12.8
2008	436,062	23,485	6.0	13.2
2009	430,491	-5,571	-1.3	13.2

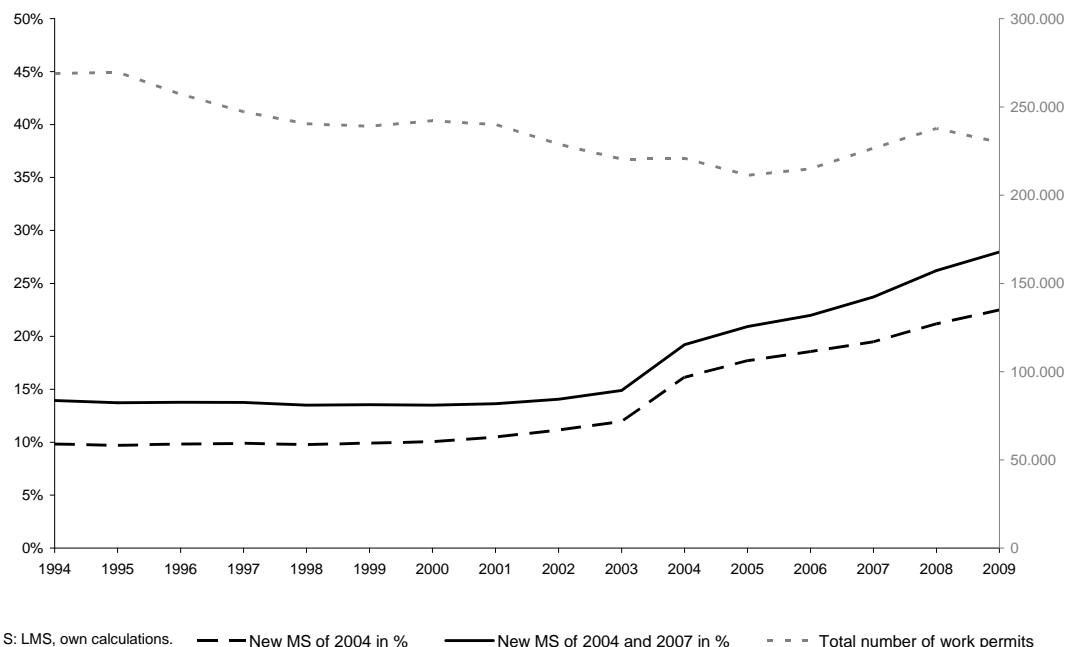
Source: Federal Ministry of Economics and Labour; Federation of Austrian Social Security Institutions. - ¹ Corrected series (permanent licences and persons on parental leave included). - ¹³ Since 1994 foreign employment according to social security data.

Figure 26: Increasing discrepancy between foreign worker share and work permit share in total employment



Source: BMAS (until 1993) and LMS, HSV (since 1994).

Figure 27: Growing share of work permits to citizens of the new EU-MS (12)



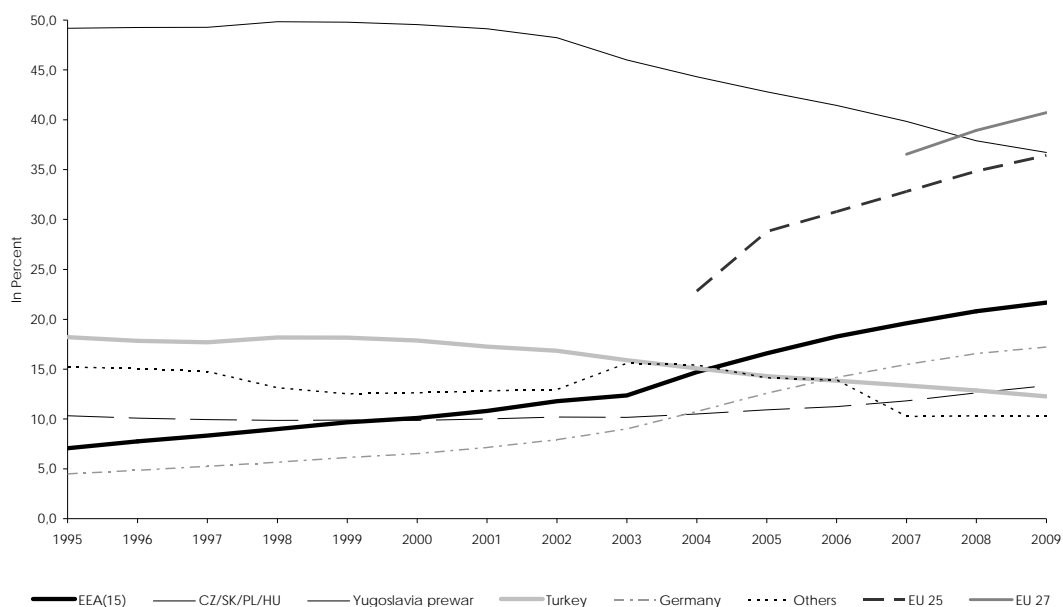
S: LMS, own calculations. --- New MS of 2004 in % — New MS of 2004 and 2007 in % - - - Total number of work permits

The more recent upswing is to a certain extent due to the rising numbers of foreign workers from the new EU member states as a result of skills shortages in certain professions and the opening up of jobs for workers of new EU-MS (see legislative reform, shortage occupations (Mangelberufe) act 2008). The permit data indicates that of a total of 229,904 work permits in 2009, 22.5% (or 51,715) went to citizens of the EU-10; another 12,590 or 5.5% went to citizens of the EU-2, and 165,600 or 72% to third country citizens. (Figure 27)

A) *The composition of foreign labour by nationality and gender*

The composition of foreign labour by nationality is changing. The most pronounced development of the past few years is the rising share of EU citizens in the foreign workforce. In the wake of EU enlargement in 2004 it rose to almost 35%, and after EU enlargement of 2007 to almost 39%. In 2008, the share of EU-27 citizens in the foreign work force exceeds the share of workers from the region of pre-war Yugoslavia for the first time (38%). This shift marks a historic transition, especially in light of the fact that citizens from (former) Yugoslavia accounted for more than three quarters of foreign labour in Austria in 1970 and amounted to almost half of foreign workers up until 2002. Most of the foreign workers from the new EU MS are citizens from the Czech Republic, Slovakia, Poland and Hungary, i.e., nationalities that made up a sizable proportion of the foreign workforce in Austria even before EU-enlargement. (Figure 28)

Figure 28: Composition of foreign labour by region of origin: 1995-2009



Source: Federation of Austrian Social Security Institutions.

The data indicate that the absolute number of workers from EU 27 countries follows a clear and steep rising trend (+16.3% from 2007 to 2009), while the absolute number of workers from the region of pre-war Yugoslavia and from Turkey is slightly on the decline particularly in 2009. Thus, the proportion of EU citizens working in Austria can be expected to continue to rise at the detriment of the source regions of the former foreign workers.

Accordingly, the share of EU 15 citizens has been rising from 7.1 percent of the foreign workforce in 1995 to more than 21.7 percent in 2009. The major influx is from Germany – Germans account for 79.4% of all EU 15 citizens in the Austrian workforce. But increasingly also Italians, French, Dutch, and British citizens take up work in Austria.

Table 24: Foreign workers by nationality 1971-2009¹

Annual average

	Foreign workers	EU-15	of which:	EFTA	EU-25	Yugoslavia (1)	Yugoslavia (2)	Croatia	Bosnia	Turkey	Others
	Total		Germany								
	In percent										
1971	150.200	.	3.0	.	.	76.0	.	.	.	13.1	7.0
1972	187.100	.	2.8	.	.	77.7	.	.	.	11.4	7.2
1973	226.800	.	2.5	.	.	78.5	.	.	.	11.8	6.4
1974	222.300	.	2.6	.	.	76.2	.	.	.	13.5	7.0
1975	191.000	.	3.1	.	.	73.9	.	.	.	14.1	8.0
1976	171.700	.	6.2	.	.	70.2	.	.	.	14.3	8.3
1977	188.900	.	6.3	.	.	69.7	.	.	.	14.3	8.7
1978	176.700	.	6.6	.	.	68.5	.	.	.	14.8	8.9
1979	170.600	.	6.8	.	.	67.2	.	.	.	15.6	9.2
1980	174.700	.	6.9	.	.	65.9	.	.	.	16.2	9.8
1981	171.800	.	7.1	.	.	64.5	.	.	.	16.9	10.3
1982	156.000	.	7.6	.	.	62.0	.	.	.	18.3	10.6
1983	145.300	.	7.8	.	.	61.4	.	.	.	19.0	10.5
1984	138.700	.	8.0	.	.	59.9	.	.	.	20.0	10.7
1985	140.200	.	8.0	.	.	58.5	.	.	.	20.8	11.4
1986	146.000	.	7.8	.	.	57.3	.	.	.	21.4	12.1
1987	147.400	.	7.8	.	.	56.0	.	.	.	22.2	12.6
1988	150.900	.	7.9	.	.	55.1	.	.	.	22.7	14.3 2)
1989	167.400	.	7.4	.	.	54.3	.	.	.	23.4	14.9 2)
1990 ²⁾	217.600	.	6.0	.	.	50.8	.	.	.	23.2	20.0 2)
1991 ³⁾	266.500	7.2	5.1	0.7	.	48.5	.	.	.	21.6	22.0 2)
1992	273.900	6.9	5.0	0.7	.	48.8 4)	.	0.4	.	20.3	22.4
1993	277.500	6.9	5.0	0.7	.	45.6	.	2.3	1.2	19.6	22.1
1994 ⁴⁾	291.000	6.3	4.2	0.3	.	44.4	.	1.3	2.3	18.6	26.7
1995	300.300	7.1	4.5	0.1	.	43.1	49.2	1.6	3.6	18.2	25.5
1996	300.400	7.8	4.9	0.1	.	42.0	49.3	1.8	4.5	17.8	25.1
1997	298.800	8.3	5.2	0.1	.	41.3	49.3	1.9	5.0	17.7	24.6
1998	298.600	9.0	5.7	0.1	.	41.0	49.8	2.1	5.5	18.2	22.9
1999	306.400	9.7	6.1	0.1	.	40.1	49.8	2.3	6.0	18.2	22.3
2000	319.900	10.1	6.5	0.1	.	38.8	49.5	2.6	6.6	17.9	22.4
2001	329.300	10.8	7.1	0.1	.	37.3	49.1	3.0	7.3	17.3	22.7
2002	334.400	11.8	7.9	0.1	.	35.8	48.2	3.2	7.6	16.8	23.1
2003	350.400	12.4	9.0	0.1	.	33.4	46.0	3.2	7.6	15.9	25.7
2004	362.300	14.7	10.8	0.1	22.8	31.3	44.3	3.3	7.6	15.1	25.8
2005	374.200	16.6	12.6	0.1	28.8	29.1	42.8	3.4	7.6	14.3	26.3
2006	390.700	18.3	14.2	0.1	30.8	26.9	41.4	3.5	7.5	13.8	26.4
2007	412.578	19.6	15.5	0.1	32.8	24.8	39.9	3.5	7.5	13.4	27.1
2008	436.062	20.8	16.6	0.1	34.8	22.6	37.9	3.5	7.3	12.9	28.4
2009	430.491	21.7	17.2	0.1	36.4	21.0	36.7	3.5	7.3	12.3	29.3

Source: Federal Ministry of Labour. Official series, not corrected for statistical breaks. - ¹ 1971-1976 estimate. - ² Including work permits in surplus of employment of foreign workers. - ³ Starting with 1992 new frontiers. - ⁴ Since 1994 foreign employment according to social security data. - ⁵ From 2007 onwards EEA25/27 includes Bulgaria and Romania, taken out of others. Yugoslavia (1) includes only persons with citizenship "Yugoslavia"; Yugoslavia (2) includes citizens from Bosnia Herzegovina, Croatia, Macedonia, Serbia and Montenegro, Kosovo and Slovenia as well.

In contrast, the share of persons from the region of pre-war Yugoslavia has been declining from 49 percent in 1995 to 36.7 percent 2009. Within that group, the share of persons from Croatia is rather small (3.5 percent of all foreign workers in 2009). The proportion of Bosnians has increased rather more rapidly, as they received preferential treatment on humanitarian grounds when applying for work permits in the early 1990s and are now having their family members join them. In 2009, they accounted for 7.3 percent of all foreign workers. The Slovenes, now a new EU-MS, account for 1.3 percent of all foreign workers. More than half of all workers from prewar Yugoslavia continue to have the "old" Yugoslavian citizenship. This indicates that they are immigrants who have been in Austria for a long time. They accounted for 21% of all foreign workers in 2009 (out of the 36.7% that include all the immigrants from the region of pre-war Yugoslavia).

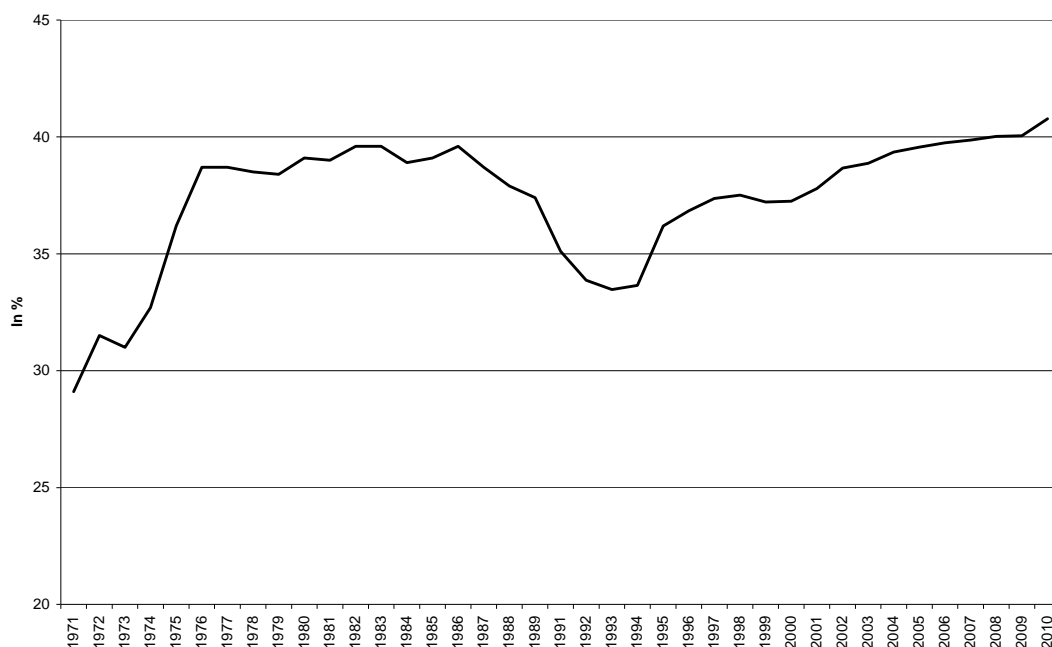
The share of Turks in foreign employment has declined between 1989 and 1997 from 23.4 percent to 17.7 percent. In 1998 their numbers increased again more than proportionately to a share of 18.2 percent of all foreign workers – basically as a result of the implementation of the association agreement of Turkey with the EU (article 4c/2 AuslBG). According to the integration of the association agreement into the Austrian Foreign Worker Law, access to the labour market has to be granted (either a work permit or any other type of work entitlement) upon request of the eligible Turkish citizen. In 1999 the number of work permits for Turkish citizens rose proportionately such that their share in foreign employment remained stable at 18.2 percent.

After 1999, the decline picked up again such that the share of Turks in foreign employment reached 12.3 percent in 2009; this is their lowest share in foreign employment since the late 1970s. This is both the result of a reduction in inflows and of naturalisations.

Ever since 1993, the employment opportunities of foreign women improved relative to foreign men. The share of women in foreign employment rose from 33.5 percent in 1992 to 40.8 percent in 2009. Over that time span the proportion of women in foreign employment remained clearly below the Austrian average (2009: 47.1 percent). (Figure 29)

The share of women in foreign employment differs greatly by country of origin. Women from the Federation of Yugoslavia have the highest share of foreign female employment, and continued to do so in 2009 (46.8 percent). Next in line are Croatians (43.4 percent) and Bosnians (42.3 percent). The lowest proportion of women in total employment is amongst Macedonians (33.1 percent) but rising, and Turks (31.7 percent). The lifting of labour market entry barriers to Turkish citizens as a result of the implementation of agreements of the EU with Turkey in 1997 tended to raise the share of women in the employment of Turks in Austria from 24.8 percent in 1997 to 31.7 percent in 2009; the rise slowed down over time, partly due to limited work opportunities in their major skill segments. Women from CEECs have low proportions, largely because of a high degree of clandestine work, in particular in domestic and care services; but signs are for the better as female employment shares are rising, reaching 35.3 percent in 2009, after 28.6 percent in 2001. (Table 25)

Figure 29: Female employment share in total foreign employment (salaried employment) 1971-2009



Source: Federal Ministry of Economics and Labour; Federation of Austrian Social Security Institutions. - ¹ Since 1994 foreign employment according to social security data.

Table 25: Foreign workers of third countries by gender and selected nationalities
Annual average

Nationalities	2001			Female In %	2009			Female In %
	Male	Female	Total		Male	Female	Total	
Yugoslavia	39.536	31.286	70.822	44,2	18.552	16.332	34.885	46,8
Croatia	15.587	10.299	25.886	39,8	13.499	10.337	23.836	43,4
Slovenia	4.403	1.602	6.005	26,7	4.773	2.027	6.800	29,8
Bosnia	23.968	17.013	40.981	41,5	21.193	15.514	36.707	42,3
Macedonia	3.403	936	4.339	21,6	3.816	1.885	5.701	33,1
Turkey	31.727	11.932	43.659	27,3	18.789	8.704	27.493	31,7
Others	34.356	14.013	48.369	29,0	59.091	35.390	94.482	37,5
of whom:								
Eastern Europe	26.825	10.726	37.551	28,6	42.722	23.340	66.062	35,3
Total	152.980	87.081	240.061	36,3	139.713	90.191	229.904	39,2

Source: Austrian Labour Market Service.

B) Industrial structure of foreign employment

The industrial structure of employment before and after 2007 can not be compared without a significant margin of error due to the introduction of a new industrial classification (statistical

break). Accordingly, we do not take a longer term perspective but compare the employment structure by industries between June 2009 and June 2010 (ÖNACE 2008). The industrial structure of employment in the middle of the year provides a relatively good estimate of the average annual employment development. Employment development followed the business cycle, i.e. it declined between 2008 and 2009 by 61,400 or 1.8% but recovered again until June 2010. In June 2010 the number of wage and salary earners increased by 41,300 or 1.3% to 3.318,000. The employment of foreign workers had also declined in 2009, i.e. by 5,900 or 1.3%, but employment growth recovered again in 2010. The employment of foreign workers increased more than proportionately, i.e., by 15,700 or 3.6%, to 458,100. Thus, the share of foreign workers in total employment increased to 13.8% (after 13.5% in June 2009).

Table 26: Employment of wage and salary earners by industry
By end of June

	Industries (ÖNACE 2008)	Total		Change versus a year ago		Foreign workers		Change versus a year ago		Foreigners in % of total
		Jun.09	Jun.10	Numbers	In %	Jun.09	Jun.10	Numbers	In %	In %
A	Agriculture and Forestry	22.707	24.665	1.958	8,6	11.486	12.742	1.256	10,9	51,7
B	Mining, stones and minerals	5.924	5.887	-37	-0,6	509	523	14	2,8	8,9
C	Production of Commodities	569.868	566.456	-3.412	-0,6	74.585	75.246	661	0,9	13,3
D	Energy Supply	27.416	26.915	-501	-1,8	567	607	40	7,1	2,3
E	Watersupply and environmental clean up	13.556	14.147	591	4,4	1.598	1.782	184	11,5	12,6
F	Construction	255.170	259.340	4.170	1,6	51.927	52.804	877	1,7	20,4
G	Trade, repairworks	513.128	510.922	-2.206	-0,4	61.560	62.024	464	0,8	12,1
H	Transport and Storage	189.204	183.404	-5.800	-3,1	26.725	26.549	-176	-0,7	14,5
I	Tourism	187.252	189.968	2.716	1,5	62.893	65.412	2.519	4,0	34,4
J	Information and Communication	72.184	69.345	-2.839	-3,9	5.468	6.058	590	10,8	8,7
K	Financial Services, Insurance	122.911	120.145	-2.766	-2,3	6.582	6.248	-334	-5,1	5,2
L	Real estate and housing	42.583	39.197	-3.386	-8,0	8.500	7.008	-1.492	-17,6	17,9
M	Professional services	138.336	139.580	1.244	0,9	14.967	15.693	726	4,9	11,2
N	Other business services	151.735	176.986	25.251	16,6	46.322	52.729	6.407	13,8	29,8
O	Public administration, social security	534.224	537.460	3.236	0,6	16.201	16.822	621	3,8	3,1
P	Education and research	90.664	98.524	7.860	8,7	10.781	12.562	1.781	16,5	12,8
Q	Health-, veterinary and social services	207.487	230.614	23.127	11,1	21.995	24.580	2.585	11,8	10,7
R	Arts, entertainment and recreation	32.751	33.105	354	1,1	6.330	6.240	-90	-1,4	18,8
S	Other Services	94.456	86.104	-8.352	-8,8	11.362	10.312	-1.050	-9,2	12,0
T	Private Households	3.236	3.021	-215	-6,6	941	847	-94	-10,0	28,0
U	Exterritorial organisations	648	660	12	1,9	228	241	13	5,7	36,5
	Unknown	2.140	2.457	317	14,8	876	1.086	210	24,0	44,2
	Sum of all industries	3.277.580	3.318.902	41.322	1,3	442.403	458.115	15.712	3,6	13,8
	Conscripts	12.797	12.801	4	0,0					
	Maternity/Paternal Leave	103.702	95.435	-8.267	-8,0					
	Sum	3.394.079	3.427.138	33.059	1,0					13,0

Source: Federation of Austrian Social Security Institutions (HSV).

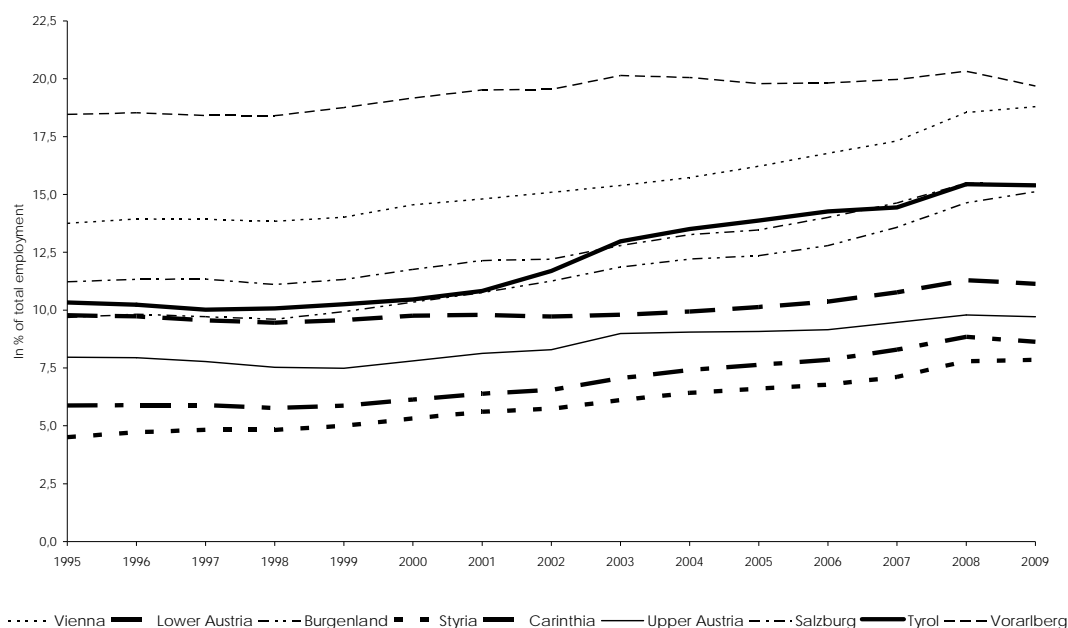
Manufacturing industries did not totally recover from the economic crisis in 2009; as a result manufacturing employment continued to decline by 3,400 or 0.6%. However, as foreign workers are increasingly highly skilled, their employment levels could hold and even slightly increase in manufacturing over June 2009. The same holds for market and business oriented services. While total employment in these industries was still on the decline, foreign workers could raise their employment figures or at least keep them stable at the mid-year level of

2009. Public sector employment as well as the financial services sector and tourism saw employment numbers rising in 2010. (Table 26)

C) *Regional distribution of foreign employment*

The regional distribution of foreigners in terms of the proportion of foreign workers in total employment has remained very stable in the second half of the 1990s but is changing slowly since 2000. Every federal state started to increase the share of foreign workers in total employment from 1999 onwards, but the rank order changed little. The region with the highest share of foreign workers is Vorarlberg, the westernmost province, followed by Vienna. While employment declined more than proportionately in Vorarlberg it continued to rise in Vienna. Thus, in 2009, the proportion in of foreign workers in Vienna reached 18.8% (after 18.5% in 2008), while the share in Vorarlberg declined to 19.7% (after 20.3% in 2008).

Figure 30: Foreign worker share by region/Bundesland in Austria (foreigners in percent of total employment): 1995-2009



Source: Federation of Austrian Social Security Institutions.

Until 2003, Salzburg was number three in terms of foreign workers shares in the employment. This changed in 2004, when Tyrol, a region with an important tourism sector, moved up one rank, as seasonal workers are increasingly coming from abroad. Since then, the situation of Salzburg and Tyrol converged with a foreign worker share of 15.4% for both in 2009. In 2004, particularly Germans started to move in, taking advantage of free mobility of labour within

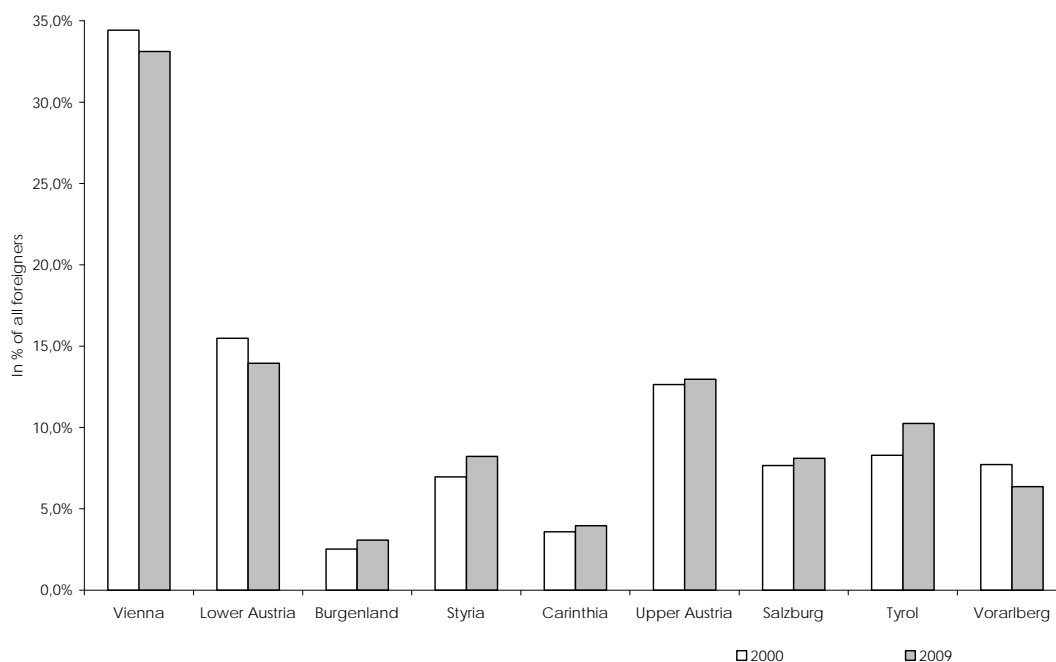
the EU in view of the depressed labour market at home. At the bottom end of foreign worker intake are Styria and Carinthia in the South of Austria.

Thus, the rank order was affected by a differing regional mix of temporary workers and settlers, and the regionally differing propensity to grant citizenship to foreigners (Figure 30).

The distribution of foreign workers across Austria is unequal. In Vienna alone 33% of all foreign workers are established, followed by 14% in Lower Austria and 13% in Upper Austria. 60% of all foreign workers in Austria are working in these 3 regions in 2009. (Figure 31 and Table 27)

The regional concentration of foreign workers differs somewhat by the nationality of foreigners. While Yugoslavs, Turks and the multicultural conglomerate of 'Others' are to a larger extent than the average foreign worker concentrated upon Vienna, Germans tend to be concentrated upon the western regions, Tyrol, Vorarlberg, Upper Austria and Salzburg. Yugoslavs tend to concentrate, apart from Vienna, in Lower and Upper Austria. Turks, given their occupational specialisation in textiles, clothing and leather, are, apart from Vienna, more than proportionally represented in Vorarlberg, Lower Austria and Tyrol.

Figure 31: Regional distribution of foreign labour in Austria (total foreign employment = 100): 2000-2009



Source: Federation of Austrian Social Security Institutions.

Table 27: Regional distribution of foreign workers in Austria

Annual average

	Total active employment			Foreigners			Foreigners in %		
	2000	2005	2009	2000	2005	2009	2000	2005	2009
Vienna	756.632	731.277	758.509	110.117	118.629	142.568	14,6	16,2	18,8
Lower Austria	507.108	515.016	539.143	49.513	52.229	60.080	9,8	10,1	11,1
Burgenland	78.016	82.530	87.536	8.074	10.194	13.232	10,3	12,4	15,1
Styria	417.810	431.026	450.875	22.245	28.506	35.392	5,3	6,6	7,8
Carinthia	186.846	190.626	197.234	11.464	14.568	17.030	6,1	7,6	8,6
Upper Austria	517.447	543.489	574.311	40.427	49.325	55.818	7,8	9,1	9,7
Salzburg	208.175	214.054	226.080	24.483	28.823	34.868	11,8	13,5	15,4
Tyrol	253.518	269.346	286.574	26.526	37.357	44.119	10,5	13,9	15,4
Vorarlberg	128.890	133.044	139.050	24.710	26.337	27.385	19,2	19,8	19,7
Austria	3.054.440	3.110.408	3.259.312	319.850	374.187	430.492	10,5	12,0	13,2

Source: Federation of Austrian Social Security Institutions. – ¹ Excluding unemployed in education and training measures. – ² In the total number of foreign employment 3,700 (2002) and 4,700 (2003) foreign citizens are included, who work in mining and railway systems, and who can not be attributed to a province.

D) Employment of migrants by major skill groups²⁵

A break-down of the employment stocks by skill level shows that 39% of total employment in 2009 accrued to the highly skilled group, i.e. ISCO-88 classes of 1, 2 and 3, 51.8% to the skilled group of ISCO-88 groups 4-8 and 9.2% to the low skilled group of elementary occupations. The overall skills composition so defined did not change much between 2004 and 2009. Table 28 shows that workers with EU-15 citizenship are on average the best skilled group, 59.2% belonging to the highly skilled and only 3.9% to the low skilled. In contrast, citizens of EU-10 countries are less skilled than the Austrians, 30.9% belonging to the high skilled group and 17.7% to the low skilled one. A striking feature of this group of workers is that they have about the same proportion of persons with medium skills as Austrians (51.5%). Citizens of EU-2 countries have a somewhat smaller proportion of workers with medium skills (49.8%) but a significantly higher proportion of persons with low skills (35.8%). This share is only slightly below the share of low skilled workers of third country origin (36.5%). In contrast, the share of highly skilled workers is higher among third country citizens than among EU-2 workers (17.1%).

The proportion of foreign citizens amongst the employed changed somewhat over time: the share of migrants in high skilled jobs increased from 6.4% in 2004 to 8.1% in 2009, and declined in the medium (from 9.6% to 9.3%) and low skill segment (from 25.1% to 25% in 2009).

In 2009, of all highly skilled workers 4% were EU-14 nationals – compared to 3% in 2004; 1% were EU-10 nationals – just as in 2004; less than 1% were EU-2 nationals – just as in 2004; and 3% were third country citizens – compared to 2% in 2004.

²⁵ Highly skilled comprise ILO ISCO-88 Classes 1, 2 and 3, skilled: major groups 4-8 and low skilled: major group 9.

Table 28: Workers by groups of citizenship and main category of employment, 2009

Main categorisation	Nationals		EU 15		EU 10		EU 2		TCNs		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
A. Highly skilled	1.393.539	39,0%	62.282	59,2%	16.973	30,9%	2.936	14,4%	41.334	17,1%	1.517.064	38,0%
B. Skilled	1.849.662	51,8%	38.848	36,9%	28.312	51,5%	10.176	49,8%	112.585	46,5%	2.039.583	51,1%
C. Low skilled	327.833	9,2%	4.115	3,9%	9.723	17,7%	7.316	35,8%	88.310	36,5%	43.7297	10,9%
TOTAL	3.571.034	100,0%	105.245	100,0%	55.008	100,0%	20.428	100,0%	242.229	100,0%	3.993.944	100,0%

Source: Labour Force Survey 2009.

Table 29 Workers by groups of citizenship and main category of employment, 2009

Nationality		A. Highly skilled	B. Skilled	C. Low skilled	Total
Nationals	abs.	1.393.539	1.849.662	327.833	3.571.034
	% of Total	91,9%	90,7%	75,0%	89,0%
Foreign Nationals	abs.	123.525	189.921	109.464	422.910
	% of Total	8,1%	9,3%	25,0%	10,6%
EU 15	abs.	62.282	38.848	4.115	105.245
	% of Total	4,1%	1,9%	0,9%	2,6%
EU 10	abs.	16.973	28.312	9.723	55.008
	% of Total	1,1%	1,4%	2,2%	1,4%
EU 2	abs.	2.936	10.176	7.316	20.428
	% of Total	0,2%	0,5%	1,7%	0,5%
TCNs	abs.	41.334	112.585	88.310	242.229
	% of Total	2,7%	5,5%	20,2%	6,1%
Total	Total	1.517.064	2.039.583	437.297	3.993.944

Source: Labour Force Survey 2009.

Of all skilled workers, 2% were migrants from another EU-15 country (2004: 1%); 1% was from an EU-10 –MS (2004: 2%); less than 1% were EU-2 nationals – just as in 2004; but 6% were from third countries – just as in 2004.

Of all low skilled workers, 1% was from another EU-15 country (2004: 1%); 2% were from an EU-10 country (2004: 1%); 2% were from an EU-2 country (2004: 2%), and 20% were from a third country (2004: 21%).

Thus, the rising share of highly skilled migrants in total employment is due to above average increases of EU-15 (a rise of 1.1 percentage points between 2004 and 2009) and third country highly skilled workers (+0.8 percentage points between 2004 and 2009). The declining share of skilled migrant workers is, in contrast, due to an above average fall in the number of medium skilled EU-10 (-0.2 percentage points) and third country nationals (-0.9 percentage points 2004/2009). The share of low skilled migrant workers in total employment declined only in the case of third country citizens (-1.1 percentage points 2004/2009), while rising for all EU groups, in particular from EU-10 countries.

The labour force data substantiate the notion that migrants from another EU-MS tend to have higher skills than third country citizens. The dynamics over time show that EU-15 citizens tend to satisfy growing skill demands increasingly (rising share of highly skilled plus skilled migrants in total highly skilled and skilled employment: from 4.4% in 2004 to 6% in 2009) while EU-10 and EU-2 citizens tend to be somewhat stronger represented in the low skill segment, and increasingly so (rising share from 3.1% to 3.9% 2004/09). Third country nationals, on the other hand have a very diverse skill composition, satisfying labour demand in all three skill levels. Over time, the share of highly skilled rises (from 1.9% to 2.7%) and the share of low skilled declines (from 21.3% to 20.2%). The great bulk remains in the low skilled segment, however, namely 88.300 or 36% of all third country workers in 2009.

Researchers are to a significant extent migrants. In 2009, 11.1% of a total of 431,400 researchers were migrants, the majority from another EU-15 country (7.1% of all researchers). But also persons from EU-10, EU-2 and third countries are increasingly satisfying the demand for researchers. In 2009, 2.7% of all researchers were from third countries, 1.1% from EU-10 and 0.2% from EU-2 countries.

Seasonal work is not only an opportunity to work for non-resident third country migrants (or EU-12 countries for as long as the transition regulations apply) but also for third country migrants residing in Austria who do not have the resident permit which grants access to the labour market without prior labour market testing. As a consequence of the introduction of the 'green card' in 2003, which allows entry into the labour market without the firm having to apply for a work permit, the employment opportunities of unskilled migrants who have legally resided in Austria for 4 years improved. Accordingly, the seasonal worker quota in agriculture, forestry and harvesting plus tourism could be reduced in 2003 from some 27,000 (sum of monthly contingents averaged over a year) to some 21,000 in 2004. The actual number of

seasonal workers has been fluctuating around an annual average of some 12,000 ever since then. About two thirds of the seasonal foreign workers are working in agriculture and forestry and one third in tourism.

Seasonal foreign workers make up a fairly high proportion of foreign wage and salary earners in agriculture and forestry, namely some 80% to 90%. In contrast, only some 8% of all foreign workers in tourism are working on the basis of a seasonal work permit. The seasonal worker regulation is an important means to reduce clandestine work of third country migrants²⁶. (Biffi et al. 2009)

Skills composition by sex

In 2009, men were on average somewhat better skilled than women. Of a total of 2.1 million employed men 39.6% were highly skilled - compared to 36.1% of the 1.9 million employed women, 55.1% were skilled (compared to 50.9% of women) and 12.7% were unskilled (compared to 13% of women). The best skilled men and women were citizens from another EU-15 country: 64.2 % of men and 53.3% of women were highly skilled and only 2.7% of men and 5.4% of women were low skilled. In contrast, 40.7% of Austrian men and 37% of Austrian women were highly skilled and 7.8% respectively 10.7% were low skilled. Women from another EU-15 country contributed thus more to skilled (2.1 vs 1.7%) and low skilled (1.1 vs 0.8%) and less to high skilled labour demand (3.8 vs 4.3% of high skilled labour) than third country men.

In the case of EU-10 and EU-2 citizenship women are working more than proportionately in Austria than men, namely 1.7% respectively 0.7% of all female employment compared to 1.1% respectively 0.4% of all male employment; their skill composition differs by sex. Women from EU-10 countries have a pronounced polarisation of their skill structure. While 35.9% of EU-10 female workers are highly skilled, compared to 24% of EU-10 men, 20.9% are low skilled – compared to 13.4% of their male counterparts.

Table 30: Workers by groups of citizenship and main category of employment by sex, 2009

	1. Nationals			2. (Other) EU-15 Nationals in Group ⁴			3. EU-10 Nationals in Group ⁴			4. EU-2 Nationals in Group ⁴			5. Third Country Nationals in Group			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
A. Highly skilled	40.7	37.1	39.0	64.2	53.3	59.2	24.0	35.9	30.9	19.8	10.6	14.4	18.2	15.5	17.1	39.6	36.1	38.0
B. Skilled	51.5	52.2	51.8	33.1	41.4	36.9	62.6	43.2	51.5	54.8	46.3	49.8	53.3	36.9	46.5	51.2	50.9	51.1
C. Low skilled	7.8	10.7	9.2	2.7	5.4	3.9	13.4	20.9	17.7	25.4	43.0	35.8	28.5	47.7	36.5	9.2	13.0	10.9

Source: Labour Force Survey 2009.

²⁶ The contingent as well as the number of seasonal permits is larger than the number of employed persons averaged over a year. In seasonal peak times the actual number of seasonal workers is quite high, however, e.g. in June 2009 some 12,000 harvesters and seasonal workers in agriculture and forestry were employed in addition to 3,600 seasonal workers in tourism.

EU-2 women are, in contrast, to a smaller extent than their male counterparts highly skilled (10.6% versus 19.8%), and the proportion of unskilled is significantly higher than in the case of EU-2 men (43% versus 25.4%).

Amongst third country citizens women have an even higher share of unskilled workers than EU-2 women (47.7%), but they also have a higher share of highly skilled (15.5%). Men of third countries are on average better skilled than their female counterparts. Migrant men tend to be much stronger represented in the medium skill bracket than migrant women.

The ten major single nationalities of migrants

The ten major single nationalities of migrants in Austria represent 76% of all foreign citizens in the work force in 2009. They are in the correct rank order: from Germany, Serbia-Montenegro, Bosnia-Herzegovina, Turkey, Croatia, Poland, Romania, Slovakia, Italy (in the main from South Tyrol) and Hungary. The rank order has changed between 2004 and 2009 in that the influx from Germany gained weight, overtaking immigrant numbers from Serbia-Montenegro and Bosnia-Herzegovina. Also the number of Romanians increased significantly since EU-membership in 2007 such that they jumped the queue from 8th place in 2004 to 7th place in 2009.

The skill composition of the migrant workers differs greatly by country of origin. Of the 4 top migrant nationalities, Germans have the highest proportion of highly skilled workers (56% highly skilled) and a fairly high proportion are skilled (39%). In contrast, workers from the regions of former Yugoslavia and Turkey tend to have a fairly similar skill structure with some 10% highly skilled and an almost equal division of skilled and low skilled. Amongst them, migrants from Bosnia-Herzegovina tend to be somewhat better skilled than the other two categories.

Table 31: The top 4 migrant worker groups by skill level, 2009

	Total	A. Highly skilled	In %	B. Skilled	In %	C. Low skilled	In %
Germany	75.942	42.933	56,5%	29.816	39,3%	3.193	4,2%
Serbia-Montenegro	51.429	4.181	8,1%	23.834	46,3%	23.414	45,5%
Bosnia-Herzegovina	47.389	4.309	9,1%	24.555	51,8%	18.525	39,1%
Turkey	38.965	4.153	10,7%	17.681	45,4%	17.131	44,0%

Source: Labour Force Survey 2009. Shaded figures are statistically not reliable due to small sample size.

Some major occupations of economic migrants

Migrants make up 21% of all employees in housekeeping and restaurant services. The major group are third country nationals (12% of all workers), followed by other EU-15 nationals (5% of

all workers in 2009, largely from Germany), by citizens of EU-10 countries (3%) and EU-2 countries (1%).

In personal care work some 8% are migrant workers, mostly female, evenly spread over the various source countries (3% of the total from third countries, 2% ex aequo from EU-15 and EU-10 and 1% from EU-2).

Of all health professionals except nursing 9% were migrants, basically from EU-15 (7%) and EU-10 (1%).

Nursing personnel is not captured in the occupational classification of 223, but rather in 323 (non-academic nursing and care), where more than 11% of all workers had a foreign citizenship in 2009.

The highest proportion of migrants is working as a labourer in manufacturing, construction, transport and mining (ISCO 93) with 22%, mainly persons from third countries (19%). In contrast, highly skilled professionals in engineering and related professions are mainly from another EU-15 country (6% of the total), followed by EU-10 (4%) and third country nationals (3% of the total).

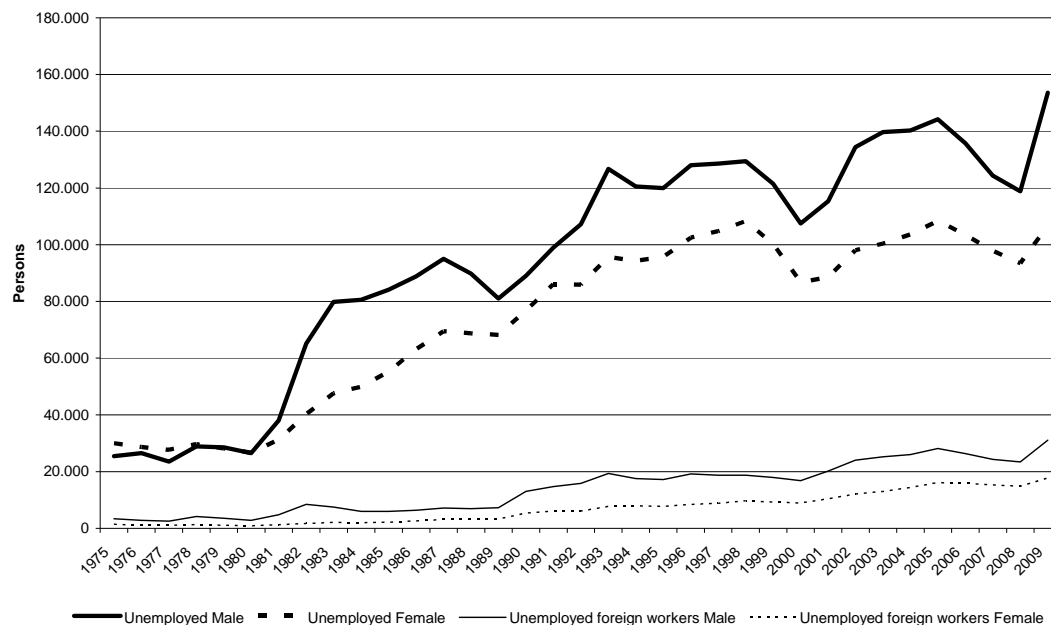
2. Unemployment of foreign workers

Unemployment has followed a long-term rising trend with intermittent cyclical fluctuations. This holds for Austrian as well as foreign workers. The numbers of unemployed men have always surpassed those of women; but men tend to have more pronounced cyclical swings than women.

The year 2000 marks the end of an economic boom which had entailed significant declines in unemployment. In the ensuing slowdown in economic growth, unemployment rose again to reach a peak in 2005. In 2006 unemployment declined for the first time in 5 years again, and continued to do so until 2008. However, the economic crisis in 2009 raised the unemployment level to unprecedented heights. The increase of unemployment affected men more so than women, and above all natives. (Figure 32)

The share of foreigners in total unemployment has continually increased over time, from 8 percent in the mid 1970s to 18.8 percent in 2009. Foreign men constitute a somewhat larger fraction of total male unemployment, namely 20.2 percent, compared to a share of foreign women in total female unemployment of 16.7 percent. While women made up 41 percent of all unemployed in 2009, the proportion of women in foreign unemployment is significantly lower with 36.4 percent in 2009. (Figure 32)

Figure 32: Total unemployed and unemployed foreigners 1975-2008
Annual average



Source: Federal Ministry of Economics and Labour; Austrian Labour Market Service.

Table 32: Total unemployment rates and unemployment rates of foreigners

Unemployment rates			Unemployment rates of foreigners			
Male	Female	Total	Male	Female	Total	Of which: Turks
1998	6,9	7,5	9,1	8,0	8,7	10,8
1999	6,5	6,9	8,5	7,5	8,2	9,9
2000	5,8	5,9	7,8	6,9	7,5	9,0
2001	6,2	5,9	9,1	7,6	8,5	10,6
2002	7,2	6,4	10,5	8,5	9,8	12,1
2003	7,5	6,5	10,6	8,6	9,8	12,6
2004	7,5	6,6	10,6	9,1	10,0	13,2
2005	7,7	6,8	11,1	9,8	10,6	14,1
2006	7,1	6,4	10,1	9,2	9,7	12,8
2007	6,5	6,0	8,9	8,5	8,8	11,6
2008	6,1	5,6	8,2	7,8	8,1	10,8
2009	7,9	6,3	10,9	9,2	10,2	13,9

Source: Federal Ministry of Economics and Labour; Austrian Labour Market Service, since 1994 Social Security Department (employment base). BMWA/AMS = registered unemployment. - ² The employment base includes persons on parental leave and conscripts.

The total unemployment rate has been rising from 2000 till 2005 by 1.5 percentage points to 7.3 percent and declined until 2008 by 1.4 percentage points to 5.8 percent. In 2009, the unemployment rate rose at an unprecedented rate to 7.2% (1.3 percentage points versus 2008). The cyclical pattern for foreign workers follows the national pattern²⁷.

Due to the employment concentration of migrant workers upon unskilled labour in combination with cyclically sensitive industries, the rise of unemployment rates of foreign workers has been more pronounced, i.e., by 2.1 percentage points to 10.2 percent in 2009.

The differential in unemployment rates between men and women in the total economy, which had been growing in the second half of the 1990s, has declined in the last couple of years. In 2001, the unemployment rate of men exceeded that of women for the first time since the cyclical and structural economic crisis in the early 1980s. In the year 2005, the unemployment rate of men surpassed the rate of women by 0.9 percentage points (7.7 percent versus 6.8 percent). In the upswing of 2006 to 2008, the gender differential declined to 0.2 percentage points. In the single year of 2009 the gender gap in the unemployment rate increased again to 1.6 percentage points.

In contrast, the unemployment rate of foreign men has always been higher than of foreign women – with the exception of one year (1987/88). The differential between foreign men and women was 1.3 percentage points in 2005, declined to 0.4 percentage points in 2008 and rose again to 1.7 percentage points in 2009.

Turkish workers have traditionally had the highest unemployment rates of any foreign worker group. Their unemployment rates had risen between 2001 and 2005 to 14.1 percent, but declined thereafter and reached a low of 10.8 percent in 2008. In 2009, however, the unemployment rate of Turkish citizens increased again to an all-time high of 13.9%. (Table 32)

Unemployment by industry

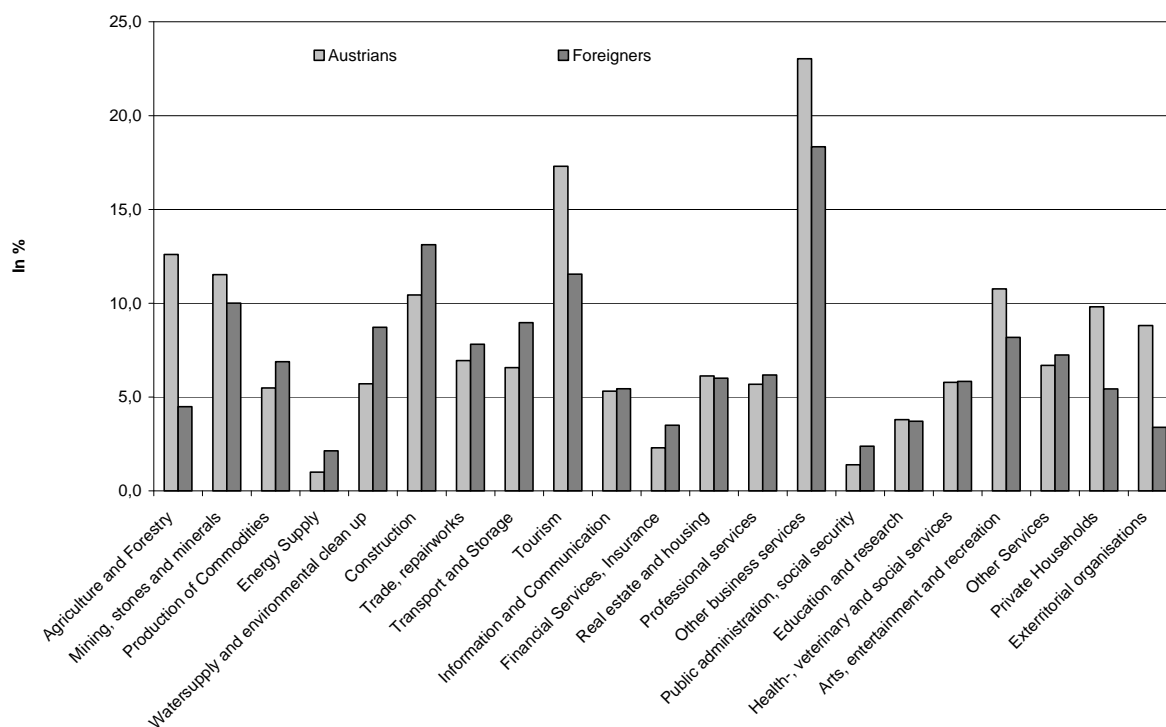
The unemployment rates by industry and occupation by citizenship indicate that unemployment is not equally distributed over nationals and foreigners. In some occupations the unemployment rates of natives are higher than of foreigners and vice versa.

Foreigners used to have higher unemployment rates in most occupations, except in tourist services and in agriculture and forestry, where foreigners tend to have a contract for a particular period, where one may not automatically acquire the eligibility for unemployment benefits.

²⁷ The unemployment rate is biased downwards due to double counting of women on maternity leave who have been working before the birth of their child(ren). As to the extent of underestimation of the unemployment rate see Table 1.

More recently the unemployment rate of foreign workers is falling behind the unemployment rate of nationals in other than seasonal occupations. This has to be seen in the context of an increasing tendency on the part of foreigners to take up Austrian citizenship. Since the migrants tend to remain in their traditional occupations, their unemployment remains linked with job opportunities in those industries and occupations. In consequence, Austrian workers have a higher unemployment rate than foreign workers in the clothing industry and in retail trade, since 2005 also in wood processing.

Figure 33: Unemployment rates by industry of Austrians and foreigners 2009



Source: Austrian Labour Market Service, Federation of Austrian Social Security Institutions.

A slightly different picture emerges, if one calculates unemployment rates by industry. One aspect remains the same, i.e., industries which have a strong seasonal employment component have the highest unemployment rates. 'Other' market oriented services, largely cleaning, take the lead with 21.7%, followed by tourism industries with 15.4 percent in 2009, and construction (11 percent, (Figure 33)

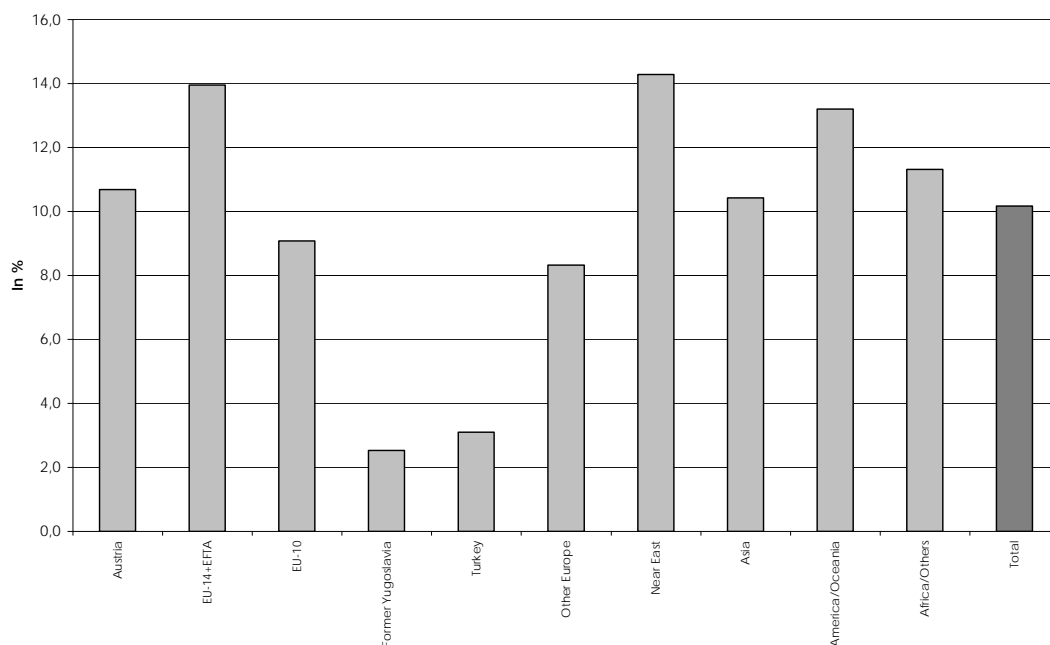
While the average unemployment rate of foreigners is higher than for Austrian workers, this is not the case in the seasonal industries – tourism and agriculture – as well as in mining, other business services (mainly cleaning), the arts and entertainment and in domestic services.

The lowest unemployment rates are in the high skilled occupations of the electricity supplies, public sector administration and financial services.

3. Entrepreneurship

There is no comprehensive and regular statistical information on ethnic entrepreneurs in Austria and their role in the economy. As migrants are facing more and more difficulties to find employment, they increasingly turn to self-employment. This is a relatively new feature of migration in Austria. Until the early 1990s, the proportion of self-employed migrants has been significantly lower than of natives, contrary to countries like France and the UK. But by 2001, according to the census, immigrants are now on average as often self-employed as natives, namely 10 percent. If one takes into account that one third of all Austrian self-employed are farmers, an option not really open to immigrants, migrants are more often than natives self-employed in non-agricultural activities, particularly if they have become naturalised. While 10 percent of naturalised first generation migrants were self-employed in the non-agricultural sector in 2001, compared to 8 percent of the natives, this was only the case for 5.4 percent of all foreigners.

Figure 34: Share of self-employed in total employment in percent by country of birth (2001)



Source: Statistics Austria (Census), own calculations.

Figure 34 indicates that there are significant differences in the propensity to become self-employed by country of birth. Migrants from the Near East, from other EU-MS, America and Africa are more often self-employed than native Austrians. Asians are about as often self-

employed as native Austrians, while persons from the traditional migrant worker source countries, i.e., Turkey and former Yugoslavia, are relatively seldom self-employed.

Migrants in Austria tend to set up business in services, in particular cleaning, restaurants, food production and retail trade as well as in manufacturing, above all in clothing, leather ware, shoes and textile production and repairs. These developments are not yet formally researched due to lack of survey data. Students, often of migrant background, are starting to take up this subject in essays and diploma theses.

V. Irregular migration

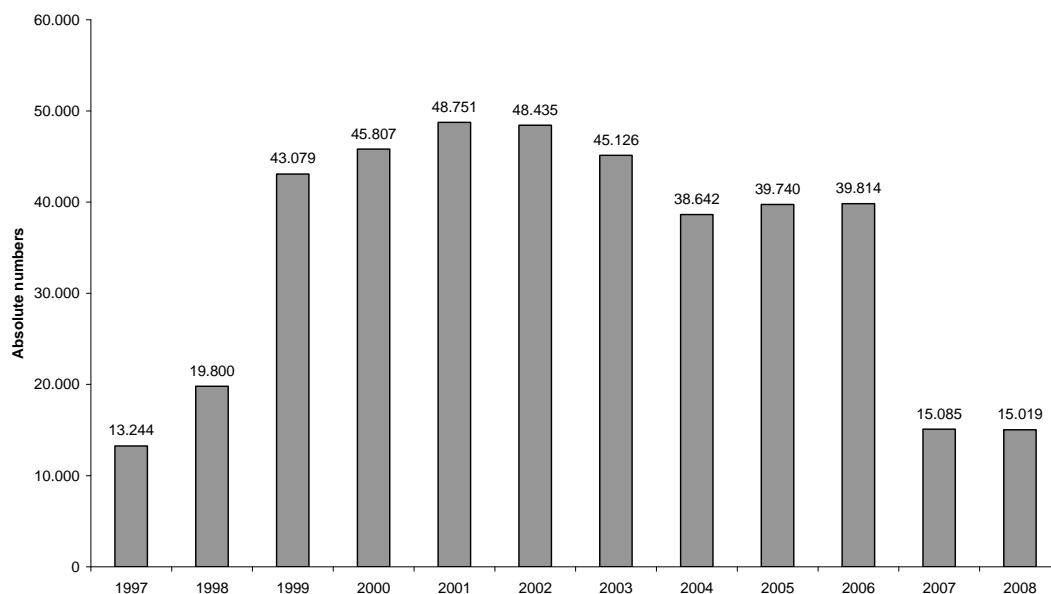
Illegally residing third country nationals are a heterogeneous group of people, depending partly on the legal framework of a country. The Austrian legal system does not make mention of rights of illegal residents. However, human rights apply to all persons on the territory irrespective of legal status. Persons residing illegally in Austria have, in addition, access to public health care in case of emergencies, they have also access to education services such as language courses, but they have no access to the formal labour and housing market. Furthermore, the possibility of issuing a residence permit on humanitarian grounds offers routes of legalisation of residence. The current law on humanitarian residence (NAG 2005) is very vague relative to residence permits on humanitarian grounds, leaving too much discretionary power to the Ministry of the Interior.

Various data sources provide a fragmented picture of the numbers and characteristics of persons residing illegally in Austria, e.g., apprehensions of persons entering or residing illegally, recorded by the Criminal Intelligence Services (Ministry of the Interior) or client data of NGOs and welfare institutions working in the field of migration and asylum (NCP 2005). These data can only serve as an indicator without, however, providing a clear picture of the actual numbers. Of the few estimates that exist, each refers to a particular group of migrants and status (illegal residence, illegal employment but legal residence, overstayers, change in purpose of entry, etc.) but does not encompass information on all aspects of this complex phenomenon. To give an example, *Biffi* (2002) estimates that among 6 to 15 year olds about 5,000 to 7,000 children and adolescents are residing illegally in Austria, by identifying differences in school enrolment data and the population register by citizenship. Other studies concentrate on the number of persons illegally residing and working in Austria (*BMI*, 2005), while others look at the number of persons in an illegal employment status, while residence is legal, or still illegal residence due to human trafficking (*BMI*, 2007/2008/2009).

The 'illegal migration' report of the Ministry of the Interior provides information on the numbers of persons illegally residing in Austria, or rather the number of apprehensions at the border and/or inland between 1997 and 2008. These numbers have risen between 1997 and 2001/2002, were they reached a peak with 48,800. The numbers declined thereafter somewhat to 39,800 in 2006. In 2007 the number of apprehensions took a deep dip to 15,100,

where it remained until 2008 (*BMI*, 2005/06/07/08/09). According to the 'illegal migration' and human trafficking reports of the Ministry of the Interior, the numbers of apprehended persons (smuggled persons, illegally entering and/or residing persons) halved in 2007 versus 2006 and remained at that level in 2008 (Figure 35). This recent abrupt decline is in the main the result of a decline in the number of persons from Romania, who since EU-membership of Romania (in January 2007) have the right to stay in Austria. Accordingly, not only the number of apprehensions declined but also the composition changed. It was above all the number of illegal residents, which declined, reducing the share to 39 percent of all persons apprehended. In contrast, the decline in the number of victims of trafficking in humans has been smaller (from 12,600 in 2006 to 8,700 in 2008), thereby raising their proportion to 58 percent of all apprehended persons in 2008, a decrease of -8 percent versus 2007 (66%). Also the number of traffickers in humans has declined to 371 in 2008 such that the share of this group of apprehensions has declined to 2.5 percent of all apprehensions in 2008. (Figure 35)

Figure 35: Apprehensions of illegal entrants and illegally residing migrants (overstayers) in Austria



Source: Ministry of the Interior, Illegal Migration Report (Schlepperberichte 2006-09).

The main routes of human smuggling to Austria entail the entry from Italy, amounting to 44 percent of all illegal border crossings. Preferred transportation for human smuggling are private vehicles (25 percent), and trains (22 percent).

Most of the smuggled persons in 2008 were citizens of the Russian Federation, just as in 2007. In 2008, 2015 citizens of the Russian Federation were smuggled; in addition 881 Afghan

nationals, followed by 730 Serb nationals. The number of smuggled persons from Afghanistan increased versus 2007 while the contrary was true for Serbians. The main countries of origin of illegally entering and/or residing persons are from Serbia (717 persons), followed by India, and Turkey. Ukrainian citizens illegally residing in Austria decreased considerably to 183 persons.

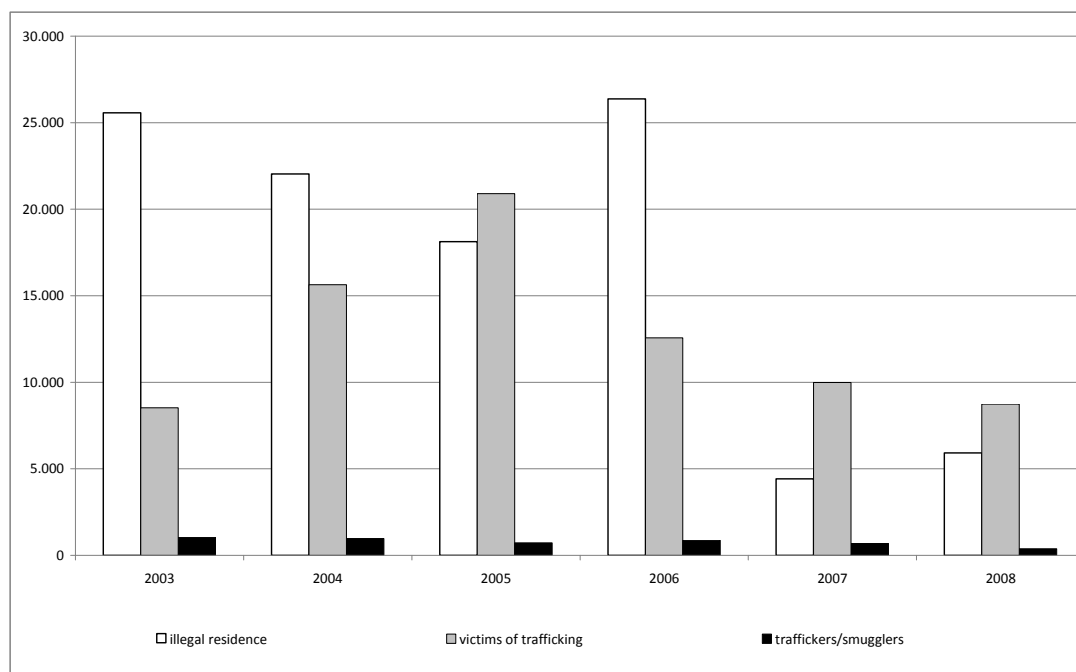
The total figure of irregular migrants apprehended in Austria in 2008, i.e., illegal residents plus smuggled persons, shows a rise in the number of persons from the Russian Federation by 19 percent versus 2007, a decline of Serbians by 30 percent, and a significant increase of persons from Afghanistan by 185 percent to 1.052, of whom 83 percent smuggled persons. (Figure 37)

The major nationalities of traffickers are Serbs, followed by Austrians, Germans, Romanians and citizens of the Russian Federation. 39 percent of smugglers are between 31 and 40 years of age and male. (Figure 36). As human trafficking is a well organised crime business, cooperation between old and new EU-MS on the one hand and source countries/countries of transit on the other is increasing. The outward movement of the Schengen-border at the end of 2007 has important consequences for the system of security controls both within Austria and across the enlarged region²⁸.

As far as the number of persons who may reside in Austria legally but not access the labour market (except after an employment test) appears to be high. While the actual size is not really known, certain aspects have surfaced in 2006 when court cases brought to the light that care work in the household sector is to a large extent undertaken by persons from the new EU-MS, without the legally required steps of social security backed employment contracts; thus, the employing households do not only pay significantly lower wages than the legal minimum wages, but in addition avoid paying social security contributions for the carers. The numbers cited are **40,000 illegal care workers in Austria**, the majority from Slovakia. The organisation of care work in the household sector has become such a hot topic of debate in Austria that reform legislation has been enacted in 2007 allowing the **legalisation of the status of the current care workers** from new EU-MS. This has materialised to a large extent in 2008, raising the employment of foreigners (salaried as well as self-employed) by some 20,000, thereby contributing to the slow-down in measured productivity growth, which was as a result of legalisation not real but rather an artefact.

²⁸ The system of data exchange (finger prints) of asylum seekers and illegal residents 'eurodac' is an element of the documentation of illegal cross-border flows, which has been implemented in 2003. <http://europa.eu/scadplus/leg/en/lvb/l33081.htm>; in addition, **Frontex**, the EU agency based in Warsaw, coordinates the operational cooperation between Member States in the field of border security.

Figure 36: Composition of apprehensions of illegal entrants and illegally residing migrants (overstayers) in Austria



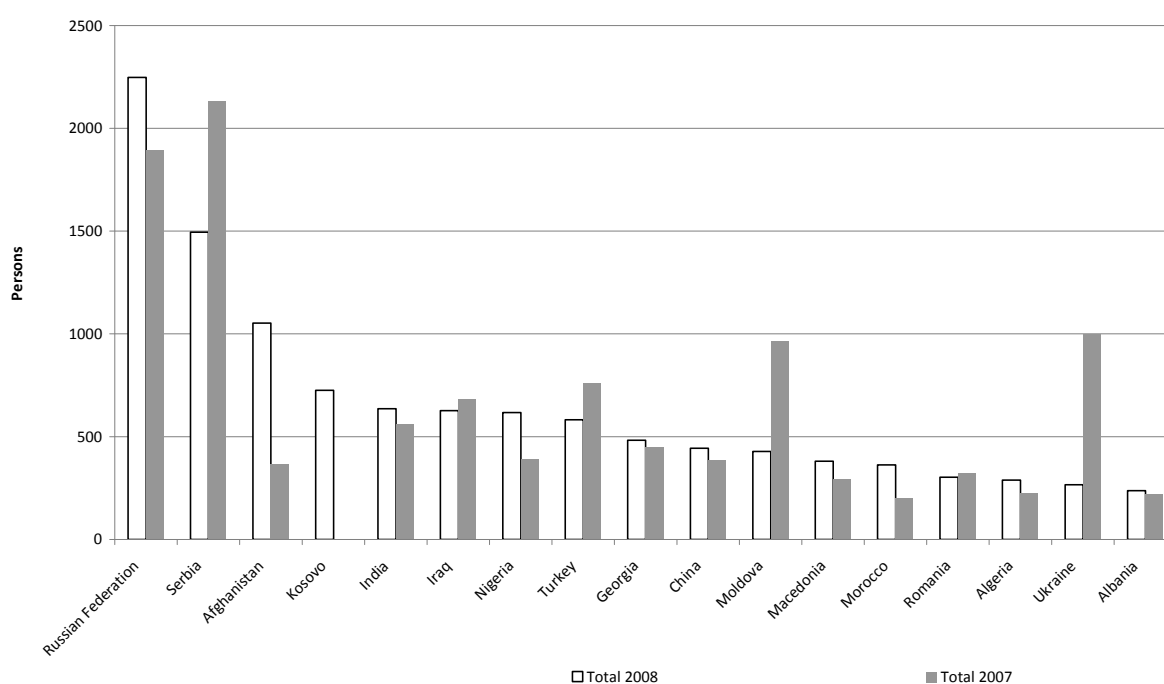
Source: Ministry of the Interior, Illegal Migration Report (Schlepperberichte 2006-09).

The few data collected on illegal foreign employment reveal that, apart from care work, the industries most affected are construction, catering, agriculture and small-scale industry. Until 2002 (Biffi *et al.*, 2002), the majority of illegally working immigrants came from Poland or Slovakia on the one hand and the successor states of Former Yugoslavia on the other. Jandl, *et al.* estimate that illegal employment is most pronounced in construction and catering/tourism (with some 15% of total employment) as well as in agriculture (13%) (*ibid*).

Ever since then, no comprehensive information has been made available on clandestine work by nationality. But some of the complex administrative procedures regarding access to the labour market of migrants from third countries (and for citizens of new EU-MS for as long as the transition regulations apply) have to be understood as instruments to combat clandestine work, in particular seasonal work in tourism and harvesting. The actual numbers of permits granted annually are in the order of 60,000 to 70,000 – for a limited time period, obviously. In an annual average the numbers are quite small in comparison though (12,100 in 2008), taking into account that some may only work a few weeks and have a tradition of coming to the same employer over years. While this system is efficiently **combating clandestine work**, it also makes sure that every **seasonal worker** has social security coverage during the period of work in Austria.

Another group of persons has been taken out from the pool of clandestine workers, i.e., third country students. The amendment of the Alien Law of July 2002 allowed **students** to take up employment but not as fulltime workers but only as part-timers, to help cover their living expenses. This **amendment** was not expected to and did not raise labour supply of migrant students but tended to **legalise their work**. No exact numbers have come forward yet, as most of them are 'casual workers', who do not get full social security coverage.

Figure 37: Total number of illegal entrants and illegally residing migrants by nationality in Austria



Source: Ministry of the Interior, Illegal Migration Report (Schlepperberichte 2006-09).

Also a variety of NGOs, welfare institutions, produce data on profiles of illegally resident migrants. Although not representative, these sources shed light on the structure of illegal migration and residence, e.g., data on women and children affected by trafficking, refused asylum seekers, immigrants without health insurance and illegally employed domestic workers.

Austria implements different policies in order to prevent or control for illegal migration. The most obvious and most frequently applied approach is prevention and exertion of domestic control, followed by a policy of expulsion and deportation. (Table 33)

Trafficking in and smuggling of human beings play an important role in Austria; Austria is considered to be both, a destination country as well as a transit country for illegal migrants on

their way to other EU member states. According to the Austrian Criminal Intelligence Service, the main points of entry of smuggled persons to Austria are from Italy, Hungary, Slovakia, and the Czech Republic; the routes used by land or air differ according to the nationalities of the immigrants. Central and Eastern Europe are the main countries of origin of persons (mainly women) affected by human trafficking. During the last 15 years, external border control, international police cooperation and information exchange have constantly been improved. On the international level, so-called "security partnerships" have been established with Austria's neighbouring countries in 2000, and a number of joint projects have been implemented concerning countermeasures against human smuggling and trafficking in the countries of origin. Austria has also concluded several readmission agreements on a bilateral level with countries of origin and transit of illegal immigration (*NCP*, 2006). A report by the Austrian National Contact point on return migration (forced or voluntary) highlights the system in place in Austria (*EMN*, 2007). The continuous reporting system of the Ministry of Interior is providing increasingly differentiated data on the various forms of illegal migration and the changing dynamics over time.

Alien police measures and forced return migration

Alien police measures entail a number of measures which may impact on migrants. The measures include expulsions, rejections at the border, refoulement cases, denial of residence etc. In 2009, all in all 21,352 such police actions were registered, About 1,900 less than in 2008. Thus, the downward trend, which had been interrupted in 2005 and 2006, found its continuation in 2008 and 2009. The decline was basically the result of a massive reduction of actions at the border. They used to constitute half of the police actions. They could be reduced from 31,200 in 2006 to 2,695 in 2008 and a mere 831 in 2009.

Table 33: Statistic of alien police measures (Sum over the year/period)

	2006	2007	2008	2009	01-05 2005	01-05 2006	1-5 2007	1-5 2008	01-05 2009	01-05 2010
Rejections at the border	31.189	7612	2.695	831	11.056	13	268	1.214	339	198
Refoulement	1.685	1700	1.652	1.383	817	14	268	618	658	381
Expulsion §33	3.574	1843	2.113	2.547	1.995	536	431	900	1.093	969
Expulsions §34	163	430	178	90	203	1.700	2.020	85	54	29
Denial of residence	5.294	4542	3.903	4.051	3.188	3.945	2.957	1.761	1.552	1.791
Denial to return to Austria	975	629	493	426		0	0	217	175	191
Detention	8.694	6960	5.398	5.996	3.170	0	0	2.497	2.370	2.627
Lesser measures	927	1158	1.809	1.877	88	0	0	759	758	583
Forced measures					0	0	0			
Voluntary return to country of origin §	5.655	2443			-19	86	-54			1404
Administrative order to leave the country			2.957	1.670				676	670	3.747
Deportation	4.090	2838	2.026	2.481	1.761	0	0	906	984	1.064
Total	62.246	30.155	23.224	21.352	22.259	6.294	5.890	9.633	8.653	12.984

Source: Federal Ministry of the Interior.

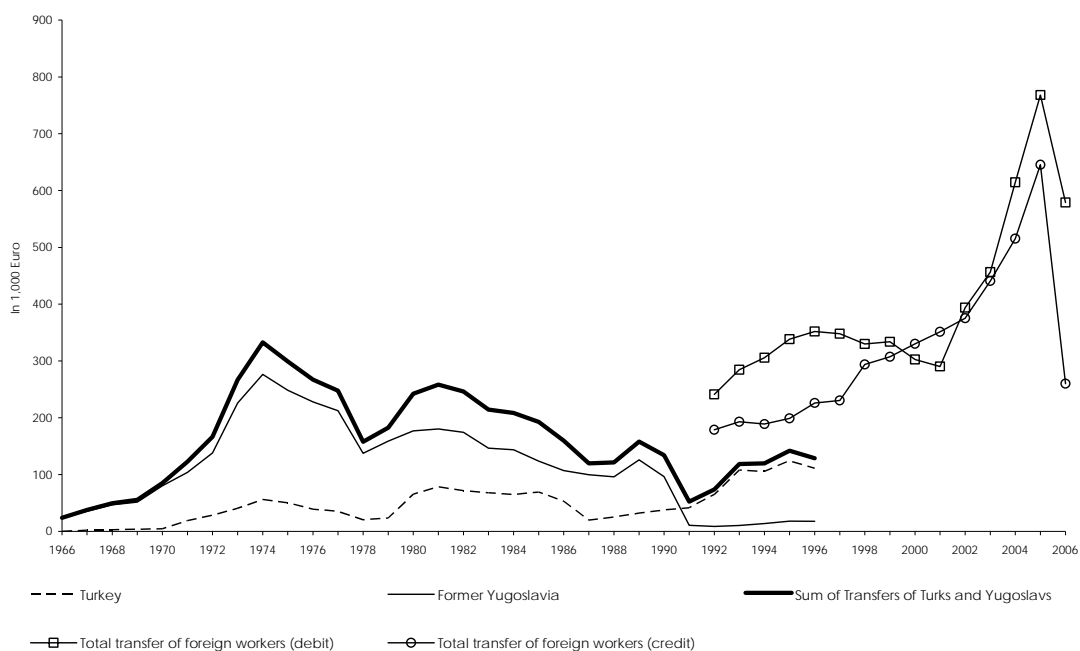
The largest share of police measures are detentions (28 percent in 2009). Expulsion by paragraph 53 continued to increase marginally, despite a decrease between 2004 and 2006. However, many major actions declined, above all deportations, detentions and denials of residence. Also refoulement cases declined somewhat in 2009 (1,383).

Data on voluntary return migration is not followed up systematically; studies by the Caritas organization or IOM exist, but do not highlight a consistent picture of voluntary return migration and cannot be considered reliable data.

VI. Remittances of foreign workers

The major foreign worker groups in Austria are from the former region of Yugoslavia and from Turkey. Therefore the mass of the money saved and transferred to the home country on the part of foreign workers is directed to these regions. Remittances to the region of former Yugoslavia have been high and rising in the early 1970s as the employment of Yugoslavs was growing rapidly in Austria. With the onset of restrictions in the recruitment of foreign workers and the settlement tendencies of Yugoslavs in Austria the amount of money transferred to Yugoslavia decreased and came almost to a standstill after 1990 as political unrest and eventual war developed in the region of former Yugoslavia. In 1993 the transfers started to rise again until 1995 (245 million ATS or 17.8 million €). In the course of 1996 a slight decline to 17.5 million € (241 million ATS) set in again. (Figure 38)

Figure 38: Remittances of foreign workers to their home countries 1966-2006



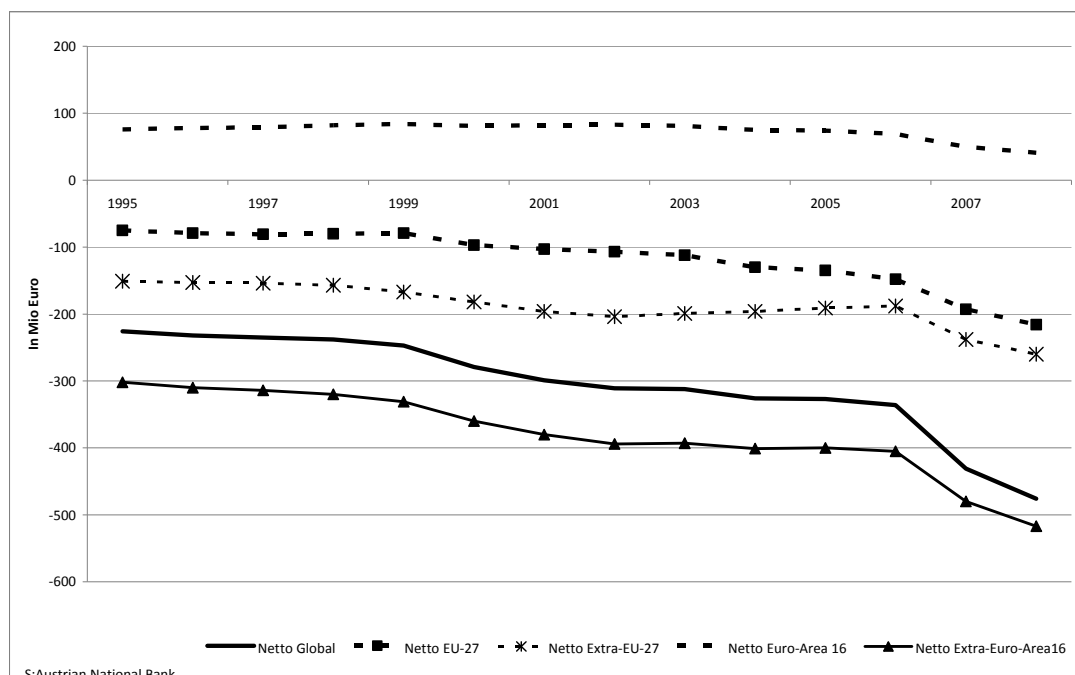
Source: Austrian National Bank (OeNB).

The development of remittances to Turkey follows a very different pattern over time. The pattern is anti-cyclical; the remittances increased in periods of economic slack and growing

unemployment in Austria. Ever since 1987, when a very low level of money transfers to Turkey was reached, the remittances started to rise on a continuous basis until 1995. Then 119.8 million € (1,649 million ATS) were transferred to Turkey, the highest amount ever since the beginning of the series in 1966. In 1996 the sum declined again somewhat to 111.1 million € (1,529 million ATS).

Regulatory changes by the Austrian National Bank pertaining to the registration of money transfers abroad brought about a break in the series. The amount of money, which an individual wants to transfer abroad, must be registered, if it surpasses € 5,087 (ATS 70,000). This is a rather high amount of money, which means that a large number of small individual transfers go unregistered, while playing an important role for the individual and family welfare in the recipient countries.

Figure 39: Net financial flows of migrants in Austria to their home countries in million € 1995-2008



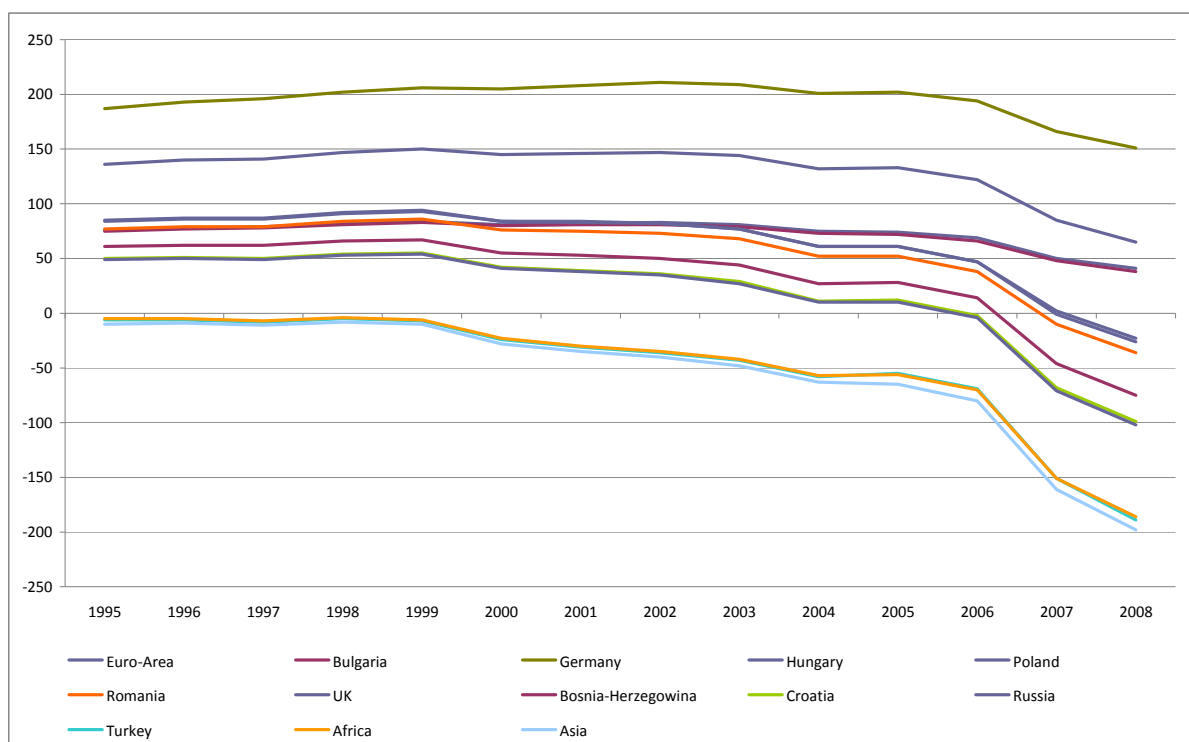
Source: Austrian National Bank (OeNB).

In the light of the relatively small amount of money which is being transferred home annually by foreign workers via registration by the Austrian National Bank, often no differentiation by country of destination or nationality is reasonable. One may, however, differentiate between large destination regions of remittances. The Austrian National Bank has completely revised the data base and provides time series for period 1995 to 2008. According to this data set, Austria has seen a total net outflow of money as a result of remittances over the whole

period, amounting to 227 million € in 1995 and rising to 431 mill € in 2007 and to 476 mill € in 2008. While remittances between countries of the Euro area and Austria are positive with 41 million € in 2008 (50 million € in 2007), they are negative with the world outside the euro-area (-517 million € in 2008). Remittances between Austria and the EU-27 countries constitute net outflows in the order of 193 million € in 2007, and 216 in 2008 while they are less pronounced in the case of outflows to countries outside the EU-MS, namely 238 mill € in 2007 (Figure 39) and 260 in 2008. In 2007, as can be seen in the figure below, all financial flows have declined drastically – an indication of the onset of the financial crisis.

The impact of the financial squeeze migrants are under as a consequence of the economic downturn in 2008 becomes even more obvious if looked at the various major recipient countries of money transfers from migrants in Austria. Significantly more money has been transferred to the source countries of migrants, in particular Russia, Bosnia-Herzegovina, Romania and Poland as well as Asia and Africa. The money transfers constitute a major source of income for the families back home.

Figure 40: Net financial flows of migrants in Austria to their home countries in million Euros 1995-2008



VII. Integration of migrants

Austria is a country with a long tradition of immigration, but a short history of structured and comprehensive integration.

Only recently, i.e. between 2008 and 2009, integration policies are starting to be coordinated by the Federal Ministry of the Interior, not least due to increasing efforts on the part of the EC to ensure social cohesion (Lisbon process). Accordingly, the Federal Ministry of the Interior came forward with a National Action Plan on Integration by the end of 2009²⁹.

By looking at the inflow categories of third country migrants, it can be seen that the majority has free access to the labour market. A relatively small number has access to the labour market on the condition of labour market testing. Amongst this group of migrants are third country family members of settlers; also asylum seekers face restrictions to work (since 2004) as they are only allowed to work on a temporary worker contract in tourism and agriculture and forestry (see chapter on legal framework).³⁰ This order brought about a deterioration of employment and learning opportunities of this particular migrant group versus earlier labour market practices.

While most migrants do not need any special integration support on the labour market, namely third country workers who have a work contract and who are free to enter, reside and work in Austria outside of any quota regulation, others are in need of special assistance beyond the right of free access to the labour market. This is particularly true for migrants who enter as family members or as asylum seekers and refugees. While the new immigration policy of 1992/93 regulated their inflow and residence rights, the labour market integration needs were not addressed as the Ministry of Labour and the social partners, who had been running the 'Guest Worker' model, were not taken into the boat of policy coordination.

It was not until 1996 that the Federal Minister of the Interior (Caspar Einem) made the first steps towards the coordination of migration and integration policies. This policy initiative is frozen in law (Fremdengesetz 1997), attempting to promote labour market integration of migrants, who had resided in Austria for a longer period of time. It was meant to facilitate access to the labour market of family members, who had arrived in Austria before 1992.

As a coordinating step on the part of the Ministry of Labour, enterprises were increasingly controlled to ensure abidance by the law, namely the execution of labour market testing in case of first issues of work permits. As a result, the 'habit' of some firms to employ a third country foreigner (who had a residence permit but no right to access work or only under the condition of labour market testing) without applying for a work permit by the LMS, had to be discontinued. The rules had to be applied, i.e. a firm got a first work permit for a foreigner

²⁹ Download from the website of the Ministry: <http://www.integration.at/>

³⁰ Erlass zu GZ 435.006/6-II/7/04, EU -Erweiterungs-Anpassungsgesetz; Durchführungserlass.

granted only after four unemployed, who could in principle fill the post (unemployment benefit recipients), got the job offered but rejected it. Labour market testing is an effective labour market entry barrier of unskilled and semi-skilled third country migrants. Thus, the 'coordination' of policy resulted in the application of the law which in effect reduced the employment opportunities of certain groups of third country migrants.

The enforcement of labour market testing went hand in hand with an increase in the quota of seasonal workers from abroad. It is in the discretionary power of the Minister of Labour to decide upon an annual inflow of seasonal workers in tourism and in the agricultural/forestry sector, on the basis of regional and social partnership decisions. Both instruments contributed to a decline in clandestine work, but they reduced the chances of labour market integration of un- and semiskilled migrants already residing in the country.

The second and more effective legal reform step took place in 2003, with the introduction of the 'green card'. The option of long-term foreign residents to apply for a green card, which allows entry into the labour market without the firm having to apply for a work permit, i.e. the abandonment of the requirement of labour market testing, has significantly improved the employment opportunities of unskilled third country migrants. One year after the introduction of the green card system the quota for seasonal workers from abroad had to be reduced, however. This was a reaction to the increase in unemployment which resulted from the substantial supply increases in the low skill segment, as seasonal work represents also an employment option for resident migrants. One has to acknowledge, however, that easy access to seasonal workers from abroad within a large quota contributes to reducing clandestine work, particularly if the season is short (harvesting) and if traditional personal connections are the basis for recruitment.

Another aspect affecting the labour supply of unskilled labourers was the introduction of a minimum income requirement for family reunification (family sponsoring in the new residence and settlement law (NAG 2005). This amendment was in line with regulations in other immigration countries overseas and with the EU guidelines for migration policy. It reduced the inflow of migrants with low earning capacities who want to join a partner in Austria who himself/herself is living off welfare benefits (requiring income testing such as long-term unemployment benefit (Notstandshilfe) and social assistance). In addition, forced and/or arranged marriages became increasingly a target of control.

Thus the coordination of migration policy with labour market policy, which started in the mid to late 1990s, introduced a better understanding for the impact of immigration on labour supply and labour market mechanisms in the respective administrative disciplines. Another aspect which became increasingly an issue and resulted in amendments to migration law (NAG 2005), was the age cut-off for family reunification of children. Raising the age from originally 14 (until 2000) to 18 (2005) meant a significant improvement of the education and earnings opportunities of third country youth in Austria. While second generation migrants who arrive in Austria at a relatively young age, tend to be quite successful in school and later

on the labour market, this is not the case for youth arriving at an older age. Some of the greatest difficulties migrant youth are faced with on the labour market today are the result of protracted entry, often after the age for compulsory schooling in Austria (15), and the concomitant lack of school leaving certificates or acknowledgement of credentials obtained abroad.

Integration of migrants facilitated by work based welfare model

The integration of migrants is facilitated by a labour market governance system which is based on the social partnership concept and which is complemented by a complex system of regional institutions and integration policies on communal level. Such a system, while ensuring continuity and stability, can accommodate the needs of regions and different ethnic groups and adapt to new challenges. As the pattern of migration evolves, so will the needs of the migrants and the host communities in their quest for integration and participation. Newcomers have different needs than second and possibly third generation migrants, and the needs may differ by migrant groups and status (migrant workers, family members, and refugees), age and gender. Mainstream integration has to cater for all needs in order to ensure that social cohesion is not jeopardised.

The major bulk of action in the area of integration policy takes place in the regions (Bundesländer). Federal laws tend to provide a general framework only, leaving it up to the federal states to draw up integration measures suitable for the special circumstances of the region. Also the law regulating the residence and settlement of foreigners (Niederlassungs- und Aufenthaltsgesetz - NAG 2005), leaves it up to the states to devise an institutional and budgetary framework to organise the integration of migrants. Due to the strong regional focus of policy formulation and implementation and the horizontal character of integration, comprising areas as diverse as education, employment, housing, health, social services, cultural activities and the like, little is known on a federal level about the amount of money spent on integration in the various regions, the instruments and measures implemented and their respective effectiveness³¹.

Integration has been quite effectively pursued both at state and local level, as some of the good practice examples indicate, which every major federal state can boast, e.g., on the websites of regional integration platforms and as part of the policies of territorial employment pacts³². Austria has fairly diverse regional systems of integration, which take into account the different needs of migrants as well as host communities. The various integration systems may differ by the speed, depth and scope of integration, which may be guided by different

³¹ For a first attempt to collect information about integration measures in the various regions see *IOM – BMI* (2005).

³² For more about the territorial Employment Pacts in Austria, in particular on integration of migrants see: <http://www.pakte.at/projekte/2932/3618.html?lang=en>.

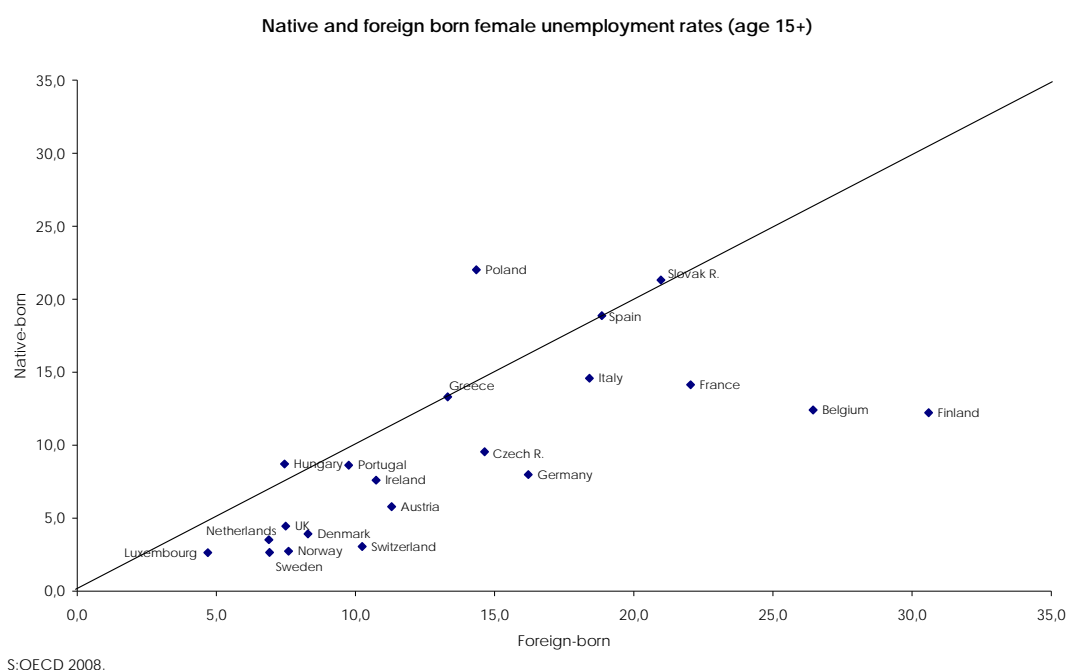
objectives of the regions as to the role of migration in their socio-economic development (Concept of Integration - Integrationsleitbild).

Migrant women and youth: the challenge of labour market integration

The integration of migrant women and youth into the labour market depends upon institutional ramifications - in particular the immigration regime, the welfare model and the education system -, on supply factors - in particular the educational attainment level and occupational skills, language competence, ethnic origin and the proximity to the ethnic cultural identity of the host country -, and demand factors - in particular the composition by economic sectors, the division of work between the household, the informal and the market sector and the economic and technological development level.

The integration of first and increasingly second generation migrants, particularly of women, has become a challenge in view of changing demands on migrant skills and a failure to promote the education of migrant children adequately. The unemployment rates of foreign born women are double those of native born (11.3% versus 5.8% in Austria, see Table 5.3 OECD 2008, most recent census data). (Figure 41)

Figure 41:



Research indicates that it is the combination of different immigration and welfare regimes which account for different employment opportunities of migrant women in the various EU-MS (Baldwin-Edwards 2002, Adsera & Chiswick 2004, Freeman 2004). Educational attainment and employment opportunity of migrant youth in contrast are largely determined by the

education system and the role of social status of the parents for the educational outcome of their children, in addition to the capacity to speak the host language (OECD 2006A/B).

The employment opportunities of migrants depend to a large extent on their immigrant status, which tends to define the access rights to the labour market. For example, asylum seekers may or may not access work (depending on national immigration regime) while waiting for their case to be decided. In contrast, target workers (employer nomination scheme, intercompany transferees, seasonal workers etc.) are almost by definition employed. Settlers who are joining their partners (family formation or reunification) may adapt their employment behaviour to that of the host country, e.g. work in the formal or informal sector. The employment opportunities of migrant women differ between EU-MS as the employment opportunities of women in general differ as a result of various welfare models and economic development levels. In addition, the educational attainment level and occupational structure of migrant women may differ which has an impact on the employment opportunities of women.

The gender composition of the various entry channels of migration differs and may change over time. A significant part of immigration continues to be labour migration, particularly as a consequence of free mobility of labour within the EEA. But family formation and reunification as well as immigration on humanitarian grounds have taken over as the most important driving forces for immigration in Austria and some other EU-MS in recent decades. The gender mix of migrants is partly the result of the migration regime (Freedman 2007, Dumont et al 2007), and partly due to different roles of migrants in the economic development (temporary work, settlement, asylum, students, illegal migrants). Family migration for settlement has become the most important entry category of permanent type immigrants (settlers) in countries as diverse as Austria, Germany, Belgium, France and Sweden. But temporary work also continues to be an important source of migrants, e.g. as domestic helpers, care workers and seasonal workers. Further, in addition to family and labour migration and immigration on humanitarian grounds, increasing mobility of students is also a source of work. Austria together with the United Kingdom, France and the Netherlands (OECD 2006A: C3) have experienced large increases in their international student population. Austria has one of the highest shares of foreign students in the EU with 19% in 2006 (2004: 14%).

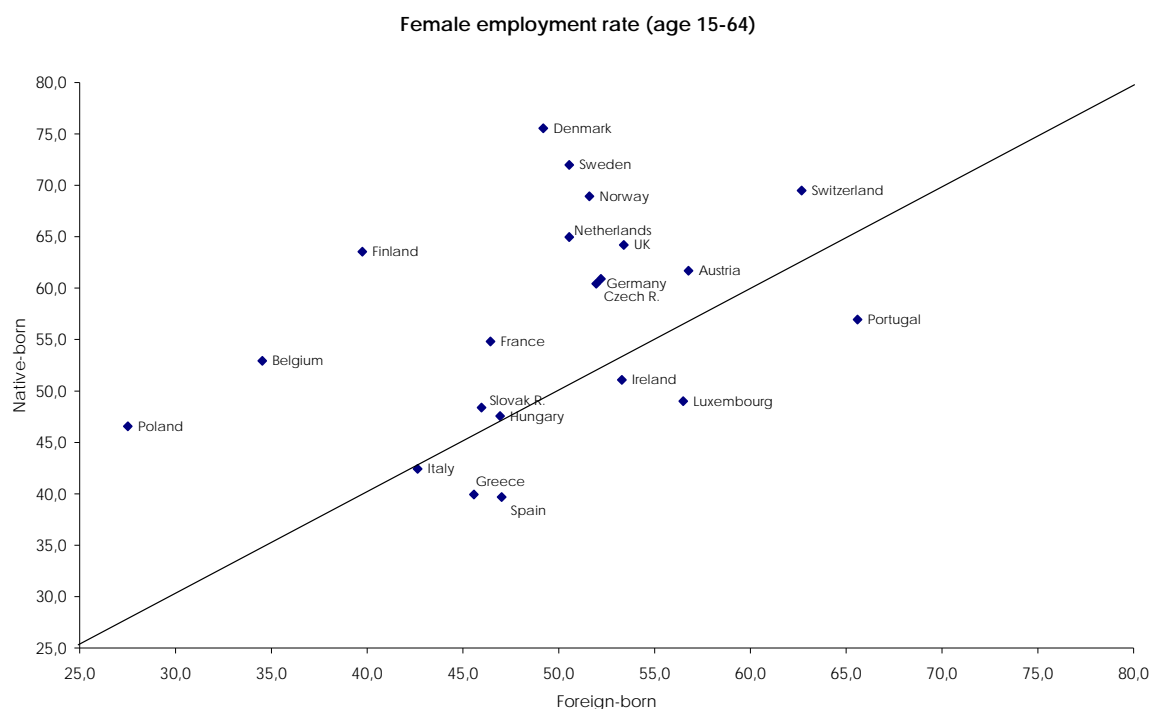
Different models of social organisation, which are historically grown and which constitute "incorporation regimes" have an impact on employment and earnings opportunities of migrants. According to Soysal (1994), each host country has a complex set of institutions which organise and structure socio-economic behaviour of the host population; these basic models of social organisation also structure labour market behaviour of migrants. In that context it is above all the welfare model which plays a dominant role in the integration of migrant women into the labour market. Countries like Austria which relegate a large portion of work, in particular social services, to the household sector by tax incentives or transfer payments have a lower employment rate of women than countries in which the state (Nordic

countries) or the private sector (Anglo-Saxon countries) are the major suppliers of these goods and services. Thus, the role of migrant women is on the one hand determined by the labour market access rights stemming from the immigration model, and the welfare model on the other (Esping-Andersen et. al. 2001).

It can be seen from Figure 42 that the Nordic countries, the Anglo-Saxon countries, Germany, Austria, Luxembourg and the Czech Republic have about the same employment rates of migrant women (foreign born), even though the employment rates of native women differ significantly between these countries.

While the immigration model determines who may settle and have access to the labour market and under what conditions, the welfare model structures the division of work between market and household work of the host society. An important consequence of the different division of labour between the household and market sector, through a complex system of taxes and benefits, are not only differing degrees of integration of women into the labour market but also differing degrees of poverty and income inequality.

Figure 42:



The Scandinavian and Anglo-Saxon welfare models and the social security systems of the Continental European countries have a system of social protection, which is employment centred. Work is not only the source of income but also the means through which the social dividend is distributed. Thus, integration into the labour market is vital for the wellbeing of the

individuals. Work related income and services are complemented by public sector services, like health care, which can be accessed by every resident.

Labour market outcomes differ significantly between men and women in the various welfare models; the gender differences are more important than the differences between immigrants and natives, particularly after a certain period of residence (with the length of stay resulting in convergence to behaviour of natives). Given gender and immigrant status, important predictors of labour market outcomes are age, educational attainment level, marital status and length of stay in the host country.

Earnings differences

Adsera & Chiswick (2004) point out that earnings of immigrants are lower upon arrival than those of natives, particularly for foreigners born outside of the EU. The countries with the lowest differences between earnings of natives and migrants are found in Germany and Austria and the highest in Sweden (period of analysis 1994-2000, data from the European Community Household Panel - ECHP). Women born outside of the EU face large wage gaps relative to native women; it is above all the Nordic countries, Southern European countries but also the UK with above average earnings gaps. In contrast, in Austria non-EU women tend to have on average higher earnings than native women. This is due to the low activity rate of third country women with a low educational attainment level and a high activity rate of highly skilled and career minded third country women. It corroborates other research results according to which Austrian women, also highly skilled ones, are facing a pronounced glass ceiling. Accordingly, the gender pay gap in Austria is amongst the highest in the EU and rising, quite in contrast to the trend in other EU-MS.

Earnings differences between native women and immigrant women decline with cultural and language proximity. Chiswick & Miller (1995) find that this is also true in other immigration countries. Earnings of migrants tend to converge after around 18 years of residence.

VIII. Statistical commentary

Due to the reform of labour market institutions by mid 1994 the data on unemployment is now being processed in the newly established Labour Market Service (AMS); administrative data on the employment of foreign workers of third country origin is being made available by the Federal Ministry of Economics and Labour (BMWA). Data on wage- and salary earners is from the Main Association of Austrian Social Insurance Institutions (HSV). Data pertaining to the residence status of foreigners of third country origin are produced by the Federal Ministry of the Interior (BMI, FIS = Alien Register), similarly data on asylum seekers and refugees. Demographic data is provided by Statistics Austria.

The Ministry of Economic Affairs and Labour together with the Labour Market Service have invested in the establishment of a matched database, longitudinal data of wage and salary earners and registered unemployed from 2000 onwards. This databank is a data mine for researchers, which so far has hardly been tapped. <https://arbeitsmarktdatenbank.at/>

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