



Danube University Krems

Department for Migration and Globalization

Impact of Migration on Employment in Austria and the role of integration policies (2000-2009)

Gudrun Biffl

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Draft-Report of the National Expert to the IOM Independent Network of Labour
Migration & Integration Experts (LMIE-INET).

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Impact of Migration on Employment in Austria and the role of integration policies (2000-2009)

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Foreword

The Austrian IOM LMIE-INET report focuses on the impact of migration on employment within the broader context of socio-economic development of Austria. An introductory section provides an overview of economic and labour market developments of Austria relative to the EU 27 between the year 2000 and 2009. The introductory note is followed by Report I, which takes a closer look at labour market developments in the light of changing migration policies and migration dynamics. The following section (Report II) builds on the overview of labour market outcomes and indicates what role specific labour market integration policies have on the labour market outcomes of migrants.

The definitions used are in line with the methodology of the EC Employment in Europe reports. Data from various sources are combined to obtain a comprehensive picture of the Austrian employment situation and the role of migration and integration policies.

The report draws on research results of different disciplines in Austria and on EU level, documenting the impact of migration in the various socio-economic development phases and the role of different migration regimes in that context.

Abstract and short answers to the main questions

1. Does the Austrian labour market provide for effective integration of workers, including migrants and for the match of their skills and jobs?

Austria has a complex system of active labour market policies which ensure the employability of workers. While migrants tend not to be targeted explicitly – a consequence of data privacy protection – they receive above average education and training measures due to their on average lower educational attainment level in order to promote their employability. Labour market policies are incorporated in regional socio-economic development plans thereby promoting employment stability at a local level and stabilizing demographic and social structures. There is not sufficient public sector spending on systematic and lifelong learning, which may increase a mismatch problem which is starting to surface in the wake of significant economic restructuring and technical change.

2. What is the impact of migration on employment growth and structural change?

Migration is contributing to employment growth but given the low average skill level of migrants, the innovative capacity of the Austrian economy is not promoted thereby. Migration has been conducive to preserving traditional production methods and industrial structures.

3. Is there competition between the native and migrant workers on the labour market?

There is limited competition between migrant and native workers as labour market segmentation is significant. The segmentation of employment is partly the result of market forces partly of migration policy, which wanted to promote exports and to restrain inflationary tendencies resulting from labour scarcities. Immigration tended to raise the labour supply in

the lower to middle skill segment. Thus, highly skilled native workers face comparatively little competition. This is to the disadvantage of society at large because it tends to retard the development and application of new technology and encourages inflationary pressures in high-skill intensive and innovative production sectors. This is in stark contrast to policy in traditional immigration countries like Canada and Australia, which give priority to migrants with high and scarce skills, in order to ensure that migrants do not only contribute to population growth but above all to productivity increases.

4. Does labour segmentation exist for native and migrant workers?

Labour market segmentation is pronounced for migrant and native workers, particularly by industry and occupation. It is above all segmentation by gender which is pronounced and which contributes to crowding of women in services thereby contributing to the high gender pay gap.

5. Do mobility levels differ for the native and migrant population and does that affect their labour market outcomes?

With the abandonment of the 'guest worker' model, mobility of migrant labour declined and converged to the level of natives. The least mobile are most affected by competition and exhibit lower wage increases than more mobile workers, migrants and natives alike.

6. What are the differences in the labour market outcomes of various groups of migrants (by age, gender, country of origin, education) in comparison with the local population?

Native and migrant youth have hardly any gender pay gap; the gap rises with age and differences in work experience. Migrant youth has on average a lower educational attainment level than natives and accordingly lower average starting wages but follows the same career path as natives, only at a lower level. Averages conceal, however, important differences between migrant groups. Migrant youth of Turkish and Ex-Yugoslav origin tend to enter the labour market after compulsory education to a larger extent than natives. It is difficult for them, to take up further education and training at a later stage thereby reducing their career opportunities over the life cycle. While this holds for male and female youth alike, young women of Turkish origin tend to withdraw from the labour market at an early age. Accordingly, prospects for them of a labour market career are even lower. Unemployment rates of migrant youth surpass those of native youth; the same holds for older migrants.

7. How are these differences affected by the business cycle?

Both migrant and native men tend to be affected more by cyclical fluctuations of work than women, given the pronounced labour market segmentation by gender. Men work in export oriented manufacturing and business services while women tend to cluster in personal service jobs, in particular education, care work, retail trade, tourism and cleaning.

8. How could national migration policy be improved to respond to the national labour market needs? To what extent are migration flows regulated by the existing migration regime rather than labour market demand? What changes to other national policies could be

beneficial for improving labour market efficiency and absorption capacity, in particular with regards to migrants?

National migration policy should complement the current model by a skilled migration component, either modeled after the Australian/Canadian point model or the US-employer nomination scheme to address skills shortages at the upper end of the skill segment. Immigration alone will not suffice to satisfy the skill needs of a knowledge society. Major investment in the up-skilling and re-skilling of workers, natives and immigrants alike, will be needed to bring the supply of skills in line with the challenging demands of an economy driven by innovation. To this end a strategy of lifelong learning needs to be developed to complement migration and integration policies.

Introduction: The economy and the labour market 2000-2009 in Austria

While global economic and trade growth have an impact on the Austrian economy, it is above all the economic development of the EU which determines Austrian GDP growth - as 73 % of all exports go into the EU 26 countries. In the year 2000, the Austrian economy reached a peak, together with the average of the EU 27, with an annual growth rate of real GDP of 3.7% (EU 27 +3.9%). The ensuing cyclical downturn was steeper and more rapid than in the EU 27 with a growth rate of no more than +0.5% in 2001 (EU 27: +2%). However, the recovery of economic growth was steady; lost ground was recovered relative to the EU 27 as growth rates remained above the EU 27 average until the recent economic crisis in 2009. Real GDP growth peaked in 2007 with +3.5% (EU 27 +2.9%) but started its decent in 2008 - with +2 % GDP growth, Austria continued to achieve, however, one of the highest economic growth rates in Europe in 2008. The crisis hit Austria with a time lag in 2009 and was then very pronounced. Austria finished with a slump of GDP growth in 2009 of -3.7% (EU 27 -4.1%). Thus, Austria joined the group of EU-MS most affected by the recent financial and economic crisis. (Figure 1)

GDP per capita in Austria is amongst the highest in the EU 27. In 2000, it was 31 percentage points above the EU 27 level. Medium-term GDP per capita (PPP) growth was slower than on average in the EU 27, however. Accordingly, by the year 2008, GDP per capita (PPP) was only 22% percentage points above the EU average. The Austrian population reached a level of 8.2 million in 2008, i.e. 1.7% of the population of the EU 27 (490.4 million).

The sectoral composition of the Austrian economy is not much different from the one in Germany, in that the manufacturing sector is very prominent, given the strong export orientation of the Austrian economy. Agriculture and forestry have a fairly small weight in the economy and the services sector is less important than in the Nordic countries as many personal services (care work) remain to a comparatively high proportion in the household sector. Accordingly, the household sector is an important domain for informal and/or irregular work and employment. Between the year 2000 and 2008 the sectoral structure of GDP has not changed much, with the primary sector producing 1.7% of value added in 2008 (versus 2.04% in 2000), the secondary sector making up for 30.7% of value added (versus 30.8% in 2000) and the tertiary sector accounting for 67.6% of value added (versus 67.2% in 2000).

Austria is not only an important manufacturer of export products but an important tourist country - Austria takes the lead in the EU 15 in terms of revenues from tourism, with 6.4 % of GDP, followed by Portugal (4.5 % of GDP) and Spain (4.2 percent).

The labour market has been very dynamic in the course of the years 2000 to 2008. Labour supply increased annually on average by 1%. Employment and unemployment fluctuated with the business cycle, but also labour supply had a pronounced cyclical component. In the year 2008, labour supply amounted to 4.4 million, +333,000 or +8.2% versus the year 2000. The

activity rate of the population of working age reached 75% (+4 percentage points versus 2000) and was thus higher than in the EU 27 (2008: 70.9%).

In the year 2000, according to the labour force survey (LFS), 3.9 million workers were employed; their numbers rose to 4.2 million (+ 309,000 or 7.8%) in the year 2008. The employment rate of the 15-64year olds amounted to 72.1% in 2008 and was thus above the EU-27 average (65.9%). The employment rate surpasses the EU 27 average for both men and women (men: 78.5%, i.e. +5.7 percentage points; women: 65.8%, i.e. +6.7 percentage points). This does not hold true for all age groups, however. Only youth (15-24: 60.8% versus 44.5% in EU 27) and prime age workers (25-54: 87.3% versus 84.8% in EU 27) have an above average employment rate; in the case of youth it is a consequence of the importance of the dual education system (apprenticeships), an educational stream which combines work with education and on the job training (Biffel 2008). In the case of prime age workers the degree of integration into the labour market is high for men and women alike; women work to a large extent on a part-time basis. Given generous retirement regulations and early exit options, activity rates and employment rates of mature age workers are below average (activity rate 55-64: 41.9% versus 48.1% in EU 27).

The share of self-employed has been stable in the period 2000 to 2008 with some 16% of total employment (LFS). While the average share remains fairly constant, internal dynamics are significant with a pronounced shift away from agriculture to the non-agricultural sector.

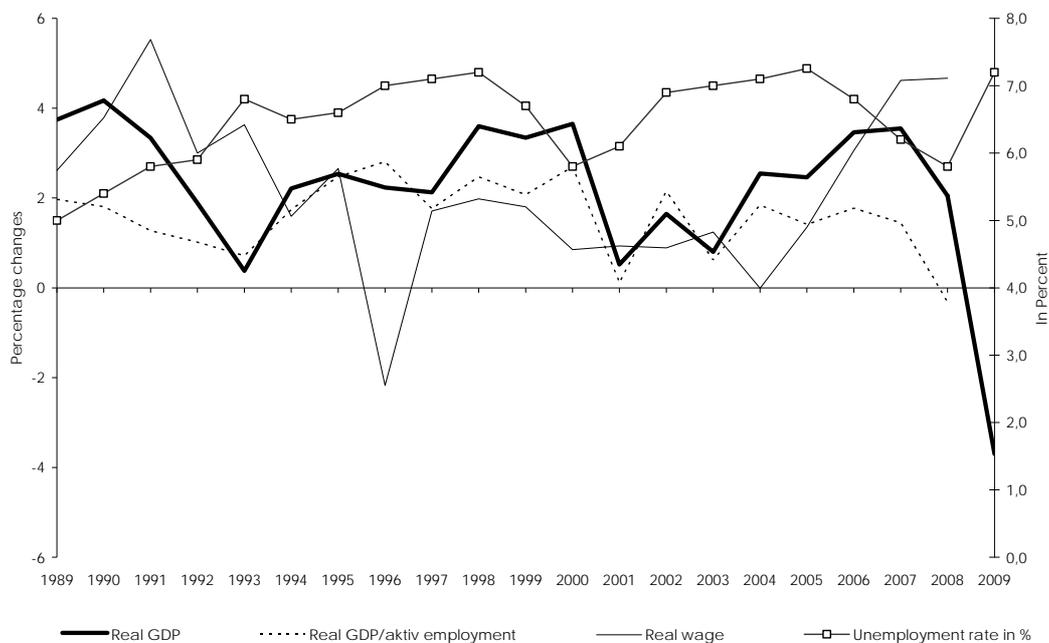
From the peak of the economic boom in 2000 - and a concomitant low of unemployment (LFS: 138,000; registered unemployment with the Labour Market Service (LMS) 194,300) - the ensuing economic downswing brought about a renewed rise in the number of unemployed to 208,000 in 2005 (LMS: 212,300), the trough of the business cycle. Thereafter, economic growth picked up again and unemployment declined until 2008. However, the number of unemployed remained above the level of 2000 (LFS: 162,000, +24,000 or 17.4%). The Austrian unemployment rate is amongst the lowest in the EU with 3.8% in 2008 (EU 27: 7%).

A differentiation between natives and the various types of migrants (first and second generation and country of origin) is difficult to establish on the basis of labour force survey data. The sample size is too small to provide meaningful information on the various, at times quite small, groups. Accordingly, we refer to social security data (HVS) and registered unemployment data (LMS) when differentiating by migrant status. Due to data limitations, we do not take into account the self-employed, however. Accordingly, the unemployment rate is calculated on the basis of the labour supply of wage and salary earners and registered unemployed (Figure 1). This is the traditional method of calculation of the unemployment rate in Austria. Thus calculated, the unemployment rate amounted to 5.8% in 2008 (versus 3.8% in the LFS). As registered unemployment data is already available for 2009, we can identify a steep rise of unemployment to 7.2% as a consequence of the economic crisis in 2009. Unemployment rose by 48,000 or 23% in 2009 versus 2008 to 260,000 (2008: 212,000 versus LFS: 162,000). (Figure 2)

The number of employed wage and salary earners amounted to 3.7 million in 2008 and declined by 47,000 or 1.4% in 2009. This is the most pronounced decline in employment in Austria in a single year since the 1950s.

Over the whole time span of 2000 to 2008, the share of migrant workers increased. Austria has a long history of immigration and as a consequence a high share of migrants in the population and the work force. In this introductory section we look only at the share of foreign versus native labour, acknowledging the fact that many migrants adopted the Austrian citizenship as the duration of stay increased. Persons of third country origin were naturalised more than proportionately, while EU-27 citizens tend not to take up Austrian citizenship. Access to free mobility of labour within the EU may be one of various incentives to take up Austrian citizenship.

Figure 1: Macro-economic indicators
1989-2009

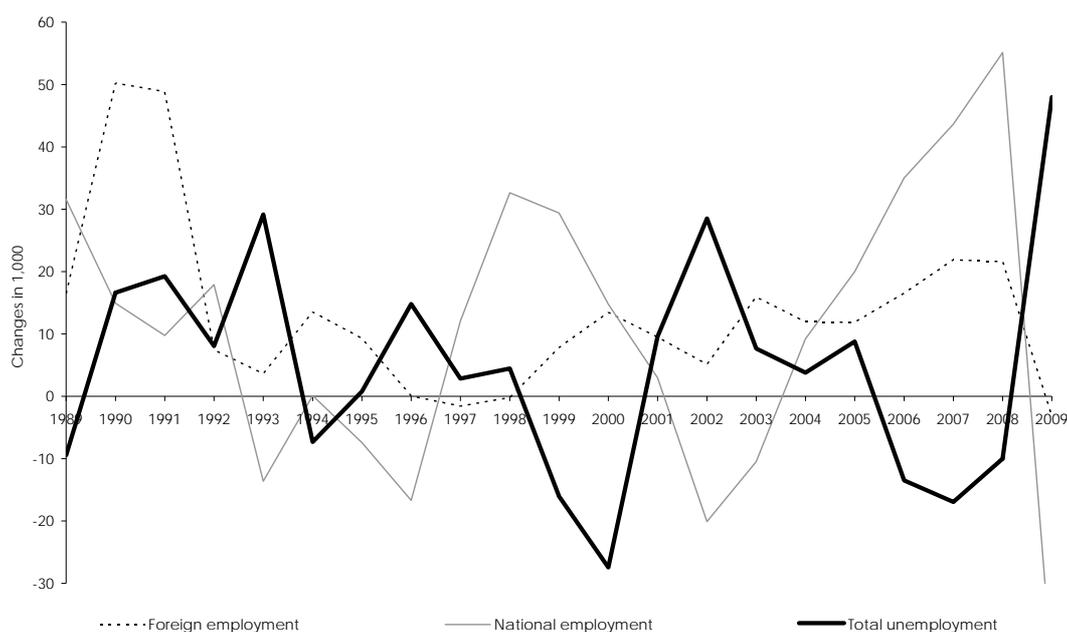


Source: Statistics Austria, Austrian Labour Market Service, Federation of Austrian Social Security Institutions, Own calculations.

As Figure 2 indicates, the employment of foreigners increased steadily and more than proportionately between the year 2000 and 2008 to reach a level of 436,100 (+116,200 or 36% versus 2000). Accordingly, the share of foreigners in total dependent employment increased from 10.5% in the year 2000 to 13.1% in 2008. Between 2003 and 2005 the number of employed Austrians experienced a steep increase, partly as a result of a boost to naturalisations. Accordingly, employment growth of foreign workers was more or less even between 2003 and 2005 with some 12,000 additional workers annually; it gained momentum thereafter, however, reaching a high in 2008 of +23,500 or 5.7 percent. 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 (no labour market testing).

Figure 2: National and foreign labour¹
1989-2009



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

In the year 2009, both the employment of foreigners (-5,600 or -1.3% versus 2008) and natives (-41,400 or -1.4%) declined. A distinction by country/region of origin indicates that it was above all third country citizens who experienced a severe blow to their employment opportunities. Persons from the EU 27 (excluding Austria) continued to have an employment rise, old and new EU-MS alike. In total, their employment numbers increased by 2,600 or 2.8% to 93,300. In contrast, employment of third country citizens dropped by 11,100 or 4.2% to 255,200.

During 2008 total labour supply growth (excluding self-employed) was buoyant (+76,000 or 2 % versus 2007); growth dwindled to a mere trickle in 2009, however (to +1,100 or +0%). While the labour supply of foreigners continued to rise in 2009 (5,500 or 1.1%), it declined in the case of natives (-4,000, -0.1%). Thus, the increase in unemployment underestimates the degree of labour slack in the economy and the concomitant financial squeeze of individuals and families in the wake of the economic crisis.

To sum up, the slowdown of economic growth in 2008 did not show up in unemployment but in productivity growth. Labour productivity growth (real GDP/active employment) declined by -0.3 % in 2008, after a rise by 1.4 % in 2007 (Figure 1). In the year 2009, the shake out set in, unemployment rocketed and productivity growth recovered. Real wage growth slowed down in 2008 at a relatively high level but is expected to grind to a halt in 2009.

According to social security data, foreign employment (excluding self-employed and persons on parental leave) amounted to 436,100 in 2008. These data include EU citizens - their numbers have continually risen since Austria's EU membership. In the year 2008 90,900 citizens from the EEA/EU 14 were employed in Austria, i.e., 21 % 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 2008, 72,300 Germans were working on an annual average in Austria, 8,400 or 13.2 % 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 2005/2006		Change 2006/2007		Change 2007/2008	
	2007	2008	Absolute	Percent	Absolute	Percent	Absolute	Percent
Total labour force ¹	3.449.697	3.516.394	38.044	1,1	48.591	1,4	66.697	1,9
National labour force	2.997.556	3.043.962	23.647	0,8	29.337	1,0	46.406	1,5
Foreign labour force	452.141	472.433	14.397	3,4	19.255	4,4	20.292	4,5
Total employment ¹	3.227.449	3.304.141	51.524	1,7	65.517	2,1	76.692	2,4
National employment	2.814.871	2.869.966	35.016	1,3	43.635	1,6	55.095	2,0
Foreign employment	412.578	434.175	16.508	4,4	21.883	5,6	21.597	5,2
Total unemployment	222.248	212.253	-13.480	-5,3	-16.926	-7,1	-9.995	-4,5
National unemployment	182.685	173.996	-11.369	-5,5	-14.298	-7,3	-8.689	-4,8
Foreign unemployment	39.563	38.257	-2.111	-4,8	-2.628	-6,2	-1.306	-3,3
			2005	2006	2007	2008		
Total unemployment rate			7,5	7,0	6,4	6,0		
National unemployment rate			7,1	6,6	6,1	5,7		
Foreign unemployment rate			10,6	9,7	8,8	8,1		

Source: Own calculations. – * No continuous data on foreign and native self-employed. – 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 2008, 79,100 citizens from the EU 12 worked in Austria on an annual average, i.e., 9,200 or 13.2 % more than the year ahead. The small increase relative to Germans indicates that the transition agreements on the movement of workers have had the expected effect of reducing the potential inflows. Only those citizens from the new member states can obtain free labour movement who have been legally employed in Austria for 12 months; in addition, the family members who reside in Austria legally with a family member who has the right to free labour mobility also gains free mobility on the labour market.

The employment of citizens from third countries rose only slightly in 2008, namely by 4,500 or 1.7 % to 266,100. Thus, 42% of the increase in the employment of foreign citizens in Austria in 2008 was the result of inflows from old EU-MS, 39% from new MS and 19% from third country citizens. Third country citizens continue to represent the large majority of migrant workers in Austria, namely 61 % of all foreign employed.

Policy Report 1: Impact of Migration on Employment in Austria

In Austria the main topics of research centre around the impact of migrants on economic growth, productivity and technical progress, the labour market — in particular labour market segmentation, employment opportunities of migrants and natives, the impact of migrants on wages and unemployment. From the 1990s onwards the balance between contributions to and receipts from the social security system on the part of migrants became an additional focus of research. In the years of 2000 a new research agenda moved to the forefront, namely the potential role of migration to alleviate problems linked with rapid population ageing and technological change. In that context immigration, particularly of the highly skilled kind, is seen as an important policy option to ensure the sustainability of economic growth. Until now Austria has not been able to attract a sufficient number of highly skilled migrants and it will remain to be seen if policy reorientation will be successful in achieving the goal of increasing skill migration. In any rate, immigration alone will not suffice to satisfy the skill needs of a knowledge society. Major investment in the up-skilling and re-skilling of workers, natives and immigrants alike, will be needed to bring the supply of skills in line with the challenging demands of an economy driven by innovation. To this end a strategy of lifelong learning needs to be developed to complement migration and integration policies.

Change in paradigm: from labour migration to chain migration

Austria has a long history of immigration. It started in the 1960s with the ‘guestworker’ migration policy, targeting migrant workers, not envisaging and thus not regulating the inflow of partners and children. As a result, Austria has a long history and a complex system of work permits and a short history of residence permits. Only in the 1990s was the system of work permits complemented by regulations of family reunification and thus by a complex system of resident permits, following the pattern of immigration countries¹. The legislative reform was a recognition of the need for regulation of chain migration, i.e. migration which followed in the footsteps of the ‘guest workers’ through family reunification/ formation and friendship ties with the source communities.

The migrants of the 1960s and early 1970s were targeted as workers. They were satisfying labour market needs and reducing general and/or specific occupational labour scarcities in the period of rapid industrialisation with rising labour demand for low and medium skilled

¹ For a detailed account see Biffl 2009, OECD- SOPEMI Report 2008-09:

workers. Thus matching supply and demand were key to recruitment of migrant labour in the 1960s and 1970s, less so in the 1980s. The settlement and eventual naturalisation of ‘guest workers’ became the source of further inflows of persons with similar skills. In the face of significant industrial restructuring in the 1980s and 1990s and limited public investment in training and re-skilling of persons with migrant background – only the LMS invested heavily in the skilling of unemployed migrants - a skill-mismatch opened up. The change in the migration policy from migration which targeted workers to immigration of family members, without a significant skilled worker stream, resulted in an increasing skills mismatch (Biffl 2006). This situation was exacerbated by the limited attention to the educational needs of migrant youth (Biffl 2008).

The legacy of the ‘guest worker model’

The impact of migration on employment in Austria can only be understood in the context of the original policy objective, which was to enhance the competitiveness of export industries. The Austrian migration system channelled migrants mainly into manufacturing industries with a low capital to labour ratio, in particular, labour intensive industries like clothing, leather and textiles as well as tourism. To a lesser extent migrants flowed into the production of non-tradeables like construction, personal services, health and domestic services.

Thus, migrant workers tend to be concentrated in industries and occupations which are at the bottom end of the wage scale. These industries experience high competition in the national and global market either because of relatively common (global) technology and skills of workers and/or because of a limited concentration/market power of the industry. The jobs migrants tend to be concentrated in are not only faced by severe competitive pressure but exhibit also significant cyclical and/or seasonal employment instability.

Few migrants find employment in industries with a high capital/labour ratio and limited international competition. These were until the 1990s mainly banking, real estate and insurance, telecommunication and transport services, the high skill segment of health and education and the like. These sectors do not only offer employment security but tend to have above-average and rising wages.

A special case is the construction sector, which pays comparatively high wages to migrant and native workers alike. This is the result of the high degree of union density and thus the result of institutional rather than market forces.

Empirical research suggests that direct competition between immigrants and residents is relatively small in Austria as a result of pronounced segmentation of work. It is in the main unskilled and semi-skilled workers who face competition from migrants. This shows up in a negative wage impact on blue-collar workers. (Hofer—Huber 2001, Biffl 2000, Biffl et al. 2002) Micro-econometric estimates² indicate that the large scale immigration of unskilled

² Documented in European integration consortium 2009 and Bock-Schappelwein et al. 2009.

migrants in the early 1990s, many of them refugees from former Yugoslavia, had a dampening effect on overall wages. The inflow also raised the wage gap between low skilled and medium to high skilled workers, resulted in substitution of largely older migrant workers with new inflows and contributed thus to a rise in unemployment.

In contrast, the more recent immigration of the early years of 2000 which tended to bring in migrants with a bipolar skill structure, had a comparatively small overall negative wage impact, a significant and, given the relatively small inflow of highly skilled migrants, surprisingly pronounced dampening of highly skilled (university graduates) wages, particularly of women. The dampening effect of migration on wages affects above all immobile workers who remain in those industries and occupations which were faced with an above average inflow of migrants and thus increased competition. In contrast, mobile workers who changed jobs and industry to avoid increasing competition by migrants experienced no losses in wage growth. Contrary to the early 1990s the recent inflows of migrants did not contribute much to a rise in unemployment.

Research into the effect of migration on unemployment in Austria indicates that the causal forces are complex and that the impact may differ in various economic development phases as the interplay between the supply side, i.e. the socio-economic composition of migrants, and the demand side, i.e. the economic development state, may change over time. On average, migrants tend to have higher unemployment rates than natives. The difference is to a large extent a result of the concentration of migrant employment upon certain industries and tasks and the different impact of economic restructuring and technological change upon various industries. In addition, migrants have on average a significantly lower educational attainment level than Austrians – explaining about two thirds of the difference in unemployment rates, given that unemployment rates are negatively correlated with the educational attainment level.³

The rationale for employing migrant workers translates into wage and/or unemployment effects of migrants relative to natives. In summary, it can be said that the pressure on wages and employment opportunities increases with the elasticity of substitution of migrant versus resident labour. This is to say that in occupations and jobs, in which migrants are complementary to natives, natives profit from migrant labour in terms of job opportunities and relative wages. In contrast, in jobs where migrants and natives are substitutes, the wages and employment of natives are adversely affected.

The major distinguishing factor between the effect of migration and trade on the labour market is that trade is acting directly on labour demand, in particular on the industrial composition, while migration is affecting the size and composition of labour supply and thus the productive potential. In any event, migration and trade are inevitably linked with greater wage inequality between industries in the destination countries of migrants.⁴

³ For a detailed analysis see Biffi, G. (2007).

⁴ This is in accordance with Samuelson (2004) and Andersen—Sorensen (2005).

Migration introduced a social and economic stratification of workers into the Austrian labour market which was new to Austria, contributing to a deterioration of equity in labour markets.

Employment and unemployment in the years of 2000 and the role of migrants

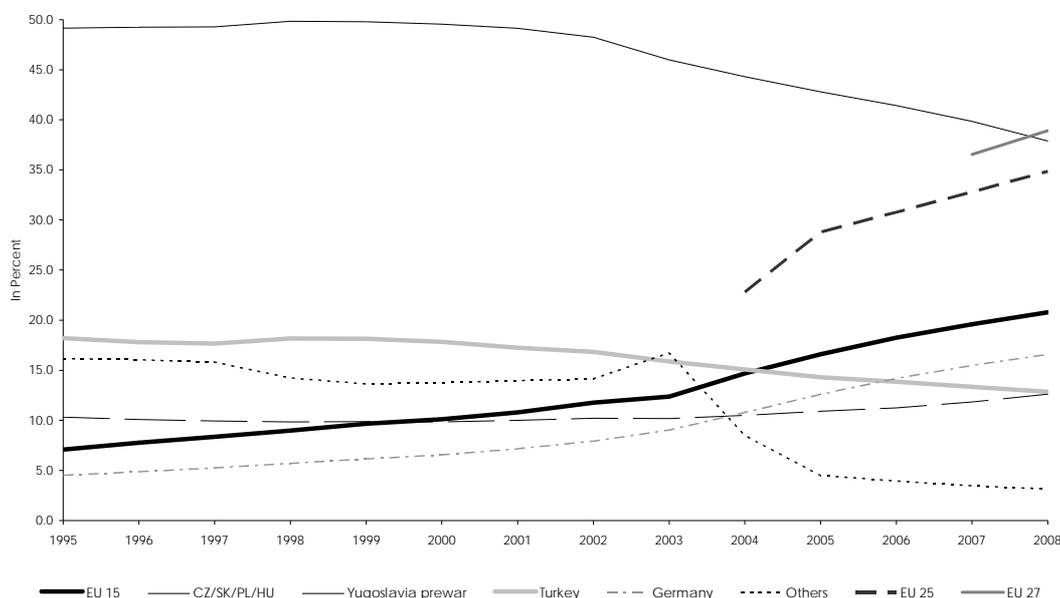
The composition of foreign labour by nationality and gender

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. But the data indicate that the absolute number of workers from EU 27 countries follows a clear and steep rising trend (+12.3% from 2007 to 2008), while the absolute number of workers from the region of pre-war Yugoslavia and from Turkey is almost stagnating (+0.5 and +1.7%, respectively). Thus, the proportion of EU citizens working in Austria can be expected to continue to rise at the detriment of the source regions of the former foreign workers.

Of the total number of foreign employees (436,100) in 2008 169,800 were citizens from the EEA/EU 27, of whom 90,700 from the old member states (EU 15) and 79,000 from the new MS. (Figures 3 and 4). The share of EU citizens amongst foreign wage and salary earners is rising for every EU MS. The major influx is from Germany - Germans account for more than 80% of all EU 15 citizens in the Austrian workforce. But increasingly also Italians, French, Dutch, and British citizens take up work in Austria.

While the share of persons from the region of pre-war Yugoslavia is declining, it continues to be an important source region of migrants. Within that group, the share of persons from Croatia is rather small (3.5 % of all foreign workers in 2007). 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 2008, they accounted for 7.3 % of all foreign workers. The Slovenes, now a new EU-MS, account for 1.3 % 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 22% of all foreign workers in 2008 (out of the 38% that include all the immigrants from the region of pre-war Yugoslavia).

Figure 3: Composition of foreign labour by region of origin: 1995-2008

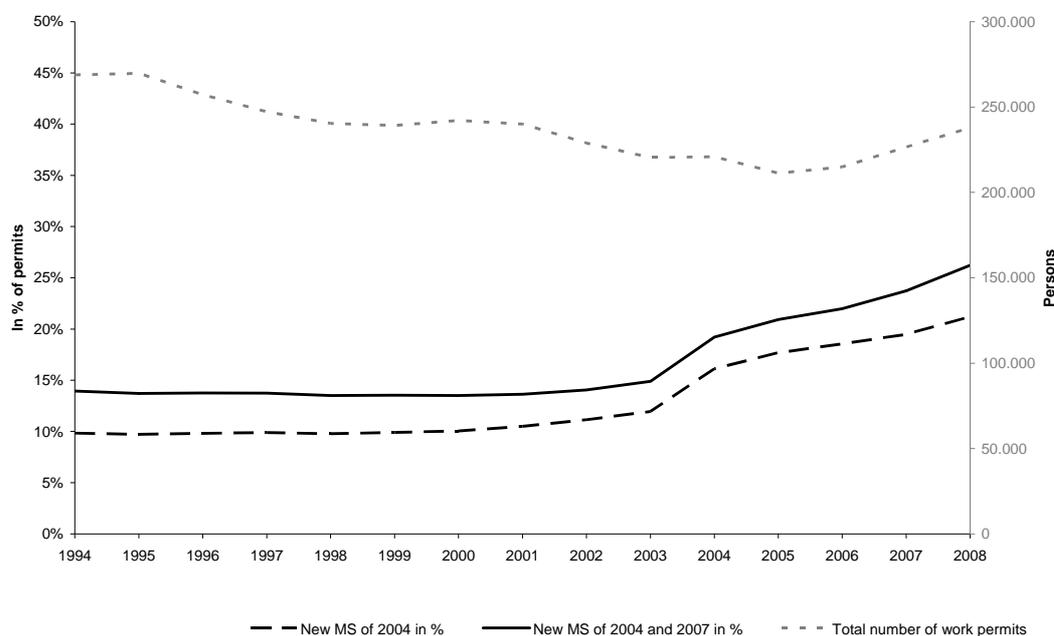


Source: Federation of Austrian Social Security Institutions.

The share of Turks in foreign employment has declined between 1989 and 1997 from 23.4 % to 17.7 percent. In 1998 their numbers increased again more than proportionately to a share of 18.2 % 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 12.9 % in 2008; this is their lowest share in foreign employment since the late 1970s. This is both the result of a reduction in inflows and of increases in the naturalisation rate.

The employment pattern by citizenship differs somewhat from the composition of work permits. The number of work permits has declined from 268,800 in 1994 to 211,200 by 2005. Since then the numbers have been on the rise again, reaching a level of 237,800 in 2008. The more recent upswing is to a certain extent due to the rising numbers of immigrants from the new EU member states who continue to need permits due to transition regulations which limit access rights to the labour market (labour market testing). In fact, immigrants from the new EU member states take up a rising number of employment permits, with more than 25% of all employment permits issued in 2008 (yearly average).

Figure 4: Growing share of work permits to citizens of the new EU-MS (12)



Source: LMS. Own

Table 2: Foreign workers of third countries by gender and selected nationalities

Annual average

Nationalities	2001				2008			
	Male	Female	Total	Female in %	Male	Female	Total	Female in %
Yugoslavia	39,536	31,286	70,822	44.2%	22,076	18,613	40,688	45.7%
Croatia	15,587	10,299	25,886	39.8%	14,570	10,762	25,331	42.5%
Slovenia	4,403	1,602	6,005	26.7%	5,025	2,023	7,048	28.7%
Bosnia	23,968	17,013	40,981	41.5%	23,767	17,000	40,767	41.7%
Macedonia	3,403	936	4,339	21.6%	4,007	1,831	5,839	31.4%
Turkey	31,727	11,932	43,659	27.3%	20,667	9,114	29,781	30.6%
Others	34,356	14,013	48,369	29.0%	56,033	32,337	88,371	36.6%
of whom:								
Eastern Europe	26,825	10,726	37,551	28.6%	40,778	21,898	62,675	34.9%
Total	152,980	87,081	240,061	36.3%	146,145	91,680	237,825	38.5%

Source: Austrian Labour Market Service.

The gender composition of 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 2008 (45.7 percent). Next in line are Croatians (42.5 percent) and Bosnians (41.7 percent). The lowest proportion of women in total employment is amongst Macedonians (31.4 percent) but rising, and Turks (30.6 percent). The lifting of labour market entry barriers to Turkish citizens as a result of the implementation of agreements of the EU

with Turkey in 1997 tended to raise the share of women in the employment of Turks in Austria from 24.8 % in 1997 to 30.6 % in 2008; 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 34.9 % in 2008, after 28.6 % in 2001. (Table 2)

The industrial composition 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 compare the employment structure by industries between June 2008 and June 2009 (ÖNACE 2008). The industrial structure of employment in the middle of the year provides a relatively good estimate of the average annual employment development. As a result of the economic downturn in 2008 which turned into a deep recession in 2009, total employment declined by 62,000 or 1.8% versus a year ago to 3.394,000 in June 2009. The employment of foreign workers declined as well, namely by 5,900 or 1.3% to 442,400. Thus, the share of foreign workers in total employment remained about at the same level as in 2008 (13.5%).

It was above all manufacturing which experienced a severe employment shake out. Employment in the production of commodities declined by 7% versus a year ago (-42,600). In the case of foreign workers the decline was even more pronounced in relative terms (-8.3%). Also trade and transport services were severely affected by the economic recession, just as business services. The crisis hit also tourism, reducing employment by 1.5%. The decline affected, however, only natives. Foreigners experienced even a slight employment increase.

In a quest to reduce public sector expenditures, administrative reforms show up in a decline of employment in public administration.

In contrast, the employment situation in the financial services sector expanded, notwithstanding the severe financial crisis. Also education, health and social services experienced continued employment growth, just as the arts and the entertainment business. In all those services, foreign workers had substantial employment growth, thus explaining the comparatively limited employment decline of migrants. Table 3 provides a good overview of the different degree of dependence of various industries upon foreign labour. The average share of foreigners in the employment of wage and salary earners was 13.5% in June 2009. The proportion of foreigners is highest in agriculture and forestry (50.6%), tourist services (33.6%), other business services (30.5% - largely cleaning personnel), domestic services (cleaning and care work), extraterritorial organisations and construction (20.3%). In these 6 industries a sum total of 174,000 foreign employees were employed, i.e. almost 40% of all foreign employees in 2009.

Table 3: Employment of wage and salary earners by industry
By end of June

	Total		Change versus a year ago		Foreign workers		Change versus a year ago		Foreigners in % of total	
	Jun.08	Jun.09	Numbers	In %	Jun.08	Jun.09	Numbers	In %	In %	In %
Industries(ONACE 2008)										
A Agriculture and Forestry	21.740	22.707	967	4,4	10.893	11.486	593	5,4	50,6	
B Mining, stones and minerals	6.012	5.924	-88	-1,5	537	509	-28	-5,2	8,6	
C Production of Commodities	612.482	569.868	-42.614	-7,0	81.325	74.585	-6.740	-8,3	13,1	
D Energy Supply	24.467	27.416	2.949	12,1	489	567	78	16,0	2,1	
E Watersupply and environmental clean up	13.899	13.556	-343	-2,5	1.697	1.598	-99	-5,8	11,8	
F Construction	260.890	255.170	-5.720	-2,2	52.329	51.927	-402	-0,8	20,3	
G Trade, repairworks	523.792	513.128	-10.664	-2,0	61.224	61.560	336	0,5	12,0	
H Transport and Storage	195.837	189.204	-6.633	-3,4	27.798	26.725	-1.073	-3,9	14,1	
I Tourism	190.082	187.252	-2.830	-1,5	62.581	62.893	312	0,5	33,6	
J Information and Communication	72.429	72.184	-245	-0,3	5.217	5.468	251	4,8	7,6	
K Financial Services, Insurance	118.738	122.911	4.173	3,5	6.241	6.582	341	5,5	5,4	
L Real estate and housing	42.699	42.583	-116	-0,3	8.509	8.500	-9	-0,1	20,0	
M Professional services	137.262	138.336	1.074	0,8	15.015	14.967	-48	-0,3	10,8	
N Other business services	172.274	151.735	-20.539	-11,9	51.369	46.322	-5.047	-9,8	30,5	
O Public administration, social security	537.582	534.224	-3.358	-0,6	15.677	16.201	524	3,3	3,0	
P Education and research	86.198	90.664	4.466	5,2	9.060	10.781	1.721	19,0	11,9	
Q Health-, veterinary and social services	193.246	207.487	14.241	7,4	19.855	21.995	2.140	10,8	10,6	
R Arts, entertainment and recreation	32.109	32.751	642	2,0	5.955	6.330	375	6,3	19,3	
S Other Services	91.191	94.456	3.265	3,6	10.536	11.362	826	7,8	12,0	
T Private Households	3.121	3.236	115	3,7	857	941	84	9,8	29,1	
U Extraterritorial organisations	663	648	-15	-2,3	221	228	7	3,2	35,2	
Unknown	2.262	2.140	-122	-5,4	953	876	-77	-8,1	40,9	
Sum of all industries	3.338.975	3.277.580	-61.395	-1,8	448.338	442.403	-5.935	-1,3	13,5	
Conscripts	13.200	12.797	-403	-3,1						
Maternity/Paternal Leave	104.186	103.702								
Sum	3.456.361	3.394.079	-62.282	-1,8					13,0	

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

Unemployment of Austrian and foreign workers

Unemployment has followed a long-term rising trend with intermittent cyclical fluctuations affecting Austrians and foreigners alike. The numbers of unemployed men have always surpassed those of women; however, the unemployment rate of men tends to surpass the rate of women, mainly in periods of a cyclical downturn as men are more than proportionately employed in the cyclically sensitive manufacturing sector. This holds for Austrians as well as foreigners. (Table 4)

The total unemployment rate of wage and salary earners has been rising from 2000 till 2005 by 1.5 percentage points to 7.3 % and declined until 2008 by 1.4 percentage points to 5.9 percent; the cyclical pattern for foreign workers follows the national pattern. However, 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 3.1 percentage points to 10.6 % in the recession. In the ensuing economic upswing the differential to Austrians could be decreased from 3.3 percentage points in 2005 to 2.2 percentage points in 2008.

The differential in unemployment rates between men and women in the total economy, which had been growing in the second half of the 1990s, declined in the years of 2000. 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 % versus 6.8 percent). In the

upswing of 2006 to 2008, the gender differential declined to 0.2 percentage points. In contrast, the unemployment rate of foreign men has always been higher than that of foreign women – with the exception of one year (1987/88). The differential between foreign men and women was 1.3 percentage points in 2005 and 0.4 percentage points in 2008.

Table 4: Total unemployment rates and unemployment rates of foreigners

	Unemployment rates			Unemployment rates of foreigners				
	Male	Female	Total	Male ¹	Female ¹	Total	Of which: (Former) Yugoslavs	Turks
1980	1.6	2.3	1.9	1.2	0.9	2.1	2.3	1.5
1981	2.2	2.7	2.4	2.4	1.4	3.4	3.7	3.1
1982	3.8	3.5	3.7	4.7	2.0	6.1	6.8	6.2
1983	4.7	4.1	4.5	4.5	2.5	6.2	6.3	6.5
1984	4.7	4.3	4.5	3.6	2.7	5.4	5.2	5.5
1985	4.9	4.7	4.8	3.6	3.1	5.5	5.1	5.6
1986	5.1	5.2	5.2	3.9	3.7	5.8	5.2	6.1
1987	5.5	5.7	5.6	4.2	4.5	6.5	5.7	6.7
1988	5.1	5.6	5.3	4.0	4.5	6.2	5.7	6.7
1989	4.6	5.5	5.0	4.5	4.4	5.9	5.4	6.2
1989	-	-	-	6.6	4.9	-	-	-
1990 ²	4.9	6.0	5.4	8.4	6.6	7.8	6.3	7.3
1991 ²	5.3	6.5	5.8	7.5	6.3	7.1	7.0	7.5
1992	5.7	6.2	5.9	8.0	6.3	7.4	7.2	8.5
1993	6.7	6.9	6.8	9.5	7.6	8.9	8.8	10.5
1994	6.4	6.7	6.5	8.6	7.0	8.0	8.2	9.8
1995	6.4	6.8	6.6	8.3	6.5	7.7	7.7	9.2
1996	6.9	7.3	7.0	9.2	7.0	8.4	8.2	10.5
1997	6.9	7.4	7.1	9.1	7.3	8.4	8.1	11.0
1998	6.9	7.5	7.2	9.1	8.0	8.7	8.4	10.8
1999	6.5	6.9	6.7	8.5	7.5	8.2	8.0	9.9
2000	5.8	5.9	5.8	7.8	6.9	7.5	7.4	9.0
2001	6.2	5.9	6.1	9.1	7.6	8.5	8.6	10.6
2002	7.2	6.4	6.9	10.5	8.5	9.8	10.4	12.1
2003	7.5	6.5	7.0	10.6	8.6	9.8	10.8	12.6
2004	7.5	6.6	7.1	10.6	9.1	10.0	11.0	13.2
2005	7.7	6.8	7.3	11.1	9.8	10.6	11.4	14.1
2007	6.5	6.4	6.4	8.9	8.5	8.8	9.4	11.6
2008	6.1	5.9	6.0	8.2	7.8	8.1	8.8	10.8

Source: Federal Ministry of Economics and Labour; Austrian Labour Market Service, since 1994 Social Security Department (employment base). BMWA/AMS = registered unemployment. – ¹ 1980-1989 September survey, starting 1989 annual average. – ² The employment base includes persons on parental leave and military service as well as the surplus of work permits over employment between August 1990 and June 1991 and the over count of work permits by 1,500 on average during 1993.

In 2008, the unemployment rate of foreign men amounted to 8.2 percent, 0.7 percentage points less than a year ago. It is significantly higher than the national unemployment rate of men of 6.1 percent. Foreign women had an unemployment rate of 7.8 percent, after 8.5 % a year ago. The national unemployment rate of women amounted to 5.9 percent, 0.5 % lower than in 2007.

Turkish workers have traditionally had the highest unemployment rates of any foreign worker group. Their unemployment rates had risen between 2001 and 2005 to 14.1 percent, but

declined thereafter and reached a low of 10.8 % in 2008. The unemployment rate of Yugoslavs declined to 8.8 % (after 11.4 % 2005).

Foreigners used to have higher unemployment rates in most occupations, except in tourist services and in agriculture and forestry, where foreigners tend to have a contract for a particular period (seasonal work and harvesting), where one may not easily acquire the eligibility for 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 migrants tend to remain in their traditional occupations, their unemployment remains linked with job opportunities in those industries and occupations. In consequence, Austrian workers (often of migrant background) have a higher unemployment rate than foreign workers in the clothing industry and in retail trade, since 2005 also in wood processing.

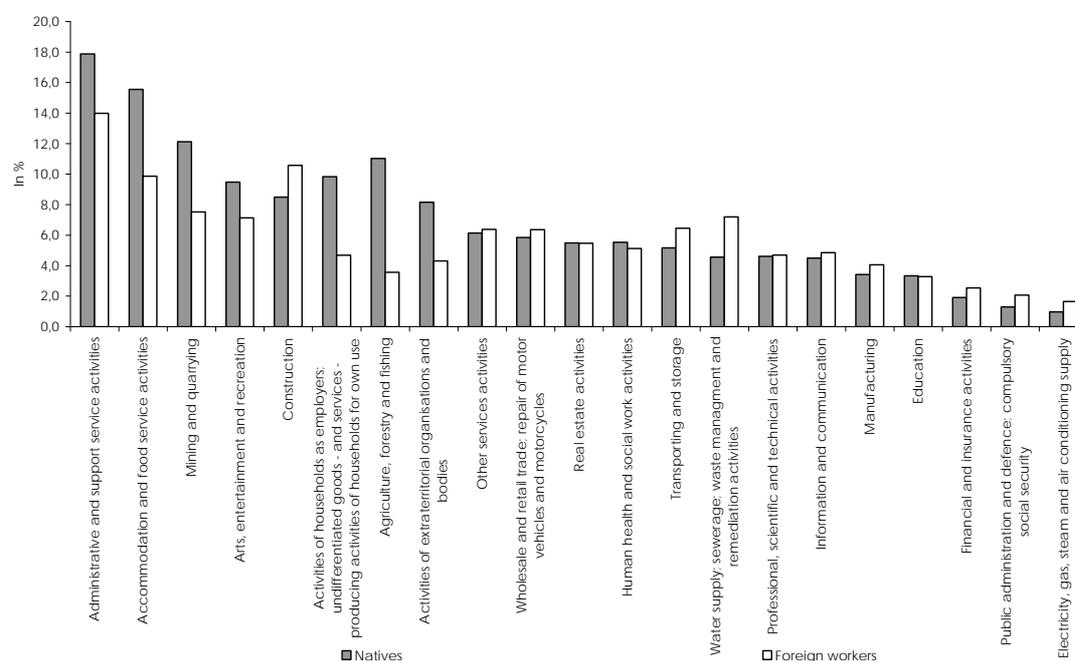
Table 5: Unemployment rates of Austrian and foreign labour by economic activity: 2008

	Natives			Foreigners			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Mining and quarrying	12,7	8,2	12,1	7,9	2,8	7,5	12,2	7,9	11,7
Manufacturing	2,9	4,9	3,4	3,9	4,6	4,1	3,0	4,8	3,5
Electricity, gas, steam and air conditioning supply	0,9	1,4	1,0	1,2	2,0	1,5	0,9	1,4	1,0
Water supply; sewerage; waste management and remediation activities	4,5	4,6	4,5	7,0	8,0	7,2	4,9	4,9	4,9
Construction	8,9	6,1	8,5	10,7	8,7	10,6	9,3	6,3	8,9
Wholesale and retail trade; repair of motor vehicles and motorcycles	5,7	6,0	5,9	6,7	6,0	6,4	5,8	6,0	5,9
Transporting and storage	4,9	6,1	5,2	6,7	5,3	6,5	5,2	6,0	5,4
Accommodation and food service activities	15,6	15,6	15,6	8,9	10,7	9,9	13,1	14,1	13,7
Information and communication	4,0	5,5	4,5	4,2	5,8	4,8	4,0	5,5	4,5
Financial and insurance activities	1,9	1,9	1,9	3,0	2,1	2,5	2,0	1,9	1,9
Real estate activities	6,7	4,8	5,5	8,4	4,1	5,5	7,0	4,7	5,5
Professional, scientific and technical activities	4,4	4,8	4,6	5,1	4,2	4,7	4,5	4,7	4,6
Administrative and support service activities	19,6	15,5	17,9	15,8	11,7	14,0	18,5	14,4	16,8
Public administration and defence; compulsory social security	1,4	1,2	1,3	3,3	1,6	2,1	1,4	1,3	1,3
Education	3,3	3,3	3,3	2,9	3,6	3,3	3,3	3,4	3,3
Human health and social work activities	8,9	4,6	5,5	8,0	4,3	5,1	8,8	4,6	5,5
Arts, entertainment and recreation	9,4	9,6	9,5	6,7	7,6	7,1	8,9	9,2	9,0
Other services activities	7,2	5,7	6,1	7,3	6,0	6,4	7,3	5,7	6,2
Activities of households as employers; undifferentiated goods - and services - producing activities of households for own use	15,7	9,1	9,8	7,5	4,2	4,6	13,4	7,8	8,4
Activities of extraterritorial organisations and bodies	10,2	6,8	8,2	2,1	5,2	3,9	7,4	6,3	6,8
Other	20,3	3,3	5,8	81,1	87,9	85,2	25,0	5,1	8,2
Total	5,7	5,3	5,5	8,2	7,8	8,1	6,1	5,5	5,8

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

In 2008, administrative and support service activities followed by tourism exhibit the highest unemployment rates of native as well as foreign workers. Also mining, the entertainment sector, construction and domestic services have above average unemployment rates. The differentiation between foreigners and natives does not indicate that foreigners are at the margin of the work force, quite to the contrary. In many activities unemployment rates of natives surpass those of foreigners. This is an indication of the dominant role of market forces and general supply and demand relationships in the various occupations and skill segments rather than citizenship, which account for differences in employment and income security. (Table 5 and Figure 5)

Figure 5: Unemployment rates by industry of Austrians and foreigners 2008



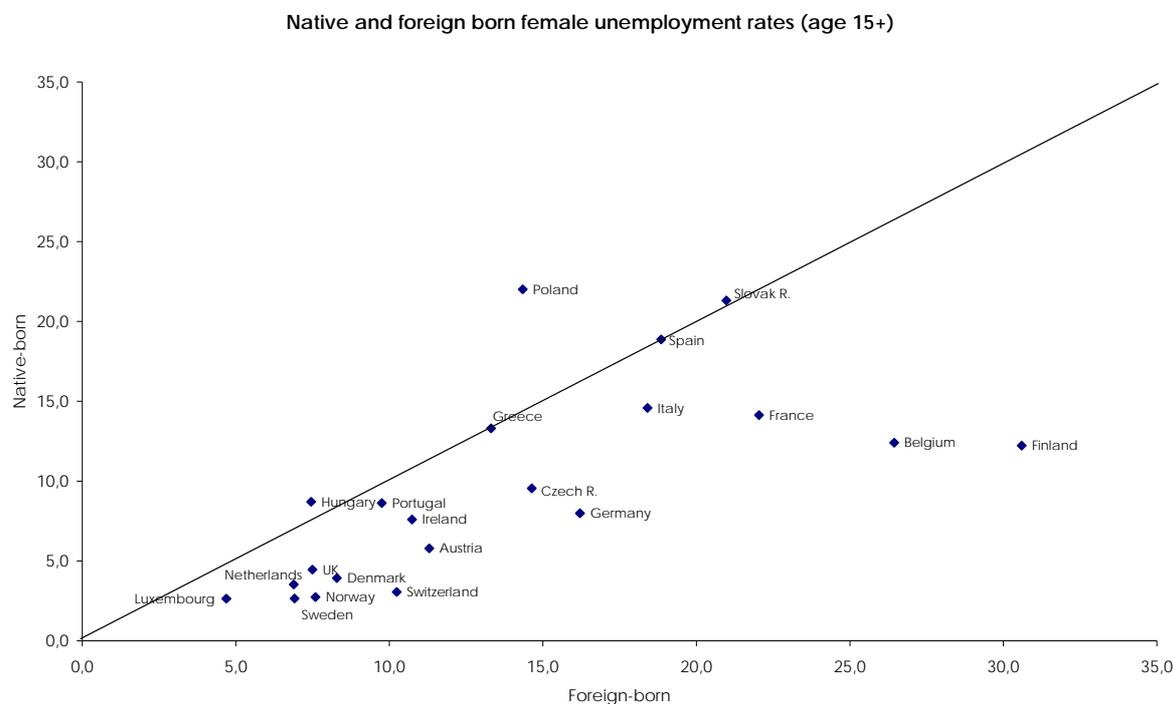
Migrant women and youth: the challenge of labour market integration

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

The integration of first and increasingly second generation migrants, particularly of women, has become a challenge in view of changing demands on migrant skills and a failure to promote the education of migrant children adequately. The unemployment rates of foreign born women are double those of native born (11.3% versus 5.8% in Austria, similarly in Germany with 16.2% versus 8%, see Table 5.3 OECD 2008, most recent census data). (Figure 6)

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).

Figure 6:



S:OECD 2008.

Figures 7-8 provide some insight into unemployment rates of women and youth by nationality in the EU 25 in 2006. While foreign citizens are a subset of migrants, the differences in the incidence of unemployment between native and foreign women, of whom of third countries, and youth provide a good overview of the variation of labour market opportunities between MS. According to this data, integration of migrant women and youth into the labour market in terms of unemployment rates is quite good in Austria in relation to other EU countries. It does follow the international pattern, however: unemployment rates are lowest for native born and highest for migrants of third country origin.

Figure 7:

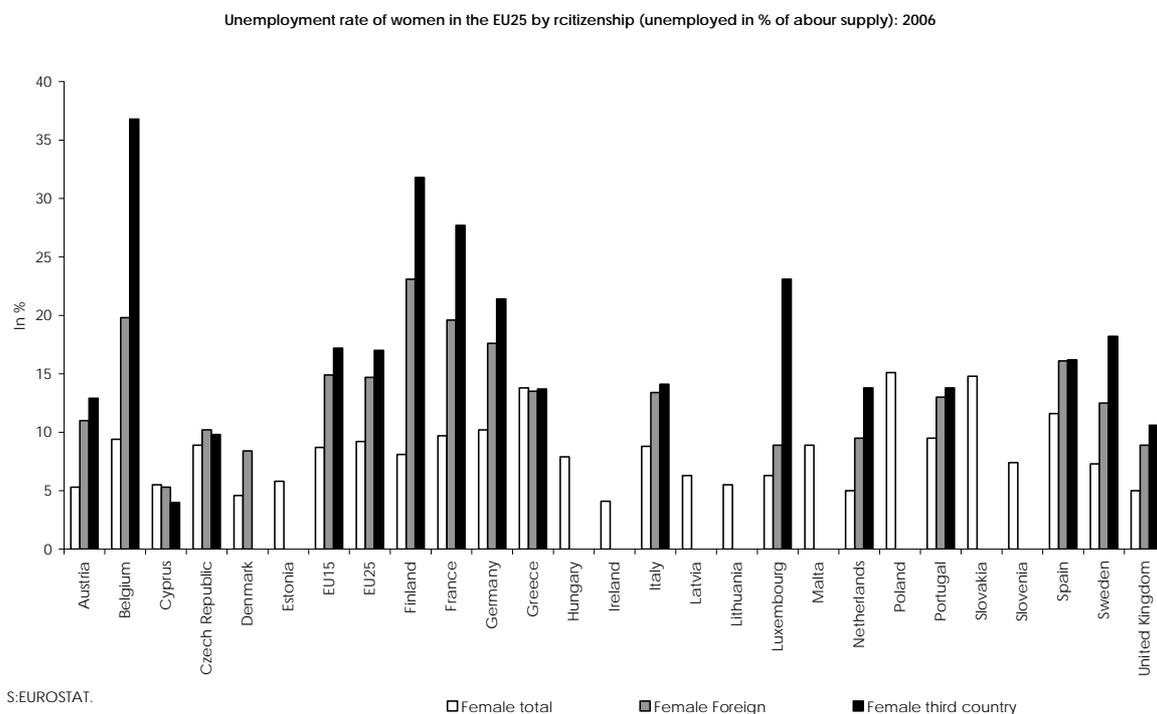


Figure 8:

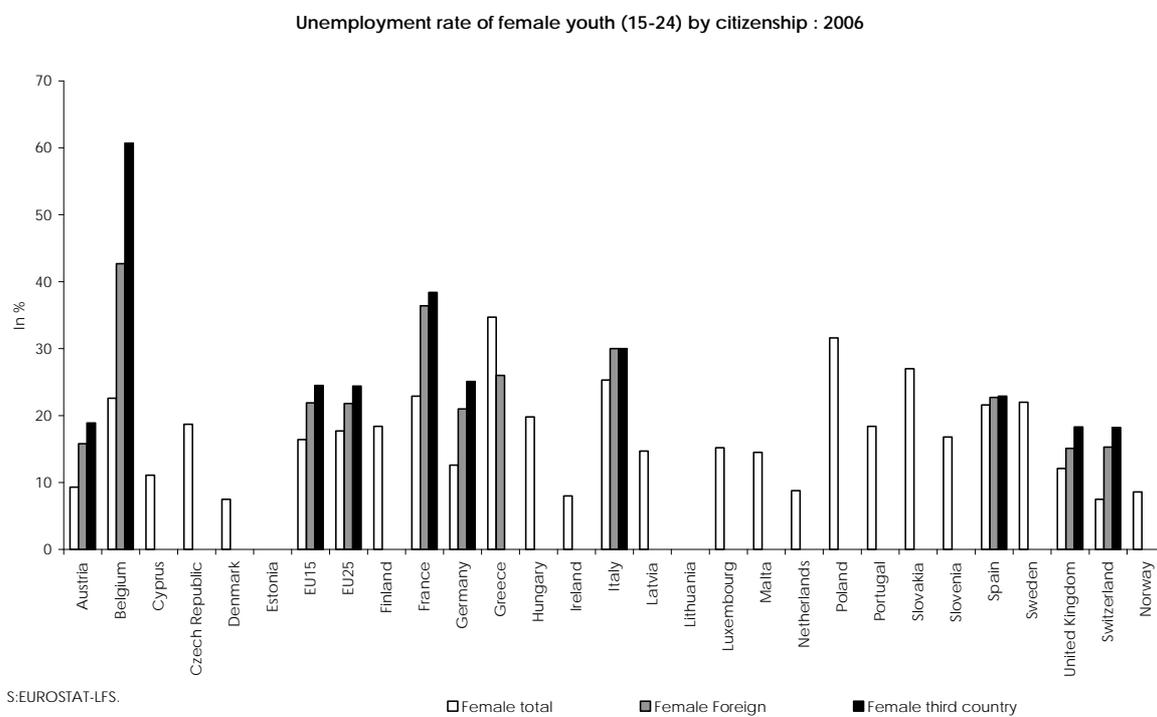
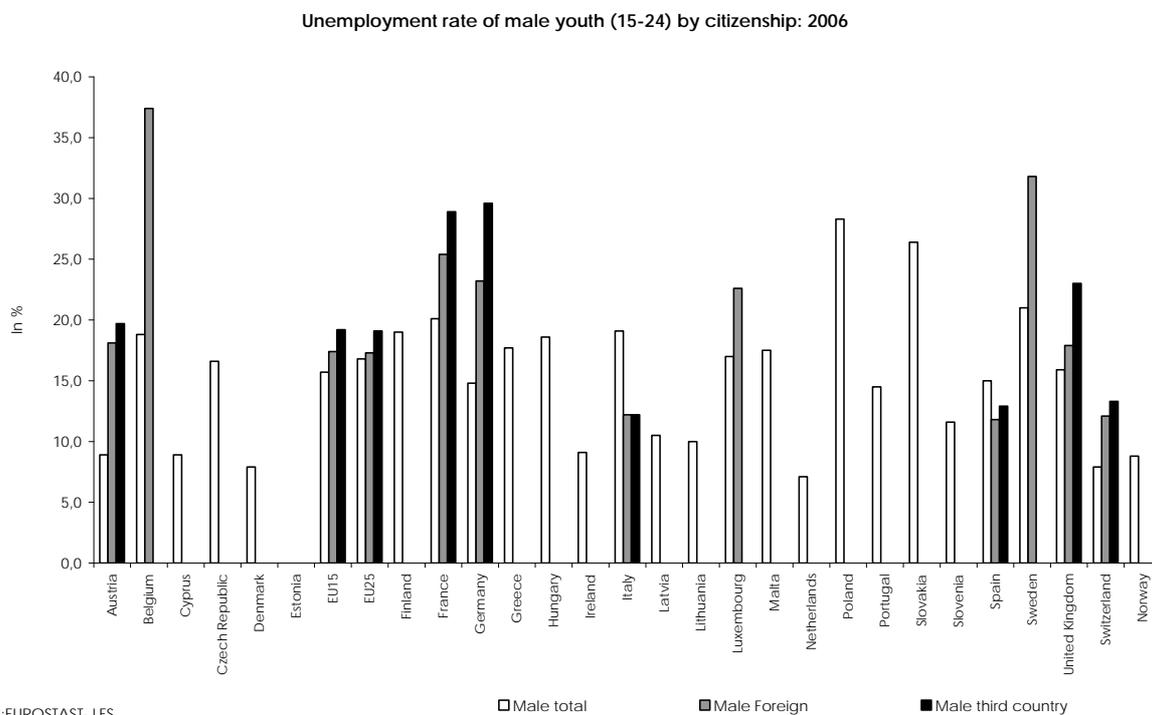


Figure 9:



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

The gender composition of the various entry channels of migration differs and may change over time. A significant part of immigration continues to be labour migration, particularly as a consequence of free mobility of labour within the EEA. But family formation and reunification as well as immigration on humanitarian grounds have taken over as the most important driving forces for immigration in Austria and some other EU-MS in recent decades. The gender mix of migrants is partly the result of the migration regime (Freedman 2007, Dumont et al 2007), and partly due to different roles of migrants in the economic development (temporary work, settlement, asylum, students, illegal migrants). Family migration for settlement has become the most important entry category of permanent type

immigrants (settlers) in countries as diverse as Austria, Germany, Belgium, France and Sweden. But temporary work also continues to be an important source of migrants, e.g. as domestic helpers, care workers and seasonal workers. Further, in addition to family and labour migration and immigration on humanitarian grounds, increasing mobility of students is also a source of work. Austria together with the United Kingdom, France and the Netherlands⁵ (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%), with a slightly higher share of females, only surpassed by the UK (2004: 16.2% of all tertiary students) and Switzerland (2004: 18.2%).

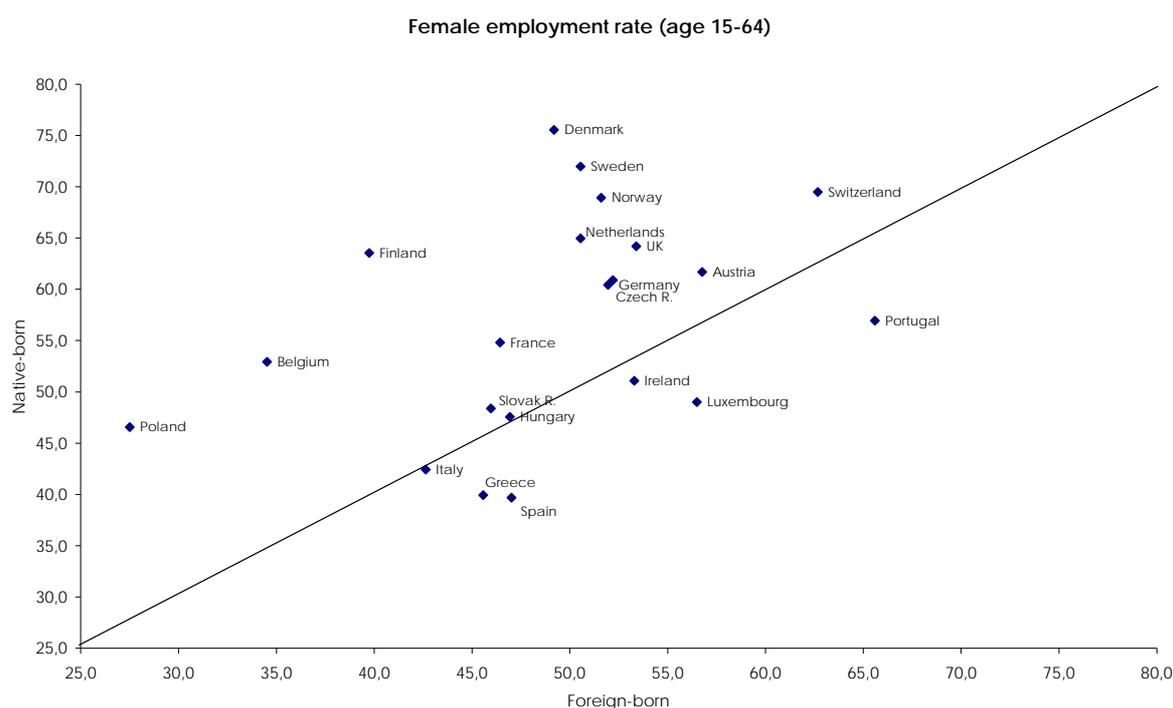
Different models of social organisation, which are historically grown and which constitute “incorporation regimes” have an impact on employment and earnings opportunities of migrants. According to Soysal (1994), each host country has a complex set of institutions which organise and structure socio-economic behaviour of the host population; these basic models of social organisation also structure labour market behaviour of migrants. In that context it is above all the welfare model which plays a dominant role in the integration of migrant women into the labour market. Countries like Austria which relegate a large portion of work, in particular social services, to the household sector by tax incentives or transfer payments have a lower employment rate of women than countries in which the state (Nordic countries) or the private sector (Anglo-Saxon countries) are the major suppliers of these goods and services. Thus, the role of migrant women is on the one hand determined by the labour market access rights stemming from the immigration model, and the welfare model on the other (Esping-Andersen et. al. 2001).

It can be seen from Figure 10 that the Nordic countries, the Anglo-Saxon countries, Germany, Austria, Luxembourg and the Czech Republic have about the same employment rates of migrant women (foreign born), even though the employment rates of native women differ significantly between these countries. Switzerland and Portugal have even higher employment rates of foreign born women. Obviously, the Nordic and Anglo-Saxon countries including Netherlands have the highest female labour force participation rates due to a high degree of marketisation of household services, while the Southern European countries have the lowest rates. Continental European welfare models take up an intermediate position as far as female employment rates are concerned. The juxtaposition of different immigration models upon this set of welfare models helps explain the different labour market outcomes of migrant women. It is interesting to note that in the Southern European countries (Portugal, Greece, Spain) as well as Ireland and Luxembourg, foreign born women have higher employment rates than native women. In these countries migrant women are either highly skilled professionals or target workers with temporary work contracts with limited residence rights and access to welfare.

⁵ Policy reform facilitating access to the labour market after successful completion of the studies may have prompted the increase.

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

Figure 10:



The Scandinavian and Anglo-Saxon welfare models and the social security systems of the Continental European 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). For EU-born women there are no earnings differences in Germany, followed by the UK; the highest earnings differences of EU-born women relative to natives are found in Finland, Sweden, Luxembourg and Italy (over 50% lower). Women born outside of the EU face even larger wage gaps relative to native women; again it is above all the Nordic countries, Southern European countries but also the UK with above average earnings gaps. In contrast, in Austria non-EU women tend to have on average higher earnings than native women. This is due to the low activity rate of third country women with a low educational attainment level and a high activity rate of highly skilled and career minded third country women. It corroborates other research results according to which Austrian women, also highly skilled ones, are facing a pronounced glass ceiling. Accordingly, the gender pay gap in Austria is amongst the highest in the EU and rising, quite in contrast to the trend in other EU-MS.

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

Irregular migration

Illegally residing third country nationals are a heterogeneous group of people. Persons residing illegally in Austria have 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. However, 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 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 provide an indication of the numbers and the composition of illegal migrants. Of the few estimates that exist, each refers to a particular group of migrant 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, Biffel (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, or of persons in a human trafficking context (BMI, 2007/2008).

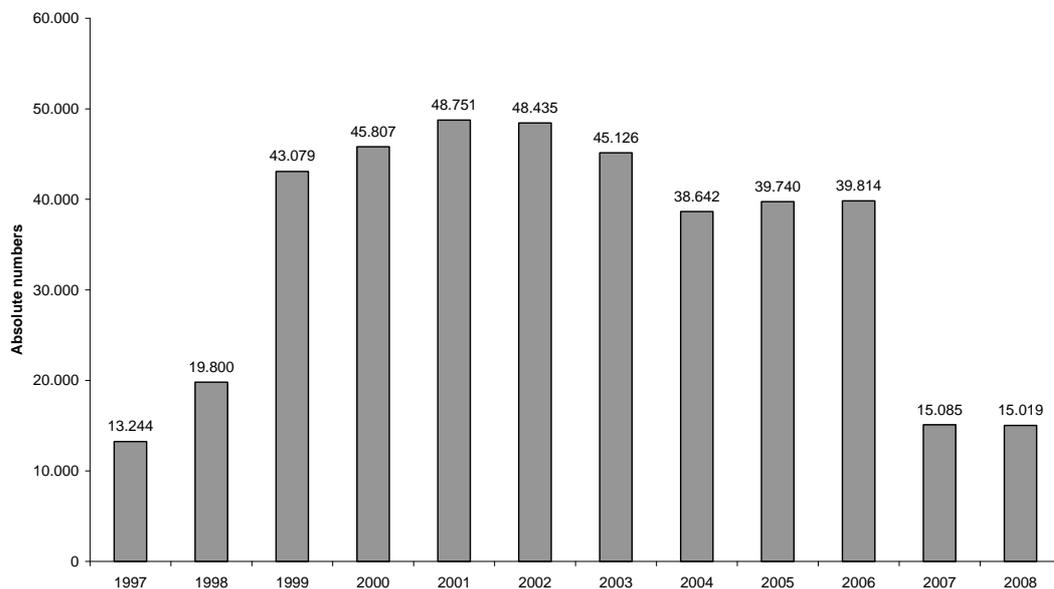
The 'illegal migration' report of the Ministry of the Interior provides information on the numbers of persons illegally residing in Austria, or rather the number of apprehensions at the border and/or inland between 1997 and 2008. These numbers have risen between 1997 and 2001/2002, where they reached 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). According to the 'illegal migration' and human trafficking reports of the Ministry of the Interior, the numbers of apprehended persons (smuggled persons, illegally entering and/or residing persons) halved in 2007 versus 2006 and remained at that level in 2008 (Figure 11). This recent abrupt decline is in the main the result of a decline in the number of persons from Romania, who since EU-membership of Romania (in January 2007) have the right to stay in Austria. Accordingly, not only the number of apprehensions declined but also the composition changed. It was above all the number of illegal residents, which declined, reducing the share to 39 % of all persons apprehended. In contrast, the decline in the number of victims of trafficking in humans has been smaller (from 12,600 in 2006 to 8,700 in 2008), thereby raising their proportion to 58 % of all apprehended persons in 2008, a decrease of -8 % versus 2007 (66%). Also the number of traffickers in humans has declined to 371 in 2008 such that the share of this group of apprehensions has declined to 2.5 % of all apprehensions in 2008. (Figure 11)

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

Most of the smuggled persons in 2008 were citizens of the Russian Federation, just as in 2007. In 2008, 2015 citizens of the Russian Federation were smuggled; in addition 881 Afghan nationals, followed by 730 Serb nationals. The number of smuggled persons from Afghanistan increased versus 2007 while the contrary was true for Serbians. The main countries of origin of illegally entering and/or residing persons are from Serbia (717 persons), followed by India, and Turkey. Ukrainian citizens illegally residing in Austria decreased considerably to 183 persons.

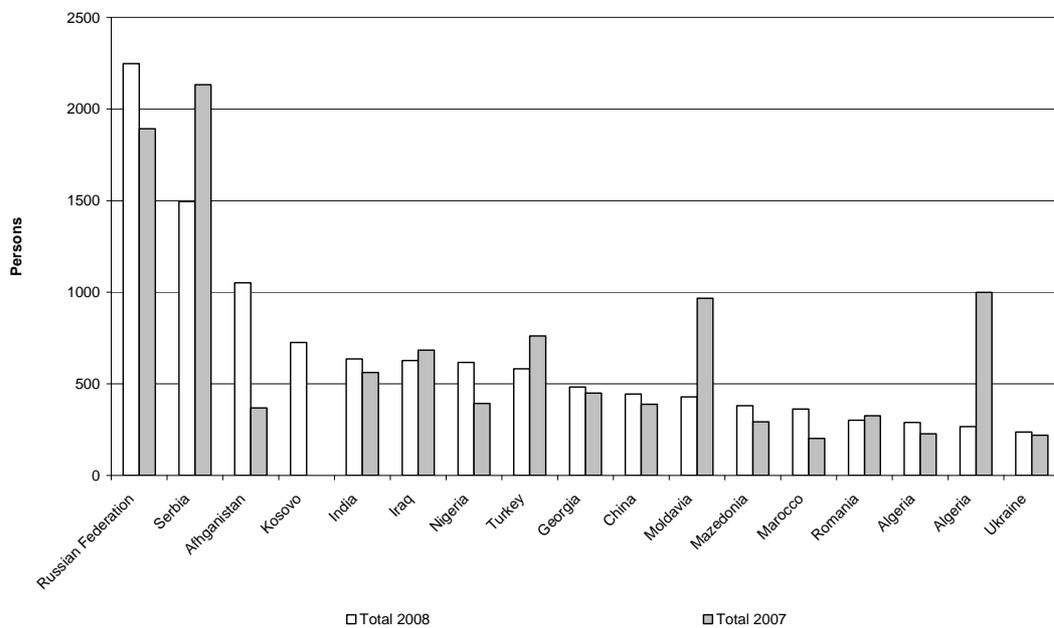
The total figure of irregular migrants apprehended in Austria in 2008, i.e., illegal residents plus smuggled persons, shows a rise in the number of persons from the Russian Federation by 19 % versus 2007, a decline of Serbians by 30 percent, and a significant increase of persons from Afghanistan by 185 % to 1.052, of whom 83 % smuggled persons. (Figure 12)

Figure 11: Apprehensions of illegal entrants and illegally residing migrants (overstayers) in Austria



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

Figure 12: Total number of illegal entrants and illegally residing migrants by nationality in Austria



Source: Ministry of the Interior, Illegal Migration Report.

In international comparison, human trafficking has considerable dimensions in Austria. Austria is considered 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 are Italy, Hungary, Slovakia, and the Czech Republic. Central and Eastern Europe are the main countries of origin of persons (mainly women) affected by human trafficking. During the last 15 years, external border control, international police cooperation and information exchange have constantly been improved. On the international level, so-called "security partnerships" have been established with Austria's neighbouring countries in 2000, and a number of joint projects have been implemented concerning countermeasures against human smuggling and trafficking in the countries of origin. Austria has also concluded several readmission agreements on a bilateral level with countries of origin and transit of illegal immigration (NCP, 2006). 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 region⁶. A report by the Austrian National Contact point on return migration (forced or voluntary) highlights the system in place in Austria (EMN, 2007).

Clandestine work is increasingly becoming an issue in Austria. While the actual numbers are not really known, certain aspects have surfaced in 2006 when court cases brought to the light that home care work is largely organised outside the legal channels. With eastern enlargement of the EU illegal employment of home care workers from Central and Eastern European Countries gained momentum. In 2006, the estimated numbers of illegal workers in care work were in the order of 40,000 workers, mainly women from Slovakia. The organisation of care work in the household sector has become a hot topic in public debate. It triggered off a reform of legislation in 2007, promoting the legalisation of clandestine care workers from new EU-MS. By 2008, some 20,000 legalisations were registered, many of them as self-employed. Thus the above average employment and labour supply growth in 2008 was to a certain extent a mirage and brought about by legalisation of clandestine care workers. The pronounced slow-down in measured productivity growth in 2008 has to be re-interpreted in that context as well.

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 illegal employment to be most pronounced in construction, catering/tourism (with some 15% of total employment) and agriculture (13%) (ibid).

⁶ 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.

Ever since then, no comprehensive information has been made available on clandestine work by nationality. But some of the complex administrative procedures regarding access to the labour market of migrants from third countries (and for citizens of new EU-MS for as long as the transition regulations apply) have to be understood as instruments to combat clandestine work, in particular seasonal work in tourism and harvesting. The actual numbers of permits granted annually are in the order of 60.000 to 70,000 – for a limited time period, obviously. In an annual average the numbers are quite small in comparison though (12,100 in 2008), taking into account that some may only work a few weeks and have a tradition of coming to the same employer over years. While this system is efficient in combating clandestine work, it also makes sure that every seasonal worker has social security coverage during the period of work in Austria.

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

Policy Report 2: Analysis of labour market integration policies

Any judgement of the integration of migrants into the labour market has to take the specific migration policy goals into account and the extent to which migration inflows can be regulated. In addition, integration policies are linked to the legal status of migrants and are thus offering leverage for change. Accordingly, a short overview of migration flows to Austria provides some insight in the dynamics and driving forces of immigration to Austria. The flows are brought in context with legislative changes and their consequences for the size and composition of migrants by country of origin, age, gender and skill level.

Migration movements by category and legal ramifications

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)⁷. The net inflow continued to be high for another year or so due to substantial refugee inflows from the civil war in former

⁷ For more see Biffel, 1996.

Yugoslavia and the inability of the outdated foreign worker legislation to regulate 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 the US-regulations⁸.

The second wave of immigration set in towards the tail-end of the 1990s and reached its peak in 2004 with a figure of 50,800 net immigration. Since then the net population inflow declined to 34,400 in 2008, i.e. by 32% 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), with the implementation of family sponsoring⁹. Accordingly, from 2006 onwards, Austrian citizens face barriers to family reunification/formation with third country citizens if they have no regular (minimum) income¹⁰ (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 (Figure 13).

The change in paradigm of the immigration policy away from (foreign) worker migration to family reunification and humanitarian intake in 1992 resulted in substantial increases in immigration flows. These flows are increasingly supply driven rather than demand driven, resulting in a rising mismatch between skills supplied and demanded. Accordingly, employers are demanding reforms in immigration policy, basically the promotion of labour migration at the upper end of the skill level¹¹. Such an adaptation of the migration model has been adopted in the government programme 2008-2013 (Regierungsprogramm: 105-112¹²).

Net immigration is the result of significant net-immigration of foreigners; Austrians, in contrast, are on balance emigrating. In 2008, total net immigration amounted to 34,400 as a result of a net inflow of foreigners of 39,400 and a net outflow of Austrians of 5,000.

⁸ For more information on the legal situation refer to IOM-EP 2008, Bichl et al. 2006, Kutscher et al. 2006, an various Monographs by Biffl—Bock-Schappelwein for the Ministry of the Interior.

⁹ This amendment to the Alien Law (NAG2005) has been introduced to conform to EU guidelines, specifically Art. 7 of GL 2003/86/EG which states that regular income to ensure ones livelihood has to be proven for settlement in EU-MS. (BMI 2009)

¹⁰ The regular (monthly) minimum income required to be allowed to settle is specified in §293 ASVG (Allgemeines Sozialversicherungsgesetz = General Social Security Law) which §11 NAG refers to. In 2009 the regular monthly minimum income was set at €772.4; it corresponds to the minimum retirement pension in Austria ensured by the state. In case of reunion with a partner without own personal income the regular (monthly) minimum income necessary to be able to bring the partner into Austria to settle is €1,158, the general idea being that immigration and family reunion should not burden national or local government budgets.

¹¹ The most recent presentation of an immigration model for Austria along the lines of the Canadian/Australian 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. Also BKA 20082013 Regierungsabkommen.

¹² For more see the section on Migration and Integration: <http://www.bka.gv.at/DocView.axd?CobId=32965>

Figure 13: Net migration of Austrians and Foreigners
1983-2008



Source: Statistics Austria.

Figure 14: Inflows of top 13 nationalities into Austria

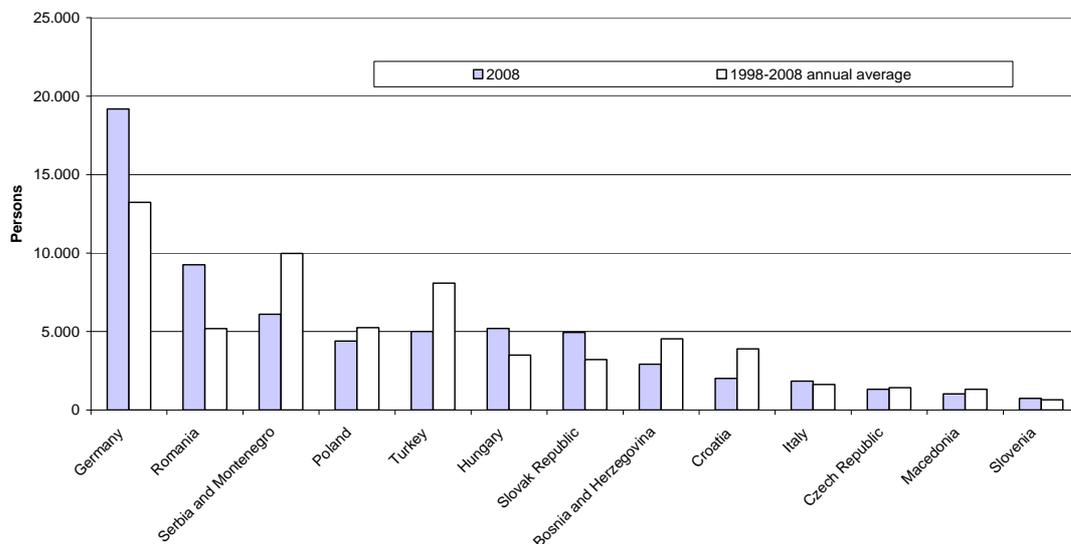
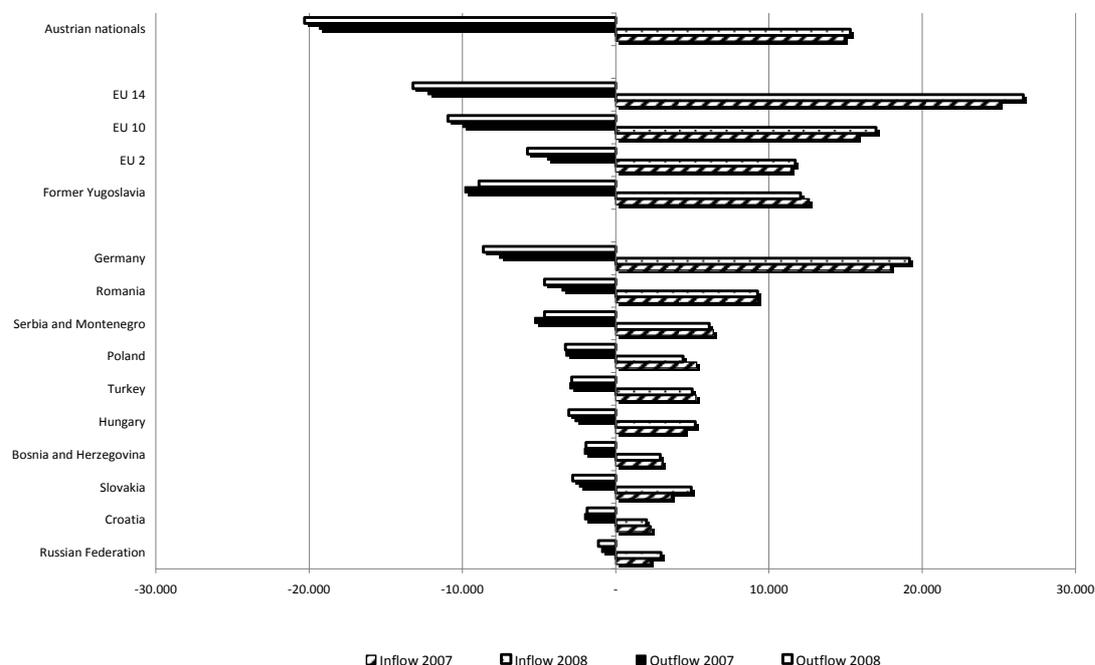


Figure 15: Inflows and outflows by major countries of origin and the EU



Source: Statistics Austria.

A comparison of migration flows of the central population register with administrative procedures, namely the number of settler resident permits granted to third country citizens in 2008, indicates that of the 39,400 net inflow of foreigners one third were settlers of third countries, namely 15,400.

Turnover, i.e., inflows and outflows, tends to rise over time; gross flows are higher for men than women. Of the 94,800 inflows of foreigners in 2008, 24 % came from the old EU-MS, in the main Germany; slightly more inflows were recorded from EU10 and EU2, namely 26.3 % (with a share of 10.5 % of the EU2, of which Rumanians held the majority share of 8.4 percent). 11 % came from the former region of Yugoslavia (with a majority share of citizens of Serbia and Montenegro of 5.5 percent), 4.5 % from Turkey, and 8.7 % from Asia excluding Turkey. As in previous years, fairly small numbers come from overseas countries in Africa (2.9 percent), America (3.2 percent) and Oceania (0.3 percent). (Figure 14)

In 2008, of the 55,349 foreigners leaving Austria (outflows), about a quarter are from the old EU-MS, in the main Germany, indicating that the German population in Austria is largely a floating population, a consequence of a high degree of integration of the economies, the labour market, the education system and the society at large. This holds also for persons from the new EU-MS (EU10&EU2), who constitute about 30 % 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

2006 onwards granted through a (work) 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 % less than 2006. In 2009, the number of residence permits stabilised on that level (454.300). The decline had primarily been the result of a declining number of permanent residents, while all other categories experienced an increase, above all settlement permits for relatively recent inflows (for family reunification or work).

Of the total number of permits (mid year count in 2009), 309,000 or 68 % were permanent residents, another 18 % (82,400) had a settlement permit (NB) and 42,900 or 9.5 % were a third country family member other than a partner or dependent child of an Austrian or other EEA citizen. Only 20,400 or 4.5 % 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 2008 a sum total of 21,200 resident permits were issued to newcomers from third countries, of which 15,400 or 72 % to settlers. Thus the annual inflow of settlers remained more or less at the level of 2007 - after the abrupt decline in 2006, which had resulted from the reforms of the immigration regulations in 2005. The reforms effectively took away the right to family reunion of persons on social assistance.

The number of temporary resident permits granted to third country citizens increased slightly to 5,900 permits (+180, 3.2 percent), after the break in 2006, after which the numbers were more than halved as a result of a switch from resident permits to work visas for temporary work of less than 6 months.

Of the 15,400 new settlers in 2008, almost one half (7,400) were 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, 52 % of the new third country settlers have the right to join their Austrian or EEA-family members or may settle on humanitarian grounds (Tables 7 and 8).

As to the newly issued temporary resident permits: of the total of 5,900 issued to third country citizens in 2008, the majority are persons working in Austria temporarily (and their family members), followed by students and their family members, and 1 % could stay on humanitarian grounds, many of them 'integrated' asylum seekers.

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

Residence Permits issued in the course of the Year 2002-2008

Annual Sum by end of December

	2002	2003	2004	2005	2006	2007	2008
First issue settler	27.166	34.564	31.835	32.166	16.353	15.888	15361
First Issue temporary resident	38.801	35.405	32.209	21.200	6.613	5.699	5.879
	65.967	69.969	64.044	53.366	22.966	21.587	21.240
<i>Men</i>							
First issue settler	11.976	15.158	14.471	14.508	7.016	7.083	7.037
of which within quota regulation	2.745	2.977	1.840	2.287	1.616	2.096	2.218
outside quota	9.231	12.181	12.631	12.221	5.400	4.987	4.819
Prolongation of settlement	0	34.332	33.443	36.484	51.852	59.203	56.327
Transfer of title to settler (no quota)					362	614	1.057
Transfer of title to settler (inside quota)					144	280	279
First issue temporary resident	21.257	19.891	16.903	11.374	2.902	2.621	2.660
of which within quota regulation						0	
outside quota	21.257					2.621	2.660
Prolongation of temporary stay	0	13.943	10.757	9.994	7.521	7.124	7.596
extension of residence permit		13.943	10.757	9.994	7.521	7.124	7.596
transfer of other title to resident title						0	
Total	33.233	83.324	75.574	72.360	69.291	76.031	73.620
<i>Women</i>							
First issue settler	15.190	19.406	17.364	17.658	9.337	8.805	8.324
of which within quota regulation	3.851	5.050	3.298	3.971	2.453	3.159	5.183
outside quota	11.339	14.356	14.066	13.687	6.884	5.646	3.141
Prolongation of settlement	0	37.214	38.304	41.883	55.778	62.174	63.067
Transfer of title to settler (no quota)					450	619	951
Transfer of title to settler (inside quota)					229	292	289
First issue temporary resident	17.544	15.514	15.306	9.826	3.711	3.078	3.219
of which within quota regulation						0	
outside quota	17.544					3.078	3.219
Prolongation of temporary stay	0	13.381	12.731	12.508	8.008	7.085	7.422
extension of residence permit		13.381	12.731	12.508	8.008	7.085	7.422
transfer of other title resident title						0	
Total	32.734	85.515	83.705	81.875	76.834	81.142	82.032
<i>Total</i>							
First issue settler	27.166	34.564	31.835	32.166	16.353	15.888	15.361
of which within quota regulation	6.596	8.027	5.138	6.258	4.069	5.255	7.401
outside quota	20.570	26.537	26.697	25.908	12.284	10.633	7.960
Prolongation of settlement	0	71.546	71.747	78.367	107.630	121.377	119.394
Transfer of title to settler (no quota)					812	1.233	2.008
Transfer of title to settler (inside quota)					373	572	568
First issue temporary resident	38.801	35.405	32.209	21.200	6.613	5.699	5.879
of which within quota regulation	0	0	0	0	0	0	
outside quota	38.801	0	0	0	0	5.699	5.879
Prolongation of temporary stay	0	27.324	23.488	22.502	15.529	14.209	15.018
extension of residence permit	0	27.324	23.488	22.502	15.529	14.209	15.018
Total	65.967	168.839	159.279	154.235	147.310	158.978	158.228

Source: Ministry of the Interior.

Temporary residence may be granted on the basis of various regulations, e.g., a temporary employment permit granted by the Federal Ministry of Economic/Social Affairs and Labour in the case of seasonal work, or as a result of a bilateral cross-border agreement (commuters from Hungary). These temporary work contracts are linked to employment contracts, which

have a ceiling, e.g., in the case of seasonal workers and cross-border commuters. In these cases the residence in Austria is an integral part of the work contract and does not need processing by the Ministry of the Interior. Consequently, they are not included in the third country citizenship residence register of Tables 7 and 9. 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.. These stays are uncapped, e.g., researchers, students etc., i.e., all of the 5,900 temporary resident permits issued in 2008, are uncapped. The temporary residence status may be extended, e.g. in case of students. The total number of extensions is almost triple the number of first issues, namely 15,000 in 2008.

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

1 January to end of December

	2006			2007			2008		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<i>Sum of all first settlement permits within the quota regulation</i>	1.616	2.453	4.069	2.096	3.159	5.255	2.218	3.141	5.359
No access to work	44	72	116	62	57	119	86	88	174
Limited (Family reunion)	1.043	2.050	3.093	1.353	2.665	4.018	1.333	2.508	3.841
Limited (Family reunion with self-employed high skilled settler)	13	12	25	13	20	33	5	17	22
Limited (Family reunion with salaried high skilled settler)	87	190	277	116	235	351	147	328	475
Limited (mobility of self-employed)	2	1	3	2	2	4		2	2
Limited (mobility of salaried worker)	2	5	7	7	5	12	6	7	13
High skilled settler (self-employed)	22	5	27	25	9	34	26	10	36
High skilled settler (salaried worker)	403	118	521	518	166	684	615	181	796
<i>Sum of all first settlement permits outside the quota regulation</i>	1.840	1.849	3.689	2.114	2.002	4.116	2.119	1.950	4.069
Family member	555	589	1.144	291	373	664	172	248	420
No access to work	17	21	38	9	8	17	11	9	20
No access to work (Humanitarian status)	17	7	24	8	7	15	2	2	4
Limited access to work (Family reunion)	1.179	1.151	2.330	1.682	1.507	3.189	1.860	1.624	3.484
Limited access to work (Family reunion humanitarian)	23	38	61	72	78	150	34	46	80
Limited access to work (European agreement)	2	4	6	3		3	3	5	8
Limited access to work (humanitarian)	47	39	86	49	29	78	37	16	53
<i>First settlement permits: Family member</i>	3.560	5.035	8.595	2.873	3.644	6.517	2.700	3.233	5.933
Family reunion (labour market testing for access to labour market)				18	16	34	24	11	35
Family reunion with Austrian/EEA (free access to labour market)	3.560	5.035	8.595	2.855	3.628	6.483	2.676	3.222	5.898
Sum of all first settlement permits	7.016	9.337	16.353	7.083	8.805	15.888	7.037	8.324	15.361
<i>Prolongation of settlement permits</i>	22.462	24.260	46.722	29.781	31.527	61.308	31.554	33.778	65.332
Family member	907	2.510	3.417	1.129	2.441	3.570	1.199	2.467	3.666
No access to work	355	525	880	364	561	925	375	529	904
Limited access to work (LM-testing)	11.327	11.140	22.467	12.712	12.133	24.845	10.887	10.740	21.627
High skilled settler (self-employed)	20	11	31	9	4	13	12	4	16
High skilled settler (salaried worker)	125	49	174	57	35	92	75	30	105
Unrestricted access to labour market	9.728	10.025	19.753	15.510	16.353	31.863	19.006	20.008	39.014
<i>Prolongation of other settlement permits</i>	29.389	31.518	60.907	29.422	30.647	60.069	24.773	29.289	54.062
Permanent residence- EU mobility	14.392	11.325	25.717	16.717	14.455	31.172	12.286	11.931	24.217
Permanent residence- family member EEA	1.293	1.683	2.976	1.902	1.818	3.720	1.594	2.188	3.782
Family member of perm. resident (LM-Testing)				12	17	29	29	27	56
Family member of Austrian/EEA (free access to LM)	13.704	18.510	32.214	10.791	14.357	25.148	10.864	15.143	26.007
Sum of all settlement permits	58.867	65.115	123.982	66.286	70.979	137.265	63.364	71.391	134.755

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

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 5 years, have the right to settle and work anywhere in the EU, is less volatile and rising. Their numbers reached 3.500 by mid 2009, after some 2,500 in mid 2006.

On an annual average the stock of settlement permits amounted to 103,000 in 2008. 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). On an annual average 43,000 were registered in 2008 compared with 20,000 in 2006.

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

	2006			2007			2008		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<i>First temporary residence permits</i>	2 902	3 711	6 613	2 616	3 068	5 684	2 660	3 219	5 879
Employed persons on basis of GATS (mode 4)	126	73	199	93	12	105	152	19	171
Family member of highly skilled								2	2
Family member of researcher	9	17	26	7	34	41	19	38	57
Family member of intercompany transfers	42	94	136	41	90	131	40	94	134
Family member of special employment-artist/scier	114	204	318	123	197	320	97	158	255
Family member of students	76	84	160	50	64	114	51	77	128
Family member of scientist/artist	11	10	21				13	45	58
Researcher	45	29	74	96	47	143	102	49	151
Humanitarian grounds	64	80	144	84	104	188	58	54	112
Artist (on the basis of work contract)	57	34	91	25	19	44	42	20	62
Artist (self-employed)	32	17	49	24	9	33	17	15	32
Intercompany transfers	135	51	186	120	27	147	114	36	150
Pupil	256	346	602	207	356	563	208	333	541
Self-employed	13	6	19	9	1	10	9	3	12
Special cases of salaried employees	597	1.391	1.988	542	1.123	1.665	529	1.164	1.693
Social worker	2	2	4	1	2	3		1	1
Students of higher education	1.323	1.273	2.596	1.194	983	2.177	1.209	1.111	2.320
<i>Extensions of temporary residence permits</i>	7 521	8 008	15 529	7 124	7 085	14 209	7 596	7 422	15 018
Employed persons on basis of GATS (mode 4)	74	45	119	44	38	82	90	39	129
Family member of highly skilled							8	10	18
Family member of researcher	3	6	9	13	16	29	4	4	8
Family member of intercompany transfers	62	150	212	61	153	214	9	35	44
Family member of special employment-artist/scier	171	335	506	281	524	805	67	165	232
Family member of students	150	217	367	120	165	285	320	519	839
Family member of scientist/artist	41	66	107	35	58	93	128	173	301
Researcher	17	7	24	48	26	74	20	46	66
Humanitarian grounds	35	55	90	39	46	85	127	62	189
Artist (on the basis of work contract)	107	83	190	104	79	183	44	46	90
Artist (self-employed)	91	53	144	104	56	160	123	89	212
Intercompany transfers	154	55	209	149	46	195	109	65	174
Pupil	595	891	1 486	481	780	1 261	182	45	227
Self-employed	12	3	15	20	6	26	471	784	1 255
Special cases of salaried employees	705	857	1 562	1 018	653	1 671	22	5	27
Social worker	5	11	16	0	0	0	1 136	678	1 814
Students of higher education	5 299	5 174	10 473	4 607	4 439	9 046	4 736	4 657	9 393
Sum of all temporary residence permits	10.423	8.008	22.142	9.740	10.153	19.893	10.256	10.641	20.897

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

In the course of 2008 15,400 first settler permits were issued. Two third of the settlement permits are issued to persons in uncapped categories, namely 10,000. The settler permits issued to third country citizens, for whom no quota limit applies, are either family members of Austrians (or of citizens of the EEA) or they have obtained settlement rights in another EU-MS, or else may reside in Austria on humanitarian grounds. As far as the first group is

concerned, they have unlimited access to the labour market (5,900 in 2008). The latter may access work on the basis of labour market testing.

Amongst the capped categories a fairly small group are highly skilled, wanting to work. The figures have been rising between 2006 and 2008 by 300 or 52% to 832. They constituted 15 % of all first quota settlement permits in 2008. 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).

In the event of a legal stay beyond 5 years, settlers may opt for obtaining a settlement certificate, which is available since 2003, modelled after the American 'green card'. It allows access to the labour market without prior labour market testing. Prolongations of settlement permits are becoming more frequent as the duration of stay gets longer and integration proceeds. Increasingly, prolongations are issued to third country citizens who have permanent residence rights in another EU-MS. They may access the labour market in Austria without any limitations. Their numbers amounted to 25,700 in 2006, increased to 31,200 in 2007 and declined again in 2008 to 24,200.

In addition to settlement permits, the Federal Ministry of the Interior issues temporary residence permits to persons who have obtained the right to enter for study, temporary work and business purposes including services mobility (GATS mode 4) or on humanitarian grounds. In the course of 2008, all in all 5,900 temporary residence permits were issued for the first time, and 15,000 were extended. The largest number of first temporary residence permits goes to students of higher education, namely 2,300 or 39 % of all first temporary resident permits. Students are also the largest group to get their temporary stay extended namely 9,400 or 63% of all extensions. (Table 9).

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

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-MS who settle in Austria. In the course of the year 2008 38,617 EU-citizens entered Austria. About two thirds entered for work, and some 10% (3,900) for study purposes.

Free movement within the EU/EEA raises the annual inflow of persons with settlement rights to some 54,000 in 2008. Thus, only one quarter of the annual inflow 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 this free movement. (Table 10)

In addition to settlers, another 24,200 enter on a temporary basis. About half of the inflows are seasonal workers; some 35% are international students. Of the international student inflow the split between third country and EU-citizens is fairly even.

Table 10: Annual inflow of settlers and temporary residents by category

Annual inflow of settlers (permit data)				
	2005	2006	2007	2008
Work	1.500	548	718	832
Family	29.400	15.628	11.750	14.384
Humanitarian	5.900	4.234	5.440	3.649
Free Movement	19.400	13.993	30.732	35.289
Others	700	6	3	8
Total	56.900	34.409	48.643	54.162
Annual inflow of temporary migrants				
international students	3.200	4.448	5.344	8.471
Trainees				
Seasonal workers	11.356	10.894	11.536	12.135
Intra-company transfers	200	186	147	150
Others	6.300	3831	3360	3409
Total	21.056	19.359	20.387	24.165

Source: Federal Ministry of the Interior, Central Alien Register; LMS Work Permit Statistics.

iii) Resident permit holders by type of status: stocks July 2009

A mid-year stock count (July 1, 2009) of the number of valid residence permits comes up with a figure of 446,500. (Table 11) This may indicate that the economic downturn starts to be felt and immigrants tend not to have the means to the same extent as in the past to afford bringing in their partners. Thus, the introduction of a minimum income/earnings requirement for family reunification/creation (family sponsoring) has not only resulted in an immediate downward shift of the number of residence permits, but also in cyclical fluctuations. The gender composition remains very stable, however. Also in 2009, slightly more than half of the permit holders are male (51 percent). The share of youngsters is slowly declining, however. In 2009 only 20.6% were under the age of 19 compared to 24.5% in 2005. In contrast, older persons (60 +) make up an increasing share of immigrants of third countries. In 2009 they made up 10.3% 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; men tend to be on average somewhat older than women.

By mid 2009, the majority of the permits were settlement permits, namely 433,900 or 95 percent. 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.

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. This is an explicit labour market integration policy.

Excluded from access to the labour market are only pensioners of third countries and 'Privateers'. An 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.

*Table 11: Stock of valid residence permits of non-EU citizens by age and gender
Count by 1 July*

<i>Total</i>	2005	2006	2007	2008	2009
0 to 18	123.992	111.639	100.998	96.243	92.170
19 to 30	105.248	97.553	92.857	92.653	91.055
31 to 40	104.245	95.551	88.726	88.968	87.502
41 to 50	76.124	72.894	71.049	72.589	71.931
51 to 60	60.645	61.077	59.469	59.418	58.069
over 60	35.967	38.149	40.327	44.089	45.793
<i>Sum</i>	<i>506.221</i>	<i>476.863</i>	<i>453.426</i>	<i>453.960</i>	<i>446.520</i>
<i>Men</i>					
0 to 18	63.925	57.598	51.887	49.642	47.427
19 to 30	50.226	46.483	44.853	44.238	43.049
31 to 40	50.952	45.917	42.971	42.874	42.079
41 to 50	41.439	39.531	38.343	39.072	38.516
51 to 60	33.521	33.419	32.451	32.132	31.194
over 60	17.950	19.231	20.831	23.111	24.181
<i>Sum</i>	<i>258.013</i>	<i>242.179</i>	<i>231.336</i>	<i>231.069</i>	<i>226.446</i>
<i>Women</i>					
0 to 18	60.067	54.041	49.111	46.601	44.743
19 to 30	55.022	51.070	48.004	48.415	48.006
31 to 40	53.293	49.634	45.755	46.094	45.423
41 to 50	34.685	33.363	32.706	33.517	33.415
51 to 60	27.124	27.658	27.018	27.286	26.875
over 60	18.017	18.918	19.496	20.978	21.612
<i>Sum</i>	<i>248.208</i>	<i>234.684</i>	<i>222.090</i>	<i>222.891</i>	<i>220.074</i>

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

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 is not easily achieved, however, as the required wage to become eligible for a skilled worker title is too high for entrants into the labour market. An amendment of the income requirement for university graduates is in preparation.

There is a strong regional segmentation of settlers and temporary residents by ethnic migrant background. 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 (this is a mirror of regional industrial specialisation and targeted labour migration of the 1960s and 1970s), 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 (chain migration). Temporary residents tend to come from the Eastern and South Eastern European countries/regions (cross-border labour market integration).

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

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

Citizens of the EEA, who have the right to free mobility and their family members may have their residence status documented (Anmeldebescheinigung). In addition, third country citizens who have a permanent residence status in another country of the EEA may choose to settle in Austria. They get a settlement permit (Daueraufenthaltskarte). By July 2009, 105,300 citizens of the EEA were registered under the first title in Austria (documentation of residence) and 3,400 under the second title (settlement). About half of the documented EEA citizens were working in Austria (51,100, one third of them women), in the main as wage and salary earners (32,500). Some 10 % were students (6,700, two third of them female) and one third were family members or relatives (18,100 or 27 percent, 39% of them women). (Table 12)

Table 12: Documentation of the residence status of citizens of the EEA and third country settlers in another EU-MS (mid year stock count)

	2007			2008			2009		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Documentation of registry	15524	14640	30164	33482	32670	66152	52926	52335	105261
Employee	9304	5727	15031	19971	12495	32466	31296	19823	51119
Education	1139	2004	3143	2403	4303	6706	4150	7013	11163
Family reunification	3047	4653	7700	6778	10297	17075	10696	16042	26738
Self-employed	785	449	1234	1642	1632	3274	2613	3357	5970
Other family member/relk	149	328	477	339	723	1062	537	1169	1706
Others	827	1257	2084	1821	2714	4535	2894	4224	7118
ID-Card	273	222	495	528	506	1034	740	707	1447
Settler document			2598	1155	1700	2855	1424	2015	3439

Source: BMI-BFIS.

Labour Market Integration Policies

While the Federal Ministry of the Interior regulates the inflow and resident status of immigrants, the Federal Ministry of Labour and Social Affairs regulates access to the labour market (Foreign Worker Law - AuslBG), albeit of an increasingly smaller and very specific group of workers (Biffel, 2009). Apart from spelling out legal access rights to the labour market along immigration streams (temporary residence permits and settlement permits),

integration policies focus on various groups of workers, amongst them migrants. Austria does not make any distinction between migrants and non-migrants in their labour market policy measures. The focus is much rather on specific target groups like distant learners, marginalised groups of workers and the like. The only specific instrument of integration of migrants is the organisation and funding of in German as a second language courses by the LMS. In addition, general integration policies are established in primary and adult education and in community services. Thus integration policy tends to be regulated and organised on state and community level.

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 2009¹³.

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. This is a severe limitation of access to work; Federal Law would allow a wider spectrum of temporary work, but an order by the former Minister of Economic Affairs and Labour¹⁴ in 2004 reduced the access rights to seasonal work. This order brought about a deterioration of employment and learning opportunities of this particular migrant group versus earlier labour market practices.

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

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

¹³ Download from the website of the Ministry: <http://www.integration.at/>

¹⁴ The order was issued by former Minister Bartenstein (Erlass zu GZ 435.006/6-II/7/04, EU –Erweiterungs-Anpassungsgesetz; Durchführungserlass).

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 '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 sponsoring¹⁵) 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.

¹⁵ See the section on family sponsoring in Report 1 above.

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.

Link between residence title and access to work

The annual inflows of third country migrants which are capped, are comparatively small. For 2009 the total quota was set at 8,145 places, about the same as in 2008. 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 that the family member join him/her. The inflow of third country citizens is more and more restrictive as free mobility of EU-citizens is an increasing source of population growth together with family reunification of third country citizens with naturalised Austrian and EU citizens.

Consequently, from 2003 onwards, 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. Highly skilled workers may enter on the basis of an employer nomination scheme, if scarcity of their skills can be documented (indicators of occupational labour market scarcities). Not only scarcity is a requirement, but also minimum earnings which are to ensure that wage dumping does not occur; the wage ceiling is set fairly high – at monthly gross earnings equal to or above 60 % of the social security contribution ceiling – thereby often surpassing the average entry wages of young university graduates. This represents a barrier to entry into the labour market of third country graduates of Austrian universities.

Apart from family reunification of third country citizens with third country citizens, an annual quota is fixed for highly skilled third country citizens (Schlüsselarbeitskraft). Family reunification (Familiennachzug) quotas only apply to citizens of third countries, who are residing in Austria on the basis of a quota. One may distinguish 5 types of family reunion quotas (NAG 2005, Figure 16):

1. Highly skilled workers (§§2/5 and 12/8 AuslBG and § 41 NAG), their partners and dependent children (§46/3 NAG); for 2009 the inflow quota was fixed at 2,700, the same level as in 2008. The applications of third country highly skilled workers for settlement

started to decline in 2008, contrary to expectations. It was assumed that skilled migration would not be affected by cyclical economic fluctuations of demand, and as the economic boom period of 2005 to 2007 had seen significant inflows, expectations were set on a continued rise. However, the applications declined somewhat in 2008 and took a proper dip in 2009 (-37%) for both employment categories, the self-employed as well as the salaried skilled migrants. While the decline of self-employed may be linked with the low acceptance rate of applications – in the main due to a lack of credentials of applicants, the decline in applications of salaried skilled migrants may be interpreted as a result of the declining demand for migrant workers due to the onset of the economic downturn.

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 residence law of 2005 and has been applied for the first time in 2006. In 2009 just as in the previous three years, only some 20 people entered Austria under this heading.
3. Family members of third country citizens (§46/4 NAG): the age of dependent children was raised from 15 to 18 years; the inflow quota for 2009 was 4,900, a slight rise over 2008 (4,755). This continues to be a rather tight cap for family reunification but does not seem to lead to queuing, i.e. a build up of open requests abroad (Figure 17).
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 (200 for 2009). 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 230 in 2009 after 165 in 2008. In this category one tends to have more applications than the quota.

These regulations show that considerable coordination of immigration and labour market integration policy has emerged over the last decade. The objective is to raise the acceptance level of immigration amongst the Austrian population, to re-establish the trust of the population in the authorities and the controllability of immigration. It is increasingly accepted by the authorities that these objectives can only be achieved if integration of migrants is promoted in every sphere of society, above all, however, on the labour market and in the education system. The corporatist tradition of industrial relations and a highly developed system of collective labour rights promote integration of migrants into the labour market and equal treatment.

Figure 16: Quota system and annual cap by category, 2006-2009

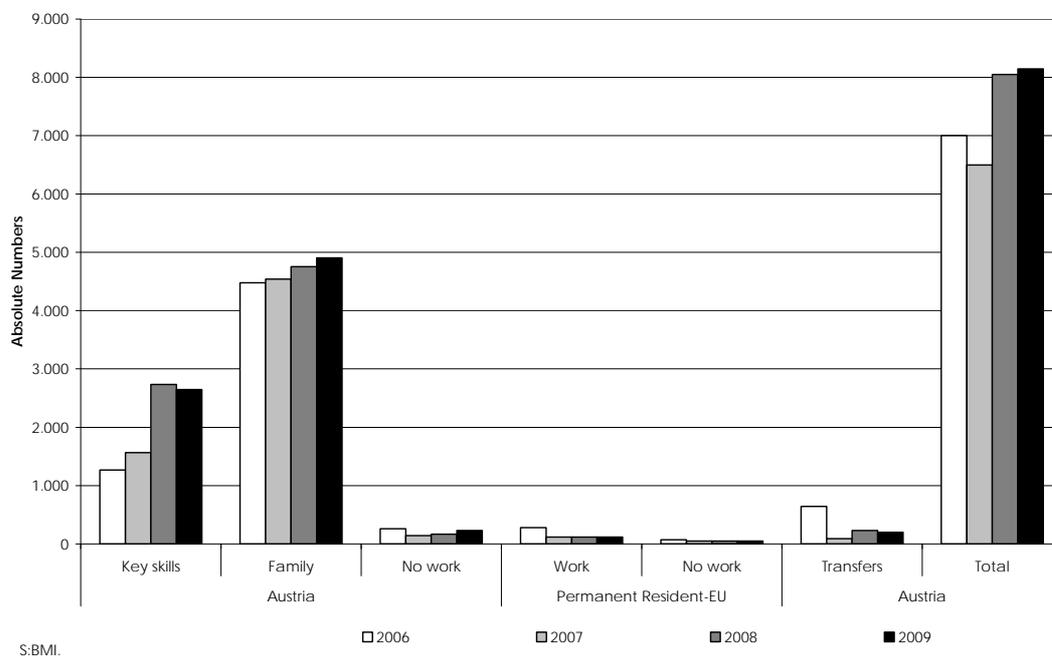
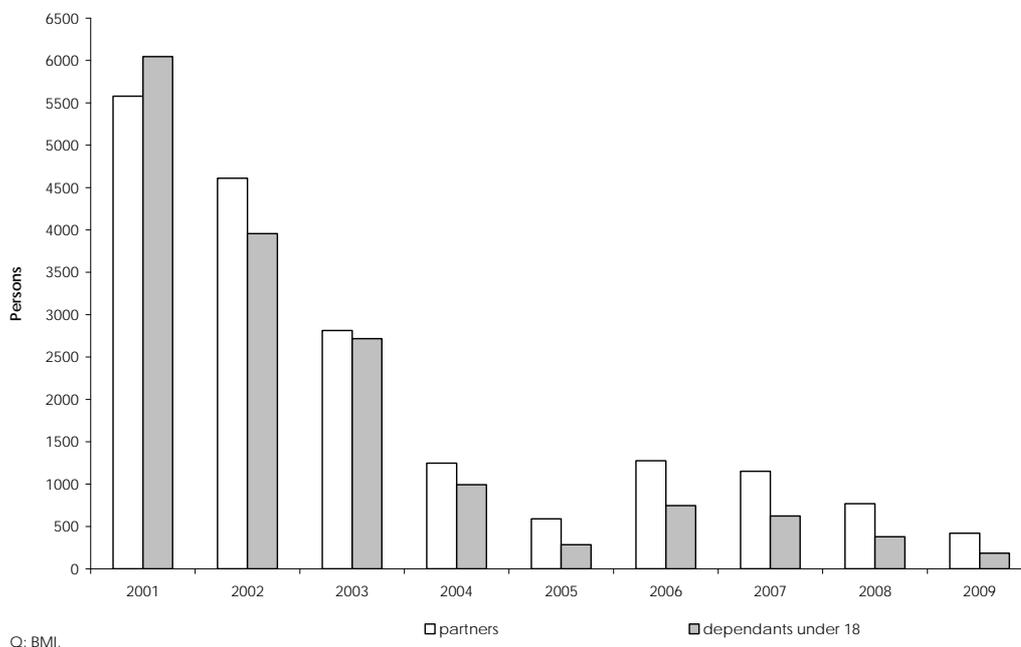


Figure 17: Open requests for family reunification (Queue abroad) 2001-2009



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 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 effectiveness¹⁶.

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 pacts¹⁷. 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).

Good practice examples of integration policies

Federal states as diverse as Tyrol, Vienna and Vorarlberg have developed integration concepts in line with diverse economic development options and political and cultural traditions. Just a few remarks to indicate the gist of integration policies which centre around the labour market

¹⁶ For a first attempt to collect information about integration measures in the various regions see *IOM – BMI* (2005).

¹⁷ 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>.

as it ensures financial independence and self-confidence of migrants and their acceptance in the community.

Tyrol is a federal state (Bundesland) with a proportion of foreign born in the population corresponding to the national average, while Vorarlberg is at the top end of foreign born second only to Vienna. Tyrol is chosen because it is a very diverse region as far as the demographic and socio-economic structure is concerned, encompassing rural as well as urban areas, a wide spread of industries with a dominance of small and medium sized enterprises, and a great diversity of migrants as far as their ethnic and cultural mix is concerned, their educational attainment and the reason for coming (work, family reunion, refugees).

Vorarlberg in contrast, is a highly industrialised but largely rural province of Austria, bordering on Switzerland, with small communities and only a few larger conurbations. It is the Austrian province with the second highest proportion of foreign born after the federal capital Vienna, namely 21% compared to 35.6% in Vienna and 17.4% in Austria on average. Approximately 21 % of the secondary school students in the 96 local authorities do not speak German as their mother tongue. This figure can rise to 40 % in the cities and larger towns. As immigrants are spread over the whole province more or less evenly, as are the industrial production sites, integration policy has to embrace the whole area.

Vienna on the other hand is the only large conurbation. It is the region in Austria which has seen the largest influx and settlement of migrants of diverse ethnic, cultural and religious backgrounds. Vienna has actively promoted the inflow of immigrants as a strategy to stabilise population size and to combat ageing since the 1960s. Until the late 1980s, easy access to citizenship was the major instrument to attract immigrants¹⁸. In addition, ethnically based social networks may also be a causal factor for the concentration of migrants in Vienna. Also religious diversity has increased dramatically: only half the population of Vienna is Roman Catholic, compared to 74 % on average in Austria. Viennese have become increasingly secular (27 % of all inhabitants of Vienna), but also large numbers of Muslims (8 % of the Viennese population) and orthodox Christians (6 % of the Viennese population) settled in Vienna. Accordingly, instruments and procedures to create a sense of belonging and establishing common values have been developed. Vienna has addressed the issue of integration earlier than other federal states, combining targeting and mainstreaming, as both approaches seem to be necessary in a society under constant flux. Cities face different challenges than regions like Tyrol. Also, a large city like Vienna plays a different role in globalisation than other regions in Austria.

In 2002, Tyrol established an agency within the State government (Integrationsreferat der Landesregierung)¹⁹, with the mission to mainstream integration policies and measures for migrants in all relevant portfolios of the State government and the communities, reaching out

¹⁸ The provinces have considerable discretionary power to grant citizenship. While the general rule for eligibility is 10 years of residence in Austria, four to 5 years of legal residence in combination with a valid work contract sufficed in the city of Vienna.

¹⁹ For details see the multilingual website www.integrationsportal.at.

to and including civil society and social partners. Integration is seen as an essential part of a 'harmonious social development'. In order to be able to effectively mainstream integration, a think-tank, i.e., a consultancy body, has been created as a first step. This body advises the agency on how to go about mainstreaming integration. This body comprises consultants of various kinds, experts with and without migration background in a variety of specialty fields in the various departments and regions, as well as NGOs and the scientific community. A university institute (University Innsbruck) follows the development steps of integration mainstreaming and analyses and evaluates the process and progress. A strategic steering committee ensures that all regions and portfolios are included in the development of integration mainstreaming. One of the aims of the agency is to persuade migrants and the host communities that integration makes sense and is necessary. Emotional, social and legal barriers to successful integration are to be made visible so that they may be addressed and eliminated in due course. The agency is also the major source of funding of institutions, associations and initiatives of individuals and groups of persons in support of activities which promote the integration of migrants and the peaceful co-existence of natives and immigrants²⁰.

Vorarlberg did not take the route of Tyrol and Vienna, which developed guiding lines for integration before actually implementing and coordinating measures. It wanted to address concrete problems of immigrants and natives alike straight away and in order to do that the state devolved the actual planning and coordination to a think tank known as "Okay-online für Zuwanderung und Integration in Vorarlberg" in 2001. At the outset the message was that Vorarlberg has a long history of immigration, and also emigration. Building on this history of the region and its communities and individuals, the foundations were set for a common understanding that immigration is not a transitional phenomenon but one that will go on. Thus research into the history and the contribution of migrants to the well being of the people in Vorarlberg was the outset of the strategy. This was the idea of the expert group and think tank (NGO). Thus public administration was ready to accept that integration was not a top-down process but rather a process of involving and engaging old and new actors in a socio-economic and cultural development process. Media were integrated in many ways, as new methods of communication were called for, thereby structuring the social processes involved. Integration is understood as a socio-political theme that cuts across all levels and sub-systems of society that demands awareness, expertise and the implementation of a range of measures. Such a policy is no longer solely concerned with the administration of people of foreign origin but is increasingly striving towards capacity building such that all can fully participate in social and political life and take advantage of economic opportunities. This policy is seen by all as the best guarantee for social cohesion. The NGO "okay. zusammen leben" is overseeing and structuring the dynamics of this "learning region"²¹.

²⁰ See <http://www.tirol.gv.at/themen/gesellschaftundsoziales/integration/downloads/foerderungsrichtlinien.pdf>.

²¹ For details see the website: www.okay-line.at/

Vienna has been striving to develop a consistent model of integration based on the concept of diversity (as against multiculturalism). The LMS is seen as key to promoting integration and the employability of migrants by including them more than proportionately in active labour market policy measures, in particular education and training, subsidised employment and promotion of entrepreneurship. Given the increasing ethnic-cultural and religious diversity, schools are seen as important promoters of dialogue and understanding. One aspect is the concept of multilingualism which is taken up by some pilot schools within the framework of school autonomy as an instrument to promote common understanding and respect for other cultures, thereby promoting a feeling of belonging and togetherness. More common is, however, the inclusion of intercultural studies in the school curricula. In addition, since 1997, ethics has been taught as a pilot in several schools. These pilots have been put in place as a response to the growing secularism of the Austrian society on the one hand and the increasing diversity of religious beliefs on the other. An evaluation of the teaching of ethics in Austria (Bucher, 2001) shows that it raises the capacity of people for dialogue among religious beliefs and increases the capacity to actively participate in civic society

Anti-discrimination and Equal Opportunity Policies

Austria integrated the antidiscrimination guidelines of the EU (2000/43/EG ‘Antirassismusrichtlinie’) and equal opportunity guidelines (2000/78/EG ‘Gleichbehandlungsrichtlinie’) into Austrian legislation relatively late, namely in 2004 (GIBG 2004)²². The amended legislation focuses on anti discrimination policies regarding gender, ethnicity, faith, age and sexual orientation, thereby promoting diversity management in public administration and private industries. It addresses the employer-employee relationships, access to education and training, career promotions and employment contracts. According to Krenn (2009) no reliable evaluation of workplace promotion of migrants relative to natives has been undertaken yet. This topic is not on the public policy agenda and does not feature as an issue with the social partners (employer and employee representatives). Accordingly, little is known about the extent of discrimination in the workplace and the instruments of empowerment of persons who face discrimination to defend themselves. This is an unsatisfactory situation and calls for improvement, as integration and the promotion of equal opportunity is difficult without proper antidiscrimination legislation and its enforcement.

The reluctance on the part of the Austrian authorities to act decisively on combating discrimination is surprising given the EU-MIDIS (2009) survey results which indicate that the experience of discrimination by various minority groups is quite low in EU comparison. The lowest 12-month prevalence of discrimination (% discriminated against at least once in any of the nine domains tested²³) was amongst former Yugoslavs in Austria (3%); the prevalence

²² According to the eurobarometer of 2003, discrimination of individuals on the grounds of race or ethnic background conforms to the EU-average. http://ec.europa.eu/public_opinion/archives/ebs/ebs_168_exec.sum_de.pdf

²³ The nine domains are in the area of work, public and private services, housing, health.

rate was somewhat higher for Turks but still significantly lower than for example in Germany (9% versus 30% in Germany). Austria also exhibited the lowest averages of multi-domain discrimination of immigrants in the EU. Why then does Austria not engage in evaluating the impact of antidiscrimination legislation as compared to other instruments which ensure equal treatment of migrants? In view of the low incidence of discrimination of Turkish and Ex-Yugoslav migrants and the lax implementation of antidiscrimination legislation chances are high that other factors than the latter legislation ensure equal opportunity, particularly on the labour market. A clear answer can only be given through an evaluation of various factors – but more than anecdotal evidence suggests that the system of collective bargaining and the strong voice of workers through their work council are important contributors to the comparatively high degree of integration of migrants into the Austrian labour market and their limited (subjective feeling of) discrimination.

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Acronyms:

GDP (Gross Domestic Product) = the value of all final goods and services produced within a nation in a given year

GDP per capita = GDP divided by the average (or mid-year) population for the same year.

GDP (PPP) = PPP takes into account the relative cost of living and the inflation rates of the countries

HVS (Hauptverband der österreichischen Sozialversicherungsträger) = Federation of Austrian Social Security Institutions

LFS = Labour Force Survey

LMS = Labour Market Service

BMI = Federal Ministry of the Interior

Statistical Annex

	UNIT	2000	2005	2008	Source
Real GDP growth rate					
Growth rate of GDP total volume		3,7	2,5	2,0	St.At.
Growth rate of GDP per capita		3,4	1,8	1,6	St.At., own calc.
Structure of the economy: shares of various sectors in the economy in the gross value added (HCPI 2005=100)					
agriculture, forestry and fishing	%	2,0	1,6	1,7	St.At., own calc.
mining and quarrying	%	0,4	0,5	0,5	St.At., own calc.
manufacturing	%	20,6	19,6	20,2	St.At., own calc.
electricity, gas and water supply	%	2,4	2,4	2,6	St.At., own calc.
construction	%	7,5	7,1	7,5	St.At., own calc.
wholesale and retail trade; repair	%	13,4	12,9	12,7	St.At., own calc.
hotels and restaurants	%	4,2	4,6	4,6	St.At., own calc.
transport, storage and communication	%	7,0	6,4	6,0	St.At., own calc.
financial intermediation	%	5,6	5,3	5,2	St.At., own calc.
real estate, renting and business activities	%	16,0	18,7	18,6	St.At., own calc.
public administration and defense; social security	%	6,3	5,9	5,7	St.At., own calc.
other community, social, personal service activities	%	14,7	15,2	14,8	St.At., own calc.
Population (POPREG)					
		2002	2005	2008	
total		8.082.121	8.225.278	8.336.549	St.At.
	native-born	6.951.546	7.046.583	7.072.276	St.At.
by 'migration':	foreign-born: other EU	417.509	456.687	502.906	St.At.
country-of-birth approach	foreign-born: non-EU	694.585	698.089	743.410	St.At.
	male	3.918.940	3.998.952	4.058.635	St.At.
by sex	female	4.163.181	4.226.326	4.277.914	St.At.
	15-64	5.489.320	5.573.121	5.629.109	St.At.
	15-24	969.217	1.013.362	1.020.716	St.At.
	25-54	3.583.167	3.611.673	3.673.871	St.At.
by age	55-59	450.281	479.475	491.924	St.At.
	60-64	486.655	468.611	442.598	St.At.
	65-69	326.860	394.836	476.434	St.At.
	20-64	5.008.716	5.085.034	5.127.992	St.At.
	55-64	936.936	948.086	934.522	St.At.
		2001	2006	2008	
by education level	ISCED 0-2	26,2	18,2	17,4	St.At.
(age 15-64)	ISCED 3-4	63,9	68,9	69,2	St.At.
	ISCED 5-6	9,8	12,9	13,4	St.At.
Employment rate					
		2000	2005	2008	
	15-64	67,9	68,6 (b)	72,1	Eurostat
	15-24	52,5	53,1 (b)	55,9	Eurostat
	25-54	81,6	82,6 (b)	84,4	Eurostat
by age	55-59	42,4	50,0 (b)	59,2	Eurostat
	60-64	12,1	13,6 (b)	20,8	Eurostat
	65-69	5,5	6,1 (b)	8,4	Eurostat
	20-64	70,7	71,7 (b)	75,1	Eurostat
	55-64	29,2	31,8 (b)	41,0	Eurostat
Employment growth					
total: annual percentage change in employed population		1,3	1,5	1,8	Eurostat
Unemployment rate					
	15-64	4,7	5,2 (b)	3,9	Eurostat
	15-24	6,3	10,3 (b)	8,0	Eurostat
	25-54	4,3	4,4 (b)	3,3	Eurostat, own calc.
by age	55-59	6,9	3,7 (b)	2,4	Eurostat, own calc.
	60-64	n.a.	n.a.	n.a.	
	65-69	n.a.	n.a.	n.a.	
	20-64	n.a.	n.a.	n.a.	
	55-64	6,7	3,6 (b)	2,1	Eurostat

				UNIT	2000	2005	2008	Source	
Activity rate									
by age	15-64			71,3	72,4 (b)	75,0		Eurostat	
	15-24			56,1	59,2 (b)	60,8		Eurostat	
	25-54			85,3	86,4 (b)	87,3		Eurostat	
	55-59			45,6	51,9 (b)	60,6		Eurostat	
	60-64			12,8	14 (b)	21,0		Eurostat	
	65-69			5,5	6,2 (b)	8,5		Eurostat	
	20-64			74,1	75,2 (b)	77,8		Eurostat	
	55-64			31,4	33 (b)	41,9		Eurostat	
Long-term unemployment rate									
total					1,3	1,3 (u)	0,9 (u)	Eurostat, own calc.	
Growth in labour productivity									
Growth in GDP per person employed					2,7	1,4	0,0	St.At., Fed. of Austr. Soc. Security Inst., own calc.	
GDP per hour worked					n.a.	35,2	36,4	St.At., own calc.	
Labour supply growth									
Annual change in labour supply (including employed and unemployed in working age 15-64)					0,3	2,1 (b)	0,8	Eurostat, own calc.	
Gender pay gap									
total				%	20,0	18,0	25,5 (b)	2000, 2005: St.At., 2008: Eurostat	
Employment gender gap									
by age and education	15-24	total	%points	7,9	7,4 (b)	7,2		Eurostat, own calc.	
	15-24	ISCED 0-2	%points	12,0	16,0 (b)	10,4		Eurostat, own calc.	
	15-24	ISCED 3-4	%points	6,6	4,3 (b)	6,9		Eurostat, own calc.	
	15-24	ISCED 5-6	%points	-19,4	-2,4 (b)	1,1 (u)		Eurostat, own calc.	
	25-54	total	%points	16,2	13,1 (b)	11,6		Eurostat, own calc.	
	25-54	ISCED 0-2	%points	17,6	17,5 (b)	13,2		Eurostat, own calc.	
	25-54	ISCED 3-4	%points	14,7	11,3 (b)	9,7		Eurostat, own calc.	
	25-54	ISCED 5-6	%points	9,2	7,3 (b)	7,7		Eurostat, own calc.	
	55-64	total	%points	23,6	18,4 (b)	21,0		Eurostat, own calc.	
	55-64	ISCED 0-2	%points	16,9	13,4 (b)	19,0		Eurostat, own calc.	
	55-64	ISCED 3-4	%points	21,4	16,2 (b)	17,9		Eurostat, own calc.	
	55-64	ISCED 5-6	%points	16,2	13,7 (b)	17,3		Eurostat, own calc.	
	Unemployment gender gap								
	by age and education	15-24	total	%points	1,3	0,8 (b)	-0,4		Eurostat, own calc.
15-24		ISCED 0-2	%points	-1,3	-3,4 (b)	-2,0		Eurostat, own calc.	
15-24		ISCED 3-4	%points	2,3	1,5 (b)	-0,2		Eurostat, own calc.	
15-24		ISCED 5-6	%points	4,2	0,3 (b)	-1,4 (u)		Eurostat, own calc.	
25-54		total	%points	-0,2	-0,9 (b)	-0,5		Eurostat, own calc.	
25-54		ISCED 0-2	%points	2,9	0,5 (b)	0,1		Eurostat, own calc.	
25-54		ISCED 3-4	%points	-0,2	-0,9 (b)	-0,2		Eurostat, own calc.	
25-54		ISCED 5-6	%points	-0,6	-0,3 (b)	-0,3		Eurostat, own calc.	
55-64		total	%points	1,4	1,3 (b)	-0,8		Eurostat, own calc.	
55-64		ISCED 0-2	%points	2,6	5,6 (b)	-0,5		Eurostat, own calc.	
55-64		ISCED 3-4	%points	1,8	0,8 (b)	-0,6		Eurostat, own calc.	
55-64		ISCED 5-6	%points	1,2	0,1 (b)	-0,6		Eurostat, own calc.	

				UNIT	2000	2005	2008	Source
Employment impact of parenthood: diff. in employment rates (20-49) without children and with one child under 6								
sex	male		% points		6,0	5,2		Eurostat, own calc.
	female		% points		-11,3	-11,5		Eurostat, own calc.
Unemployed per vacancies								
total					5,5	9,6	5,7	LMS
Diversity and reasons for contractual and working arrangements								
Employees in part-time employment				%	16,3	21,1	23,3	Eurostat
as share of total employees								
Total self-employed				%	16,6	16,8	16,1	Eurostat
as share of total person in employment								
Wages								
net annual income by sex	male	1. quartile	€	12.510	12.387	13.629		St.At.
	male	median	€	18.067	19.598	21.066		St.At.
	male	3. quartile	€	24.502	26.694	28.926		St.At.
	male	mean	€	20.281	21.374	23.337		St.At.
	female	1. quartile	€	5.606	5.989	6.491		St.At.
	female	median	€	11.803	13.073	14.009		St.At.
	female	3. quartile	€	17.360	19.147	20.541		St.At.
	female	mean	€	12.636	13.839	14.979		St.At.
2006								
gross hourly earnings by economic sector and sex	mining and quarrying	male	€		12,6			St.At.
		female	€		11,3			St.At.
	manufacturing	male	€		13,4			St.At.
		female	€		10,0			St.At.
	electricity, gas and water supply	male	€		18,5			St.At.
		female	€		14,8			St.At.
	construction	male	€		11,9			St.At.
		female	€		10,6			St.At.
	wholesale and retail trade; repair	male	€		11,6			St.At.
		female	€		8,9			St.At.
	hotels and restaurants	male	€		8,0			St.At.
		female	€		7,2			St.At.
	transport, storage and communication	male	€		11,8			St.At.
		female	€		10,2			St.At.
	financial intermediation	male	€		19,5			St.At.
		female	€		14,4			St.At.
	real estate, renting and business activities	male	€		12,0			St.At.
		female	€		9,0			St.At.
	education	male	€		16,2			St.At.
		female	€		11,8			St.At.
health and social work	male	€		13,4			St.At.	
	female	€		11,3			St.At.	
other community, social, personal service activities	male	€		12,4			St.At.	
	female	€		9,5			St.At.	