



Danube University Krems

Department for Migration and Globalization

Migration and Labour Integration in Austria

SOPEMI Report on Labour Migration Austria 2010-11

Gudrun Biffl

December 2011

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 2010-11

Gudrun Biffi

Table of contents	Page
Austria – Country Note	1
Abstract	3
Introduction: The economy and the labour market 2010/2011	8
I. Migratory movements	13
1. <i>Legal framework and policy reforms</i>	14
2. <i>Migration movements by category</i>	20
A) Population flows of nationals and foreigners	20
B) Entries and departures of refugees	24
C) Inflow of foreigners due to family reunification	32
D) Labour market flows	46
II. Posted workers	50
Distinction between migration and services mobility	52
III. Foreign residents and residents abroad: stocks	53
1. <i>Foreign residents in Austria</i>	53
2. <i>Live births of Austrian and foreign women</i>	56
3. <i>Naturalisations and their composition</i>	59
4. <i>Foreign born population</i>	61
5. <i>Development of mixed marriages</i>	65
IV. Employment and unemployment of foreign workers	68
1. <i>Employment of foreign workers</i>	68
A) The composition of foreign labour by nationality and gender	70
B) Industrial structure of foreign employment	74
C) Regional distribution of foreign employment	75
D) Employment of migrants by major occupational groups	78
E) Migrants by educational attainment level	83
2. <i>Unemployment of foreign workers</i>	87

Unemployment by industry	90
3. <i>Entrepreneurship</i>	91
V. Irregular migration	92
Alien police measures and forced return migration	98
VI. Remittances of foreign workers	99
VII. Integration of migrants	102
<i>Integration policy</i>	103
<i>Institutional and Policy Framework for Integration</i>	105
The role of citizenship for labour market integration	105
<i>Changing union policy</i>	106
<i>Labour market outcomes of integration of migrants</i>	106
Integration of migrants facilitated by work based welfare model	106
Migrant women and youth: the challenge of labour market integration	107
Earnings differences	109
<i>Public opinion and discrimination</i>	110
VIII. Fiscal aspects of migration	111
IX. Statistical commentary	114
X. References	114

Figures

Figure 1: Macro-economic indicators	9
Figure 2: National and foreign labour ¹	10
Figure 3: Quota system and annual cap by category, 2007-2011	17
Figure 4: Net migration of Austrians and Foreigners.....	21
Figure 5: Inflows of top 13 nationalities into Austria 2010	22
Figure 6: Asylum procedures: Inflows, acceptances and rejections	28
Figure 7: Inflow and outflow of asylum seekers and/or refugees via Austria	31
Figure 8: Continents of destination of refugee outflows from Austria in 2009	32
Figure 9: Monthly inflows of third country citizens by residence status (2003-2010)	36
Figure 10: Monthly inflow rate in% (inflows in % of stock at end of previous month) of third country citizens by status (2006-2011).....	37
Figure 11: Valid residence permits by major countries of origin 2007 to 2011 (mid year count).....	42
Figure 12: Valid residence permits in % of total population by region (permits mid year count 2011, population annual average 2010).....	43
Figure 13: First work permits and total foreign employment	47
Figure 14: Foreign employment and permit based foreign employment (annual average) ...	50
Figure 15: Net-migration of Austrians and foreigners and total population growth rate	54
Figure 16: Foreign population share and naturalisations in % of foreign population.....	56
Figure 17: Live births of native and foreign women 1981-2010.....	57
Figure 18: Total fertility rate of Austrian and foreign women	58
Figure 19: Regional composition of population and naturalisations in % of respective total: 2010	61
Figure 20: Foreign citizens, foreign born and persons with migration background in percent of total population in Austria in 2001	63
Figure 21: First and second generation migrants as a proportion of total population by region in Austria (2010)	64
Figure 22: Foreigners, foreign born and persons with migrant background (first and second generation migrants) in % of total population by region (2010)	64
Figure 23: Total marriages and marriages of nationals.....	65
Figure 24: Mixed marriages and marriages of foreigners	67
Figure 25: Composition of foreign labour by region/country of origin: 1995-2010	70

Figure 26: Female employment share in total foreign employment (salaried employment) 1971-2010.....	73
Figure 27: Foreign worker share by region/Bundesland in Austria (foreigners in percent of total dependent employment): 1995-2010.....	76
Figure 28: Regional distribution of foreign labour in Austria (total foreign employment = 100): 2000-2010.....	77
Figure 29: Skill composition of employment over time: Austria 1971 -2010.....	84
Figure 30: Composition of employment by educational attainment level and citizenship: 2010	85
Figure 31: Total unemployed and unemployed foreigners 1975-2010	88
Figure 32: Unemployment rates by industry of Austrians and foreigners 2010	91
Figure 33: Share of self-employed in total employment in percent by country of birth (2001). 92	
Figure 34: Apprehensions of illegal entrants and illegally residing migrants (overstayers) in Austria	94
Figure 35: Composition of apprehensions of illegal entrants and illegally residing migrants (overstayers) in Austria	95
Figure 36: Major nationalities of victims of trafficking in Austria.....	96
Figure 37: Major nationalities of traffickers of humans apprehended in Austria 2010	97
Figure 38: Remittances of foreign workers to their home countries.....	100
Figure 39: Net financial remittances of migrants in Austria to their source regions in million €	101
Figure 40: Net financial flows of migrants in Austria to their home countries in million Euros...	102

Tables

Table 1: National and foreign labour force (wages and salaries)* and unemployment rate of wage and salary earners:	11
Table 2: Employment of foreign workers by citizenship, annual average.	12
Table 3: Migration flows in Austria: 2001-2010	23
Table 4: Asylum seekers in Austria by the end of the year: 1952-2010	25
Table 5: Asylum seekers by gender and country/region of origin by 31 December: 2001-2010	27
Table 6: Outflow of refugees ¹ via Austria 1972-2009	31
Table 7: Structure of valid residence permits in Austria (1994-2011, mid year count)	33
Table 8: Annual inflows of settlers and temporary residents of third countries	35
Table 9: Sum of settlement permits granted to citizens of third countries (Non-EU) by residence status and gender	38
Table 10: Sum of temporary residence permits granted to citizens of third countries (Non-EU) by residence status and gender	39
Table 11: Annual inflow of EEA-Citizens due to free movement by category	40
Table 12: Annual inflow of settlers and temporary residents by category	40
Table 13: Stock of valid residence permits of non-EU citizens by age and gender	41
Table 14: Valid residence permits, Legal basis on which residence is granted to citizens of non-EU-member states	44
Table 15: Documentation of the residence status of citizens of the EEA and third country settlers in another EU-MS (mid year stock count)	46
Table 16: Various types of work permits for third country citizens 1999-2009	49
Table 17: Cross-border Service Provision (posted workers) in liberalised and non-liberalised jobs	52
Table 18: Foreign residents in Austria	55
Table 19: Naturalisations in Austria	60
Table 20: Foreign born at the beginning of the year 2007 to 2010	62
Table 21: Marriages of Nationals and Foreigners	66
Table 22: Foreign wage and salary earners in Austria from 1961-2010	69
Table 23: Foreign workers by nationality 1971-2010 ¹	71
Table 24: Foreign workers of third countries by gender and selected nationalities	73
Table 25: Employment of wage and salary earners by industry	75
Table 26: Regional distribution of foreign workers in Austria	77

Table 27: Workers by groups of citizenship and main category of employment, 2009	78
Table 28: Workers by groups of citizenship and main category of employment, 2009	79
Table 29: Workers by groups of citizenship and main category of employment by sex, 2009	81
Table 30: The top 4 migrant worker groups by skill level, 2009	82
Table 31: Development of the composition of employment by educational attainment level in % (15-64 years old)	86
Table 32: Total unemployment rates and unemployment rates of foreigners	89
Table 33: Statistic of alien police measures (Sum over the year/period)	99

Austria – Country Note

In 2010, according to national statistics, the total inflow of foreign nationals to Austria increased to 98,300 (+6,400 or 7% versus 2009), more than compensating the decline of 2009, which had resulted from the financial crisis. At the same time, outflows remained fairly stable at 66,400, leading to net immigration of foreign nationals of 31,900, 24% higher than in 2009.

One third of all new immigrants to Austria came from third countries, i.e. countries outside the EEA and Switzerland, another third from the old EU-MS, 16% from the EU-10 and 21% from Romania and Bulgaria, the youngest members of the EU. Germany remained the main origin country, making up one quarter of total inflows. Immigration of Germans has lost some of its momentum, however, while inflows from the new EU-MS gained weight. In 2010 it was above all citizens from Romania, Poland, Hungary and Bulgaria who had substantial increases in net inflows. In contrast, the inflows of third country citizens stagnated versus 2009, even though immigration of citizens from Serbia and Montenegro more than tripled. Taken together, the successor countries of the former Yugoslavia accounted for 11.4% of new immigrants. In contrast, the net inflow of Turkish citizens slows down to 1,400 or 4% of all net inflows of foreigners.

Family migration accounted for the bulk of permanent migration from outside the EU, with a large share of third country nationals entering outside the quota system, that is, as family members of Austrian or EEA-citizens. Of a total of 16,200 third country settler inflows, two third enter outside the quota, basically all family members. Among the 4 400 persons who acquired residence permits under the quota system, only about 610 were admitted under the key worker scheme, while the remainder were in the main family members of third country nationals. As a measure to prevent forced and arranged marriages, the minimum age of partners requesting to enter Austria as family migrants was raised from 18 to 21 years in 2010. There is no sign of decline so far of total net immigration of family members; certain origin countries are, however, affected by the new regulation.

The inflow of temporary migrants continued to decline slightly in 2010 to 16,700. The sluggish inflow is solely the result of declining numbers of third country seasonal workers as the demand is increasingly filled by EU nationals, many of them from the new member states. However, this group still accounted for two thirds of temporary inflows. The second major group was international (third country) students whose share rose to 21%. The number of temporary residence permits acquired by third country nationals rose slightly to 6,200. The inflows registered under temporary migration have become less volatile since 2006, as seasonal labour migration of less than 6 months is no longer subject to such permits, but regulated by special work-visas.

After several years of steady decline, the number of asylum seekers had started to rise again in 2008 and reached 15 800 in 2009. In 2010 the numbers declined again to 11,000. This decline was, however, short lived. Inflows started to climb again from mid 2011 onwards. By the end of October 2011, Austria registered 11,900 asylum seekers, i.e. 31% more than a year ago. The main countries of origin continued to be Afghanistan and the Russian Federation,

followed by Pakistan, Somalia and Iraq. The acceptance rate declined somewhat in 2010 to 18.3%, after 19.4% in 2009.

In January 2010, a comprehensive revision of the Alien Law came into effect. Several changes to tighten alien police and asylum legislation were introduced. The amendment redefined the offenses which may lead to detention of asylum seekers, and introduced the possibility to deprive, under certain conditions, delinquent refugees and beneficiaries of subsidiary protection of their status. Finally, the legal framework for granting residence permits to rejected asylum seekers based on humanitarian grounds was redefined. With July 2011 a one week mobility restriction outside the asylum reception centre was introduced for new arrivals of asylum seekers. From October 1, 2011 onwards asylum seekers who have had their claim rejected by the asylum court are automatically provided with legal counselling and support on further steps to take by one of the following NGOs: Diakonie, Volkshilfe or Human Rights Austria,.

As a measure to harmonise the Austrian legislative framework with EU legislation, the grant of residence permits to EEA-citizens was redefined. The law now distinguishes a temporary residence permit from a permanent residence permit which is granted after 5 years of uninterrupted legal residence. Moreover, beneficiaries of subsidiary protection can now request a permanent residence permit after 5 years of residence. Further measures aimed at preventing forced marriages, and at facilitating, under certain conditions, naturalisation for Austrians' spouses working abroad, as well as for adopted children residing outside Austria.

On July 1, 2011 an amendment of the Residence Law (NAG) came into effect, introducing the so called "Red-White-Red-Card". It replaces the quota-system for highly skilled third country citizens by a point system, modeled after the Canadian immigration model. It has three pillars, one for the highly skilled, another for scarce medium skills and the third for unskilled workers. Persons who obtain a R-W-R card have the right to settle and choose their work freely. Graduates from Austrian universities are granted job search visa to look for a job in Austria. If they find adequate employment, obtaining at least 45% of the social security contributions ceiling which amounts to monthly gross earnings of EUR 1,900€ in 2011, they get the R-W-R card. Also family members of such a card holder have the right to access the labour market freely. By the end of November 2011 some 500 R-W-R cards had been issued, 60 of them or 11% to university graduates.

Abstract

The economy and the labour market in 2010

In 2010, the Austrian economy grew by 2.3% versus a year ago, after -3.8% in 2009. The positive economic growth performance continued well into 2011 such that a further rise to +3.2% can be expected for 2011.

The labour market reacted very quickly in the economic upswing. Total labour demand (including self-employed) rose by 31,300 or 0.9 percent to 3.686 million in 2010. Unemployment declined by 9,500 or -3.6% to 250,800. The unemployment rate fell to 6.9 percent of the total active labour force excluding self-employed (after 7.2% in 2009), which is the traditional Austrian calculation of unemployment rates (based on administrative data, Figure 1).

Labour productivity growth (real GDP/active employment) recovered in 2010 again, reaching +1.5%, after a decline by -2.9% in 2009. In the current year, productivity growth is expected to stay more or less the same as in 2010.

The employment of foreign workers increased in 2010 by 19,700 or 4.6% to 451,300. The employment increase more than compensated the decline of 2009 (Figure 2 and Table 1). In 2011 foreign employment is expected to rise even more dynamically as the transition regulations with 8 of the new EU-MS of 2004 are coming to an end on May 1, 2011. The estimates stand at a plus of 37,500 or 8.3%.

The share of foreign workers in total employment (excluding persons on parental leave) is constantly growing, reaching 13.8% in 2010.

In 2010 103,700 citizens from the EEA+CH/EU 15 were employed in Austria, i.e., 23 percent of foreign employment, from Germany alone 78,700, 4,600 (6.2%) more than a year ago. In addition, the numbers of migrant workers from new MS rise. In 2010, 89,500 citizens from the EU 12 worked in Austria on an annual average, i.e., 7,600 or 9.3 percent more than the year ago. The employment of citizens from third countries increased in 2010 as well, namely by 5,200 or 2.1 percent to 258,100. Thus, third country citizens continue to represent the majority of migrant workers in Austria, namely 57 percent of all foreign employed.

Migrant flows

In 2010, total net immigration amounted to 27,700 as a result of a net inflow of foreigners of 31,900 and a net outflow of Austrians of 4,200.

The net flow figures can be disaggregated into gross flows by gender and citizenship. In 2010, gross inflows amounted to 114,400 (of whom 98,800 foreigners) and outflows to 86,700 (of whom 66,400 foreigners). The inflow rate (inflows per 1,000 inhabitants) has declined versus a peak of 15 in 2004 to 13.6 in 2010. The outflow rate has been declining between 2002 and

2008 (from 9.3 to 9.1 2008), but rose again thereafter to 10.3 in 2010. The net migration rate per 1000 inhabitants reached 3.3.

23 percent of all **inflows** came from the old EU-MS, in the main Germany. 32,200 or 28% came from the EU12 and 50% from third countries. 13 percent came from the former region of Yugoslavia (with a majority share of citizens of Serbia and Montenegro), 3.8 percent from Turkey, and 8.5 percent from Asia. As in previous years, fairly small numbers come from overseas countries in Africa (2.8 percent), America (2.9 percent) and Oceania (0.3 percent). (Figure 5)

18% of all **outflows** came from the old EU-MS, in the main Germany. Persons from the new EU-MS (EU10&EU2) 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 **inflow of asylum seekers** declined to 11,000 in 2010. This decline was, however, short lived. Inflows started to climb again from mid 2011 onwards. By the end of October 2011, Austria registered 11,900 asylum seekers, i.e. 31% more than a year ago. The main countries of origin continued to be Afghanistan and the Russian Federation, followed by Pakistan, Somalia and Iraq. The acceptance rate declined somewhat in 2010 to 18.3%, after 19.4% in 2009.

Outflows of refugees gained momentum from 2006 onwards, 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.

Residence permits: flows

Over the year 2010 22,400 resident permits were issued to newcomers from **third countries**. Of all inflows 16,200 or 72 percent were **settlers**. The number of **temporary resident** permits granted to third country citizens increased to 6,200 permits. The economic upswing of 2010 allowed immigration to rise to the pre-crisis levels of 2006.

Of the 16,200 first settler permits 11,800 or 73% are uncapped. (Table 9) 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 they may reside in Austria on humanitarian grounds. In addition, 35,800 **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 56,000** in 2010. Thus, only one third of the annual inflows of settlers are third country citizens and two third are of another EU/EEA country. (Table 12)

In addition to settlers, another **16,700 enter on a temporary basis**. About two third of the inflows are seasonal workers; some 20% are third country international students (3,500) in 2010.

Migration and integration policy

In July 2011, the quota system of immigration of third country citizens is coming to an end and replaced by a **point system, modelled after the Canadian and Australian immigration system**. The system differentiates between 4 types of skills, namely highly skilled persons, persons with scarce occupational skills, persons with other (medium to higher) skills and university graduates. Points are given in four domains, for educational qualifications and honorary recognition of competences, for occupational experience, for language skills and age. An additional advantage in terms of points is the graduation from an Austrian university. The immigration card is called '**Rot-Weiss-Rot-Karte**'. The implementation required **amendments to the Foreign Worker Law (AuslBG) and the Settlement and Residence Law (NAG2005)**.

Two types of cards may be issued, the R-W-R Card and the R-W-R Card plus. The former grants settlement and work with a specific employer (employer nomination), the latter allows settlement and free access to work anywhere in Austria. Family members of R-W-R Card holders get an R-W-R Card plus, allowing them to work in Austria. Third country citizens who do not yet have an employer who nominates them may turn to the Austrian embassy/Consulate for a job search visa. The Austrian embassy issues the visa if the required points are achieved. The Labour Market Service (LMS) informs the Embassy and is the gatekeeper for immigration of potential third country workers. The required forms can be downloaded from the website of the Ministry of the Interior¹ and the Ministry of European and Foreign Affairs².

In January 2010, a **comprehensive revision of the Alien Law** came into effect. Several changes to tighten alien police and asylum legislation were introduced. With July 2011 a one week mobility restriction outside the asylum reception centre was introduced for new arrivals of asylum seekers. From October 1, 2011 onwards asylum seekers who have had their claim rejected by the asylum court are automatically provided with legal counselling and support on further steps to take by one of the following NGOs: Diakonie, Volkshilfe or Human Rights Austria.

The institutional setting for **integration policy** is rapidly changing. By 2010 almost all federal states developed 'Integration guidelines' (Integrationsleitbild). A major driving force has been the Federal policy on integration, featuring in the NAP.I (National Action Plan of Integration), the establishment of an expert group, advising the Ministry of the Interior on matters of integration (Expertenrat), and the establishment of an integration council (Integrationsbeirat); all these institutional changes have led to the development of a road map towards mainstreaming integration. The latest element in a change of the institutional ramifications has been the implementation of a Secretary of State for Integration in the Ministry of the Interior early 2011; he is the hub for the coordination of integration policies in the various ministries. The most recent move is the development of a system towards facilitation of recognition of qualifications and skills acquired abroad.

¹ http://www.bmi.gv.at/cms/BMI_Niederlassung/formulare/Antragsformulare.aspx

² <http://www.bmeia.gv.at/aussenministerium/buergerservice/pass-und-visum.html>

Migrant stocks

In 2010 Austria had a population of 8,4 million, 24,700 or 0.3 percent more than in 2009. The number of foreigners continues to be on the rise, arriving at 910,000, while the number of Austrian citizens is declining, in the main because of restrictions on the acquisition of citizenship. In 2010, the number of Austrians declined by 3,500 to 7,477,700. The **proportion of foreigners in the total population** rises as a consequence to **10.8 percent**.

In 2010, the number of **live births** was 78,700, **15.1 percent** of all live births are to a **foreign mother**, the highest proportion so far in Austria. The fertility rate of foreign women is around the reproduction rate with 2.02 in 2010 coinciding with the rate of women from former Yugoslavia, while the rate of Austrian women is clearly below the reproduction rate (2010: 1.33); the fertility rate of Turkish women is above the reproduction rate (2.69).

The **naturalisation rate** declines since 2003 from 5.9 percent of the foreign population to 0.7 percent in 2010. (Table 19 and Figure 19). The largest single nationality group which takes up Austrian citizenship is from former Yugoslavia (51% of all naturalisations), followed by persons from Turkey (15.3% of all naturalisations). The major source countries of the 'new' Austrians continue to be in Europe, however, more and more persons from outside Europe take up Austrian citizenship. In 2010, 19.2% of all naturalisations relate to someone outside of Europe.

According to the Labour Force Survey, the share of **foreign born** in the population is some 2 percentage points lower than the proportion of foreign born according to the population register. In 2010, the share of foreign born amounted to 13.7% according to the LFS (compared to 15.4% of the population register). The numbers amounted to 1.1 million (rather than 1.29 million in the population register of January 2010). The number of second generation migrants (both parents born abroad) amounted to 404,600 or 4.9% of the population. Thus, according to the LFS, the proportion of first and second generation migrants taken together amounted to 18.6% of the Austrian population in 2010. (Figure 21)

Since 2008, the **number of marriages** is rising, reaching 37,500 in 2010; while marriages with both spouses Austrian and foreign rise, the number of mixed marriages declined continuously from 2004 to 6,900 in 2010. The share of marriages with both spouses Austrian was at 76.5 percent in 2010, of both spouses foreigners at 5.2 percent and of mixed marriages at 18.3.

The number of **irregular migrants** amounted to 18,000-54,000 in 2008. This means that 0.2% to 0.6% of total population were irregular migrants, and thus between 2.1 and 6.2% of all foreign citizens in Austria.

Alien police measures entail a number of measures including expulsions, rejections at the border, refoulement cases, denial of residence etc. In 2010, all in all 31,600 such police actions were registered, 10,200 more than in 2009. This rise is basically due to a large increase of the number of administrative orders to leave the country (8,200 compared to 1,700 in 2009). The largest share of police measures, apart from administrative orders to leave the country in 2010, are detentions (28 percent in 2009 and 19% in 2010).

Remittances

Migrants in Austria are net senders of remittances in the order of 453 million Euros in 2010. Remittances between countries of the Euro 17 area and Austria result in a net inflow of money into Austria. In contrast, significant net outflows of remittances go into Central and Eastern European Countries: In 2010 573 million Euros. Remittances with the world outside the euro-area also entail net outflows, namely 252 million € in 2010. By sending remittances migrants buffer above all the negative consequences of economic volatility for poor households, thereby stabilising consumer demand in the source countries of migrants.

Introduction: The economy and the labour market 2010/2011

After the severe slump in economic development in 2009, the Austrian economy picked up in 2010 and expanded by 2.3% versus a year ago, after -3.8% in 2009. Austria profited, together with Belgium and the Netherlands, from the dynamic economic growth position of Germany (+3.7%).

The Austrian growth rate was clearly better than in the EU 27 (+1.9 percent) and the euro-area (1.9 percent). A differentiation of core-periphery economic growth in Europe developed in 2010 and became even more prominent in 2011. Fiscal problems and the debt crisis resulted in an opening of the economic growth gap relative to the Southern European countries, affecting Austria to some extent as Italy is a major trading partner. But a comparatively strong economic growth performance of the Eastern European EU-MS and the important trade linkages with them as well as the Near and Far East stabilised Austrian economic growth.

The positive economic growth performance of 2010 continued well into 2011 such that a further rise to +3.2% versus 2010 can be expected for 2011.

In Austria in 2010, economic growth was driven by rising exports of goods. The value of exports increased by 12.8% in real terms, after a decline of 16.8% in 2009. It was above all manufacturing industries which recovered in 2010, raising the value of its output by 7%. This increase did not suffice to put an end to labour shedding. As a consequence, the number of employees in manufacturing declined by 1.3% vs 2009. Many firms preferred to lease workers rather than offer proper jobs. Accordingly the number of contract workers increased substantially, showing up in business oriented services employment (+1.6%) rather than in manufacturing.

The international economic upswing fuelled world tourism but did not yet give a boost to Austrian tourism. Tourism turnover increased slightly (+0.9%) but the duration of stay declined somewhat as it was city tourism which recovered quickly. Accordingly, the decline of tourism revenue could be stopped but no turnaround in growth was possible. However, tourism continues to be a very important contributor to GNP; in 2009 it contributed 7.6% of GDP, about the same as in 2010.

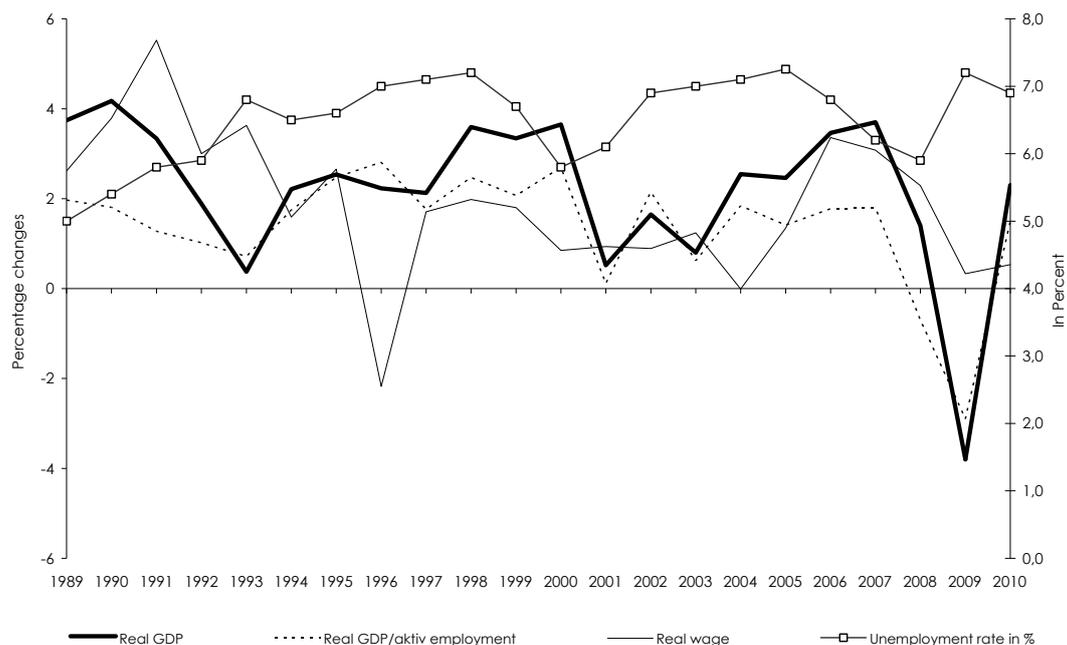
Domestic demand stabilised economic growth. Investment stagnated after a decline by 8.1% in 2009. This was a result of renewed investment growth in plants and equipment (+4.3 percent in 2010) and a slow down in the decline of investment in construction (2010: -2.9 percent). In the construction sector, investment in housing slowed down but continued to hold in public sector infrastructure, above all road construction. Consumer demand of private households expanded by 2.2%, thereby more than compensating the decline of 2009. Thus, consumer demand, which represents 70% of GDP, remained strong and was a major stabiliser of economic growth.

The inflation rate started to pick up in 2010 but continued to be relatively low at 1.9% in 2010. Unions were pressing for a real wage increase to stabilise economic growth via consumer

demand. Accordingly the macro-economic wage bill increased by 2.4% in 2010; as employment increased by 0.8% real wages rose by 0.5%.

The public sector budget continues to be a problem and above the Maastricht ceiling, reaching -4.4 percent of GDP in 2010, after -4.1% in 2009.

Figure 1: Macro-economic indicators
1989-2010



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

The labour market reacted very quickly in the economic upswing. Total labour demand (including self-employed) rose by 31,300 or 0.9 percent. Unemployment declined by 9,500 or -3.6%. Labour supply growth picked up again, reaching a plus of 21,800 or 0.6% after a slow down to +4,000 (+0.1%) in 2009.

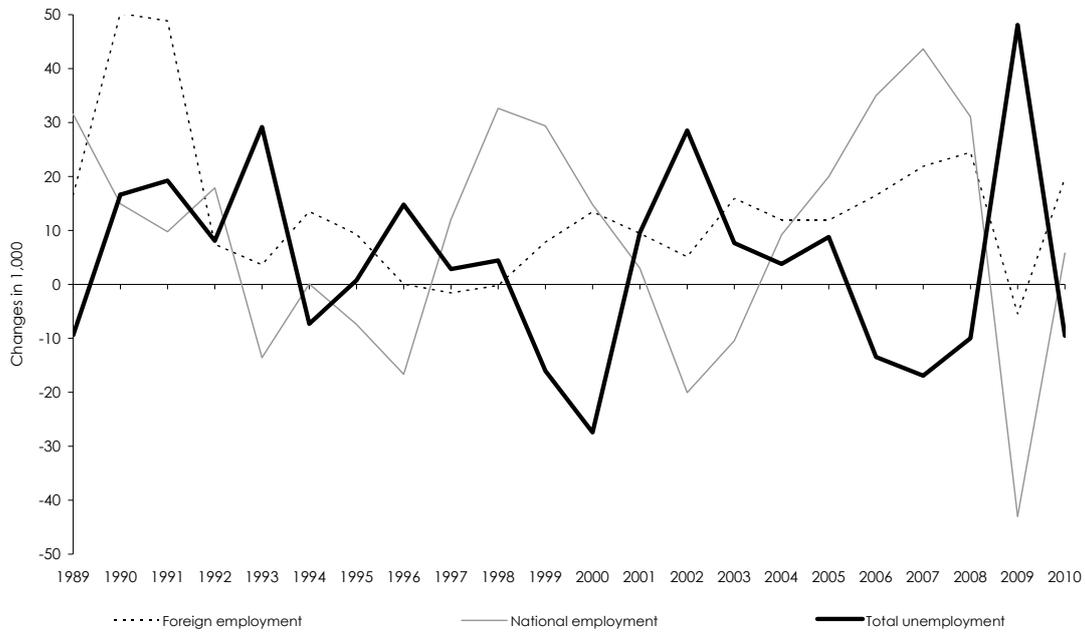
The major bulk of the employed are wage and salary earners; their numbers rose by 25,500 or +0.8 percent to 3.260 million (excluding persons on parental leave, conscripts and unemployed on training measures) in 2010. In the current year of 2011, the number of wage and salary earners is expected to rise by some 62,000 (+1.9%).

Unemployment declined by 9,500 to 250,800. Thus the unemployment rate fell to 6.9 percent of the total active labour force excluding self-employed (after 7.2% in 2009), 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 3.686 million in 2010. The economic slump was thus short-lived. Labour productivity growth (real GDP/active employment) recovered in 2010

again, reaching +1.5%, after a decline by -2.9% in 2009. In the current year, productivity growth is expected to stay more or less the same as in 2010.

Figure 2: National and foreign labour¹
1989-2010



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, took a slight dip in 2009 (-5,500, -1.3%) and expanded again in 2010 by 19,700 or 4.6%. In contrast, the native work force has experienced transitory employment declines in 2002 and 2003 and again in 2009. In 2010 employment of Austrian citizens increased again, albeit slightly (+5,800, +0.2%). As the economy continued to grow well into 2011, employment growth gained momentum and is expected to reach 25,300 or 0.9% vs 2010.

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 more than compensated the decline of 2009 (Figure 2 and Table 1). In 2011 foreign employment is expected to rise even more dynamically as the transition regulations with 8 of the new EU-MS of 2004 are coming to an end on May 1 2011. The estimates stand at a plus of 37,500 or 8.3%.

The share of foreign workers in total employment (excluding persons on parental leave) is thus constantly growing – from 11 percent 2002 to 13.3 percent in 2008. After a stagnation in 2009

the proportion of foreign workers in total employment (of wage and salary earners) increased again in 2010 to 13.8%.

According to social security data, foreign employment (excluding self-employed and persons on parental leave) amounted to 451,300 in 2010 (19,700 or 4.6 percent more than a year ago). These data include EU citizens – their numbers have continually risen since Austria's EU membership. In the year 2010 103,700 citizens from the EEA+CH/EU 15 were employed in Austria, i.e., 23 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 2010, 78,700 Germans were working on an annual average in Austria, 4,600 (6.2%) 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 2008/2009		Change 2009/2010	
	2009	2010	Absolute	Percent	Absolute	Percent
Total labour force ¹	3.494.796	3.510.795	-460	0,0	15.999	0,5
National labour force	3.014.351	3.011.352	-5.593	-0,2	-3.000	-0,1
Foreign labour force	480.445	499.443	5.133	1,1	18.999	4,0
Total employment ¹	3.234.487	3.260.013	-48.516	-1,5	25.526	0,8
National employment	2.802.935	2.808.737	-43.013	-1,5	5.802	0,2
Foreign employment	431.552	451.276	-5.503	-1,3	19.724	4,6
Total unemployment	260.309	250.782	48.056	22,6	-9.527	-3,7
National unemployment	211.416	202.615	37.420	21,5	-8.802	-4,2
Foreign unemployment	48.893	48.167	10.636	27,8	-725	-1,5
	2005	2006	2007	2008	2009	2010
Total unemployment rate	7,5	7,0	6,4	6,1	7,4	7,1
National unemployment rate	7,1	6,6	6,1	5,8	7,0	6,7
Foreign unemployment rate	10,6	9,7	8,8	8,0	10,2	9,6

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 2010, 89,500 citizens from the EU 12 worked in Austria on an annual average, i.e., 7,600 or 9.3 percent more than the year ahead. The employment growth of citizens of the new EU-MS (12) was more dynamic than that of Germany, not least because of the significant improvement of employment opportunities in Germany in 2010. In contrast, inflows of citizens of new EU-MS became more dynamic, largely due to the reduction of barriers for skilled workers from these regions. While at the outset only those citizens from the new member states who had been legally employed in Austria for 12 months could obtain free labour movement - including their family members who resided in Austria legally with a family member who had the right to free labour mobility, this changed in 2008.

From 2008³ onwards more and more occupations were accessible for citizens of new EU-MS, effectively only excluding unskilled labourers from accessing the Austrian labour market by 2010. The fall of transition regulations in 2011 meant that also unskilled labourers were free to look for a job in Austria. This resulted in a substantial boost to inflows from the EU-10 countries to some 20,000 on an annual average, thereby raising the employment numbers of EU10 citizens to 88,000 or 23% of all foreign employees. It is largely unskilled labourers who take advantage of the better employment opportunities; as economic growth is good, no rise in unemployment occurred. (Table 2)

The employment of citizens from third countries increased in 2010 as well, namely by 5,200 or 2.1 percent to 258,100. Thus, third country citizens continue to represent the majority of migrant workers in Austria, namely 57 percent of all foreign employed. The endogenous dynamics of inflows due to family migration and the limited restrictions to access the labour market show results. In 2011 it can be expected that the employment numbers of third country citizens increase even more as the abandonment of quotas in favour of the introduction of a point system modelled after the Canadian immigrations system will facilitate access to work of skilled and highly skilled third country citizens.

Table 2: Employment of foreign workers by citizenship, annual average.

	Foreign workers Total	EU15/EEA +CH	EU-12	Third Country Citizens	EU15/EE A+CH	EU-12	Third Country Citizens
	In % of total						
1994	291.018	19.954	44.681	226.384	6,9	15,4	77,8
1995	300.303	22.472	44.834	232.998	7,5	14,9	77,6
1996	300.353	24.455	44.001	231.898	8,1	14,6	77,2
1997	298.775	26.094	43.325	229.357	8,7	14,5	76,8
1998	298.582	28.078	43.170	227.334	9,4	14,5	76,1
1999	306.401	30.902	44.431	231.068	10,1	14,5	75,4
2000	319.850	33.694	46.327	239.829	10,5	14,5	75,0
2001	329.314	37.022	48.221	244.071	11,2	14,6	74,1
2002	334.432	40.830	49.985	243.617	12,2	14,9	72,8
2003	350.361	44.856	52.275	253.231	12,8	14,9	72,3
2004	362.299	54.934	55.533	251.832	15,2	15,3	69,5
2005	374.187	63.829	59.339	251.018	17,1	15,9	67,1
2006	390.695	73.282	63.016	254.397	18,8	16,1	65,1
2007	412.578	82.962	69.877	259.740	20,1	16,9	63,0
2008	437.055	94.150	78.863	264.041	21,5	18,0	60,4
2009	431.552	96.851	81.847	252.854	22,4	19,0	58,6
2010	451.276	103.743	89.477	258.056	23,0	19,8	57,2

Source: BALIweb.

In 2010, 250,800 unemployed were registered with the labour market service, 9,500 or 3.7 percent less than 2009. The unemployment rate of wage and salary earners, i.e., the

³ In order to promote inflows of skilled workers the skilled worker act of 2008 (Fachkräfteüberziehungsverordnung 2008) was implemented, wanting to pave the way for entries of citizens of new EU-MS.

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 7.1 percent. This represents a slight decline by 0.3 percentage points versus 2009. In the current year, unemployment is expected to continue to decline, albeit somewhat less than in 2010 as the increased labour supply from EU-8 citizens raises competition for jobs. Unemployment numbers will, as a consequence, remain fairly high for Austrian standards with some 248,000; the unemployment rate of wage and salary earners should thus stagnate at the level of 2010.

The labour supply of foreign workers increased during 2010 by 19,000 to reach an annual average of 499,400. The unemployment rate declined for both native and foreign workers, to 6.7 percent and 9.6 percent respectively. In the current year, unemployment of foreigners and of natives will not change much versus 2010 (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 2002/2003/2005 and again 2011), flow data on family reunification of third country citizens (non-EU/EEA-citizens) is becoming available. Different annual quotas by residence status are decided upon 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) Workers (until mid 2011 only highly skilled workers, based on a quota, thereafter for various skills on the basis of points);
- c) Family reunification;
- d) Foreign students;
- e) Asylum seekers;
- f) Others.

1. Legal framework and policy 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 has been regulated by quotas until July 2011; with the **introduction of a point system of economic immigration of third country citizens**, the quotas for applications of work and settlement have been abandoned. Even before 2011 the majority of third country citizens could enter outside a quota regulation, namely:

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 of third country origin citizens who are partners of or are dependent children of an Austrian or EU/EEA citizen has always been uncapped⁴. Also third country citizens with the settlement right in another EU country (after 5 years of legal residence), may settle in Austria outside any quota.

Until 2001, the inflow of settlers from third countries and of their third country family members was, however, regulated by quotas. It affected highly skilled third country settlers based on work contracts and family reunification with third country citizens. The new residence and settlement law (NAG 2005) introduced a minimum income requirement for family

⁴ 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

reunification (family sponsoring⁵), 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**. This is a controversial element of policy reform as it may hamper integration given the postponement of entry of the partner.

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 not require a temporary resident permit (from 2006 onwards). Only for stays beyond 6 months is a residence permit required.

The quota system for family reunification of third country citizens with third country citizens continues to be based on an annual quota; the application of **highly skilled third country citizens (Schlüsselarbeitskraft)**, who entered for work, and their third country family members come under a quota until July 2011. (Figure 3) In **July 2011, a policy reform of skilled worker inflows came into effect. It brought an end to quota regulations for highly skilled workers of third countries**. Instead a point system of immigration has been introduced, hoping to raise the inflow of skilled and highly skilled third country citizens who want to work in Austria.

Accordingly, family reunification (Familiennachzug) quotas continue to apply only to citizens of third countries, who are residing in Austria on the basis of a quota. (Figure 3) 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 and the same as for 2011. 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 is fairly stable over time, rising between 2006 and 2010 from 548 to 610. Thus, highly skilled migration is not affected by cyclical economic fluctuations of demand but follows an autonomous trend in line with international economic integration. In addition to the highly skilled workers family members enter under the cap. Their numbers amounted to 416 in 2010, which is also only slightly more than in 2006 (302) – they may access work on the basis of labour market testing. (Table 9)
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

⁵ 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 2010 just as in the previous three years, only some 28 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 2011 was 4,905, i.e., the same as in the two preceding years. 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. In 2010 3,141 family members entered under this quota, about the same number as in the previous years.
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. The cap was set at 645 in 2006 and continuously reduced to 160 in 2009. It turned out that this cap was somewhat tight; it was raised again in 2011 to 190. In 2010 some 500 family members had their status transformed, only 65 with free access to work and 134 as highly skilled settlers. (Table 9) 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 240 in 2011 (after 235 in 2010 and 230 in 2009). 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.

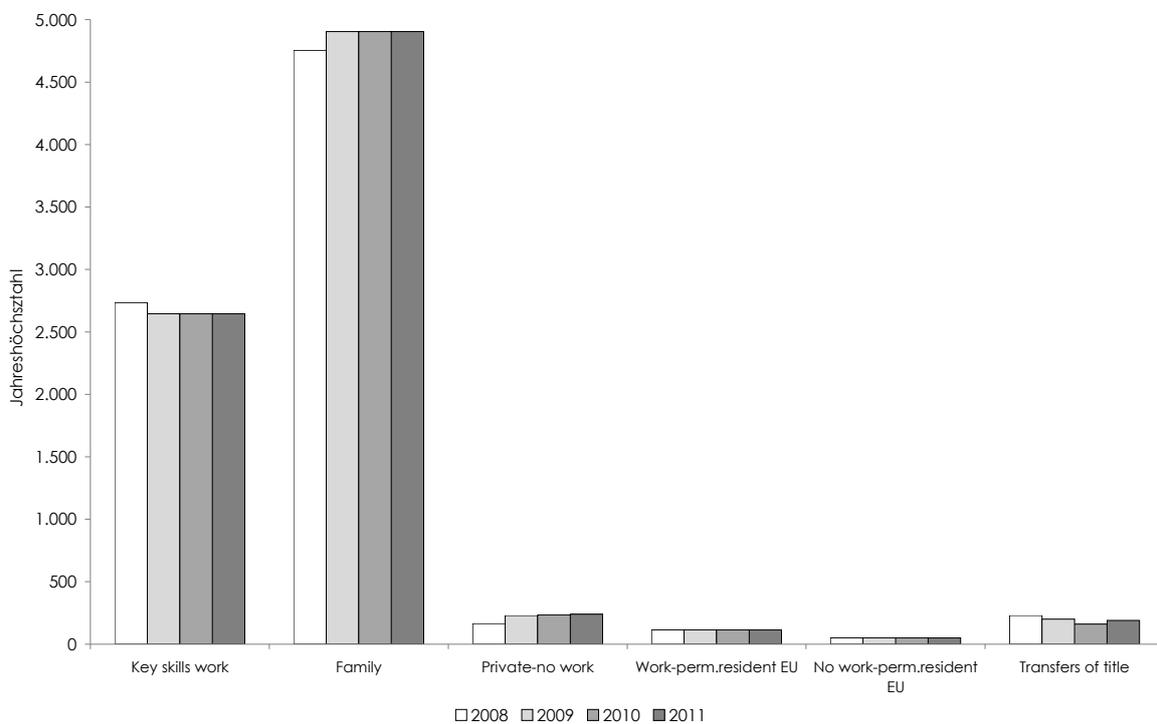
The inflow of third country citizens for work has become increasingly streamlined in the course of the 1990s and early 2000 as family reunification with naturalised Austrians and EU citizens gained momentum thereby raising the labour supply of largely un- and semiskilled persons. With reforms of immigration 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 has been limited to workers with key skills⁶ (Schlüsselkraftverfahren) from 2003 till mid 2011. In 2011 a point system of immigration has been introduced, referred to as "Rot-Weiss-Rot-Karte" (red-white-red

⁶ Key workers are more narrowly defined by the Austrian laws than highly qualified workers in Article 2(b) of Council Directive 2009/50/EC.

card)⁷, which replaces the key-skills quota and widens the scope for third country workers to access the Austrian labour market. The system differentiates between 4 types of skills, namely highly skilled persons, persons with scarce occupational skills, persons with other (medium to higher) skills and university graduates. Highly skilled third country citizens wanting to work in Austria have to obtain at least 70 points out of 100 possible points. Points are given in four domains, for educational qualifications and honorary recognition of competences, for occupational experience, for language skills and age. An additional advantage in terms of points are successful university studies in Austria. In the area of scarce occupational skills and other skills 50 points out of a maximum of 75 have to be reached.

Figure 3: Quota system and annual cap by category, 2007-2011



Source: Ministry of the Interior.

Two types of cards may be issued, the R-W-R Card and the R-W-R Card plus. The former grants settlement and work with a specific employer (employer nomination), the latter allows settlement and free access to work anywhere in Austria. Family members of R-W-R Card holders also get an R-W-R Card plus, allowing them to work in Austria. In addition to the R-W-R Card a Blue card can be obtained, requesting university education and income surpassing 1.5 times the Austrian average gross annual wages of full-time employees.

Third country citizens who do not yet have an employer who nominates them may turn to the Austrian embassy/Consulate for a job search visa. The Austrian embassy issues the visa if the

⁷ For more on R-W-R card http://www.bmask.gv.at/cms/site/attachments/5/0/4/CH0020/CMS1306164706818/2011-07-22_de_info_-_rwr-karte.pdf

required points are achieved. The Labour Market Service (LMS) informs the Embassy and is the gatekeeper for immigration of potential third country workers. The required forms can be downloaded from the website of the Ministry of the Interior⁸ and the Ministry of European and Foreign Affairs⁹.

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

- "settlement permit: worker- R-W-R card from 2011 onwards"
- "temporary residence permit – intercompany transfers (Rotationskraft)"
- "temporary residence permit – persons on business assignments of third country firms without a registered office in Austria (Betriebsentsandter - GATS)"
- "temporary 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 issued together with 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.¹⁰

The work permits are subject to quota regulations: the total number of work permits (bewilligungspflichtige Beschäftigung) is capped (Federal State quotas) to the extent that the number of employed and unemployed third country foreigners, who work on the basis of a work permit does not exceed 7% of the total dependent labour supply (§ 14 AuslBG, BGBl 28 April 2011). In some special cases a work permit can be granted by the governor beyond this quota up to a limit of 8% of the labour supply.

The point system brought about major change. While third country 'key workers' did not have to prove university education until mid 2011 but a certain minimum income, thereby effectively excluding young third country university graduates, this is no longer the case. It is also no longer necessary to prove prior work. In 2010, the numbers of third country employees allowed to settle as key workers with fairly high income was somewhat lower than in 2009, at some 600 persons in the course of the year; in addition their partners and dependent children settled, adding 420 settlement permits. Thus a sum of some 1,000 'key worker' plus family members entered in 2010.

The average age of skilled third country migrants ranges between 33 and 41. The oldest ones tend to be self-employed highly skilled workers.¹¹

⁸ http://www.bmi.gv.at/cms/BMI_Niederlassung/formulare/Antragsformulare.aspx

⁹ <http://www.bmeia.gv.at/aussenministerium/buergerservice/pass-und-visum.html>

¹⁰ Art. 4b Aliens' Employment Act

¹¹ For more details see Biffi et al 2009.

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 confirmation (for the work visa D¹², which is issued by the embassies for a duration of work of up to six months).¹³

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.¹⁴

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.¹⁵

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.¹⁶ 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 2000s, migration policy was reformed. The adaptation of the **migration model in favour of inflows of skilled labour** was part of the government programme 2008-2013 (Regierungsprogramm: 105-112)¹⁷. In October 2010 the social partners agreed on the **reform of migration policy, by introducing the so called 'Rot-Weiss-Rot-Karte'**. The implementation in July 2011 required amendments to the Foreign Worker Law (AuslBG) and the Settlement and Residence Law

¹² Art. 24 Settlement and Residence Act.

¹³ Art. 18 Aliens' Employment Act

¹⁴ Art. 67 Settlement and Residence Act

¹⁵ 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).

¹⁶ Art. 2 Settlement Regulation

¹⁷ For more see the section on Migration and Integration: <http://www.bka.gv.at/DocView.axd?CobId=32965>

(NAG2005). This decision was backed up by research on the expected impact of this migration policy reform on economic and employment growth. (Biffi et al. 2010).

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 reunion. Austria profited from the boost to economic growth of German reunion 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.

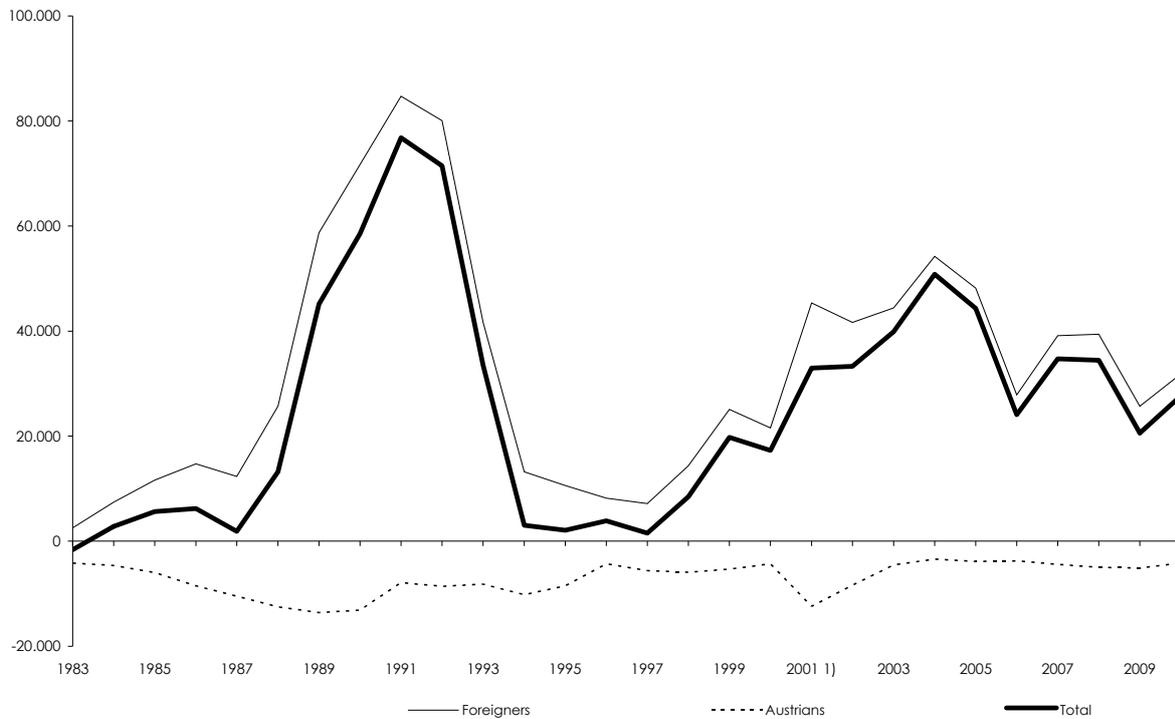
The second wave of immigration set in towards the tail-end of the 1990s and reached its peak in 2004 with 50,800 net immigration. Since then the net population inflow declined to 20,600 in 2009, i.e. by 59% versus 2004. The second hump is basically the echo-effect of the first one in the early 1990s – 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 4). In 2010 immigration picked up again, raising net inflows to 27,700.

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 level¹⁸. The

¹⁸ 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.

government took the issue on and implemented the first tier of a three tiered point based labour immigration model in 2011. The second tier is expected to be implemented in 2012.

Figure 4: Net migration of Austrians and Foreigners
1983-2010



Source: Statistics Austria.

Net immigration flows are the result of significant net-immigration of foreigners; Austrians, in contrast, are on balance emigrating. In 2010, total net immigration amounted to 27,700 as a result of a net inflow of foreigners of 31,900 and a net outflow of Austrians of 4,200.

The net flow figures can be disaggregated into gross flows by gender and citizenship. Accordingly, in 2010, gross inflows amounted to 114,400 (of whom 98,800 foreigners) and outflows to 86,700 (of whom 66,400 foreigners). The inflow rate (inflows per 1,000 inhabitants) has thus declined versus the peak of 15 in 2004 to 13.6 in 2010. The outflow rate has been declining between 2002 and 2008 (from 9.3 to 9.1 2008), but rose again thereafter to 10.3 in 2010. The net migration rate per 1000 inhabitants reached 3.3. **If we compare these migration flows with the number of settler resident permits granted to third country citizens in 2010, it can be established that of the 31,900 net inflow of foreigners one half were settlers of third countries, namely 16,200 (see Table 3 and Table 8).**

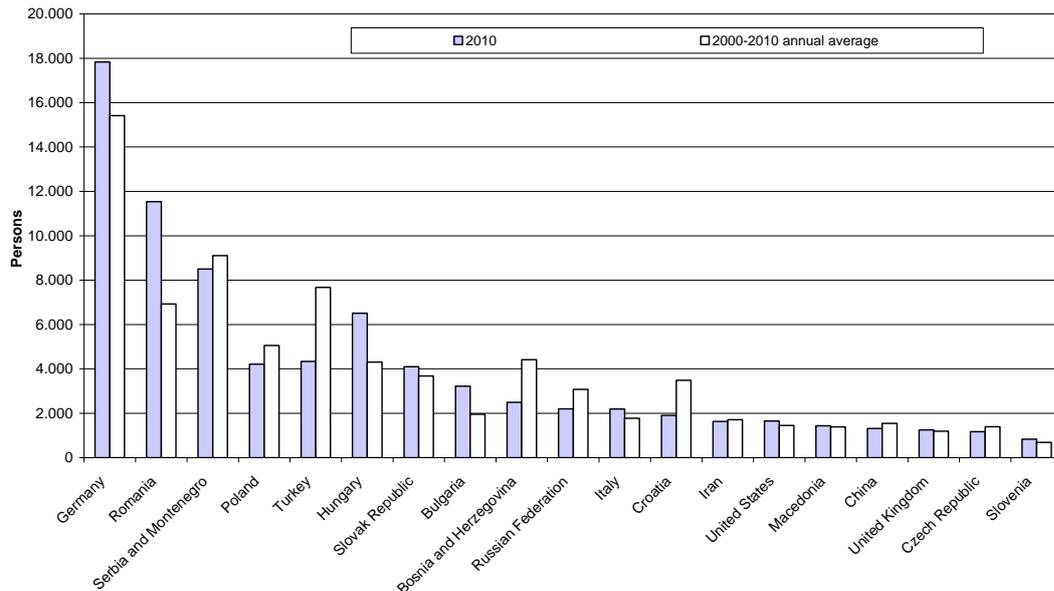
Turnover, i.e., inflows and outflows, tends to rise over time; gross flows are higher for men than women.

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, declined in 2009 again as a

result of the economic crisis and picked up again with the economic upswing in 2010. 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, indicating that foreigners tend to come to settle in Austria.

Figure 5: Inflows of top 13 nationalities into Austria 2010



Source: Statistics Austria.

Of all inflows in 2010, 23 percent came from the old EU-MS, in the main Germany; 32,200 or 28% came from the EU12 and 50% from third countries. 13 percent came from the former region of Yugoslavia (with a majority share of citizens of Serbia and Montenegro), 3.8 percent from Turkey, and 8.5 percent from Asia. As in previous years, fairly small numbers come from overseas countries in Africa (2.8 percent), America (2.9 percent) and Oceania (0.3 percent). (Figure 5)

Of all outflows in 2010, 18% 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 3: Migration flows in Austria: 2001-2010

	Total Population										Foreigners									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<i>Total</i>																				
Inflows	111.998	108.125	111.869	122.547	114.465	98.535	106.659	110.074	107.785	114.398	74.786	86.144	93.341	104.246	97.995	82.899	91.748	94.761	91.818	98.262
Outflows	79.034	74.831	71.996	71.721	70.133	74.432	71.928	75.638	87.189	86.703	51.010	44.478	48.940	50.018	49.800	55.045	52.604	55.349	66.122	66.404
Net migration	32.964	33.294	39.873	50.826	44.332	24.103	34.731	34.436	20.596	27.695	23.776	41.666	44.401	54.228	48.195	27.854	39.144	39.412	25.696	31.858
<i>Men</i>																				
Inflows	49.036	62.674	61.690	69.789	65.000	55.637	58.197	59.455	59.136	62.519	39.955	50.091	51.119	57.906	53.968	45.213	48.306	49.332	48.810	52.107
Outflows	41.377	46.097	46.074	44.991	40.816	43.606	44.105	44.684	50.473	49.672	28.823	23.680	27.916	28.256	27.691	30.857	31.424	32.111	37.962	37.358
Net migration	7.659	16.577	15.616	24.798	24.184	12.031	14.092	14.771	8.663	12.847	11.132	26.411	23.203	29.650	26.277	14.356	16.882	17.221	10.848	14.749
<i>Women</i>																				
Inflows	40.892	50.491	51.864	57.610	52.822	45.335	48.708	50.619	48.649	51.879	34.831	42.476	46.045	51.041	47.487	40.171	43.644	45.429	43.008	46.155
Outflows	31.277	33.561	31.183	31.826	27.834	29.889	30.086	30.954	36.716	37.031	22.187	15.097	18.149	20.070	19.789	22.047	22.303	23.238	28.160	29.046
Net migration	9.615	16.930	20.681	25.784	24.988	15.446	18.622	19.665	11.933	14.848	12.644	27.379	27.896	30.971	27.698	18.124	21.341	22.191	14.848	17.109
	Per 1000 inhabitants										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	13.6	9.3	10.7	11.5	12.8	11.9	10.0	11.1	11.4	11.0	11.7
Outflows	9.8	9.3	8.9	8.8	8.5	9.0	8.7	9.1	10.4	10.3	6.3	5.5	6.0	6.1	6.1	6.7	6.3	6.6	7.9	7.9
Net migration	4.1	4.1	4.9	6.2	5.4	2.9	4.2	4.1	2.5	3.3	3.0	5.2	5.5	6.6	5.9	3.4	4.7	4.7	3.1	3.8
	Austrians																			
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010										
<i>Total</i>																				
Inflows	15.142	21.981	18.528	18.301	16.470	15.636	14.911	15.313	15.967	16.136										
Outflows	-6.502	-8.372	-4.528	-3.402	-3.863	-3.751	-4.413	-4.976	-5.100	-4.163										
<i>Men</i>																				
Inflows	9.081	12.583	10.571	11.883	11.032	10.424	9.891	10.123	10.326	10.412										
Outflows	12.554	22.417	18.158	16.735	13.125	12.749	12.681	12.573	12.511	12.314										
<i>Women</i>																				
Inflows	6.061	8.015	5.819	6.569	5.335	5.164	5.064	5.190	5.641	5.724										
Outflows	9.090	18.464	13.034	11.756	8.045	7.842	7.783	7.716	8.556	7.985										
	Per 1000 inhabitants																			
<i>Total</i>																				
Inflows	1.9	2.7	2.3	2.2	2.0	1.9	1.8	1.8	1.9	1.9										
Outflows	2.7	3.8	2.8	2.7	2.5	2.3	2.3	2.4	2.5	2.4										
Net migration	-0.8	-1.0	-0.6	-0.4	-0.5	-0.5	-0.5	-0.6	-0.6	-0.5										

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 'de facto 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 4: Asylum seekers in Austria by the end of the year: 1952-2010

1952	2,457	1982	6,314
1953	1,723	1983	5,868
1954	2,283	1984	7,208
1955	1,941	1985	6,724
1956	169,941	1986	8,639
1957	58,585	1987	11,406
1958	3,599	1988	15,790
1959	3,439	1989	21,882
1960	5,178	1990	22,789
1961	4,116	1991	27,306
1962	3,458	1992	16,238
1963	3,435	1993	4,744
1964	3,611	1994	5,082
1965	4,247	1995	5,920
1966	3,805	1996	6,991
1967	3,872	1997	6,719
1968	7,334	1998	13,805
1969	9,831	1999	20,129
1970	3,085	2000	18,284
1971	2,075	2001	30,127
1972	1,838	2002	39,354
1973	1,576	2003	32,359
1974	1,712	2004	24,634
1975	1,502	2005	22,461
1976	1,818	2006	13,349
1977	2,566	2007	11,921
1978	3,412	2008	12,841
1979	5,627	2009	15,821
1981	34,557	2010	11,012

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. In 2010 the numbers declined again to 11,000. This decline was, however, short lived. Inflows started to climb again from mid 2011 onwards. By the end of October 2011, Austria registered 11,900 asylum seekers, i.e. 31% more than a year ago. The main countries of origin continued to be Afghanistan and the Russian

Federation, followed by Pakistan, Somalia and Iraq. The acceptance rate declined somewhat in 2010 to 18.3%, after 19.4% in 2009.

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 was mounting in Austria 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 Austrian practices of refoulement.

In January 2010, a comprehensive revision of the Alien Law came into effect. Several changes to tighten alien police and asylum legislation were introduced. The amendment redefined the offenses which may lead to detention of asylum seekers, and introduced the possibility to deprive, under certain conditions, delinquent refugees and beneficiaries of subsidiary protection of their status. Finally, the legal framework for granting residence permits to rejected asylum seekers based on humanitarian grounds was redefined. With July 2011 a one week mobility restriction outside the asylum reception centre was introduced for new arrivals of asylum seekers. From October 1, 2011 onwards asylum seekers who have had their claim rejected by the asylum court are automatically provided with legal counselling and support on further steps to take by one of the following NGOs: Diakonie, Volkshilfe or Human Rights Austria.

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 and reached 70.5% in 2010. The number of asylum seekers from Europe has reached a peak in 2003 with 17,600 applications. Since then the numbers declined by 72 percent to 4,900 in 2010. But until today, a large proportion of asylum seekers in Austria originate from Europe (44% in 2010). The largest single country of origin is the Russian Federation, followed by Afghanistan, Kosovo and Serbia. Between 2005 and 2008, applications by nationals of Serbia/Montenegro/Kosovo have dropped considerably, rose again in 2009 and declined again in 2010.

The second most important source region of asylum seekers is Asia with 31 percent of all asylum seekers in 2010. The largest numbers are originating from Afghanistan. The number of applications from Afghan nationals rose continuously until 2009 (2,237) and declined to 1,600 in 2010. The second source region in Asia is India, closely followed by Iraq, China, Iran, Pakistan and Bangladesh.

Table 5: Asylum seekers by gender and country/region of origin by 31 December: 2001-2010

Asylum seekers											In % of asylum seekers									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total	30.135	36.983	32.364	24.676	22.471	13.350	11.879	12.841	15.821	11.012										
Men	23.457	29.266	23.754	17.755	15.974	8.782	7.877	8.520	10.955	7.768	77,8	79,1	73,4	72,0	71,1	65,8	66,3	66,3	69,2	70,5
Women	6.678	7.717	8.610	6.921	6.497	4.568	4.002	4.321	4.866	3.244	22,2	20,9	26,6	28,0	28,9	34,2	33,7	33,7	30,8	29,5
Originating from Europe	7.598	17.403	17.591	15.227	14.229	8.506	7.131	7.100	6.880	4.882	25,2	47,1	54,4	61,7	63,3	63,7	55,3	44,9	43,5	44,3
of which:																				
Armenia	1.259	2.039	1.112	414	520	354	405	360	440	278	4,2	5,5	3,4	1,7	2,3	2,7	3,4	2,8	2,8	2,5
(Serbia, Montenegro, Kosovo)	1.649	4.729	2.521	2.840	4.408	2.522	1.774	1.715	2.014	1.047	5,5	12,8	7,8	11,5	19,6	18,9	14,9	13,4	12,7	9,5
Macedonia	935	783	412	324	454	193	157	205	158	194	3,1	2,1	1,3	1,3	2,0	1,4	1,3	1,6	1,0	1,8
Russian Federation	365	2.221	6.713	6.184	4.359	2.444	2.673	3.435	3.559	2.322	1,2	6,0	20,7	25,1	19,4	18,3	22,5	26,8	22,5	21,1
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	0,0
Georgia	597	1.921	1.517	1.743	953	563	399	511	975	370	2,0	5,2	4,7	7,1	4,2	4,2	3,4	4,0	6,2	3,4
Turkey	1.876	3.563	2.843	1.113	1.067	669	651	417	554	369	6,2	9,6	8,8	4,5	4,7	5,0	5,5	3,2	3,5	3,4
Originating from Asia	19.701	15.816	10.513	5.871	5.676	3.238	3.022	3.064	4.439	3.365	65,4	42,8	32,5	23,8	25,3	24,3	25,4	23,9	28,1	30,6
of which:																				
Afghanistan	12.957	4.322	2.360	757	928	697	762	1.382	2.237	1.582	43,0	11,7	7,3	3,1	4,1	5,2	6,4	10,8	14,1	14,4
Bangladesh	949	1.104	887	331	548	140	70	52	95	116	3,1	3,0	2,7	1,3	2,4	1,0	0,6	0,4	0,6	1,1
China Peoples Republic	95	666	569	565	460	194	205	236	398	217	0,3	1,8	1,8	2,3	2,0	1,5	1,7	1,8	2,5	2,0
India	1.804	3.366	2.823	1.842	1.530	479	385	355	427	433	6,0	9,1	8,7	7,5	6,8	3,6	3,2	2,8	2,7	3,9
Iraq	2.113	4.473	1.452	231	222	384	463	490	399	336	7,0	12,1	4,5	0,9	1,0	2,9	3,9	3,8	2,5	3,1
Iran	733	711	981	347	306	274	248	250	340	387	2,4	1,9	3,0	1,4	1,4	2,1	2,1	1,9	2,1	3,5
Pakistan	487	358	508	575	498	110	103	106	183	276	1,6	1,0	1,6	2,3	2,2	0,8	0,9	0,8	1,2	2,5
Originating from Africa	2.398	1.794	3.543	3.246	2.126	1.366	1.480	1.724	1.235	796	8,0	4,9	10,9	13,2	9,5	10,2	12,5	13,4	7,8	7,2
of which:																				
Nigeria	1.037	1.431	1.846	1.829	881	420	395	535	837	573	3,4	3,9	5,7	7,4	3,9	3,1	3,3	4,2	5,3	5,2
Somalia	326	221	191	45	89	183	467	411	344	190	1,1	0,6	0,6	0,2	0,4	1,4	3,9	3,2	2,2	1,7

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 (573), followed by Somalia (190). (Table 5)

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 returned to the level of 2008, reaching 934.

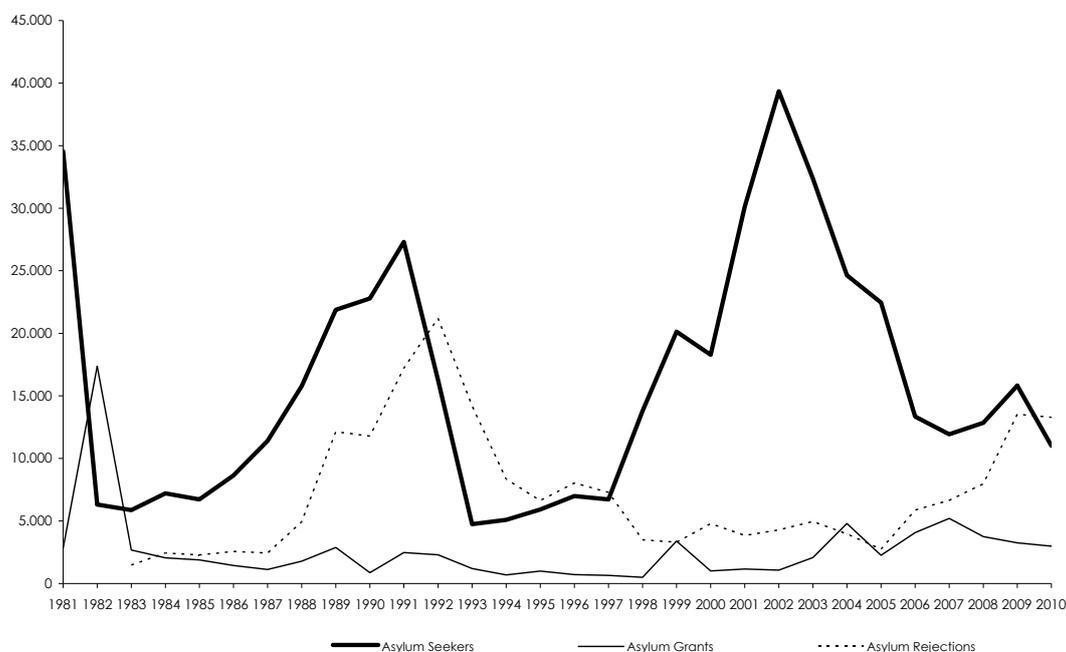
Processing asylum applications tends to be a lengthy process. While applicants from certain countries are receiving refugee status granted with a high probability, e.g., persons from Chechnya, others may face long waiting periods. In Austria, in the wake of reforms to the asylum legislation, procedures 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 2010, 3,000 asylum grants have been issued, somewhat less than in the previous year, and four times as many have been rejected (13,300). 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 grounds¹⁹. **By April 1 2009, an amendment to the residence and asylum laws (2005) came into effect**

¹⁹ Biffl – 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.

(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).²⁰ 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 were overhauled.

Figure 6: Asylum procedures: Inflows, acceptances and rejections 1981-2010



Source: Statistics Austria, own calculations.

In 2010, positive asylum decisions were granted mostly to refugees from the Russian Federation (1,100), followed by citizens of Afghanistan (600), Iran (222) and Somalia (200).

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

²⁰ For more information see Biffi et al. (2009).

to almost 50 percent, after 8.1 percent in 1997. Ever since then it declined and reached 18.3% in 2010.

Over the whole period of 1981 till 2010, a total of 480,300 asylum applications were registered, of whom a total of 79,300 were accepted as refugees according to the Geneva Convention, i.e., 16.5 percent, and 201,600 got their case rejected, i.e., 42 percent. The remaining 199,400 or 42 percent of all asylum applicants moved on before the procedures were terminated in Austria, either moving with the help of IOM to another host country or going into hiding (Figure 6 and Figure 7).

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 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 Labour²¹ 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.²²

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

²¹ The order was issued by former Minister Bartenstein (Erlass zu GZ 435.006/6-II/7/04, EU –Erweiterungs-Anpassungsgesetz; Durchführungserlass).

²² http://www.integrationsfonds.at/habibi/habibi_jobcenter/

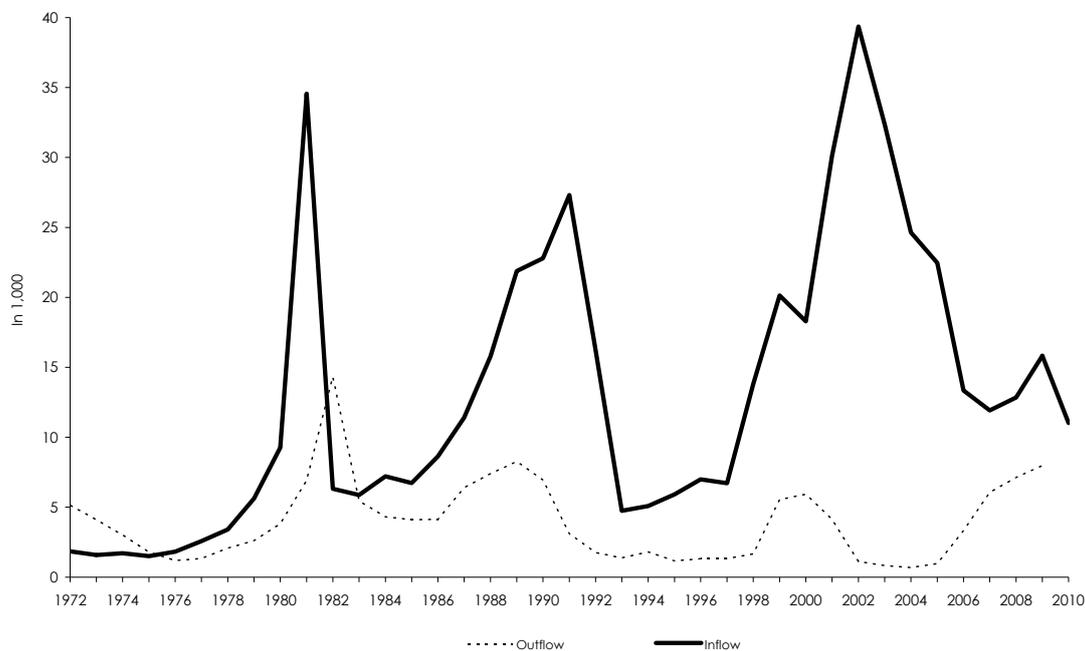
regional integration programmes, e.g., EPIMA and job shop, concentrate on improving skills/educational attainment level of young asylum seekers, also in view of improving their prospects to enter adequate employment (decent work). This development is in line with the objective of the EC to promote the 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 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 7 and Table 6)

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. (Figure 8)

Figure 7: Inflow and outflow of asylum seekers and/or refugees via Austria 1972-2010



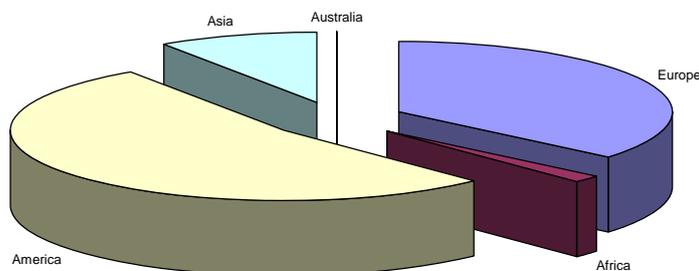
Source: Statistics Austria.

Table 6: 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 8: 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 7).

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.

Table 7: Structure of valid residence permits in Austria (1994-2011, mid year count)

		Settlement Certificate (NN)							
		Temporary Residence Permit (AE)	Permanent residence (Daueraufenthalt)						
		Settlement Permit (NB)							
			Temporary Residence Permit (AB)						
			Family Member (FamAng)						
1998-2003	2003-2005		2006 -						
	2004	2005	2006	2007	2008	2009	2010	2011	
AB	25.624	19.022	AB	19.008	18.765	19.290	20.381	20.275	21.458
AE	39.583	24.182	NB	85.617	84.764	84.590	82.376	90.279	90.302
NB	482.318	359.175	Family Member (FamAn)	17.882	38.167	42.416	42.936	40.036	37.126
NN	27.682	103.842	Permanent Residents	354.346	311.730	307.664	308.566	306.007	320.483
Total	575.207	506.221	Total	476.853	453.426	453.960	454.259	456.597	469.369

Source: Federal Ministry of the Interior. Own calculations.

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. The number of residence permits remained more or less at this level until 2010 (456.600) but started to increase in 2011 (mid year count) to 469,400 (+12,800 or 2.8%). The rise is a result of a significant increase in permanent residence; the number of persons with a temporary residence status has increased only slightly and the number of family members other than partners and dependent children (Familienangehörige) has even declined somewhat. The number of settlement permits (NB) remained constant.

Of the total number of permits (mid year count) 320,500 or 68 percent were permanent residents, some 20 percent (90,300) had a settlement permit (NB) and 37,000 or 8 percent were a third country family member other than a partner or dependent child of an Austrian or other EEA citizen. Only 21,500 or 4.6 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 2010 a sum total of 22,400 resident permits were issued to newcomers from third countries, somewhat more than in 2009, the year of the economic crisis which slowed down migration. The economic upswing

of 2010 allowed immigration to rise to the levels of 2006. Of all inflows 16,200 or 72 percent were settlers. The number of temporary resident permits granted to third country citizens increased also versus 2009 to 6,200 permits, a consequence of the improved economic situation and the rise in labour demand in 2010.

Of the 16,200 new settlers in 2010, less than 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, 73 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 8 and Table 9).

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 2010, 2,400 such transformations were taking place; 79% went to persons who were under no quota/cap, namely 1,924. The transformations of titles were evenly spread across men and women. (Table 9)

As to the newly issued temporary resident permits: of the total of 6,200 issued to third country citizens in 2010, the majority are students and their family members, followed by persons working in Austria temporarily (and their family members), and 1 percent could stay on humanitarian grounds and special protection, many of them rejected asylum seekers who cannot be sent back as well as (non-refoulement) '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. 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 8 and Table 10). The temporary residence status may be extended. The total number of extensions is more than double the number of first issues, namely 15,300 in 2010.

It is obvious from Figure 9 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.

Table 8: Annual inflows of settlers and temporary residents of third countries

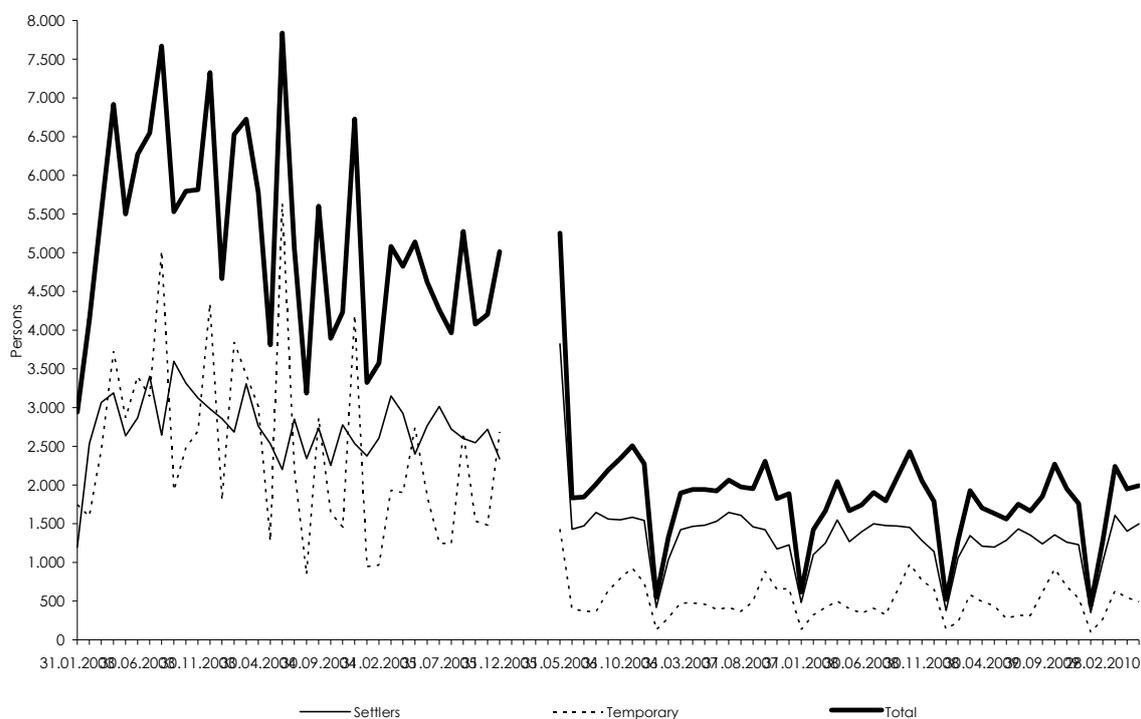
Residence Permits issued in the course of the Year 2005-2010

Annual Sum by end of December

	2005	2006	2007	2008	2009	2010
First issue settler	32.166	16.353	15.888	15361	14.347	16.150
First Issue temporary resident	21.200	6.613	5.699	5.879	5.532	6.238
	53.366	22.966	21.587	21.240	19.879	22.388
<i>Men</i>						
First issue settler	14.508	7.016	7.083	7.037	6.566	7.965
of which within quota regulation	2.287	1.616	2.096	2.218	1.809	1.970
outside quota	12.221	5.400	4.987	4.819	4.757	5.995
Prolongation of settlement	36.484	51.852	59.203	56.327	53.643	52.331
Transfer of title to settler (no quota)		362	614	1.057	1.181	1.357
Transfer of title to settler (quota)		144	280	279	286	250
First issue temporary resident	11.374	2.902	2.621	2.660	2.550	2.889
of which within quota regulation			0			
outside quota			2.621	2.660		
Prolongation of temporary stay	9.994	7.521	7.124	7.596	7.899	7.602
extension of residence permit	9.994	7.521	7.124	7.596	7.711	
transfer of other resident title			0		188	
Total	72.360	69.291	76.031	73.620	72.125	72.394
<i>Women</i>						
First issue settler	17.658	9.337	8.805	8.324	7.781	8.185
of which within quota regulation	3.971	2.453	3.159	5.183	2.601	2.419
outside quota	13.687	6.884	5.646	3.141	5.180	5.766
Prolongation of settlement	41.883	55.778	62.174	63.067	61.096	60.501
Transfer of title to settler (no quota)		450	619	951	1.129	567
Transfer of title to settler (quota)		229	292	289	251	261
First issue temporary resident	9.826	3.711	3.078	3.219	2.982	3.349
of which within quota regulation			0		0	
outside quota			3.078	3.219	2.982	
Prolongation of temporary stay	12.508	8.008	7.085	7.422	7.841	7.664
extension of residence permit	12.508	8.008	7.085	7.422	7.439	
transfer of other resident title			0		402	
Total	81.875	76.834	81.142	82.032	81.080	80.527
<i>Total</i>						
First issue settler	32.166	16.353	15.888	15.361	14.347	16.150
of which within quota regulation	6.258	4.069	5.255	7.401	4.410	4.389
outside quota	25.908	12.284	10.633	7.960	9.937	11.761
Prolongation of settlement	78.367	107.630	121.377	119.394	114.739	112.832
Transfer of title to settler (no quota)		812	1.233	2.008	2.310	1.924
Transfer of title to settler (quota)		373	572	568	537	511
First issue temporary resident	21.200	6.613	5.699	5.879	5.532	6.238
of which within quota regulation	0	0	0			
outside quota	0	0	5.699	5.879		
Prolongation of temporary stay	22.502	15.529	14.209	15.018	15.740	15.266
extension of residence permit	22.502	15.529	14.209	15.018	15.150	
transfer of title					590	
Total	154.235	147.310	158.978	158.228	153.205	152.921

Source: Ministry of the Interior.

Figure 9: Monthly inflows of third country citizens by residence status (2003-2010)



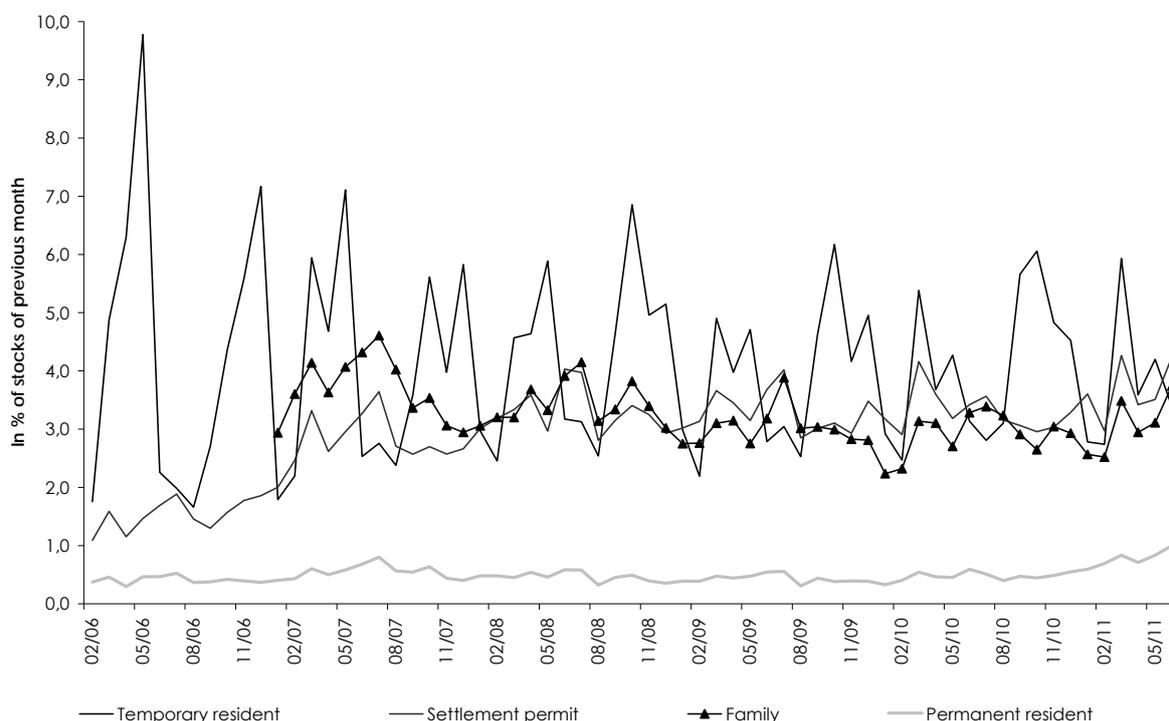
Source: Federal Ministry of the Interior, Own-calculations.

Figure 10 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).

Of the 16,200 first settler permits issued in 2010, 11,800 or 73% are uncapped. (Table 9) 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 (4,900 in 2010). 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, and their family. The figures have been rising very little between 2006 and 2010, namely by 176 or 20% to 1,026. They constituted 6.4 percent of all first quota settlement permits in 2010. 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).

Figure 10: Monthly inflow rate in% (inflows in % of stock at end of previous month) of third country citizens by status (2006-2011)



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

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. In 2010 2,400 resident titles were transferred into a settlement title with better access rights to work. The majority of titles went to persons outside a quota regulation. Adding extensions and transformations into the picture of settlement permits, Austria issued a total of some 131,400 settlement permits in 2010.

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 and increased to 26,800 in 2010.

*Table 10: Sum of temporary residence permits granted to citizens of third countries (Non-EU) by residence status and gender
1 January to end of December*

	2008			2009			2010			
	Male	Female	Total	Male	Female	Total	Male	Female	Total	
<i>First temporary residence permits</i>	2.660	3.219	5.879	2.550	2.982	5.532	2.889	3.349	6.238	
Employed persons on basis of GATS (mode 4)	152	19	171	85	22	107	72	32	104	
Special protection		2	2		14	14	11	34	45	
Family member of researcher	19	38	57	23	36	59	24	44	68	
Family member of intercompany transfers	40	94	134	32	62	94	27	88	115	
Family member of special employment-artist, scienti	97	158	255	105	163	268	106	148	254	
Family member of students	51	77	128	52	72	124	66	96	162	
Family member of scientist/artist	13	45	58	7	17	24	12	31	43	
Researcher	102	49	151	92	44	136	127	82	209	
Humanitarian grounds	58	54	112	23	21	44	2	0	2	
Artist (on the basis of work contract)	42	20	62	23	14	37	28	12	40	
Artist (self-employed)	17	15	32	18	12	30	20	8	28	
Intercompany transfers	114	36	150	66	18	84	135	22	157	
Pupil	208	333	541	232	328	560	254	379	633	
Self-employed	9	3	12	7	1	8	6	3	9	
Special cases of salaried employees	529	1.164	1.693	474	1.096	1.570	470	1.065	1.535	
Social worker		1	1		2	2		1	1	
Students of higher education	1.209	1.111	2.320	1.311	1.060	2.371	1.529	1.304	2.833	
<i>Extensions of temporary residence permits</i>	7.596	7.422	15.018	7.711	7.439	15.150	7.602	7.664	15.266	
Employed persons on basis of GATS (mode 4)	90	39	129	104	39	143	36	41	77	
Special protection	8	10	18	11	7	18	15	8	23	
Family member of researcher	4	4	8	16	53	69	19	50	69	
Family member of intercompany transfers	9	35	44	72	163	235	60	127	187	
Family member of special employment-artist, scienti	67	165	232	354	566	920	332	577	909	
Family member of students	320	519	839	136	191	327	158	237	395	
Family member of scientist/artist	128	173	301	24	50	74	31	54	85	
Researcher	20	46	66	164	104	268	138	64	202	
Humanitarian grounds	127	62	189	12	22	34	0	0	0	
Artist (on the basis of work contract)	44	46	90	131	93	224	120	87	207	
Artist (self-employed)	123	89	212	131	80	211	116	72	188	
Intercompany transfers	109	65	174	179	49	228	131	37	168	
Pupil	182	45	227	418	768	1.186	422	769	1.191	
Self-employed	471	784	1.255	21	7	28	15	4	19	
Special cases of salaried employees	1.136	678	1.814	1.132	656	1.788	1.053	671	1.724	
Social worker	22	5	27							
Students of higher education	4.736	4.657	9.393	4.806	4.591	9.397	4.956	4.866	9.822	
Sum of all temporary residence permits	0	10.256	10.641	20.897	10.261	10.421	20.682	10.491	11.013	21.504

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, for temporary work and business purposes including services mobility (GATS mode 4) or on humanitarian grounds. In the course of 2010, all in all 6,200 temporary residence permits were issued for the first time, and 15,300 were extended. The largest number of first temporary residence permits goes to students of higher education, namely 2,800 or 45.4 percent of all first temporary resident permits in 2010. Students are also the largest group to get their temporary stay extended namely 9,800 or 64% of all extensions. (Table 10) Temporary residence status does not envisage the possibility of family reunion and access to welfare payments, in particular unemployment benefits.

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 about the number of citizens of another EU/EEA country who settle in Austria. In the course of the year 2010 35,800 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 56,000 in 2010. 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 2010*

	2007			2008			2009			2010		
	Men	Woman	Total									
Documentation of registry	17.062	16.837	33.899	19.396	19.836	39.232	18.019	18.419	36.438	17.681	18.144	35.825
Employee	10.063	6.255	16.318	11.570	7.350	18.920	10.451	7.297	17.748	9.691	7.105	16.796
Education	1.166	2.001	3.167	1.447	2.496	3.943	1.548	2.373	3.921	1.589	2.277	3.866
Family reunification	3.619	5.547	9.166	3.898	5.826	9.724	3.798	5.492	9.290	4.050	5.457	9.507
Self-employed	822	649	1.471	953	1.930	2.883	953	1.320	2.273	1.014	1.249	2.263
Other family member/relative	173	383	556	221	422	643	158	401	559	231	454	685
Others	950	1.566	2.516	1.057	1.447	2.504	1.111	1.536	2.647	1.106	1.602	2.708
Permanent resident document	269,0	436	705	250	365	615	646	684	1.330	547	527	1.074

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	2010
Work	1.500	548	733	836	1.237	2.518
Family	29.400	15.628	14.939	14.175	12.433	12.666
Humanitarian (asylum grants)	5.900	4.234	5.440	3.649	3.247	2.977
Free Movement	19.400	17.182	34.604	39.847	37.768	36.899
Others	700	177	216	141	677	966
Total	56.900	37.769	55.932	58.648	55.362	56.026

Annual inflow of temporary migrants

	2005	2006	2007	2008	2009	2010
international students	3.200	2.775	2.854	2.861	2.931	3.466
Seasonal workers	11.356	10.894	11.536	12.135	11.714	10.459
Intra-company transfers	200	186	147	150	84	157
Others	6.300	3.831	2.683	2.868	2.517	2.615
Total	21.056	19.359	17.220	18.014	17.246	16.697

S: BMI, LMS.

In addition to settlers, another 16,700 enter on a temporary basis. About two third of the inflows are seasonal workers; some 20% are third country international students (3,500) in 2010.

iii) Resident permit holders by type of status: stocks July 2011

A mid-year stock count (July 1, 2011) of the number of valid residence permits comes up with a figure of 469,400, 12,800 or 2.8% more than in the previous year (Table 13, Table 7 and Table 14). The development of the number of permit holders is following a steady upward trend, not having much of a cyclical component. The gender composition remains fairly stable, raising the number of women slightly to 233,000. 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 20.3% in 2011, after 24.5% in 2005. In contrast, older persons (60+) make up an increasing share of immigrants of third countries. In 2011 they made up 11.9% 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

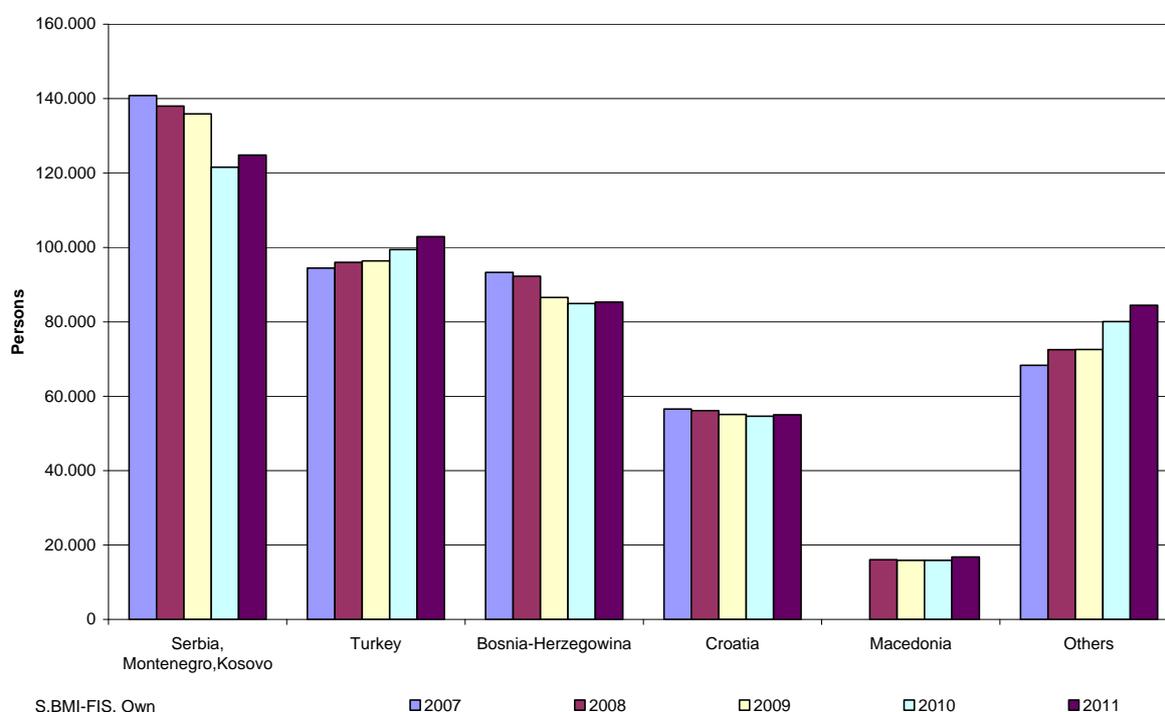
Total	2005	2006	2007	2008	2009	2010	2011
0 to 19	24,5	23,4	22,3	21,2	20,6	20,7	20,3
20 to 30	20,8	20,5	20,5	20,4	20,4	20,1	19,8
31 to 40	20,6	20,0	19,6	19,6	19,6	19,6	19,8
41 to 50	15,0	15,3	15,7	16,0	16,1	16,0	16,0
51 to 60	12,0	12,8	13,1	13,1	13,0	12,5	12,2
over 60	7,1	8,0	8,9	9,7	10,3	11,2	11,9
Sum	506.221	476.863	453.426	453.960	454.259	456.597	469.369
Men							
0 to 19	24,8	23,8	22,4	21,5	20,9	21,0	20,7
20 to 30	19,5	19,2	19,4	19,1	19,0	18,7	18,6
31 to 40	19,7	19,0	18,6	18,6	18,6	18,6	18,9
41 to 50	16,1	16,3	16,6	16,9	17,0	16,8	16,6
51 to 60	13,0	13,8	14,0	13,9	13,8	13,1	12,7
over 60	7,0	7,9	9,0	10,0	10,7	11,8	12,6
Sum	258.013	242.179	231.336	231.069	230.190	230.560	236.334
Women							
0 to 19	24,2	23,0	22,1	20,9	20,3	20,3	19,9
20 to 30	22,2	21,8	21,6	21,7	21,8	21,5	21,2
31 to 40	21,5	21,1	20,6	20,7	20,6	20,6	20,7
41 to 50	14,0	14,2	14,7	15,0	15,2	15,2	15,4
51 to 60	10,9	11,8	12,2	12,2	12,2	11,9	11,7
over 60	7,3	8,1	8,8	9,4	9,8	10,6	11,1
Sum	248.208	234.684	222.090	222.891	224.069	226.037	233.035

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

By mid 2011, the largest single group of third country residence permit holders were citizens of Serbia/Montenegro/Kosovo. Their numbers amounted to 124,800, i.e. 26.6% of all residence permits. The second largest group were Turks with 102,900 permits (21.9% of all permits),

followed by citizens of Bosnia-Herzegovina (85,300 or 18.2%), Croatia (55,000 or 11.7%), and Macedonia (16,800 or 3.6%). (Figure 11) 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 11: Valid residence permits by major countries of origin 2007 to 2011 (mid year count)



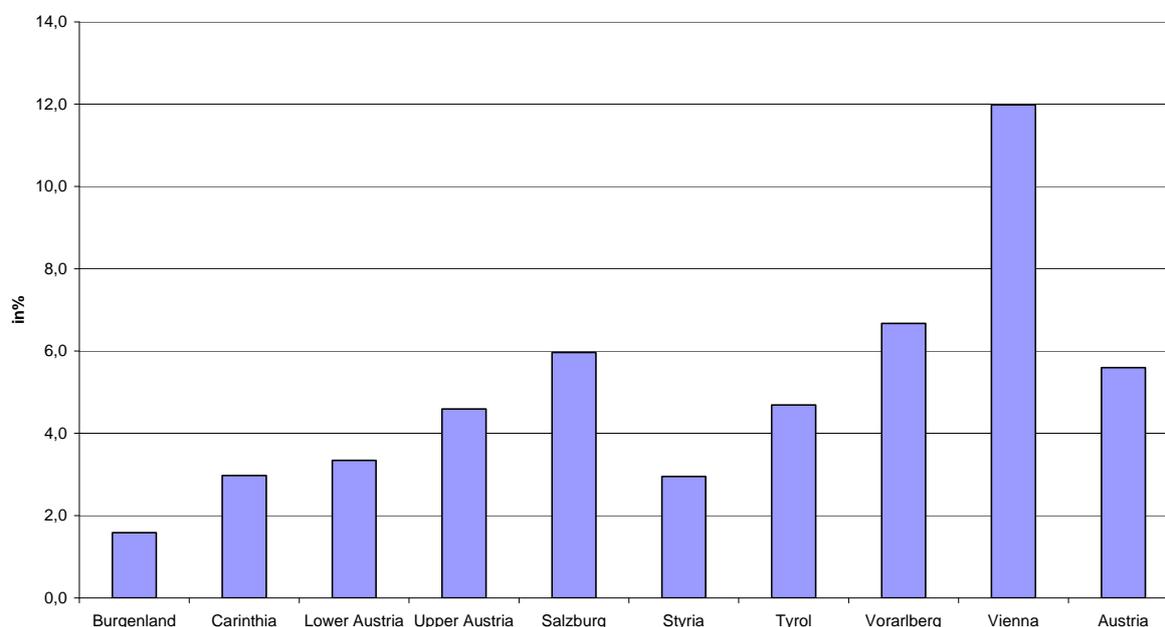
The Labour Market Service has the discretionary power to grant access to the labour market to family members who have not yet resided the required length of time in Austria to access the labour market without prior labour market testing. Explicitly excluded from access to the labour market are pensioners 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 (Schlüssel-

arbeitskraft) outside any quota. This was not easily achieved, however, as the required wage to become eligible for a skilled worker title was often too high for entrants into the labour market. The migration policy reform of 2011 abandoned this regulation and opened the labour market to third country university graduates.

The geographic distribution of third country resident permit holders follows the pattern of migrant distribution. On average, 5.6% of the total population in Austria in 2011 were third country migrants who held a resident permit. The proportion was highest in Vienna with 12% of the total population followed by Vorarlberg with 6.7% and Salzburg with 6%.

Figure 12: Valid residence permits in % of total population by region (permits mid year count 2011, population annual average 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 2008/2011

	Temporary residents	2008	2009	2010	2011
1	Pupil	1.723	1.590	1.706	1.857
2	Student of higher education	10.913	11.415	12.004	13.028
3	Other education/Courses	1	2	0	1
4	Family reunion (with student of higher education)	397	392	442	475
5	Intercompany transferees	343	191	277	365
6	Family member of intercompany transferees	322	299	287	257
7	Employed persons on basis of GATS (mode 4)	170	191	174	126
8	Family member of scientist	57	83	89	60
9	Humanitarian grounds	178	212	68	58
10	Self-employment	37	33	35	31
11	Family member of researcher	72	99	135	192
12	Family member of highly skilled worker	18	9	7	9
13	Family member of artist	89	103	117	98
14	Family member of special cases of highly skilled salaried wo	952	892	934	912
15	Former Priv atier, outside quota	128	168	24	11
16	Special cases of highly skilled employees(Researchers etc.)	3.070	2.977	3.021	2.993
17	Artist (with work contract)	324	303	325	287
18	Artist (self-employed)	213	239	247	194
19	Researcher	282	331	382	504
	Sum of temporary residents	19289	20381	20274	21458
	Settlers				
20	Limited access to work (subject to labour market testing)	25.562	18.968	14.689	11.695
21	Family reunion	42.416	42.936	40.036	37.126
22	No access to work	1.011	954	961	971
23	Relative	4.041	3.386	3.071	3.053
24	Highly skilled settler (self-employed)	70	65	48	49
25	Highly skilled settler (salaried)	1.368	1.350	1.043	1.368
26	Family member of highly skilled settler (self-employed) -LMT	46	27	24	29
27	Family member of highly skilled settler (salaried) LMT	516	538	440	602
28	Unrestricted access to work	45.762	47.349	48.501	48.014
31	Family member of humanitarian settler, LMT	94	68	1	
35	Family member, LMT	6.019	5.284	5.424	5.916
36	Settler on humanitarian grounds, LMT	76	68	710	1.326
37	Formerly Third country origin, preferential treatment-Austria	3.786	2.837	2.185	1.894
38	Family member of Austrian	13.837	12.275	11.428	10.428
	Sum	144.604	134.298	128.561	122.471
39	Permanent resident- EU free mobility	134.561	154.473	177.453	197.673
40	Family member-Permanent resident- EU free mobility	8.517	12.519	18.460	26.182
41	Settlement permit - Formerly settlement certificate	138.427	126.390	111.794	101.509
42	Mobility -unlimited access to work	19	28	55	76
	Sum of Settlers	426.128	426.974	436.323	447.911
	Sum of all valid resident permits of third country citizens	453.960	454.259	456.597	469.369

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 2003-2011

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*, 2011).

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 10 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 (*Anmeldebesccheinigung*). 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 2011, 177,700 citizens of the EEA were registered under the first title in Austria (documentation of residence) and 4,036 under the second title (settlement document). About half of the registered EEA citizens were working in Austria (94,200, 42% of them women), in the main as wage and salary earners (83,700). Some 11 percent were students (19,500, two third of them female) and some 28% were family members or relatives (49,200, 60% 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)

	2009			2010			2011		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Documentation of registry	52926	52335	105261	72134	72704	144838	88365	89369	177734
Employee	31296	19823	51119	41375	27251	68626	50128	33544	83672
Education	4150	7013	11163	6225	10131	16356	7525	11992	19517
Family reunification	10696	16042	26738	15081	22074	37155	18833	27388	46221
Self-employed	2613	3357	5970	3642	4779	8421	4609	5947	10556
Other family member/relative	537	1169	1706	756	1602	2358	965	2026	2991
Others	2894	4224	7118	4111	5921	10032	5200	7384	12584
ID-Card	740	707	1447	944	946	1890	1105	1088	2193
Settler document	1424	2015	3439	1731	2349	4080	1710	2326	4036

Source: BMI-BFIS.

D) Labour market flows

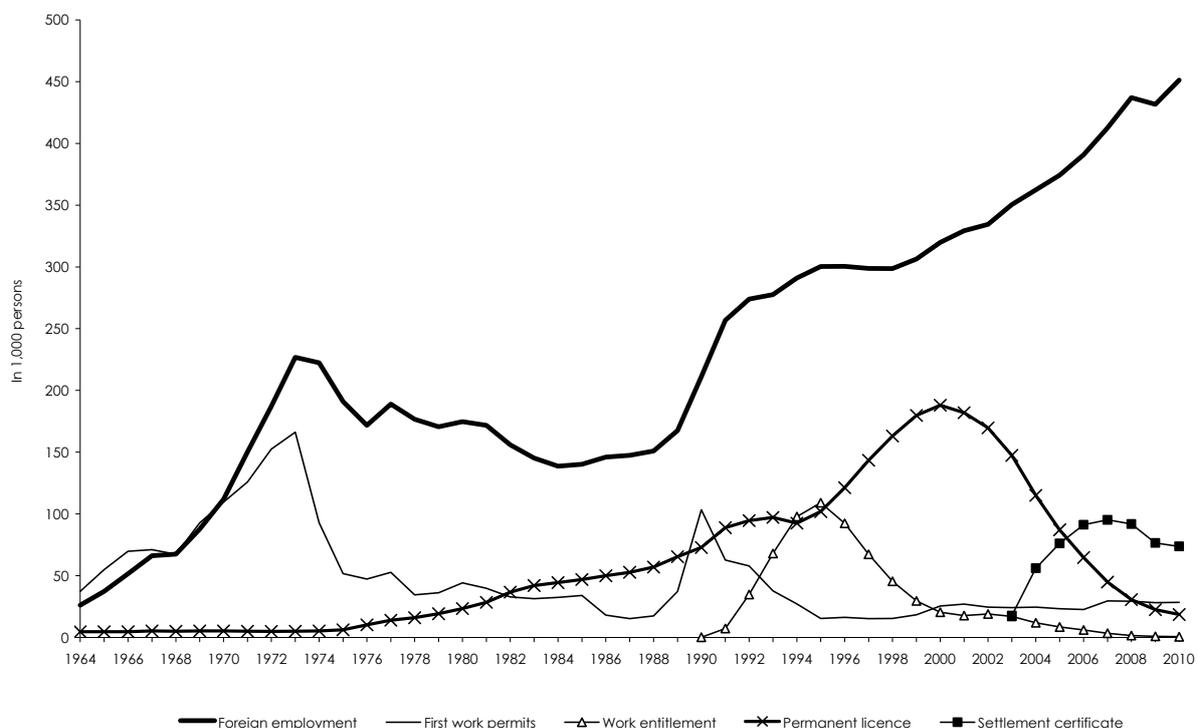
Austria has started out as a country targeting migrant workers rather than immigrant workers and their families. As a result, Austria has a long history of work permits; only relatively recently, i.e., in the 1990s, was this system complemented by regulations of family reunification and thus by a complex 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 with the duration of work and stay the scope of labour and social rights of migrants is widened in Austria.

Initial work permits are issued to foreign citizens (since 1994 only those from outside the EEA/EU), i.e. third country citizens, 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 transferred to 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 which marks the termination of firm/work control.

*Figure 13: First work permits and total foreign employment
1964-2010*



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 third country foreign workers prevent the inflow of foreign employment through market forces. This is in the main the result of substantial refugee inflows, the echo effect of family reunion which raised potential labour supply and of EU Membership and the ensuing free mobility of labour within the EU. The objective of the restrictive migration policy relative to third country worker inflows was to promote integration of migrants who were already residing in Austria and to put a break on labour market competition, which increased due to inflows of EU citizens.

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 13 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 2010, the number of first employment permits issued over the year amounted to 28,400, about the same as in 2009.

With the introduction of work entitlements (issued to the foreign worker 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 taken from Table 16 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, where no labour market testing applies and non-liberalised services, where labour market testing applies until the end of the transition regulations. 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 (transition regulation). 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. From 1st may 2011 onwards only Bulgaria and Romania are still under transition regulations.

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

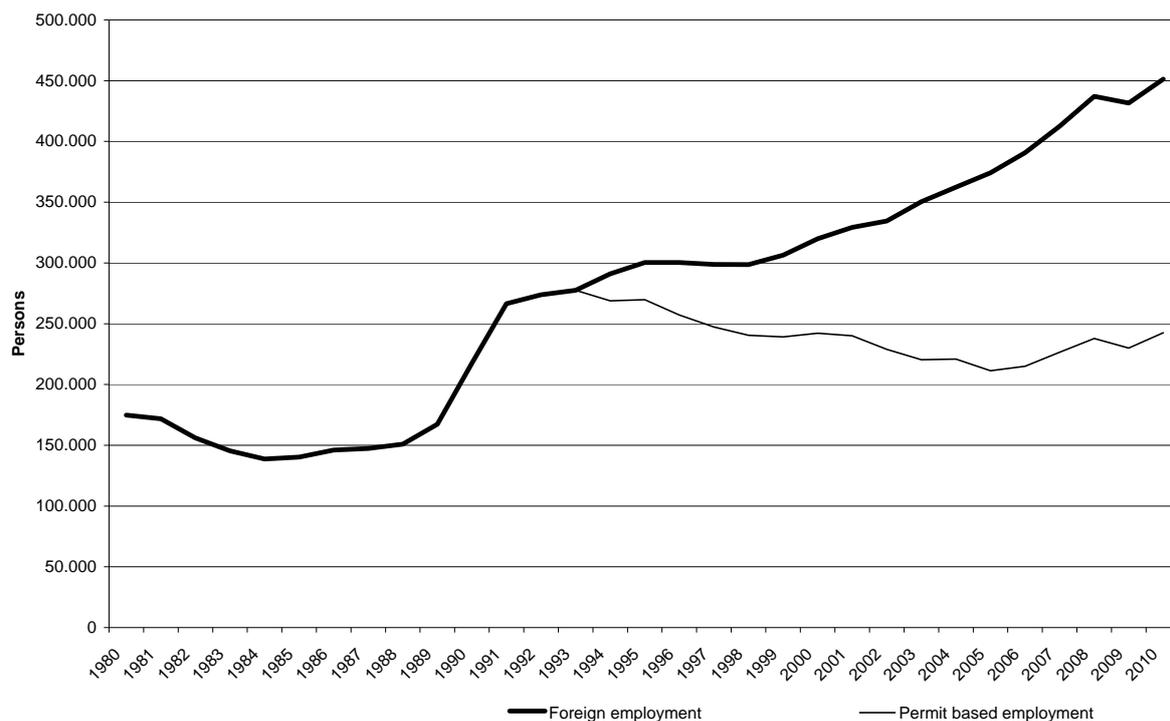
	2003	2004	2005	2006	2007	2008	2009	2010
Temporary work permits (BB)	26.296	25.211	22.826	21.401	23.636	29.313	28.166	28.385
Work entitlements (AE)	17.008	11.856	8.451	6.067	3.417	1.495	879	590
Permanent licences (BS)	147.330	115.029	87.146	64.688	44.750	30.582	22.430	18.543
Provisional permit	5	86	12	10	14	25	23	219
Cross-border services (GATS)	623	648	447	466	391	361	207	1.784
§ 4c permanent licences	8.755	6.206	4.831	3.793	3.069	2.526	1.968	1.077
Bilateral agreements	2.499	2.196	850	774	916	1.011	858	47.597
Free mobility of labour to new EU-MS		2.848	9.909	17.808	27.058	34.839	40.645	942
Highly skilled permits	226	589	156	581	880	1.181	1.908	649
Settlement certificate (NN)	17.693	56.072	76.128	91.228	95.147	91.783	76.497	73.685
Permanent Resident				1.507	6.170	12.354	15.696	16.915
Settlement EEA				6.071	20.355	31.444	40.579	52.113
Employed based on valid permit	220.436	220.883	211.227	214.908	226.526	237.825	225.904	242.595

Source: Austrian Labour Market Service.

In 2010 242,600 foreign workers needed some sort of a permit to be able to work in Austria. The permit based workforce has been fairly stable since the late 1990s. With increasing labour mobility within the EU, the difference between permit based foreign employment and total foreign employment opened up. In 2010 about half of total foreign employment (53%) were working on the basis of a permit. (Figure 14) One third of all permits were settlement certificates, i.e. third country permanent residents (73,700), a further 21.5% were third country citizens who had settlement rights in the EEA; furthermore 20% were the result of bilateral

agreements, and 8% were permanent license holders. A fairly small number are employed on the basis of GATS (mode 4 services mobility), namely 1,800 or 1% of all permit based foreign employment.

Figure 14: Foreign employment and permit based foreign employment (annual average) 1980-2010



Source: Austrian Labour Market Service.

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 2010, 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 almost doubled between 2003 and 2010 to 69,000, while the number of EU-2 migrants increased by 6,600 or 48% between 2007 and 2010 to 20,500. The share of EU12 citizens in total foreign employment increased from 15% to 20% between 2003 and 2010; they constituted 2.7% of the wage and salary earners in 2010.

Its monitoring system and market testing process enabled Austria to derive interesting information about the occupations into which the service providers entered including sheltered occupations²³. Between 2004 and 2010 some 22.000 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 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). In 2010 the number of cross border service providers (mode 4) increased to 7,150, about the same number as in the economic boom year of 2005.

The bulk of the inflow is 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 2010, the proportion of service provision in the liberalised services reached even 81%, namely 5,764. But also service provision in the non-liberalised services was on the rise, affecting 1,386 persons, a rise of 44% versus 2009.

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 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

²³ 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

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

	from	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	1.386
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	5.764
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	7.150

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 services²⁴, i.e. short-term labour migration regulated by the Services Directive²⁵. 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 goods²⁶ 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

²⁴ Editorial 'Mobility of Services and Posting of Workers in the Enlarged Europe – Challenges for Labour Market Regulation' (2006) 12(2) *Transfer* 137, 138.

²⁵ 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

²⁶ See A. Winters, T. Walmsley, ZK. Wang, R. Grynberg, 2003

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)²⁷ 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

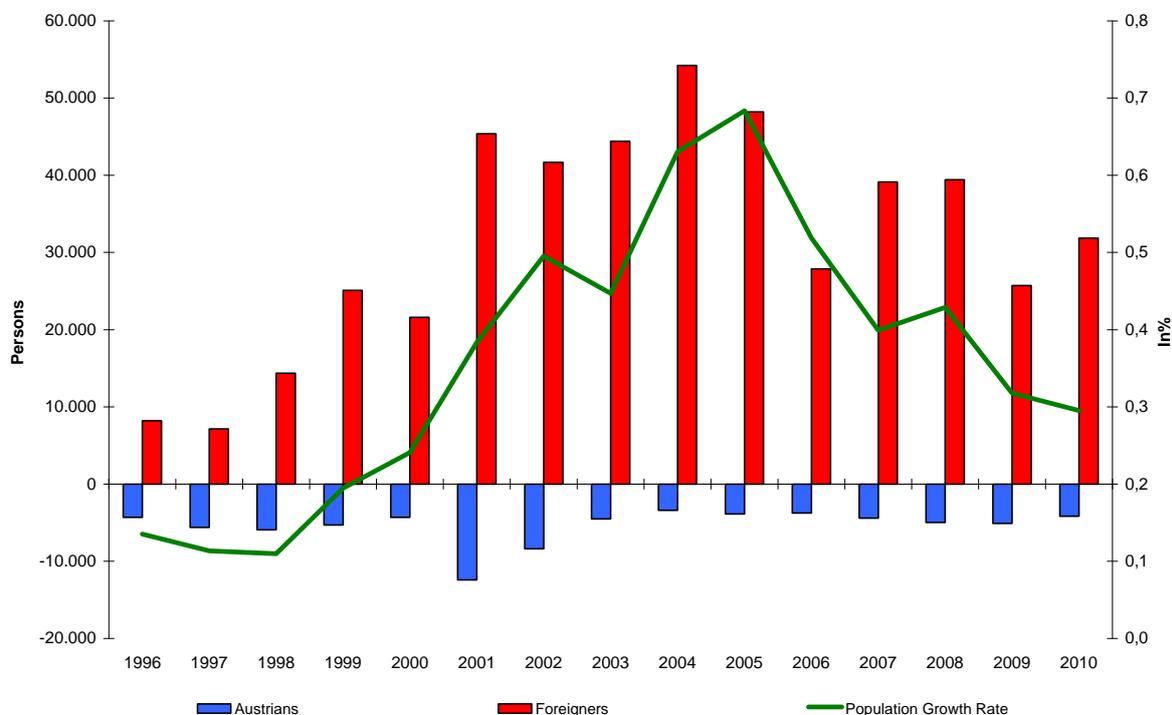
According to the central population register, Austria counted 8,387,700 residents in the year 2010, 24,700 or 0.3 percent more than in 2009. Thus, population growth continues to slow down since 2005, after a steady increase between 2001 and 2005. Between 2008 and 2010, population growth is significantly slower than between 2006 and 2008 (+51,200 versus +68,600). 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.

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, a result of the international economic crisis which slowed down international migration flows. With the economic upswing in 2010 migration gained momentum again, obtaining net immigration of 27,700.

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.

²⁷ See R. Chanda, 2001; similarly S. Chaudhuri, A. Mattoo and R. Self, 2004

Figure 15: Net-migration of Austrians and foreigners and total population growth rate 1989-2010



Source: Statistics Austria. Own calculations

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). This was, however, only a transitory negative balance. In 2010 births surpassed deaths by 1,543. (Table 18, Figure 15)

The number of naturalisations is declining rapidly since 2003. In the course of the year 2010, 6,100 foreigners adopted the Austrian citizenship, i.e., 0.7 percent of all foreigners of the year 2010. 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.

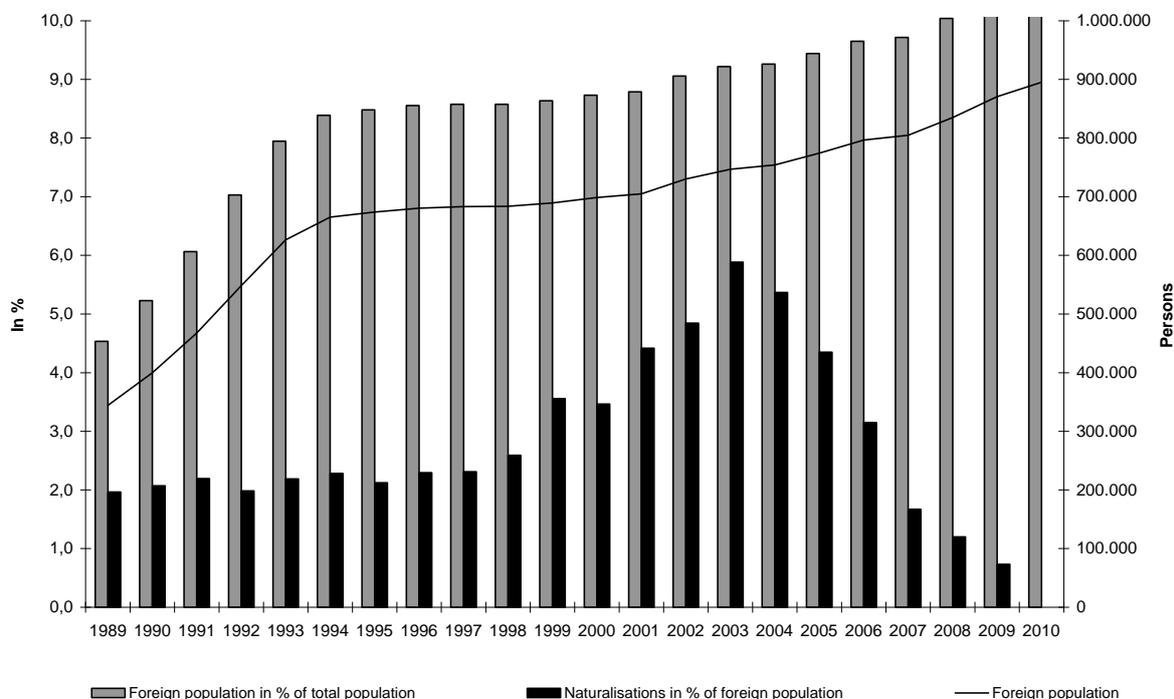
Table 18: Foreign residents in Austria

	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	
2000	8.011.566	19.243	18.760	1.488	17.272	0	
2001 ¹⁾	8.042.293	30.727	42.694	2.691	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
2005	8.225.278	55.837	52.939	3.001	44.332	0	5.606
2006	8.267.948	42.670	28.686	3.619	24.103	0	964
2007	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
2009	8.363.040	26.491	20.030	-1.037	20.596	0	471
2010	8.387.742	24.702	28.962	1.543	27.695		-276
	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	
2000	7.309.798	11.430	12.522	-7.483	-4.315	24.320	
2001	7.324.719	14.921	17.320	-7.505	-12.408	31.731	5.502
2002	7.343.758	19.039	20.141	-5.911	-8.372	36.011	-1.587
2003	7.368.318	24.560	34.837	-7.521	-4.528	44.694	2.192
2004	7.406.950	38.632	38.601	-2.571	-3.402	41.645	2.929
2005	7.439.407	32.457	30.674	-4.333	-3.863	34.876	3.994
2006	7.469.723	30.316	20.573	-3.861	-3.751	25.746	2.439
2007	7.481.154	11.431	5.205	-5.883	-4.413	14.010	1.491
2008	7.484.145	2.991	1.146	-5.620	-4.976	10.258	1.484
2009	7.481.201	-2.944	-4.410	-9.198	-5.100	7.978	1.910
2010	7.477.725	-3.476	-3.506	-7.374	-4.163	6.135	1.896
	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
2010	910.017	28.178	32.468	8.917	31.858	-6.135	-2.172

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

Figure 16: Foreign population share and naturalisations in % of foreign population

1989-2010



Source: Statistics Austria. Own calculations

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 (+24,700). However, the number of Austrian citizens is starting to decline in 2009, in the main because of restrictions on the acquisition of citizenship. In 2010, the number of Austrians declined by 3,500 to 7,477,700. In contrast, the number of foreigners continues to rise. In 2010, the foreign population increased by 28,200 to 910,000. The proportion of foreigners in the total population has as a consequence risen to 10.8 percent.

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 17)

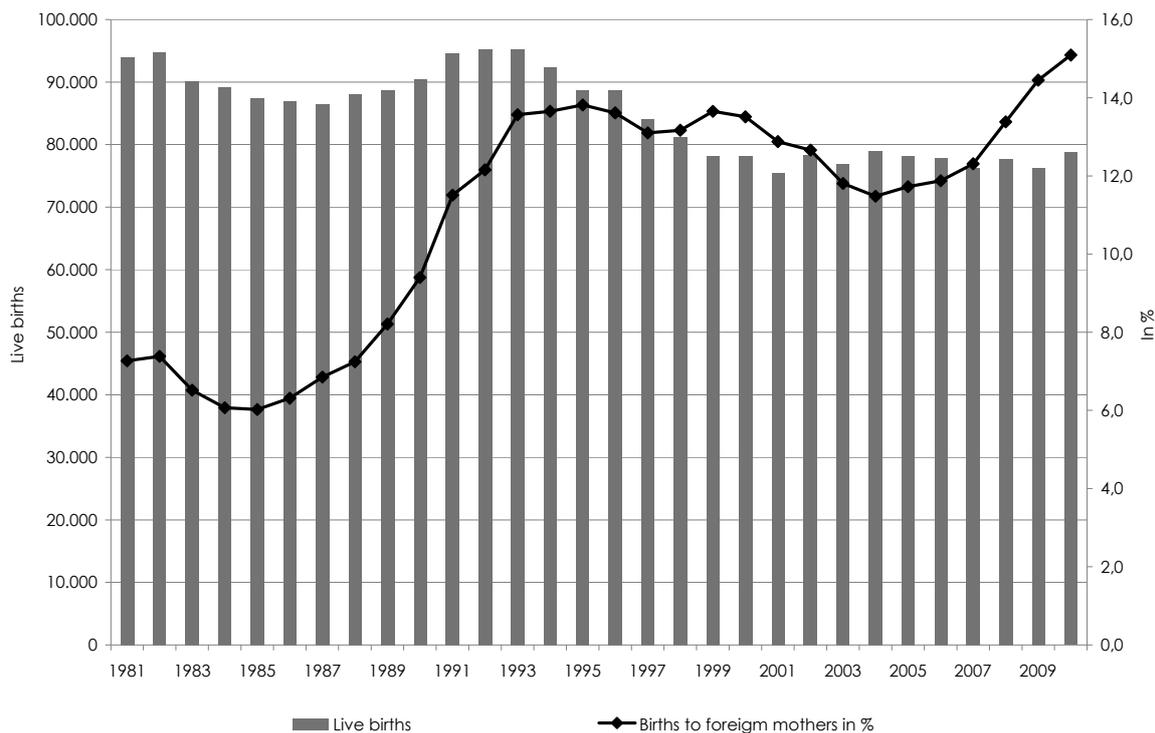
The total number of live births has been declining from a peak of 95,300 in 1992 to 88,700 in 1995. It remained at this level in the following year but took a dip again in 1997. The number

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 2010, the number of live births was 78,700.

The total number of births to Austrian mothers amounted to 66,900 in 2010, and the number of births to foreign women amounted to 11,900. 15.1 percent of all live births are to a foreign mother, the highest proportion so far in Austria.

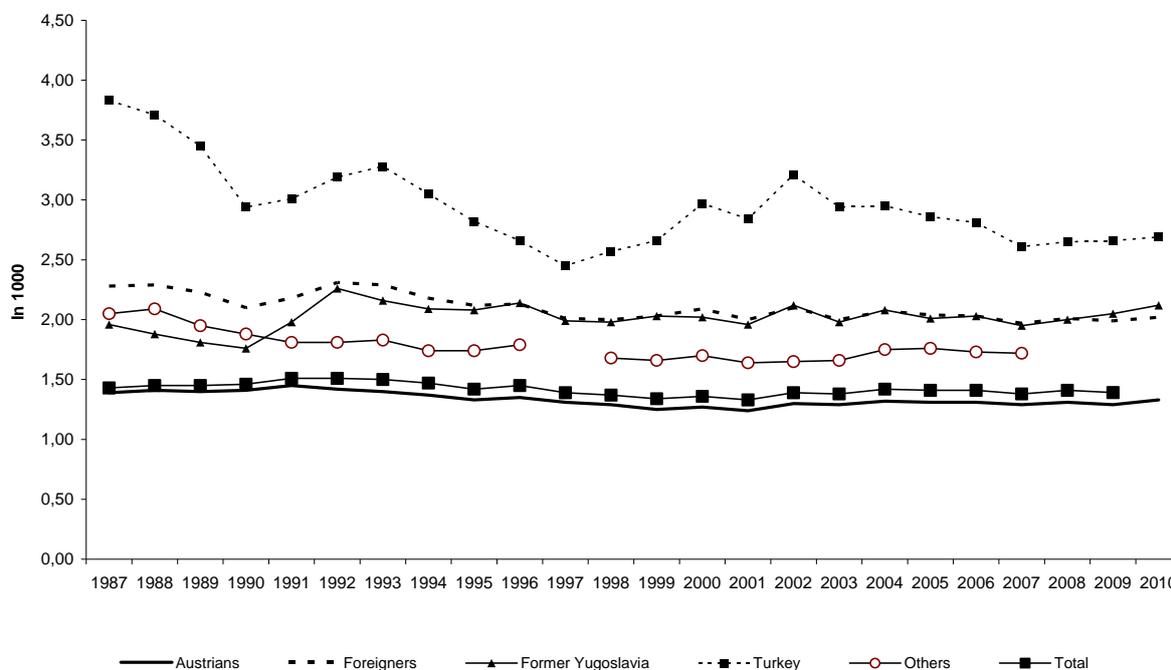
The increase in the number of live births between 1988 and 1992 had thus been short-lived; it had been the consequence of an above average inflow of young migrants who had at the same time an above average fertility compared to Austrians. The declining number of births since then has to be seen as a 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 17: Live births of native and foreign women 1981-2010



Source: Statistics Austria.

Figure 18: Total fertility rate of Austrian and foreign women
Average number of children per woman (1987-2010)



Source: Statistics Austria.

Figure 18 indicates that the fertility rate of foreign women is around the reproduction rate with 2.02 in 2010 coinciding with the rate of women from former Yugoslavia, while the rate of Austrian women is clearly below the reproduction rate (2010: 1.33); the fertility rate of Turkish women is above the reproduction rate; it is somewhat unstable over time but more or less stagnating since 2007 after 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 2010, the fertility rate of Austrian women amounted to 1.33, for foreign women to 2.02, raising the average from 1.39 in 2009 to 1.44 in 2010.

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 2010. (Table 19 and Figure 19)

The largest single nationality group which takes up Austrian citizenship is from former Yugoslavia. With 3,200 naturalisations it constitutes 51% of all naturalisations. Next in line are persons from Turkey (15.3% of all naturalisations). The major source countries of the 'new' Austrians continue to be in Europe, however, more and more persons from outside Europe take up Austrian citizenship. In 2010, 19.2% of all naturalisations relate to someone outside of Europe.

In 2010, 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 2010: 40.1% were under the age of 18, 58% in the main working age (19-59) and a small number was over 60 (1.5%). Somewhat more than half of all naturalised persons were women in 2010. 10% of all naturalisations went to refugees (Geneva Convention).

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.

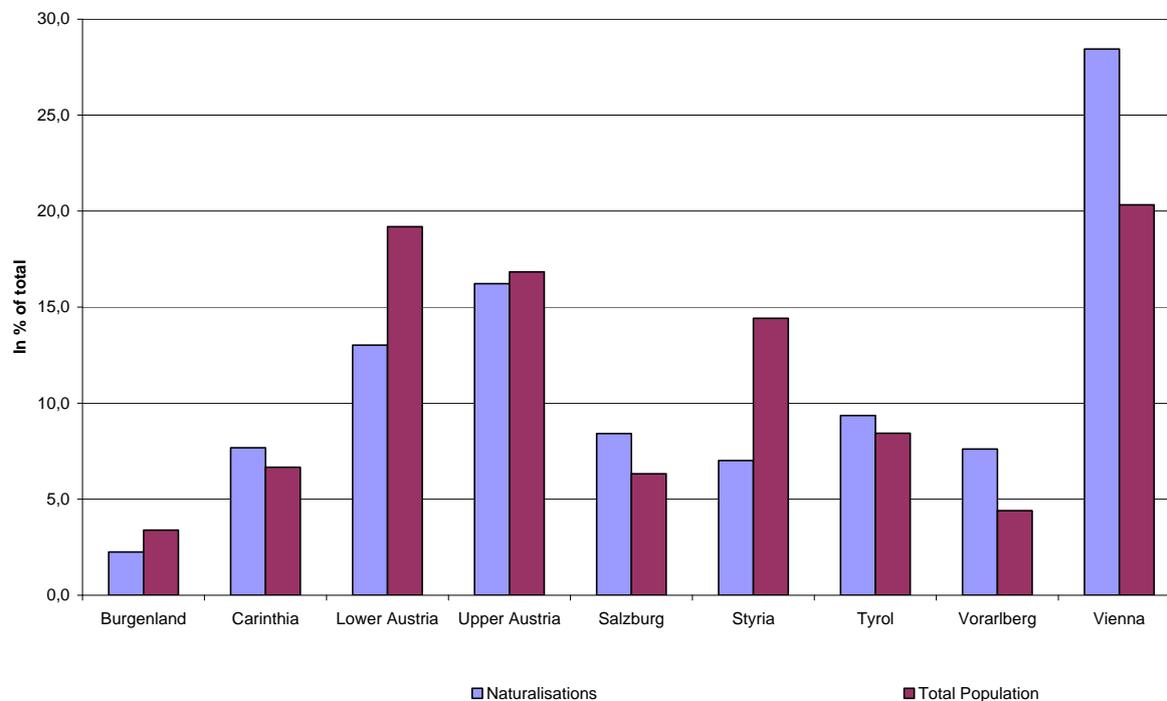
In 2010, 28% of all naturalisations went to Vienna, even though only 20% of the Austrian population live in Vienna, while 14% of the Austrian population live in Styria and only 7% of the newly naturalised persons. The differences in the regional structure reflect on the one hand differences in the shares 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.

Table 19: Naturalisations in Austria

	Former nationality				Total	Women
	Former Yugoslavia	Central and Eastern European Countries	FRG	Turkey		
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
2010	3,167	0,525	0,140	0,937	6,190	3,263

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

Figure 19: Regional composition of population and naturalisations in % of respective total: 2010



Source: Statistics Austria.

Between 1991 and 2010 426,000 foreigners took up Austrian citizenship, about two third from the traditional recruitment areas of migrant workers, the region of former Yugoslavia (162,000, 38 percent) and Turkey (120,900, 28.4 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 2011, 15.7 percent of the Austrian population were first generation migrants (1.315 million of a total of 8.404 million inhabitants), compared to 14.7% in 2007 and 12.5% in 2001. (Table 20)

Table 20: Foreign born at the beginning of the year 2007 to 2010

Country of birth	2007	2008	2009	2010	2011
Total	8.282.984	8.318.592	8.355.260	8.375.290	8.404.252
Austria	7.067.289	7.072.276	7.078.162	7.082.440	7.088.740
Foreign	1.215.695	1.246.316	1.277.098	1.292.850	1.315.512
Foreign born in %	14,7	15,0	15,3	15,4	15,7
of Whom					
EU-MS/EEA	483.121	502.906	522.288	532.625	549.134
MS before 1995 (EU-14)	233.482	243.828	254.378	260.382	268.340
Germany	169.830	178.386	187.023	192.470	198.525
MS 2004 (EU-10)	176.705	179.594	182.802	183.304	185.535
MS 2007 (EU-2)	58.528	64.891	70.298	73.993	79.990
Non-EU-MS	732.574	743.410	754.810	760.225	766.378
By continents					
Other Europe	561.580	566.106	571.379	573.143	576.438
Former Yugoslavia	373.301	374.154	375.278	374.704	376.149
Turkey	154.088	155.941	157.750	159.038	159.891
Others	34.191	36.011	38.351	39.401	40.398
Africa	38.082	38.817	39.657	40.371	40.715
America	26.669	27.885	29.083	29.720	30.560
Asia	95.940	99.818	103.302	106.820	109.123
Oceania	2.434	2.514	2.649	2.660	2.726
Unknown	7.869	8.270	8.740	7.511	6.816

Source: Statistics Austria.

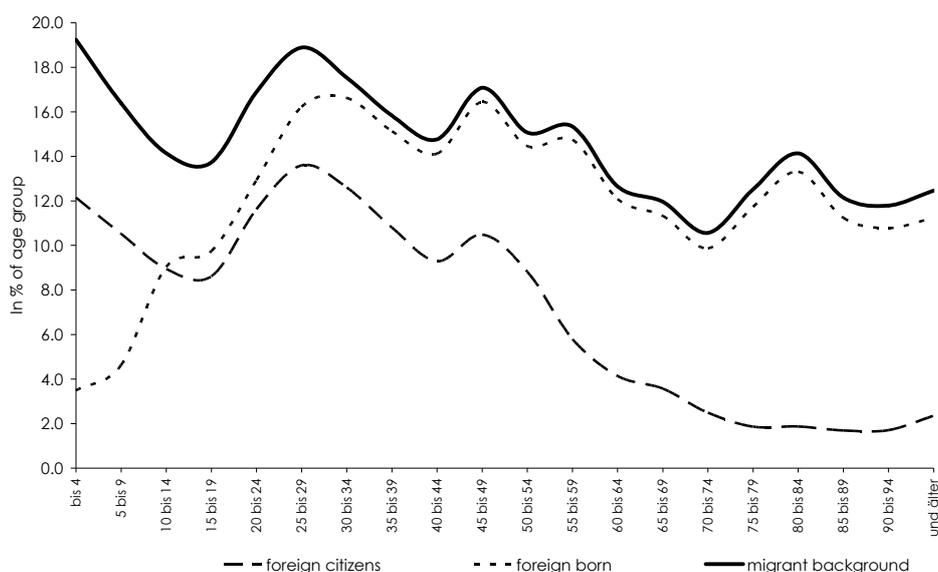
The most important source regions of migrants to Austria are from third countries (58.3% of the foreign born in January 2011), above all from former Yugoslavia (29% of the foreign born), followed by the EU-14 (20.4% of foreign born), in particular from Germany (14.1% of foreign born). People from Turkey constitute 12.2% of all foreign born in 2011 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 137,100 or 14.8 percent of the total foreign resident population in January 2011 (after 129,900 or 14.5 percent in January 2010). Thus, the proportion of first generation migrants plus second generation migrants with foreign citizenship is 17.3 percent in the total population (1.453 million) in January 2011.

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 20 shows that the proportion of persons with migrant background so defined is not spread

evenly across age groups, as immigrants tended to enter in waves²⁸. 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, Upper Austria and Lower Austria. Differentiated analyses of the situation of immigrants are being undertaken, e.g., for Vienna (Biffi *et al.*, 2008)

Figure 20: Foreign citizens, foreign born and persons with migration background in percent of total population in Austria in 2001

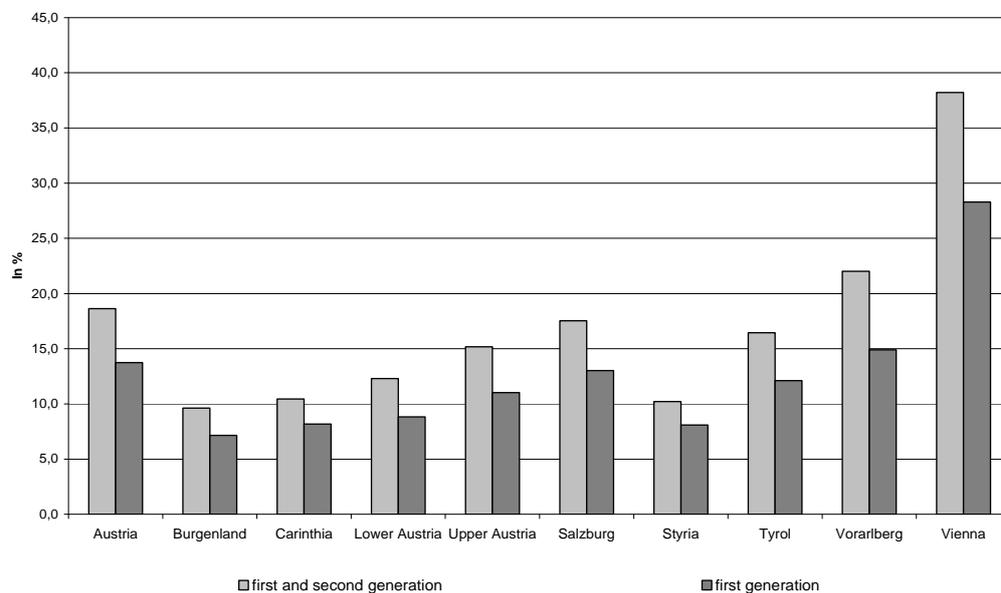


Source: Statistics Austria, Own calculations.

Another source of information on foreign born is the Labour Force Survey. According to this data source, the share of foreign born in the population has consistently been some 2 percentage points lower than the proportion of foreigners or the foreign born in the population according to the population register. In 2010, the share of foreign born according to the LFS amounted to 13.7% (compared to 15.4% of the population register). The numbers amounted to 1.1 million (rather than 1.29 million in the population register of January 2010). The number of second generation migrants (both parents born abroad) amounted to 404,600 or 4.9% of the population. Thus, according to the LFS, the proportion of first and second generation migrants taken together amounted to 18.6% of the Austrian population in 2010. (Figure 21)

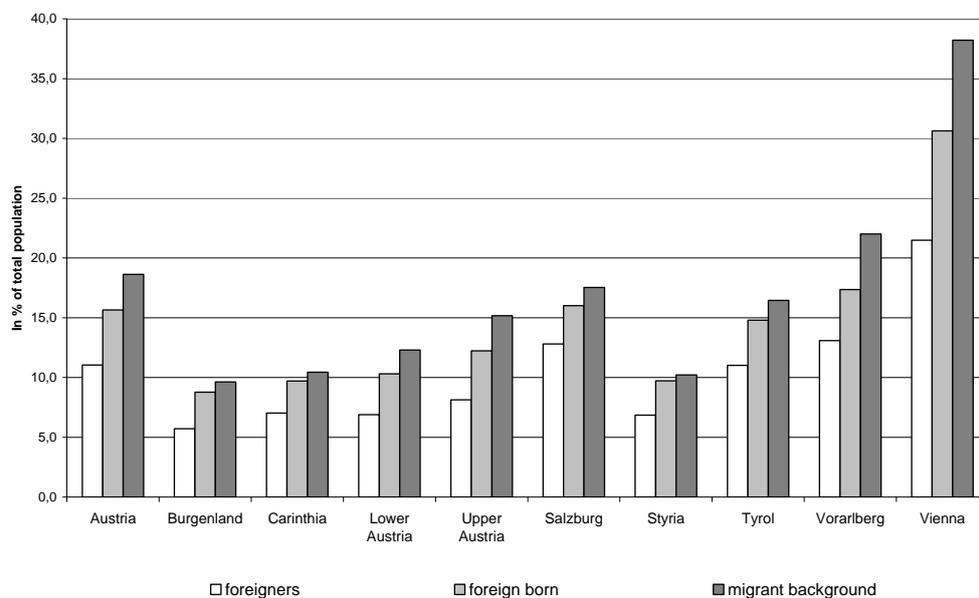
²⁸ For a detailed analysis and methodological issues see Biffi *et al.* (2008).

Figure 21: First and second generation migrants as a proportion of total population by region in Austria (2010)



Source: Statistics Austria, LFS. Own calculations.

Figure 22: Foreigners, foreign born and persons with migrant background (first and second generation migrants) in % of total population by region (2010)



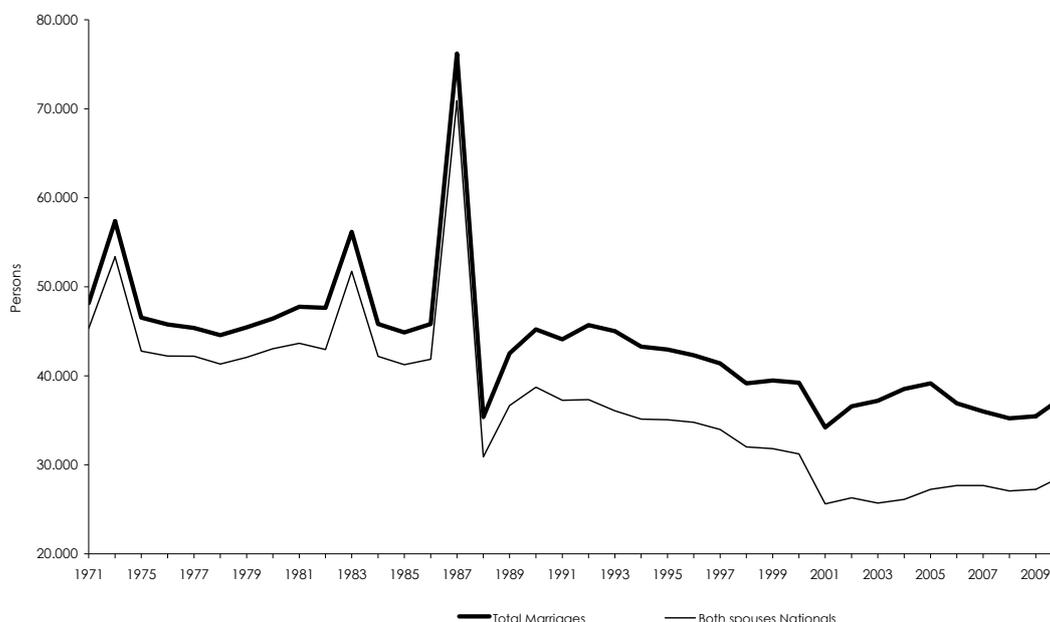
Source: Statistics Austria, LFS. Own calculations.

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 by persons with migrant background, i.e. first plus second generation migrants. In Austria, the city of Vienna has a long tradition of immigration with on average 38% 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 22)

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 23 and Table 21). 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 23: Total marriages and marriages of nationals
1972-2010



Source: Statistics Austria.

Table 21: *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		
2010	37,545	28,722	1,943		

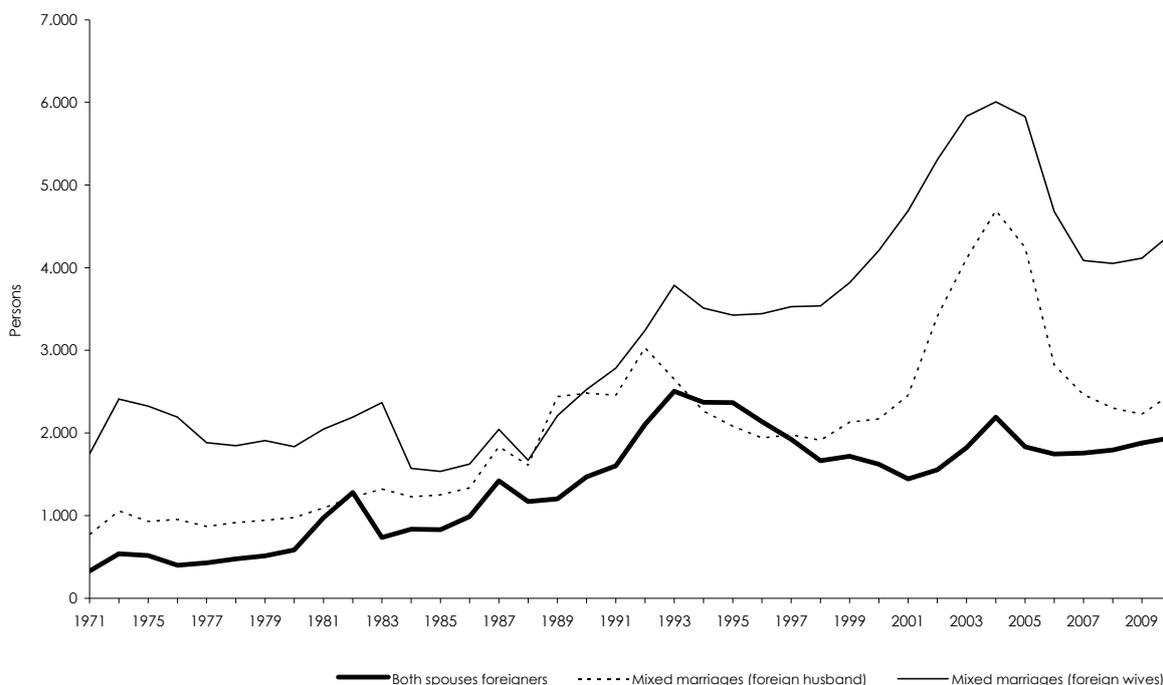
Source: Statistics Austria.

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 declining trend in the number of marriages came to a halt at 35,200. Since then the numbers increase again and reached 37,500 in 2010, whereby more Austrians (both spouses) as well as foreigners (both spouses) married than a year ago. In contrast, the number of mixed marriages declined continuously from 2004 till 2009 to 6,300. In 2010 their numbers increased only slightly to 6,900. 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 76.5 percent in 2010. The share of foreign marriages (with both spouses foreigners) increased from 0.7 percent 1971 to 5.2 percent 2010. 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 18.3 percent in 2010. 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 11.7 percent in 2010. 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 6.6 percent in 2010.

Figure 24: Mixed marriages and marriages of foreigners
1971-2010



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 451,300 foreign wage and salary earners in 2010, i.e., 19,700 or 4.6 percent more 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 rose to 13.4 percent.

Of the total number of foreign employees 191,100 are citizens from the EEA/EU 27, of whom 101,600 from the old member states (EU 14/EEA/CH) and 89,500 from the new MS (EU 12). Thus, 42 percent of foreign workers are EU 27 citizens and 58% of third country origin (260,200) (Table 22).

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 23% 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 20% 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 naturalisations. (Figure 14).

Table 22: Foreign wage and salary earners in Austria from 1961-2010

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	437,055	24,478	5.9	12.9
2009	431,552	-5,503	-1.3	12.9
2010	451,276	19,724	4.6	13.4

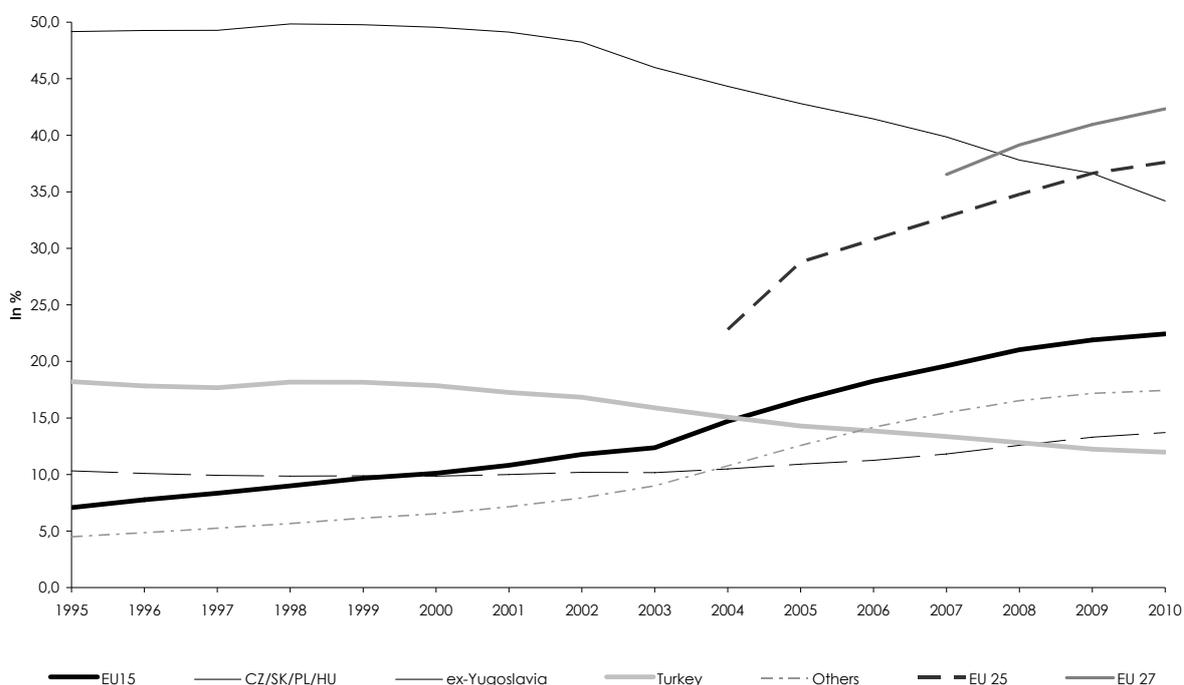
Source: Federal Ministry of Economics and Labour; Federation of Austrian Social Security Institutions. - ¹ Corrected series (permanent licences and persons on parental leave included). - ¹³ Since 1994 foreign employment according to social security data.

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).

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 25)

Figure 25: *Composition of foreign labour by region/country of origin: 1995-2010*



Source: Federation of Austrian Social Security Institutions.

Accordingly, the share of EU 15 citizens has been rising from 7.1 percent of the foreign workforce in 1995 to more than 22 percent in 2010. The major influx is from Germany – Germans account for 78% of all EU 15 citizens in the Austrian workforce. But increasingly also Italians, French, Dutch, and British citizens take up work in Austria.

In contrast, the share of persons from the region of pre-war Yugoslavia has been declining from 49 percent in 1995 to 34.2 percent 2010. Within that group, the share of persons from Croatia is rather small (3.5 percent of all foreign workers in 2010). 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 2010, they accounted for 7.1 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 pre-war 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 19% of all foreign workers in 2010 (out of the 34.2% 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 percent in 2010; this is their lowest share in foreign employment since the late 1970s. This is the result of a reduction in inflows, of naturalisations and the beginning of return migration to Turkey (Biffl 2012).

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 41.1 percent in 2010. Over that time span the proportion of women in foreign employment remained clearly below the Austrian average (2010: 46.8 percent). (Figure 26)

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 2010 (48 percent). Next in line are Croatians (43.5 percent) and Bosnians (42.3 percent). The lowest proportion of women in total employment is amongst Macedonians (34.2 percent) but rising, and Turks (33.9 percent).

Figure 26: Female employment share in total foreign employment (salaried employment) 1971-2010



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

Table 24: Foreign workers of third countries by gender and selected nationalities
Annual average

Nationalities	2001				2010			
	Male	Female	Total	Female In %	Male	Female	Total	Female In %
Yugoslavia	39.536	31.286	70.822	44,2	16.450	15.169	31.619	48,0
Croatia	15.587	10.299	25.886	39,8	13.749	10.579	24.328	43,5
Bosnia	23.968	17.013	40.981	41,5	21.490	15.763	37.253	42,3
Macedonia	3.403	936	4.339	21,6	4.004	2.080	6.084	34,2
Turkey	31.727	11.932	43.659	27,3	6.923	9.336	16.259	57,4
Others	34.356	14.013	48.369	29,0	83.975	43.078	127.053	33,9
Total	152.980	87.081	240.061	36,3	146.591	96.004	242.595	39,6

Source: Austrian Labour Market Service, Permit data for 2010.

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 33.9 percent in 2010; 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 24)

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 2008 and June 2011 (ÖNACE 2008). The industrial structure of employment in the middle of the year provides a relatively good estimate of the average annual employment development.

The employment development followed the business cycle, i.e. employment declined between 2008 and 2009 by 64,000 or 1.9% but recovered again in 2010 (+25,500, + 0.8%) and expanded significantly until June 2011. In June 2011 the number of wage and salary earners reached 3.451 million and was thus 64,300 or 1.9% higher than in June 2010.

The employment of foreign workers followed the economic cycle; it declined in 2009 by 8,400 (-1.9%) but recovered again in 2010 (+19,600, +4.5%) and expanded markedly until June 2011. The employment of foreign workers increased more than proportionately, i.e., by 38,300 or 8.5%, to 488,400 in June 2011. Thus, the share of foreign workers in total employment increased from 13.5% in June 2008 to 14.6% in June 2011.

Manufacturing industries did not totally recover from the economic crisis of 2009; as a result, in June 2011, manufacturing employment did not reach the level of June 2008. It remained below that employment level by 33,300 or 5.5%. This decline is, however, somewhat exaggerated, as manufacturing output increased beyond the output level of 2008, which was not entirely the result of productivity increases but rather of an increasing implementation of leasing workers rather than regular workers in manufacturing. The employment increase shows up in "Other Business Services", where employment levels in June 2011 surpassed the level of 2008 by 4.5% or 8,200. Foreign workers were more than proportionately affected by employment declines in the crisis, partly as a result of their skill composition, which tends to be concentrated at the lower end of the skill segment. In the economic upswing they were, however, also on average more than proportionately profiting. As a result the share of foreign workers in manufacturing industries declined from 2008 to 2009 to 3.1%, rose to the level of 2008 in the following year and increased to 14.1% in 2011.

The construction sector exhibited a similar cyclical employment pattern as manufacturing. Accordingly, the number of wage and salary earners in June 2011 remained below the values of June 2008 (-1,200 or -0.5%). The share of foreign workers is higher than in manufacturing with 21.8% in June 2011 and the employment decline in the crisis year of 2009 affected migrants proportionately, keeping their employment share constant between 2008

and 2009. In 2010 and 2011 it was above all foreign workers who found employment such that their employment levels in June 2011 clearly surpassed those of 2008 (+4,300 or 8.3%).

The services sector does not exhibit the pronounced cyclical fluctuations of manufacturing and construction. This is because many services are part of public infrastructure, in particular education, health and public administration. Accordingly, in June 2011, total employment in the services sector (excluding self-employed) exceeded the Level of June 2008 by 67,400 or 2.8%. The share of the services sector in total dependent employment rose from 71.7% in June 2008 to 73% in June 2011. The share of foreign workers in the services sector is lower than in construction but just as high as in manufacturing with 14% in June 2011. In certain services industries the proportion of foreign workers is amongst the highest of any industry. Tourism industries take the lead with a share of 37.2% foreign workers, followed by other business services (31.9%), in particular cleaning, and domestic services (31.8%). The lowest share of foreign workers has public administration with 3.8%, the highest share of any industry have agriculture and forestry with 53.5% in June 2011. (Table 25)

Table 25: Employment of wage and salary earners by industry
By end of June

Industries (ONACE 2008)	Total				Change versus a year ago 2010/2011		Foreign workers				Change versus a year ago 2010/11		rs in % of total 2011
	June 2008	June 2009	June 2010	June 2011	Numbers	In %	June 2008	June 2009	June 2010	June 2011	Numbers	In %	
A Agriculture and Forestry	23.734	23.152	24.512	26.441	1.929	7.9	10.893	11.486	12.783	14.159	1.376	10.8	53.5
B Mining, stones and minerals	6.359	6.149	6.120	6.012	-108	-1.8	537	509	523	502	-21	-4.0	8.3
C Production of Commodities	405.036	568.537	561.525	571.697	10.172	1.8	81.325	74.585	75.350	80.534	5.184	6.9	14.1
D Energy Supply	26.828	26.554	26.611	25.214	-1.397	-5.2	489	567	612	633	21	3.4	2.5
E Watersupply and environmental clean u	13.989	13.954	14.069	14.486	417	3.0	1.697	1.598	1.783	1.961	178	10.0	13.5
F Construction	260.808	257.771	257.151	259.596	2.445	1.0	52.329	51.927	52.847	56.673	3.826	7.2	21.8
G Trade, repairworks	509.487	502.402	503.661	515.479	11.818	2.3	61.224	61.560	62.171	68.054	5.883	9.5	13.2
H Transport and Storage	193.322	186.407	182.982	182.187	-795	-0.4	27.798	26.725	26.726	28.551	1.825	6.8	15.7
I Tourism	185.823	182.936	187.096	193.406	6.310	3.4	62.581	62.893	65.508	71.880	6.372	9.7	37.2
J Information and Communication	70.677	70.490	70.303	73.512	3.209	4.6	5.217	5.468	6.295	7.035	740	11.8	9.6
K Financial Services, Insurance	119.848	119.499	118.228	117.059	-1.169	-1.0	6.241	6.582	6.343	6.757	41.4	6.5	5.8
L Real estate and housing	40.949	40.312	39.661	39.819	158	0.4	8.509	8.500	7.227	7.211	-1.6	-0.2	18.1
M Services of Professionals	140.458	141.568	143.337	153.031	9.694	6.8	15.015	14.967	16.634	18.657	2.023	12.2	12.2
N Other business services	181.016	161.018	175.648	189.258	13.610	7.7	51.369	46.322	53.014	60.436	7.422	14.0	31.9
O Public administration, social security	521.858	523.513	529.000	530.501	1.501	0.3	15.677	16.201	17.455	18.189	734	4.2	3.4
P Education and research	80.268	84.630	90.928	92.520	1.592	1.8	9.060	10.781	13.529	14.662	1.133	8.4	15.8
Q Health-, veterinary and social services	214.078	221.140	228.648	233.328	4.680	2.0	19.855	21.995	24.961	26.505	1.544	6.2	11.4
R Arts, entertainment and recreation	32.274	32.712	33.386	34.566	1.180	3.5	5.955	6.330	6.432	7.095	663	10.3	20.5
S Other Services	85.057	85.458	85.966	87.728	1.762	2.0	10.536	11.362	10.506	11.488	982	9.3	13.1
T Private Households	3.150	3.210	3.188	3.235	47	1.5	857	941	916	1.029	113	12.3	31.8
U Exterritorial organisations	663	640	647	661	14	2.2	221	228	242	253	11	4.5	38.3
Unknown	2.803	2.129	2.462	1.573	-889	-36.1	953	876	1.094	361	-733	-67.0	22.9
Sum of all industries	3.318.487	3.254.181	3.285.129	3.351.309	66.180	2.0	448.338	442.403	462.951	502.625	39.674	8.6	15.0
Conscripts	9.634	9.375	9.445	9.052	-393	-4.2							
Maternity/Paternal Leave	97.279	98.028	92.492	91.025	-1.467	-1.6							
Sum	3.425.400	3.361.584	3.387.066	3.451.386	64.320	1.9							14.6

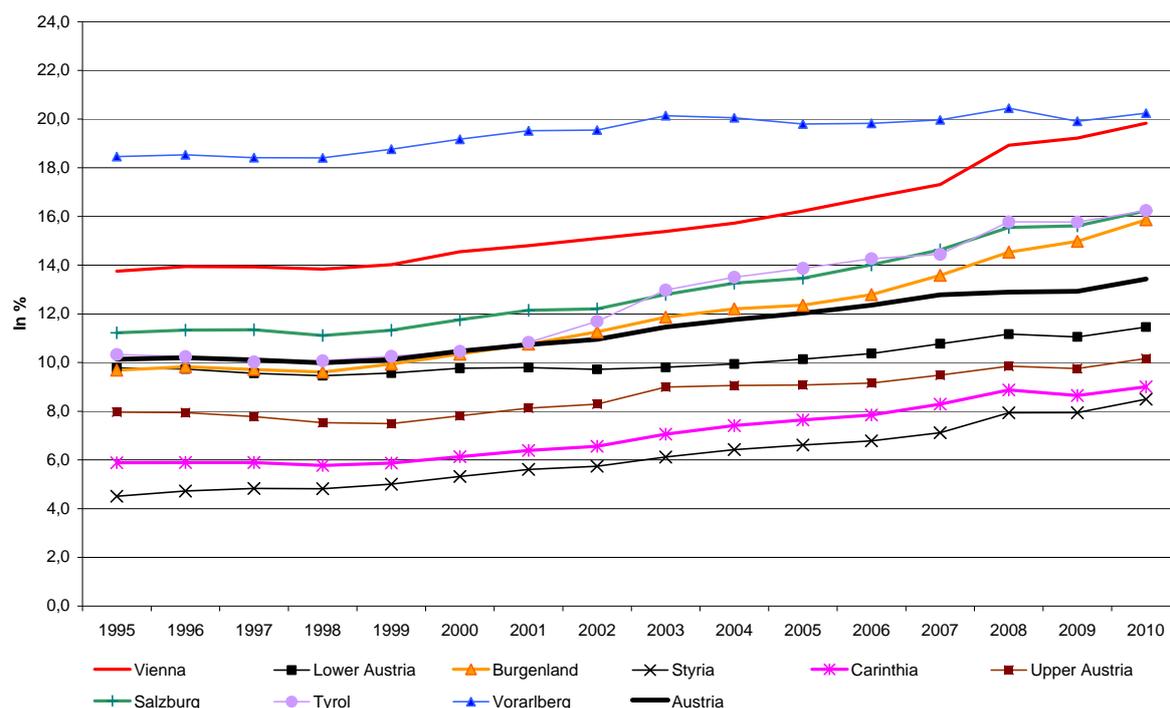
Source: Federation of Austrian Social Security Institutions (HSV).

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 and the rank order changed little. The region with the

highest share of foreign workers continues to be Vorarlberg, the westernmost province, closely followed by Vienna. Thus, in 2010, the proportion of foreign workers in total employment of Vienna reached 19.8% (after 19.2% in 2009), while the share in Vorarlberg stood at 20.2% (after 19.9% in 2009).

Figure 27: Foreign worker share by region/Bundesland in Austria (foreigners in percent of total dependent employment): 1995-2010



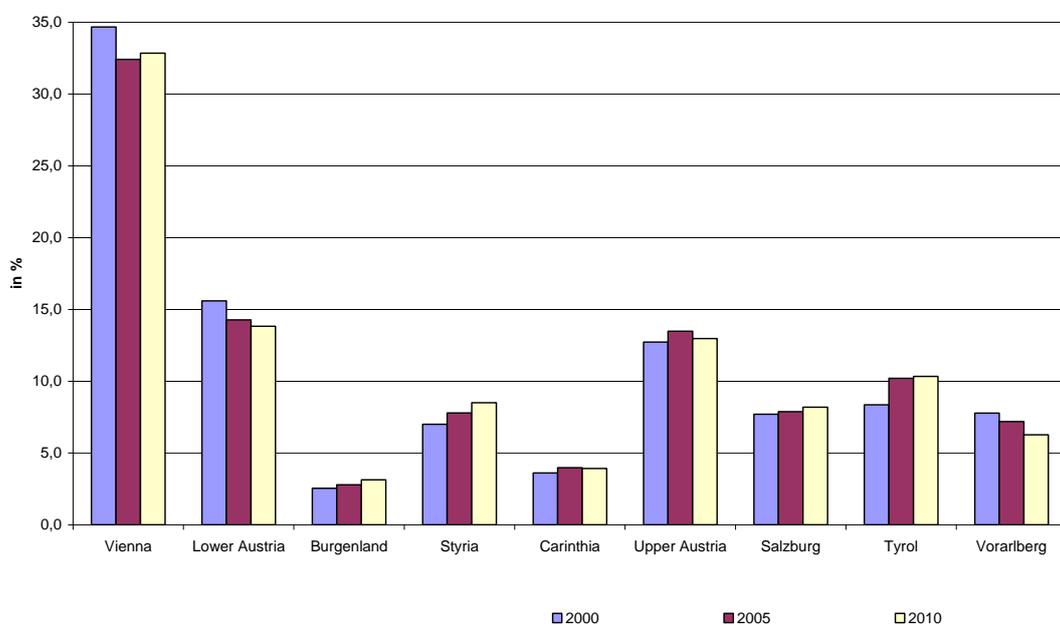
Source: Federation of Austrian Social Security Institutions.

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 16.2% for both in 2010. 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 (8.5% foreign worker share in 2010) and Carinthia (9%) 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 27).

The distribution of foreign workers across Austria is unequal. In Vienna alone we find 33% of all foreign workers, a further 14% are employed in Lower Austria and 13.5% in Upper Austria. 60% of all foreign workers in Austria are working in these 3 regions in 2010. (Figure 28 and Table 26)

Figure 28: Regional distribution of foreign labour in Austria (total foreign employment = 100): 2000-2010



Source: Federation of Austrian Social Security Institutions.

Table 26: Regional distribution of foreign workers in Austria
Annual average

	Total active employment			Foreigners			Foreigners in %		
	2000	2005	2010	2000	2005	2010	2000	2005	2010
Vienna	756.632	731.277	747.644	110.117	118.629	148.243	34,7	32,4	32,8
Lower Austria	507.108	515.016	544.392	49.513	52.229	62.383	15,6	14,3	13,8
Burgenland	78.016	82.530	89.233	8.074	10.194	14.153	2,5	2,8	3,1
Styria	417.810	431.026	451.359	22.245	28.506	38.361	7,0	7,8	8,5
Carinthia	186.846	190.626	196.822	11.464	14.568	17.719	3,6	4,0	3,9
Upper Austria	517.447	543.489	575.980	40.427	49.325	58.535	12,7	13,5	13,0
Salzburg	208.175	214.054	227.693	24.483	28.823	36.956	7,7	7,9	8,2
Tyrol	253.518	269.346	287.268	26.526	37.357	46.663	8,4	10,2	10,3
Vorarlberg	128.890	133.044	139.621	24.710	26.337	28.264	7,8	7,2	6,3
Austria	3.054.440	3.110.408	3.260.012	317.559	365.968	451.277	100,0	100,0	100,0

Source: Federation of Austrian Social Security Institutions.

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.

D) Employment of migrants by major occupational groups²⁹

A break-down of the employment stocks by occupational groups shows that 39% of total employment in 2009 accrued to the **highly skilled occupations**, 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 27 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%).

Table 27: 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.

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).

²⁹ Highly skilled comprise ILO ISCO-88 Classes 1, 2 and 3 (managers, executives, professionals, self-employed), skilled: major groups 4-8 (clerks, service workers, craft and related trade workers, machine operators...) and low skilled: major group 9 (elementary occupations).

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.

Table 28: 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	20428
	% of Total	0,2%	0,5%	1,7%	0,5%
TCNs	abs.	41.334	112.585	88.310	242229
	% 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.

Researchers³⁰ 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

³⁰ Means a (third-country national) holding an appropriate higher education qualification, which gives access to doctoral programmes, who is selected by a research organisation for carrying out a research project for which the above qualification is normally required.

regulation is an important means to reduce clandestine work of third country migrants³¹. (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 29: Workers by groups of citizenship and main category of employment by sex, 2009

	1. Nationals			2. (Other) EU-15 Nationals in Group ¹			3. EU-10 Nationals in Group ¹			4. EU-2 Nationals in Group ¹			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.

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.

³¹ 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.

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 30: 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).

E) Migrants by educational attainment level

Austria has in international comparison an above average proportion of workers in the medium skill bracket (ISCED 3-4). This group is very heterogeneous in terms of educational background, with a narrow academically oriented stream (Gymnasium), which prepares for university education in humanities, medicine, law, philosophy and the like, as well as streams of upper secondary education with a strong vocational orientation geared towards higher education either in the engineering or commercial/business fields. It comprises also the medium skills obtained through apprenticeship education and middle vocational schools as well as postsecondary non-tertiary education. Accordingly, the proportion of unskilled workers, defined as persons with high school as a maximum educational attainment level (ISCED 0-2), is fairly low just as the proportion of university graduates, basically only long-cycle university studies (ISCED 5-6).

With the introduction of short cycle university studies in the period 2000 to 2007, i.e. the bachelor, the proportion of university graduates is bound to rise reducing the share of the upper medium skill segment (Biffl et al 2010).

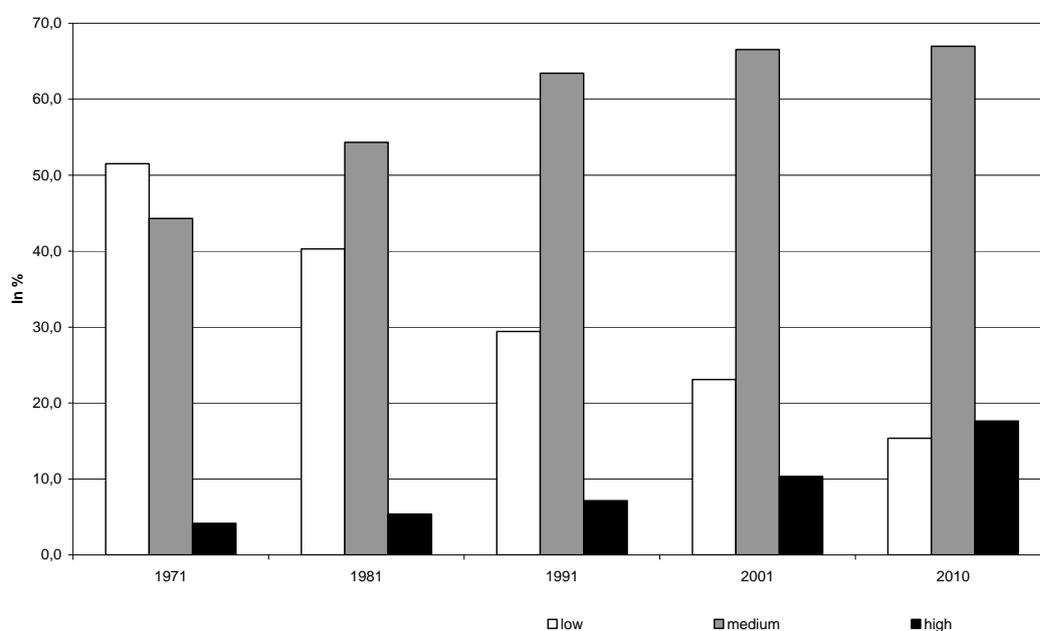
In international comparison, Austria has a pronounced gender gap of the educational attainment level. While the gender gap in the low skill segment amounts to less than one percentage point in the EU 15/27 it amounts to 8.4 percentage points in Austria. Consequently, more men than women are university graduates in Austria (+3.3 percentage points), quite in contrast to the EU15/27 average, where the number of women tends to exceed that of the male counterparts.

Another distinctive feature of the Austrian labour market is the gap in the labour force participation rate by educational attainment level, particularly in the case of women. Accordingly, the proportion of the unskilled amongst workers (ISCED 0-2) is significantly lower than in the population aged 15-64, above all in the case of women, while the share of university graduates is higher. This pattern is somehow linked to the limited outsourcing of household production to the labour market, indicating that the balance between work and family life is not easy to obtain in Austria. This situation results in a marked difference in fertility

by educational attainment level on the one hand and a high poverty risk of single earner families with (many) children, many of them migrants, on the other. (Biffl 2008, Neyer 2008)

As Figure 29 indicates, the long-term improvement of the skill composition of the labour force features above all in a rapidly declining trend of unskilled labourers (ISCED 0-2), a slow rise in the share of university graduates (ISCED 5-6) and a massive rise in the medium to upper medium skill bracket (ISCED 3-4) between 1971 and 2001. Ever since then the proportion of workers with medium skills more or less stagnates while the diverging trends at the upper and lower end of the skills' spectrum continue well into 2010. However, a slowdown in the decline of the share of unskilled workers can be discerned since the 1990s, and an acceleration in the rising trend of workers with university education.

Figure 29: Skill composition of employment over time: Austria 1971 -2010



S: Statistics Austria. Census, 2010 LFS.

In what follows we focus on the development of employment by educational attainment level and citizenship..

In 2010³², of the 3.5 million employees 398.000 or 11.5% were foreign citizens. Of this number 163.000 or 41% were EU-27 citizens and 59% of third countries. Between 2004 and 2010 the number of employees increased by 7.9% (+253.100); the bulk of the employment increase accrued to Austrian citizens (+194,100 or 77%), followed by EU citizens (+54,400 or 21%, while

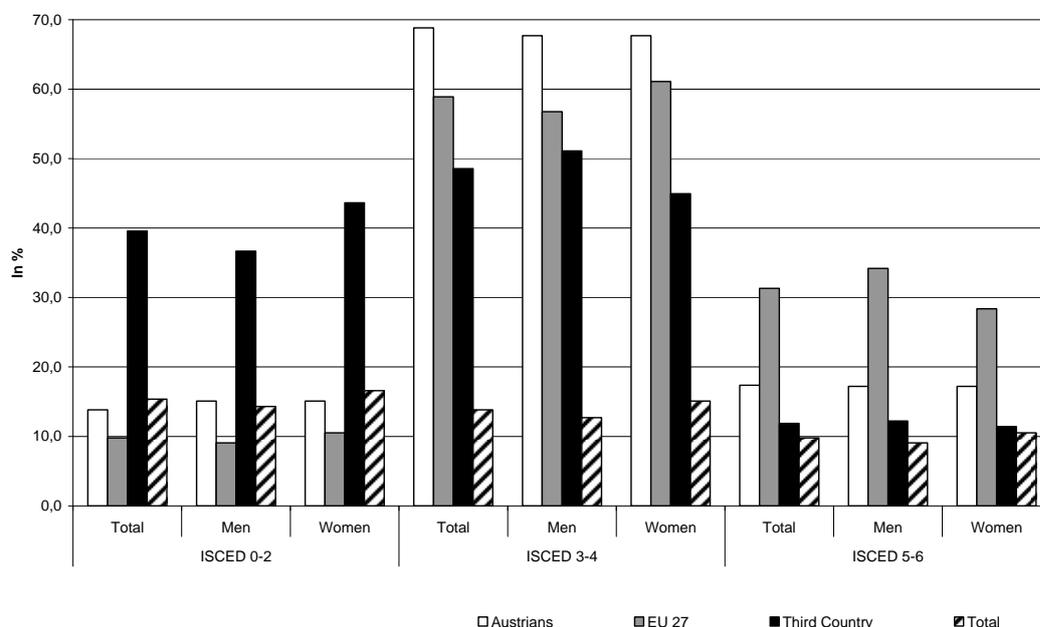
³² The data base is the Labour Force Survey (fourth quarter) from 2004-2010, employed persons 15-64 years of age; Data are taken from the LFS from 2004 onwards, as a statistical break does not allow comparisons with earlier periods.

the number of third country citizens hardly rose at all (+4,600 or 2%). This development is largely due to a significant increase in the number of 'new' Austrians, i.e. third country citizens who acquired Austrian citizenship³³. Citizens of another EU-MS see little reason for acquiring the Austrian citizenship.

The skill composition of migrants and Austrians differs, indicating a certain extent of complementarity in employment. Migrants tend to satisfy labour demand at the low and high end of the skill spectrum. While their share in total employment amounts to 11.5% on average, it reaches 20.4% among unskilled labourers (ISCED 0-2) and 12.9% among university graduates (ISCED 5-6). The polarisation of skills of migrants relative to Austrians holds for both men and women. On average 11.9% of male employees are foreigners (11% of female employment), but 13.6 of all male university graduates are foreigners (12% of all female graduates) and 21.8% of all unskilled men (19% of unskilled women). EU27 citizens tend to satisfy labour demand of university graduates while citizens of third countries tend to cluster at the lower end of the skills' spectrum.

Citizens from another EU country represented 4.7% of all employees in 2010. They constituted, however, 8.3% of all employed university graduates (men: 8.5%, women: 8.1%) and only 3% of all unskilled labourers. In contrast, citizens from a third country represented 6.8% of all employees but 17.4% of all unskilled labourers (men 19%, women 15.9%).

Figure 30: Composition of employment by educational attainment level and citizenship: 2010



S: Statistics Austria. LFS.

³³ Between 2004 and 2010 142,300 foreigners acquired the Austrian citizenship, 92% of them were of third country origin.

It can be taken from Table 31 that the skill composition of third country migrants has been improving since 2004. Then the share of unskilled labourers amongst all third country citizens amounted to 42% compared to 39.6% in 2010, while the share of university graduates rose from 10.7% to 11.9%. This is in contrast to the development of the skill structure of EU citizens. Their share of the highly skilled is slightly declining (from 31.7% in 2004 to 31.3% in 2010) and the share of unskilled is slightly rising (from 9.6% in 2004 to 9.8% in 2010).

Table 31: Development of the composition of employment by educational attainment level in % (15-64 years old)

Nationality	Educational attainment level	2004	2005	2006	2007	2008	2009	2010
Nationals	ISCED 0-2	15,5	14,9	15,5	15,2	14,3	13,5	13,8
	ISCED 3-4	67,7	67,8	68,6	68,7	69,2	68,8	68,8
	ISCED 5-6	16,9	17,2	15,9	16,1	16,5	17,6	17,4
	Total in %	89,5	89,9	89,6	89,1	89,3	89,5	88,5
	Total Persons	2876648	2932825	2999709	3010876	3089915	3089372	3070735
EU	ISCED 0-2	9,6	7,9	8,5	9,4	8,1	9,2	9,8
	ISCED 3-4	58,8	56,4	59,7	58,4	62,2	58,0	58,9
	ISCED 5-6	31,7	35,7	31,8	32,2	29,7	32,7	31,3
	Total in %	3,4	3,1	3,5	3,9	4,3	4,2	4,7
	Total Persons	108326	99790	116419	132364	147242	145137	162711
Third Country	ISCED 0-2	42,0	41,7	41,3	41,0	37,5	37,6	39,6
	ISCED 3-4	47,3	49,2	47,2	48,0	54,9	50,7	48,6
	ISCED 5-6	10,7	9,1	11,5	11,0	7,6	11,7	11,9
	Total in %	7,2	7,0	7,0	7,0	6,4	6,3	6,8
	Total Persons	230245	229964	233336	236945	221964	216111	234894
Total	low-skilled ISCED 0-2	17,2	16,6	17,0	16,7	15,5	14,8	15,4
	medium-skilled ISCED 3-4	65,9	66,2	66,8	66,9	68,0	67,2	67,0
	highly-skilled ISCED 5-6	16,9	17,2	16,2	16,4	16,5	17,9	17,6
	Total in %	100						
Total Persons	3215219	3262579	3349464	3380185	3459121	3450620	3468340	

S: Statistics Austria. LFS. Own calculations.

Research into overqualification (Biffl et al 2008, Bock-Schappelwein et al 2009) indicates that education and training obtained in Austria is key to employment which is commensurate with the educational attainment level acquired. The duration of stay and employment is another important factor ensuring adequate employment. In the medium skill segment overqualification is fairly rare, particularly in the case of apprenticeship education. Only some 9% of Austrian employees with apprenticeship education are overqualified for their job. In the case of foreigners who have not received their training in Austria the share of

overqualification is higher, amounting to some 21%; persons from Romania and former Yugoslavia are more often than others overqualified for their jobs (some 28%).

University graduates are more prone to work below their skill levels, in the main if they have not graduated from an Austrian university. This is above all the case for persons who migrate to Austria at a mature age (over 40). It appears to be particularly difficult for university graduates from Asia, Turkey and former Yugoslavia to transfer their knowledge and skills to the Austrian labour market. In these cases about two third tend to be overqualified for their jobs.

2. Unemployment of foreign workers

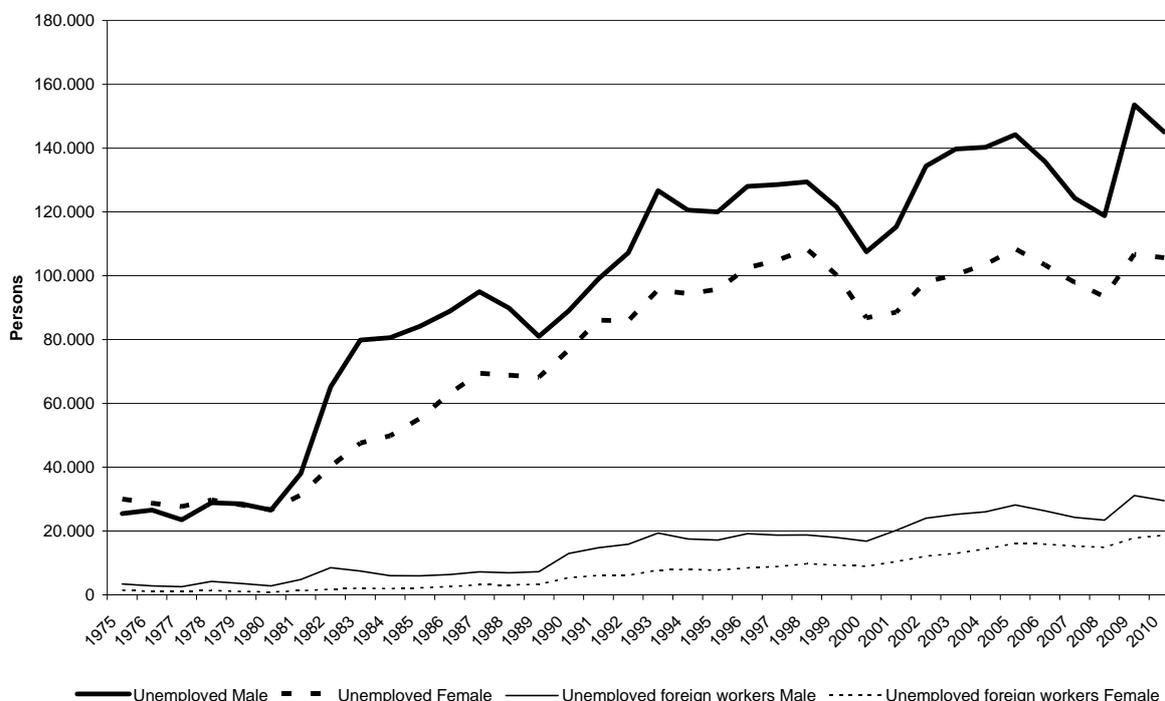
Unemployment has followed a long-term rising trend with intermittent cyclical fluctuations. This holds for Austrian as well as foreign workers. The numbers of unemployed men have always surpassed those of women; but men tend to have more pronounced cyclical fluctuations than women.

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 again, for the first time in 5 years, and continued to do so until 2008 (212,300), when the economic crisis set in. In 2009, unemployment levels rose to unprecedented heights, reaching 260,300. In 2010 unemployment declined again in the wake of economic recovery, did not return to pre-crisis levels, however. With 250,800 unemployed in an annual average the level of 2008 was surpassed by 38,500 or 18%. The unemployment situation of foreign workers was less favourable. Accordingly, in 2010, their numbers of unemployed surpassed the 2008-level by 9,900 or 25.9%.

The increase of unemployment affected men more so than women, and above all natives. (Figure 31) In 2010 the number of unemployed men surpassed the unemployment level of 2008 by 26,300 (22.1%), in the case of male foreign workers by 6,100 or 26.1%. The unemployment situation of women was on average less critical with an increase versus 2008 of 12,200 (+13.1%); in the case of foreign women the situation was worse with a plus of 3,800 or 25.6% versus 2008.

The share of foreigners in total unemployment has continually increased over time, from 8 percent in the mid 1970s to 19.2 percent in 2010. Foreign men constitute a somewhat larger fraction of total male unemployment, namely 20.3 percent, compared to a share of foreign women in total female unemployment of 17.7 percent. While women made up 42 percent of all unemployed in 2010, the proportion of women in foreign unemployment is significantly lower with 38.7 percent in 2010.

Figure 31: Total unemployed and unemployed foreigners 1975-2010
Annual average



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

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 5.9 percent. In 2009, the unemployment rate rose at an unprecedented rate to 7.2% (1.3 percentage points versus 2008) and declined again in the wake of the economic upswing to 6.9% in 2010. The cyclical pattern for foreign workers follows the national pattern³⁴.

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. In 2010 the decline in unemployment was somewhat stronger than in the national average leading to 9.6%, i.e. -0.5 percentage points (compared to the national average of -0.3 percentage points).

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

³⁴ 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.

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 gap in the unemployment rate declined to 0.2 percentage points. In the year of 2009 the gender gap in the unemployment rate increased again to 1.6 percentage points and declined thereafter to 1.2 percentage points in 2010.

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	ex- Yugoslavian
1998	6,9	7,5	9,1	8,0	8,7	10,8	8,4
1999	6,5	6,9	8,5	7,5	8,2	9,9	8,0
2000	5,8	5,9	7,8	6,9	7,5	9,0	7,4
2001	6,2	5,9	9,1	7,6	8,5	10,6	8,6
2002	7,2	6,4	10,5	8,5	9,8	12,1	10,4
2003	7,5	6,5	10,6	8,6	9,8	12,6	10,8
2004	7,5	6,6	10,6	9,1	10,0	13,2	11,0
2005	7,7	6,8	11,1	9,8	10,6	14,1	11,5
2006	7,1	6,4	10,1	9,2	9,7	12,8	10,6
2007	6,5	6,0	8,9	8,5	8,8	11,6	9,4
2008	6,1	5,6	8,2	7,9	8,0	10,9	8,9
2009	8,0	6,4	10,9	9,1	10,2	13,9	11,3
2010	7,5	6,3	10,0	9,2	9,6	13,0	10,7

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.

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 gender gap in unemployment of foreign workers was 1.3 percentage points in 2005, declined to 0.4 percentage points in 2008, rose again to 1.7 percentage points in 2009 and declined again to 0.8 percentage points in 2010. In 2010, the gender gap in unemployment was thus more pronounced for natives than for migrants (1.2 versus 0.8 percentage points), the male rate surpassing the female rates.

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 10.9 percent in 2008. In 2009, however, the unemployment rate of Turkish citizens increased again to an all-time high of 13.9%, decreasing slowly to 13% in 2010. (Table 32)

The other traditional foreign group originates from former Yugoslavia. If we take the sum of citizens of these regions, excluding Slovenia, we can calculate an unemployment rate and compare the development over a longer time span. In 2001, their unemployment rate conformed to the average of all foreign workers (7.4%). In the ensuing economic decline their unemployment rate rose somewhat faster than the average of foreign workers, reaching a peak of 11.5% in 2005, 1 percentage point above the average of foreign workers. This gap could not be recovered in the ensuing cyclical fluctuations. In 2010 the unemployment rate of persons from former Yugoslavia, including citizens of Macedonia, Kosovo, Serbia/Montenegro, Croatia and Bosnia, amounted to 10.7%.

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.

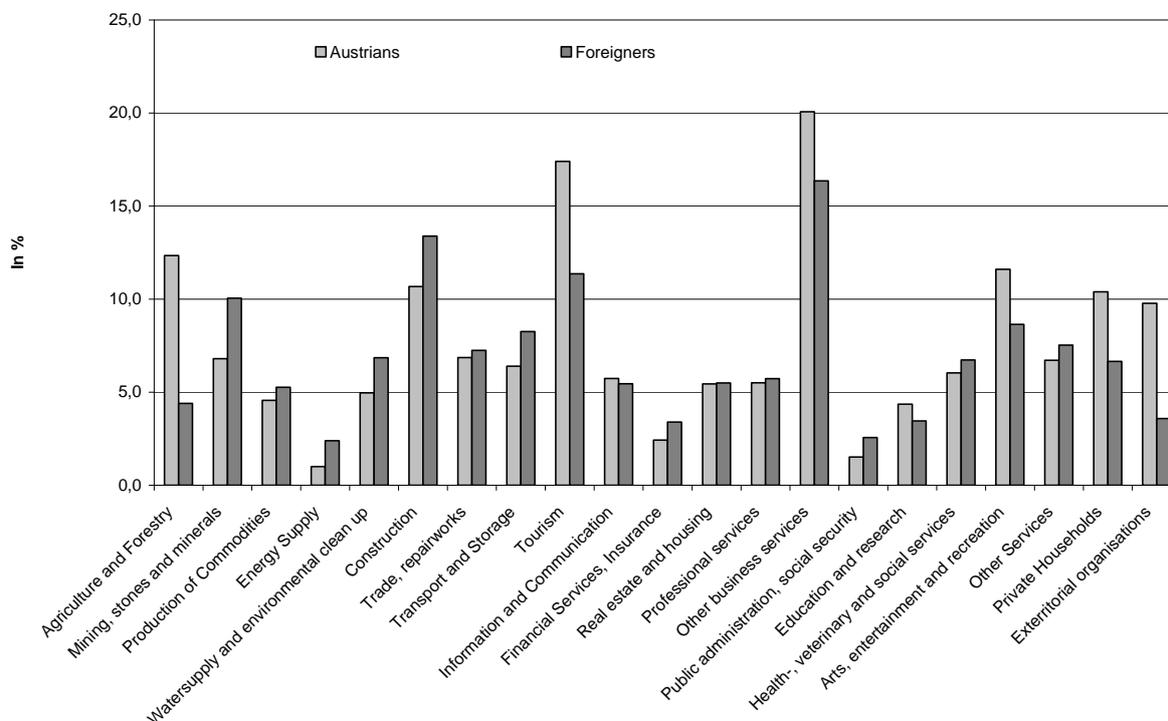
Foreigners used to have higher unemployment rates in most occupations, except in tourist services and in agriculture and forestry, where foreigners tend to be seasonal workers, meaning that they have a contract for a particular period, which does not allow the acquisition of the right to unemployment benefits.

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.

This picture emerges also if one calculates unemployment rates by industry. Industries which have a strong seasonal employment component tend to have some of the highest unemployment rates of Austrians and foreigners. 'Other' market oriented services, largely cleaning, take, however, the lead with 20.1% in the case of Austrians and 16.4% of foreign workers. Second in line is tourism with an unemployment rate of 17.4 percent of Austrians and 11.4% of foreigners in 2010. In contrast, in construction, the unemployment rate of Austrians is lower than that of foreigners (10.7 percent vs 13.4%).

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

Figure 32: Unemployment rates by industry of Austrians and foreigners 2010



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

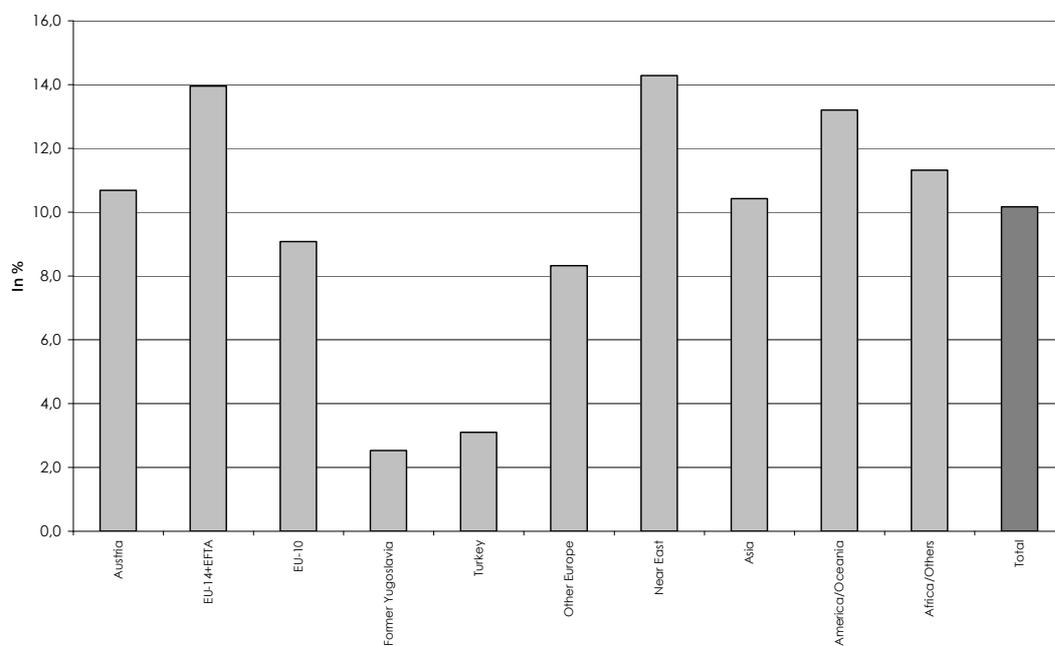
3. Entrepreneurship

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 33 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.

Figure 33: Share of self-employed in total employment in percent by country of birth (2001)



Source: Statistics Austria (Census), own calculations.

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

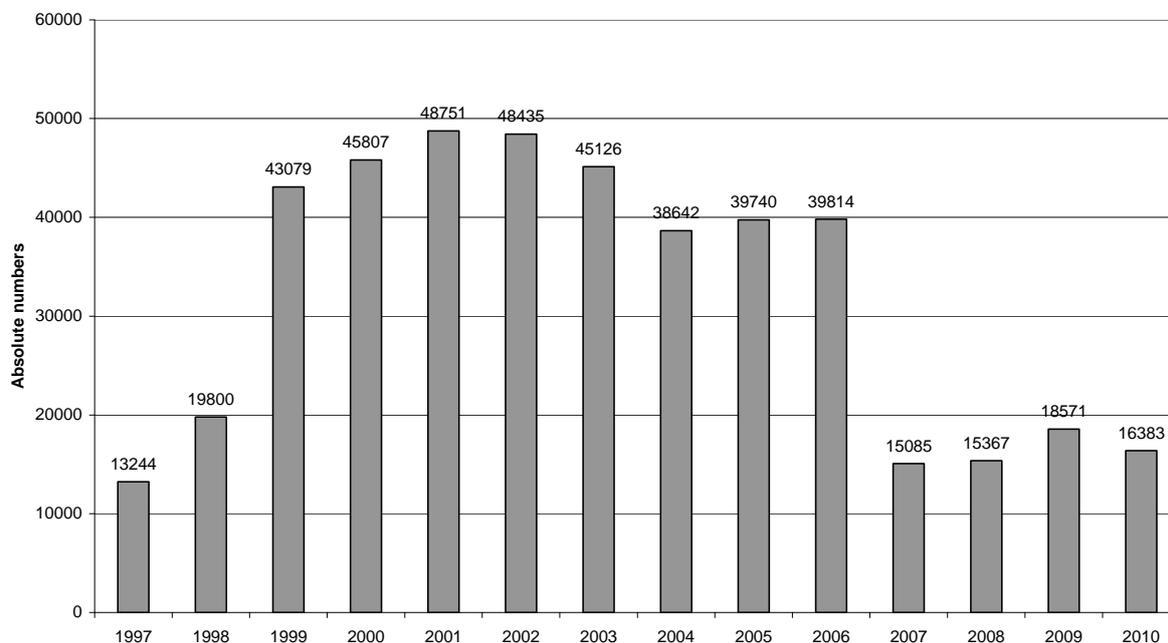
vague relative to residence permits on humanitarian grounds, leaving too much discretionary power to the Ministry of the Interior.

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*, 2007/2008/2009/2010).

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 2010. These numbers have risen between 1997 and 2001/2002, where 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*, 2005/06/07/08/09/10). 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 more or less at that level until 2010 (Figure 34). This 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 29 percent of all persons apprehended in 2007. Since then the share of apprehensions of illegally residing migrants of all apprehensions increased again to 57.5% in 2010.

In contrast, the decline in the number of victims of trafficking in humans has been smaller (from 12,600 in 2006 to 6,700 in 2010). Their proportion of apprehensions has been quite volatile. In 2010 their proportion of all apprehended persons in 2010 amounted to 40.7%. Also the number of traffickers in humans has declined to 301 in 2010 such that the share of this group of apprehensions has declined to 1.8 percent of all apprehensions in 2010. (Figure 34)

Figure 34: Apprehensions of illegal entrants and illegally residing migrants (overstayers) in Austria



Source: Ministry of the Interior, Illegal Migration Report (Schlepperberichte 2006-2010).

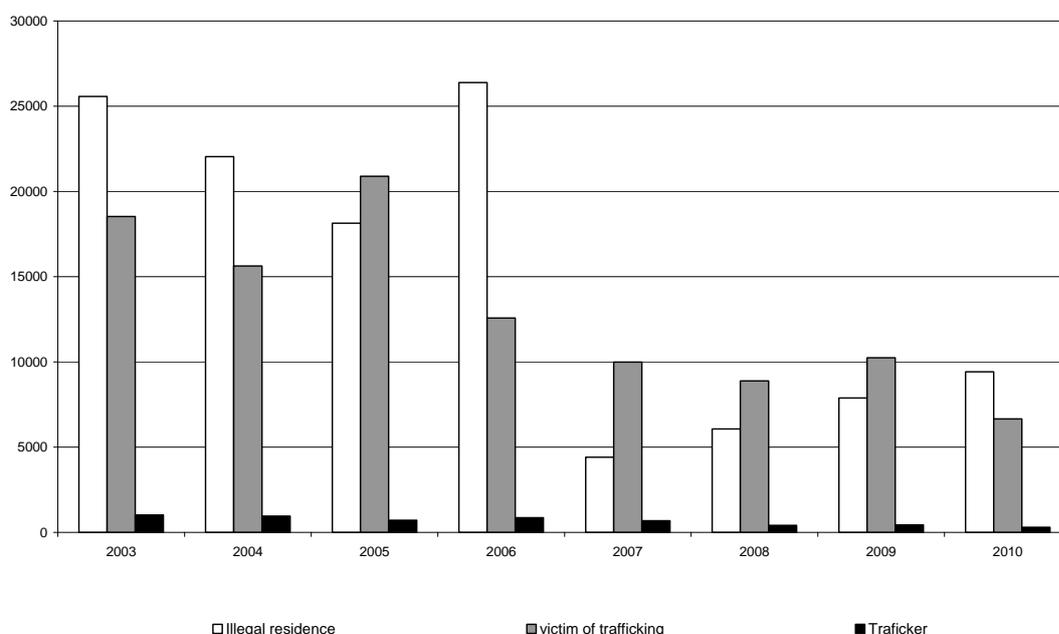
In 2010, the main routes of illegal entry into Austria were from Italy (42% of all apprehensions), followed by Hungary (23.7% of all apprehensions). Preferred transportation of irregular entrants is the train (21%), closely followed by car (20%) and by truck (15%). Accordingly, the road is the main route of entry (54%), followed by train (31%) and the airport (11%).

Most of the smuggled persons in 2010 were citizens of Afghanistan (1,200), followed by citizens of the Russian Federation (1,100). The majority of the victims of trafficking were men (77%), largely young or middle aged: 43% were 19-30 years old and 15% were 15-18 years old and another 17% were 31-40 years old.

In 2010, the major nationalities of traffickers were Austrians, followed by citizens of Greece, Turkey, Afghanistan, Pakistan, Serbia and the Russian Federation. Almost all of them are men (91%). Two third of them are between 21 und 40. (Figure 37) 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 region³⁵.

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



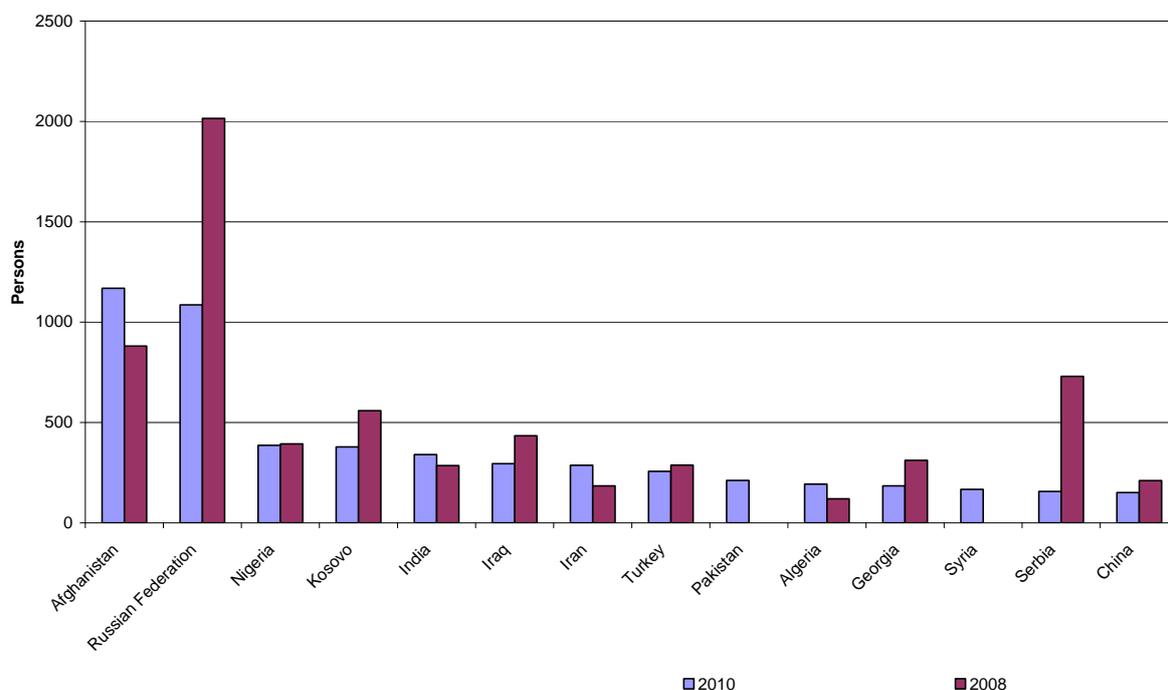
Source: Ministry of the Interior, Illegal Migration Report (Schlepperberichte 2006-2010).

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

³⁵ 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.

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.

Figure 36: Major nationalities of victims of trafficking in Austria



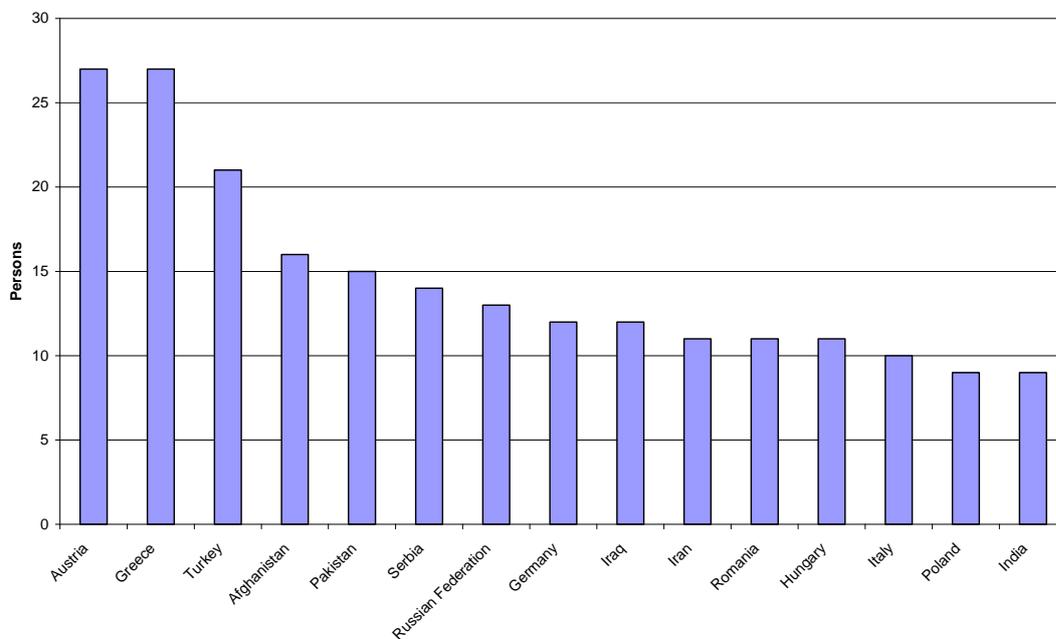
Source: Ministry of the Interior, Illegal Migration Report (Schlepperbericht 2008-2010).

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 (Biffl 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 (10,500 in 2010), 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.

Figure 37: Major nationalities of traffickers of humans apprehended in Austria 2010



Source: Ministry of the Interior, Illegal Migration Report (Schlepperberichte 2008-2010).

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.

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. 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.

According to estimates by Kovacheva—Vogel (2009) the number of irregular migrants in Austria, i.e. of irregular residents, amounted to 18,000-54,000 in 2008. This means that 0.2% to 0.6% of total population were irregular migrants, and thus between 2.1 and 6.2% of all foreign citizens in Austria.

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 2010, all in all 31,600 such police actions were registered, 10,200 more than in 2009. This rise is basically due to a large increase of the number of administrative orders to leave the country (8,200 compared to 1,700 in 2009).

With EU enlargement the number of police measures halved, as citizens of the new EU-MS could settle in Austria. This explains why the decline was basically the result of a massive reduction of rejections at the border. They used to constitute half of the police actions. They could be reduced from 31,200 in 2006 to 7,600 in 2007 and further to 502 in 2010.

The largest share of police measures, apart from administrative orders to leave the country in 2010, are detentions (28 percent in 2009 and 19% in 2010). Third in line in 2010 were denials of residence by §60, namely 4,400 measures, i.e. 14% of all police measures (compared to 19% in 2009).

Expulsions by paragraph 53 remained fairly stable in numbers, while they continued to decline in the case of § 54. The number of deportations was slightly on the rise in 2010, and so were detentions and denials of residence. Refoulement cases declined somewhat in 2010.

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. In 2010 the numbers were quite high affecting 4,400 persons.

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

	2004	2005	2006	2007	2008	2009	2010
Rejections at the border §41	26.280	27.043	31.189	7612	2695	831	502
Refoulement §45	4.132	1.895	1.685	1700	1652	1383	1030
Expulsion §53	6.104	4.306	3.574	1843	2113	2574	2394
Expulsions §54	274	439	163	430	178	90	64
Denial of residence §60	9.132	7.194	5.294	4542	3903	4051	4418
Denial to return to Austria §62			975	629	493	426	440
Detention §76	9.041	7.463	8.694	6960	5398	5996	6153
Lesser measures §77	362	285	927	1158	1809	1877	1404
Forced measures	391	20					
Voluntary return to country of origin §	5.510	4.791	5.655	2443	2957		4449
Administrative order to leave the country						1670	8189
Deportation	5.274	4.277	4.090	2838	2026	2481	2557
	66.500	57.713	62.246	30.155	23.224	21.379	31.600

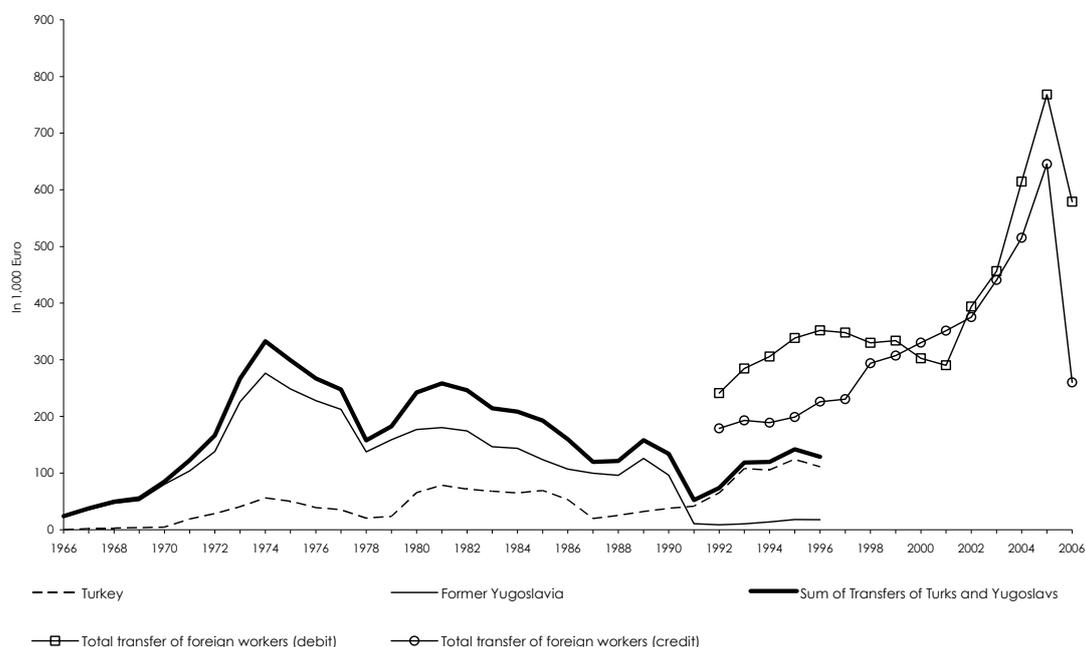
Source: Federal Ministry of the Interior.

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)

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).

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



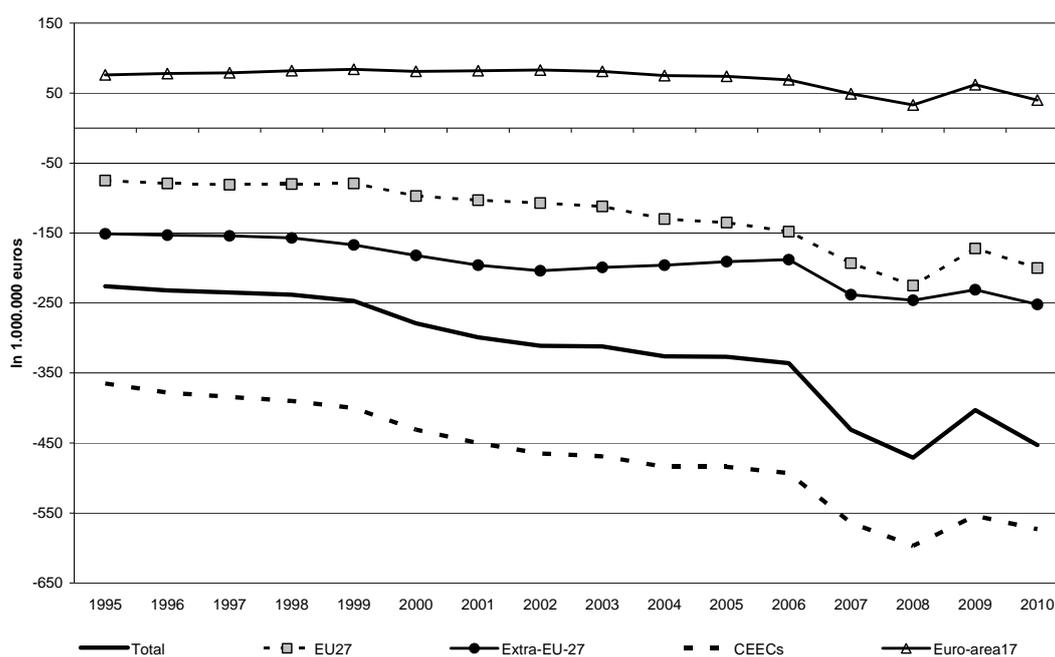
Source: Austrian National Bank (OeNB).

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.

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 possible. 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 2010. 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 226 million € in 1995 and rising to 453 mill € in 2010. Remittances between countries of the Euro 17 area and Austria result in a net inflow of money into Austria. Since 1995 the amount is declining, however, from 76 million Euro in 1995 to 40 million € in 2010. In contrast, significant net outflows of remittances go into Central and Eastern European Countries (CEECs), indicating that foreign workers of these regions save as much money as they can to send it back home to their families. In 2010 the net outflows to CEECs amounted to 573 million Euros, up from 365 million€ in 1995.

The flow of remittances between Austria and the EU27 is also linked with a rising outflow of money from Austria, reaching 200 million € in 2010, after 75 million in 1995. Remittances with the world outside the euro-area also entail net outflows, namely 252 million € in 2010. In 2007, as can be seen in the figure below, the net financial outflows have increased drastically – an indication of the onset of the financial crisis and the increase in remittances to the regions of origin of the migrants who tended to be harder hit than Austria.

Figure 39: Net financial remittances of migrants in Austria to their source regions in million € 1995-2010



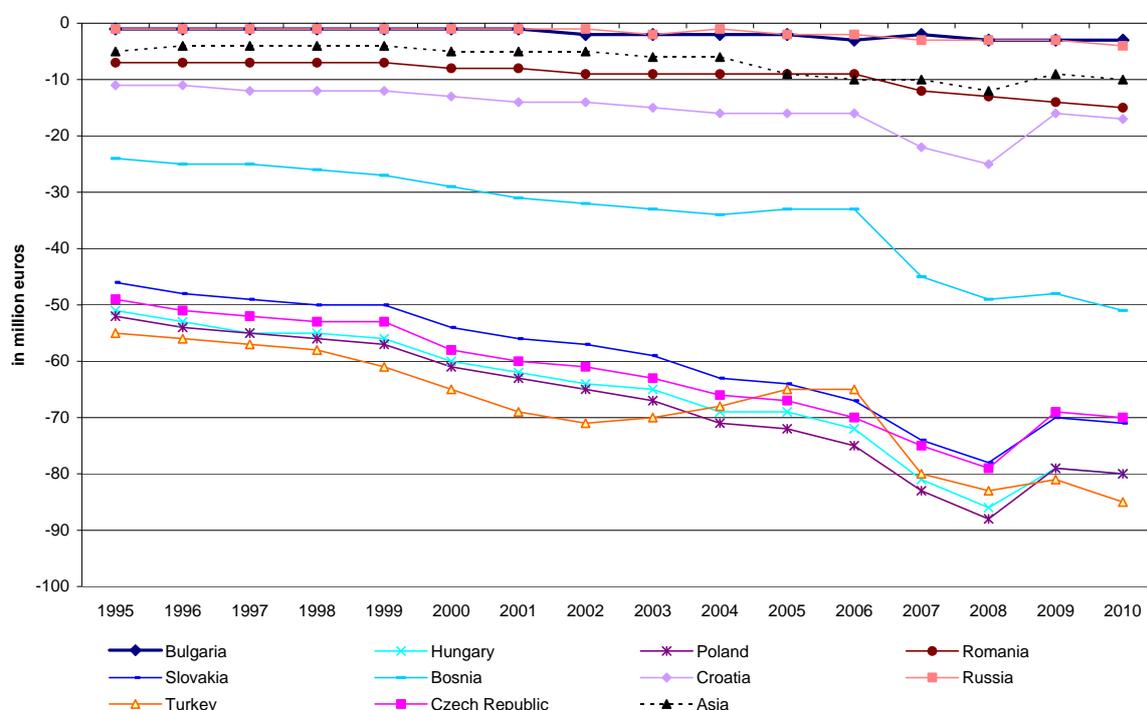
Source: Austrian National Bank (OeNB).

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. The money transfers constitute a major source of income for the families back home.

It can be taken from Figure 40 that migrants from the traditional foreign worker source regions, who are well established and who have already accumulated some wealth in Austria are the ones that send more money 'back home' than the more recent migrants from CEECs, Russia and Asia. Turkey is an interesting case; the volatility of economic growth in Turkey and the onset of the recession set in 2000 triggered off increasing outflows of

remittances from Austria to Turkey. Net remittances increased from 55 million in 1995 to 72 million € in 2002. In the wake of economic recovery in Turkey outflows slowed down to 65 million in 2006; the international financial crisis in 2007/08 promoted outflows of money to Turkey leading to a peak of 86 million € in 2010. By sending remittances to Turkey, the Turkish migrants in Austria contribute to investment and consumption in Turkey, thereby promoting Turkish economic growth. This point is examined in more detail by Akkoyunlu—Kholodilin (2006). They conclude that remittances buffer above all the negative consequences of economic volatility for poor households, thereby stabilising consumer demand in Turkey.

Figure 40: Net financial flows of migrants in Austria to their home countries in million Euros 1995-2010



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 2009³⁶.

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).³⁷ 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.

Integration policy

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 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

³⁶ Download from the website of the Ministry: <http://www.integration.at/>

³⁷ Erlass zu GZ 435.006/6-II/7/04, EU –Erweiterungs-Anpassungsgesetz; Durchführungserlass.

'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.

Institutional and Policy Framework for Integration

The institutional setting for integration is rapidly changing. Not only have almost all federal states developed 'Integration guidelines' (Integrationsleitbild) by 2010 but they are also well on their way in implementing integration measures in the various fields, be they relative to the preschool and school environment, the labour market and coordination of institutions and associations which promote employment and further education (Biffl et al 2010), as well as housing and regional integration (Regionalmanagement).

A major driving force between 2009 and 2011 has been the Federal policy on integration, featuring in the NAP.I (National Action Plan of Integration), the establishment of an expert group, advising the Ministry of the Interior on matters of integration (Expertenrat), and the establishment of an integration council (Integrationsbeirat); all these institutional changes have led to the development of a road map towards mainstreaming integration. The latest element in a change of the institutional ramifications has been the implementation of a Secretary of State for Integration in the Ministry of the Interior early 2011; he is the hub for the coordination of integration policies in the various ministries. The budget of the Interior Ministry for integration amounts to 36.86 million € in 2012. In addition, the Ministry is providing funds under the condition that the Bundesländer add the same amount. Accordingly the actual integration budget can be assumed to be double the above amount. Apart from that, every Ministry and Bundesland is requested to develop affirmative action programmes for migrants, which are in line with the 7 themes of the National Action Plan.

The increasing focus on implementing structured integration measures is complemented by the reform of migration policy towards a point based system of immigration. All these reforms are geared towards coordination of migration and integration management. Also information and media policy is slowly changing, moving away from a focus on problems and turning towards opportunities emanating from a greater diversity of people.

The role of citizenship for labour market integration

Austria is among the countries with high barriers to the acquisition of citizenship (Bauböck et al 2006), at least since the reforms of the citizenship laws in 2005-2008. Does this hamper labour market integration? If we compare labour market outcomes of Austria with France, which grants citizenship on the basis of territory (*ius soli*), we see many similarities in labour market outcomes. The latter may flow from the welfare model rather than the civic territorial model. Brubaker (1992) argues that citizenship may promote a feeling of belonging, but it is the welfare model which structures labour market outcomes.

Changing union policy

There are increasing signs of a changing union policy towards immigrants. In the year 2006 foreigners have been given the right to join unions and to become members of employer councils. It has to be mentioned, however, that the latter right was not granted freely by the Trade Union Congress but only after the intervention by the European Court of Justice. The latter acted upon the appeal of the Austrian union of white collar workers (GPA) together with a migrant association (migrare). This incidence shows that there is increasing debate on the role of migrants in the trade union movement and the implications of free mobility within the EU for trade union policy. Groups within the trade unions are increasingly giving voice to migrants (e.g. work@migration in the GPA), standing up for rights as diverse as citizenship to children born in Austria to foreign citizens and the right to access work for all migrants, independent of their legal status. (Biffli 2010)

Labour market outcomes of integration of migrants

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 effectiveness³⁸.

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 pacts³⁹. 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 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. 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.

³⁸ For a first attempt to collect information about integration measures in the various regions see *IOM – BMI* (2005).

³⁹ 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.

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).

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.

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). In Austria, centralised collective bargaining agreements (Kollektivverträge) ensure equal treatment in employment by industry and skills, thereby linking wages with skills acquired in the various elements of postsecondary and tertiary education. Almost every job is regulated by collective bargaining agreements (98% bargaining coverage rate⁴⁰), encompassing regulations as diverse as wages, working hours and general working conditions. The bargaining system ensures that wages are in line with productivity developments, thereby stabilising inflation and ensuring economic stability (Fuess—Millea 2001, Aidt—Tzannatos 2001). As a result of the regulative density, wages in the formal sector in Austria do not differ much by nationality, as there is little room for different treatment of immigrants.

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

⁴⁰ The bargaining coverage is lower in most other EU-MS, ranging from 47% in the UK, 50% in Switzerland, 69% in Denmark to 89% in Sweden. (Aidt—Tzannatos 2001)

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.

The low wage differences between migrant and Austrian women is the result of a low labour force participation of women with a low educational attainment level of Austrian as well as migrant women as care work tends to remain in the household sector, promoted by the Austrian tax and cash transfer system⁴¹. (BKA2010) But also foreign worker policy tends to hinder labour force participation of unskilled migrants, as access to the labour market requires labour market testing; only after 4 years of legal residence in Austria can third country citizens get the 'green card' which allows the uptake of employment without labour market testing. This feature of the law bars entry to the labour market of third country low skilled migrants who tend to immigrate on the basis of the family reunification programme. There has been no legislative change which would amend that. With the introduction of the red-white red card in 2011, however, family members of that card (Rot-Weiß-Rot — Karte plus) will face no restrictions to enter the labour market. This fact together with the fall of transition regulations for EU-8 member states will raise competition for jobs, particularly for the unskilled. This may result in a rise in unemployment and/or may exercise a certain downward pressure on wages for the unskilled.

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.

Public opinion and discrimination

In order to provide a factual background for integration measures Austria has developed integration indicators and published them since 2009, the year of the drafting of the NAP.I, the National Action Plan for Integration. (Statistics Austria 2011) The set of indicators includes also an 'integration barometer', i.e. subjective feelings about the integration process on the basis of a sample survey of natives and migrants. The results of the opinion polls are sobering and disillusioning. In 2011 13.1% of the natives meant that integration was not working at all, compared to 17.9% in 2010, while 32.1% felt that it was working more or less ok (compared to 27.2% 2010). The pessimistic views on the integration process were not spread evenly across socio-economic groups and regions. Older persons and un- and semi-skilled workers are more pessimistic as well as Vienna and Upper Austria. The views are independent of the extent of contact with migrants, contrary to an often held hypothesis. The survey did not ask for the reasons for the views given, be it the political discourse, which is often anti-immigrant, or because of actual experiences and conflicts.

⁴¹ Single earner tax breaks as well as cash benefits for child-care and domestic care for the sick and elderly contribute to the limited outsourcing of care work from households to the market. (BKA 2010)

The opinions voiced by migrants are in stark contrast to that of natives: the overwhelming majority of migrants say that they feel at home and welcome in Austria, namely 86.5%. Only 6.5% of migrants do not feel at home at all in Austria. The optimism of migrants relative to integration has even increased somewhat versus 2010. Women tend to have a feeling of belonging more often than men and youth more often than adults. The feeling of belonging correlates with the duration of stay in Austria and the socio-economic status. Migrants with higher educational attainment level and a high degree of integration into the labour market feel more at home in Austria than unskilled persons and migrants who are at the margin of the labour market. Also the country of origin counts: 91% of persons from former Yugoslavia feel at home in Austria but only 77% of Turkish migrants.

The optimistic view of migrants relative to integration is highly correlated with their improvement of their personal living conditions in Austria. The proportion of migrants who state that their living conditions have improved increased versus 2010 (from 29.5% to 32.3%), and the proportion of those who experienced a deterioration declined (from 30.5% to 22.2%).

The proportion of natives who think that migrants are disadvantaged or discriminated is lower than the proportion of migrants who believe that they are disadvantaged (27.3% versus 37%). There is a declining tendency of discrimination. The proportion of migrants who feel that they are discriminated against is highest for unskilled and poor persons and above all of Turkish migrants. 54% of Turkish migrants say that they feel disadvantaged versus 29% of migrants from former Yugoslavia.

Finally, questions relative to xenophobia indicate that there is increasing recognition that immigration is meant to stay and that integration is a process everybody has to participate in. Accordingly, racist items and statements are only supported by 2.5% of the natives, while unquestioning voices in favour of migration have declined as well to 17%.

VIII. Fiscal aspects of migration

This topic was not an issue in the early years of immigration, when unemployment was low and when migrant workers were in the main target workers without family members. It was obvious that they were paying more into the welfare system than they took out, as they were in the main prime age workers. In the 1980s, however, as domestic labour supply growth picked up — a consequence of the baby-boom generation entering the labour market — and as immigration continued, increasingly as a result of family reunion and refugee intake, questions about the effect on welfare budgets surfaced. They became an issue of public debate, and in consequence of research, during the 1990s. The research has to be understood in the context of substantial inflows of migrants, workers as well as refugees in the wake of the fall of the iron curtain and, thereafter, the war in Yugoslavia. (*Biffi 2002, Biffi et al 1998*) Not only the large numbers but above all the composition of the inflows became a

matter of concern. Immigration to Austria had changed its character from a guest worker programme to one of immigration proper, not dissimilar to traditional immigration countries with a large humanitarian intake. (*Fernandez de la Hoz — Pflegerl 1999*) This had implications for the welfare system.

Research indicates that, on average, payments of migrants into the social security system and receipts from the system were more or less balanced in the 1990s. The analyses differentiate between the various elements of social protection, e.g., unemployment insurance, public housing contributions, child benefits, retirement benefits, health care services etc. The contributions of migrants to the public household are primarily social security contributions, wage and value added tax.

Migrants have on average a lower annual income than natives — in the 1990s it was some 85% of the national mean. This is due to the combination of various factors: their on average lower skills, their concentration on low wage industries, the high proportion of seasonal work, and their limited opportunities to join the core work force of enterprises (Insider-Outsider problem). Given the progressive tax system, their social security contributions and wage taxes were 24% below the national average.

Contributions to unemployment insurance constitute part of social security payments. As migrants are in the main in low wage industries and occupations, their contributions to the unemployment benefit system are below average — 16.3% below the national average in the period 1989-1999. The returns in terms of unemployment benefits (active and passive labour market policy measures) are somewhat higher than for nationals. This is in the main the result of the above average incidence of unemployment of migrants, which results not only from the types of jobs they occupy but also from the employment protection of indigenous workers. This is a longstanding feature of Austrian labour law and dates back to the thirties. Accordingly, a foreign worker is the first to be laid off if the enterprise reduces its work force. It was not until 2011 that this element of the foreign worker law was eliminated (AuslBG). However, the average duration of unemployment benefit receipt is shorter in the case of migrants as they are not generally able to access long-term benefits — only permanent permit holders are treated equally with Austrians—, thus keeping the positive differential in total benefit receipts of migrants minimal.

In contrast, foreign workers pay into a public housing fund without very often being able to draw benefits from it as long as they are aliens. The legislation on these matters is regional and no comprehensive statistical information is available on a national basis. (*Csasny—Hartig—Schöffmann 2000, Deutsch — Spielauer in Biffi et al. 1997, Biffi et al. 2002*)

Contributions to the public pension system do not differ between natives and foreign workers at any particular point in time and there is no distinction between the pay out of pensions to migrants and natives. If pensions are transferred abroad, it may be a pension to an Austrian or a former migrant worker. As migrants, particularly foreign workers from the traditional source countries, tend to settle in Austria, retirement pay is increasingly spent in Austria. As

contributions to the public pension system are on a pay-as-you-go basis, pay-outs follow after a considerable time lag. It was not until the mid 1990s that a larger number of migrant workers, namely those who came to Austria in the first wave of the 1960s, began to enter the retirement system.

The composition of migrants at a particular time informs us only about the balance of the social transfer system at that time. In order to know more about the longer term relationship, these partial analyses need to be complemented by dynamic process analyses. This calls for longitudinal data of migrants and natives over the life cycle. In such a generations model, it becomes necessary to take into account the number of children, their use of educational resources, the income of immigrants, their health status and their life expectancy. If, for example, an immigrant has no or only one child over the life cycle and earns an above average income, then he/she is a net contributor to the social budget during the working life. When entering retirement, the situation changes, particularly if the period of retirement is long. Simulations of various phases in life would need to be made for the various categories of immigrants, low income earners with many children, rich ones with few children, retirees staying or returning to their country of origin, etc., and compared with natives.⁴²

As the composition of immigrants and natives is changing over time, so is their impact on social budgets. The balance in the transfer budget is reached when child benefits and retirement benefits are compensated by the contributions paid into the social policy budget over the life cycle. A comprehensive cost-benefit analysis of migrants in the context of social transfers has to take the generational transfers into account as well as the impact of migrants on educational, health and care infrastructure, and not only direct transfer payments like child benefits and retirement pay. If we do this, migrants tend to contribute more to social budgets than they take out. This may not come as a surprise as the Austrian welfare system is contribution based and has a relatively small redistributive capacity.

Migrants have on average a higher fertility rate than natives, but the educational resources spent on migrant children are below average. (*Biffi—Schappelwein in Fassmann—Stacher(eds) 2003*) As to the health status of migrants — they are healthier when young and upon arrival but become a vulnerable group of people when getting older. The lower than average educational attainment level of migrants and the associated above-average physical and often also mental and psychological strain in the workplace, are the main explanatory factors for the weaker health of older migrants.

This insight should trigger off more focused medical attention on occupational diseases and their impact on health conditions over the life cycle. It may well be that a different organisation of work in enterprises, i.e., job rotation, flexible work arrangements, reduction of shift work with age and the like, can help reduce health problems of older workers. Given the

⁴² Simulations of that kind (overlapping generations models) are starting to be undertaken in Austria see *Karin Mayr (2004)*.

large proportion of migrants in unskilled and semi-skilled occupations, this may be rather difficult. (Biffi 2003)

The bad health record of older migrants adds yet another dimension to the already daunting task of providing adequate care for an aging Austrian population. This implies that health care institutions will be faced with caring for people with special needs due to often chronic and multimorbid health problems as well as different language and cultural background. This may imply institutional adjustments, e.g. intercultural training for care personnel and medication and equipment. (Pochobradsky et al. 2002; Dogan—Reinprecht—Tietze 1999)

IX. 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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