



Danube University Krems

Department for Migration and Globalisation

Migration and Labour Integration in Austria

SOPEMI Report on Labour Migration Austria 2013-14

Gudrun Biffl

November 2014

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

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SOPEMI Report on Labour Migration

Austria 2013-14

Gudrun Biffl

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Austria – Country Note

In 2013, the total inflow of foreign nationals to Austria increased to 135,200 (+9,600 or 7.7% versus 2012). Outflows remained fairly stable at 74,500, raising net immigration of foreign nationals to 60,700, 9,500 (+19%) beyond the level of 2012. The increased net-inflow of migrants was the consequence of a favorable economic situation relative to other EU-MS and free mobility within the EEA.

57% of the inflows came from the EU plus EEA/CH. 20 percent came from the old EU-MS (30,700), in the main Germany (17,700); 47,500 or 36% came from the EU13 and 32% or 48,600 from third countries. This is a major shift towards inflows from CEECs. Inflows from South-East of Europe and from Turkey are slowing down. Inflows from Asia are becoming more dynamic, largely a result of refugees from Afghanistan, but also from China, reaching a share of 10% of all inflows. Inflows from Africa (2.7 percent) and America (2.5 percent) are rising but continue to be small in comparison.

Over the year 2013 a sum total of 26,500 residence permits was issued to newcomers from third countries, somewhat less than in 2012 (-1,900 or 6.8%). Of all inflows of third country migrants 17,900 (2,000 less than in 2012) or 68 percent were settlers. The number of temporary resident permits granted to third country citizens remained fairly stable with 8,600 permits.

Of the 17,900 new settler permits in 2013, about one fifth of the permits (3,900) was issued on the basis of a quota, i.e., as a family member of a third country citizen, who belongs to a settler category for which quotas continue to apply. Thus, 78 percent of the new third country settlers are either family members of Austrian or EEA-citizens, or are holders of a red-white-red card, i.e. labour migrants, third country graduates of Austrian universities or settlers on humanitarian grounds.

In addition to settlement permits, the Federal Ministry of the Interior issues temporary residence permits to persons who have obtained the right to enter for study, for temporary work and business purposes including services mobility (GATS mode 4) or on humanitarian grounds. In the course of 2013, all in all 8,600 temporary residence permits were issued for the first time – about as many as in 2012 - and 16,500 were extended – slightly more than in 2012.

In July 2011 the quota system for skilled third country migrants was phased out and replaced by a point system. This reorientation of migration policy did not only result in a slight increase of residence permits but also in a change of status composition of third country migrants. While the number of settler permits and permanent residence permits increased – the number of residence permits for relatives of core family members declined in favour of the r-w-r-card plus.

After several years of steady decline, the number of asylum seekers had started to rise again in 2008 and reached 15 800 in 2009. With a short intermission in 2010 the numbers rose

again to an annual inflow of 17,400 in 2012. In 2013 the inflow of asylum seekers stabilised at the high level of 2012 (17,503). In the course of the current year asylum applications continued to rise. By the end of August 2014 the inflow of asylum seekers added up to 12,900, +13% versus 2013. The large inflow in the current year is in the main a result of refugee inflows from the Middle East, in particular from Syria.

The red-white red card, a settler permit for skilled migrants introduced in July 1, 2011 is raising the inflow of skilled migrants, but not to the extent expected. An adaptation of the law to the former procedures in April 2013 was raising hopes for an increased uptake, which so far did not materialise.

A reform of citizenship legislation has come into effect in August 2013. The amendment to the law introduced a reduced waiting period for citizenship (from 10 to 6 years) if a high degree of 'integration', be it economic, social or cultural, can be proven.

Change in institutional structure: the Secretary of State for Integration in the Ministry of Interior was abandoned in 2014, a consequence of federal elections and a change in ministerial competencies. The 'Integration Section of the Ministry of Interior (bmi) moved to the Ministry of Foreign Affairs (bmeia – Ministry of Europe, Integration and Foreign Affairs) with the former Secretary of State for Integration becoming the Minister of Foreign Affairs and taking his former agenda along (Minister Sebastian Kurz).

The Federal Agency for Alien Affairs and Asylum (BFA – Bundesamt für Fremdenwesen und Asyl) which is an authority of the Ministry of Interior, has come into effect in January 2014, with the head office in Vienna and regional offices in every federal state, complemented by the reception centres of asylum seekers. Among its competences are: execution of asylum law, of major aspects of the settlement law of migrants and of the basic federal provisions for asylum seekers. The organisational change has had an impact on data production. As a result no data on foreign residence permits has been made available so far for 2014.

Introduction: The economy and the labour market 2013/2014

After the severe slump in economic development in 2009, the Austrian economy picked up in 2010 (+2.1%) and expanded by 2.7% in 2011. In 2012, in the wake of the economic recession in the Euro-zone, real GDP growth slowed down to an annual average of 0.9% and further in 2013 to 0.3%. This was the worst economic development since the economic crisis of 2009, when economic growth declined by 3.8%. However, economic growth remained clearly above the average of the Euro-zone (EU18: -0.6% in 2012 and -0.4% in 2013) and was about as high as in Germany (+0.7% in 2012 and +0.4% in 2013) – mainly due to continued investment in public infrastructure and housing. In 2014 the economy recovers slowly and economic growth is expected not to surpass 0.8%. It is above all the uncertainty about the political and economic developments in Eastern Europe that affect investment decisions and export growth.

In 2013, economic growth in Austria was negatively affected by the weak economic performance of some Southern and Eastern European countries which are amongst Austria's main trading partners (Italy and Hungary). Accordingly, export dynamics were restrained, real export growth amounting to 2.7% only (goods +2.6%, services +3.1%). As consumption and investment were subdued, import growth was even lower, amounting to 0.6% (goods +0.2%, services +2.3%).

Slack consumer demand and bleak economic prospects had a negative impact on investment. In 2013, investment in equipment fell by 3.4%, after an already weak performance in 2012 (+2.1%), and investment in housing slowed down to +1.2%, after +2.5% in 2012. The low investment demand had a negative impact on the construction sector. Tourism grew only marginally (+0.5%), thus contributing little to the current account surplus.

Private consumption declined slightly (-0.2%) even though the savings rate dropped to an all-time low of 6.6%, the lowest value since recordings in 1995. In 2013, also public spending was subdued (+0.1%) thus being unable to support economic and employment growth.

In 2014 export growth is expected to remain weak (+2.3%) together with real investment growth (+0.9%) and private consumption (+0.4%). There are also no signs of more optimistic public consumption and investment, leaving little hope for improvements in economic growth.

The inflation rate is highly pro-cyclical – accordingly it started to pick up in 2010 and rose to 3.3% in 2011, the highest rate since 1993. In the wake of a slowdown in economic growth, the inflation rate fell in 2012 to 2.4%; 2013 saw a further drop to 2%. In comparison to the average inflation rate in the Euro-zone the Austrian rate remains fairly high: the harmonised CPI amounted to 1.3% in the Euro-Zone compared to 2.1% in Austria. While countries in the periphery of the Euro-Zone are experiencing deflationary developments, this is not the case in

Austria. The slowdown in the inflation rate in Austria is largely due to a decline in energy prices, but prices for food and housing remain high.

The weak international economic performance went hand in hand with price declines on export markets. In Austria, import prices, in particular for crude oil, declined more than prices of Austrian export goods, allowing an improvement in terms of trade. As a result, the current account surplus increased in 2013 to 8.5 billion Euro (after 7.3 billion Euros in 2012). This meant a rise in the current account surplus to 2.7% of GDP, after 2.4% in 2012.

In 2013, the public sector budget deficit remained below the Maastricht ceiling at -1.5 per cent of GDP, after -2.5% of GDP in 2012. The improvement versus 2012 is the cumulated effect of special efforts, e.g. sale of mobile phone licenses and a tax-refund agreement with Switzerland.

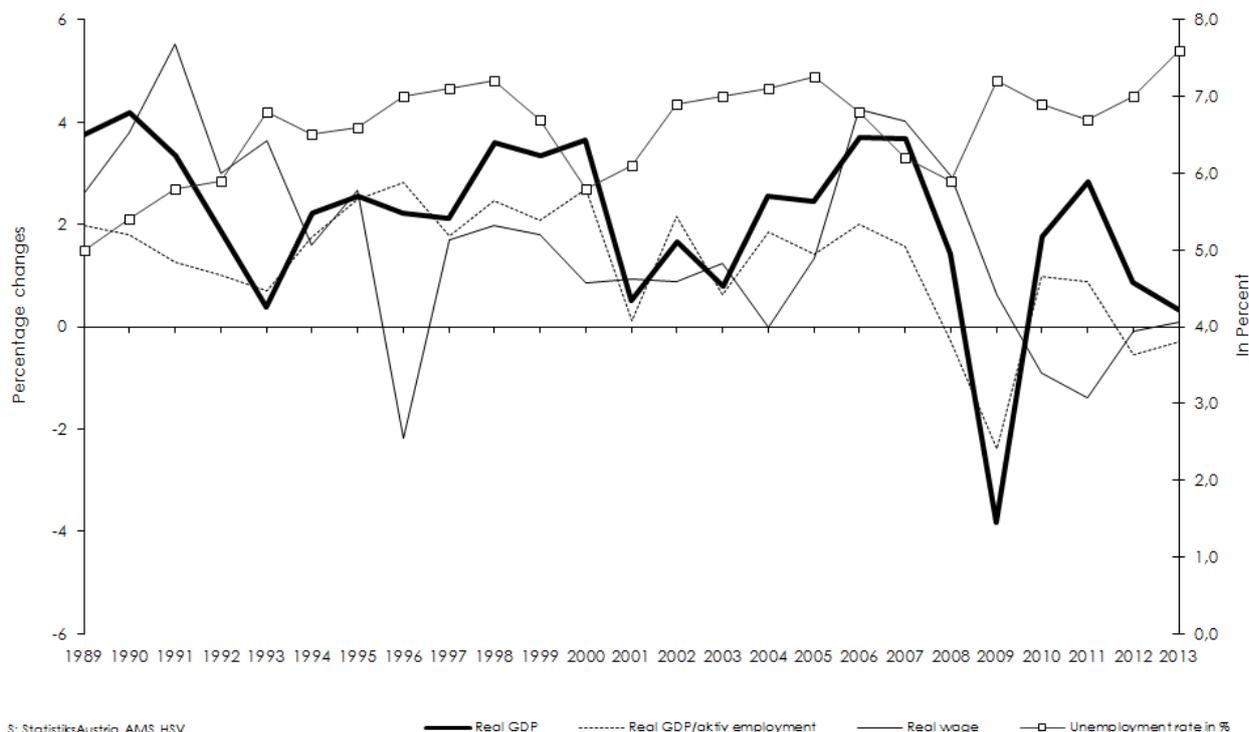
While weak export demand affected above all the production of goods, subdued private consumption had a negative impact on trade and commerce. Consequently, output in the goods production increased only slightly by 1.2% in 2013 while working hours declined and the number of employees stagnated. In trade, transport services, tourism as well as ICT-services output declined, while it stagnated in the construction sector.

The weak economic performance had a dampening effect on labour demand. Total (active) labour demand (including self-employed) rose by 30,300 or 0.8% (after 48,600 or 1.3 percent in 2012). In spite of continued employment growth, unemployment increased as well, namely by 26,600 or 10.2% (after 13,900 or 5.7% in 2012). This means that labour supply grew the third year in a row substantially, reaching a plus of 56,900 or 1.4% in 2013 (after 62,500 or 1.5% in 2012). The dimension of the labour supply increases is reminiscent of the early years of the 1990s and due to a combination of factors, one being unbroken labour inflows from abroad, particularly from other EU-member states, another being a continued rise in labour force participation rates of women, and a third factor being the implementation of effective barriers to early retirement.

The major bulk of the employed are wage and salary earners; their numbers rose by 21,200 or 0.6% (after 47,200 or +1.4 percent in 2012) to 3.391 million in 2013 (excluding persons on parental leave, conscripts and unemployed on training measures). In the current year of 2014, the number of wage and salary earners is expected to continue to rise by some 24,000 (+0.7%).

In 2013, nominal wages rose by 2.1%. Given the continued rise in employment the nominal wage fund rose by 2.5% in 2013, after +4.3% in 2012. Disposable income did, however, not rise due to an inflation rate of 2%. Net real wages per capita were even negative in 2013. The negative wage drift, which can be observed since 2009, continued thus into 2013. Also non-wage income (self-employed, capital and asset income) was on the decline in 2013 such that real disposable income of households declined on average by 1.2% in 2013, after an increase of 1.1% in 2012.

Figure 1: Macro-economic indicators
1989-2013



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

The slowdown in economic growth together with an unbroken labour supply rise account for increasing unemployment, raising to an unprecedented level of 287,200 in 2013. Thus the unemployment rate rose to 7.8% of the total active labour force excluding self-employed (after 7.2 percent in 2012), which is the traditional Austrian calculation of unemployment rates (based on administrative data, Figure 1). The EU-wide harmonised unemployment rate, based on the Labour Force Survey, amounted to 4.9%, the lowest rate in the EU.

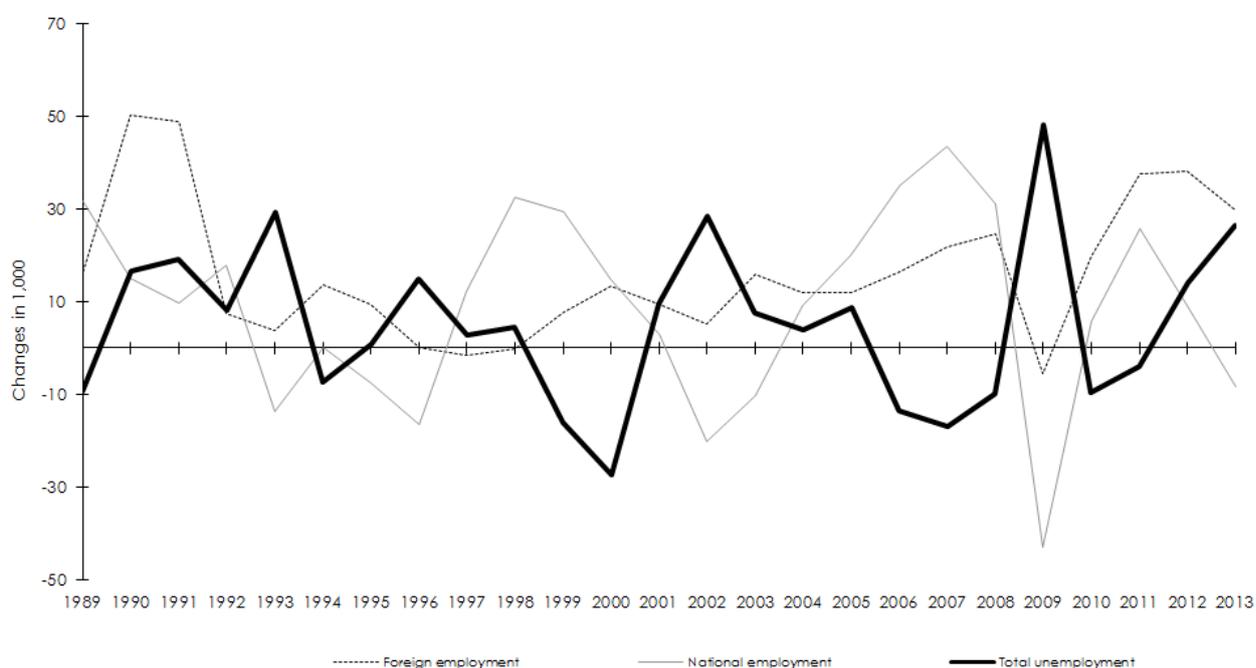
Total employment (including self-employed and family helpers but excluding persons on parental leave and conscripts) amounted to 3.842 million in 2013. Labour productivity growth (real GDP/employment) slowed down in 2013 to 0.7%, after 1.4% in 2012 and declined even slightly when correcting for the non-active workforce (persons on leave). In the current year, productivity growth is expected to recover somewhat.

The employment of foreign workers has increased continuously between 1999 and 2008, took a slight dip in 2009 (-5,500, -1.3%) and expanded again since 2010. In 2013 the number of foreign workers increased by 30,000 or 5.6%, reaching an all-time-high of 557,000 foreign employees. In contrast, the native work force has been less dynamic, with transitory employment declines in 2002, 2003, and 2009. In 2010 employment of Austrian citizens

increased again, albeit slightly, but got a boost in 2011 (+25,700, +0.9%), less so in 2012 (9,000, +0.3%) and eventually declined again in 2013 (-8,500 or 0.4%). As economic growth is picking up again in 2014, employment growth of foreign as well as native workers is expected to rise.

The rise in self-employment by 9,100 or 2.1% (after 4,900 or 1.1% in 2012) to 450,100 is largely due to rising numbers of migrant women from the new EU-MS East of Austria who work in the personal service sector, largely as domestic helpers and domestic care workers for the elderly.

Figure 2: National and foreign labour¹
1989-2013



S: BALIweb,LMS. -¹ Excluding formerly employed persons who are currently on parental leave or military service and unemployed in education and training measures.

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

The recent rise in the employment of foreigners is in the main the result of the end of transition regulations for the EU-8 enlargement countries in spring 2011 (Malta and Cyprus never had transition regulations imposed upon). Accordingly, the number of employees of the EU-10 MS increased by 19,500 or 28% in 2011, by 27,800 or 31.4% in 2012 and further by 20,100 or 17.3% in 2013 to reach 136,400; in contrast, the inflow of the remaining 2 EU-MS for whom transition regulations continue to apply (Bulgaria and Romania) was somewhat subdued but still quite

dynamic with +3,200 or 16% in 2011, 2,900 or 11.4% in 2012 and 2,400 or 9.1% in 2013 to reach a level of 28,700.

The inflow of workers from other EU15 countries continued in 2013, but at a somewhat reduced pace, raising the number of employees from the EU15/EEA to 119,700 (+4,500 or 3.9%). In contrast, the employment growth of third country citizens was very subdued in 2013. The number of third country migrant workers rose by 1.800 or 0.7%, after 3,000 or 1.1% in 2012, to reach a level of 253,300. In 2013 it has to be taken into account that Croatia joined the European Union as 28th member state, thereby reducing the number of third country citizens. In 2012 17,800 Croatians had worked in Austria; their numbers rose by 900 or 4.8% in 2013.

Given the structural change in inflow dynamics by region of origin, the composition of foreign workers changed somewhat in favour of citizens from the EU-12. Accordingly, in 2013, the number of workers from the EU15 including EFTA was lower than from the EU12 (119,700 versus 165,100). Together they account for 51.2% of all foreign employees. The Croatians account for another 3.3% of foreign employees (18,600). The 'rest' are third country citizens, i.e. 253,300 or 45.5% of all foreign employees. (Figure 2, Table 1, Table 2).

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

	Annual average		Change 2011/2012		Change 2012/2013	
	2012	2013	Absolute	Percent	Absolute	Percent
Total labour force	3.631.123	3.678.907	61.123	1,7	47.784	1,3
National labour force	3.047.190	3.055.412	16.645	0,5	8.222	0,3
Foreign labour force	583.933	623.495	44.478	8,2	39.562	6,8
Total employment	3.370.480	3.391.700	47.180	1,4	21.220	0,6
National employment	2.843.418	2.834.948	9.018	0,3	-8.470	-0,3
Foreign employment	527.062	556.752	38.162	7,8	29.690	5,6
Total unemployment	260.643	287.207	13.943	5,7	26.564	10,2
National unemployment	203.772	220.464	7.627	3,9	16.692	8,2
Foreign unemployment	56.871	66.743	6.316	12,5	9.872	17,4
	2008	2009	2010	2011	2012	2013
Total unemployment rate	6,1	7,4	7,1	6,9	7,2	7,8
National unemployment rate	5,8	7,0	6,7	6,5	6,7	7,2
Foreign unemployment rate	8,0	10,2	9,6	9,4	9,7	10,7

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

In 2014 the rise in foreign employment may gain momentum for third country citizens as the point system for third country skilled migrants, their family members and university graduates is increasingly established and has been rid of some of the most cumbersome red tape in 2013. The optimistic economic outlook relative to other EU-MS may continue to attract citizens of EU-MS, facilitated by free labour movement.

The share of foreign workers in total employment (excluding persons on parental leave) is thus growing more or less continuously – from 11 percent 2002 to 13.3 percent in 2008, followed by a transitory stagnation in 2009, and a take-up of growth in 2010 reaching a proportion of foreign workers in total employment (of wage and salary earners) of 16.4% in 2013.

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

	Foreign workers Total	EU15/EEA +CH	EU-12	Croatia	Third Country Citizens	EU15/EE A+CH	EU-12	Croatia	Third Country Citizens	Foreign worker share
	In % of total									
1994	291.018	19.954	44.681		226.384	6,9	15,4		77,8	9,5
1995	300.303	22.472	44.834		232.998	7,5	14,9		77,6	9,8
1996	300.353	24.455	44.001		231.898	8,1	14,6		77,2	9,9
1997	298.775	26.094	43.325		229.357	8,7	14,5		76,8	10,1
1998	298.582	28.078	43.170		227.334	9,4	14,5		76,1	10,0
1999	306.401	30.902	44.431		231.068	10,1	14,5		75,4	10,1
2000	319.850	33.694	46.327		239.829	10,5	14,5		75,0	10,5
2001	329.314	37.022	48.221		244.071	11,2	14,6		74,1	10,7
2002	334.432	40.830	49.985		243.617	12,2	14,9		72,8	11,0
2003	350.361	44.856	52.275		253.231	12,8	14,9		72,3	11,5
2004	362.299	54.934	55.533		251.832	15,2	15,3		69,5	11,8
2005	374.187	63.829	59.339		251.018	17,1	15,9		67,1	12,0
2006	390.695	73.282	63.016		254.397	18,8	16,1		65,1	12,4
2007	412.578	82.962	69.877		259.740	20,1	16,9		63,0	12,8
2008	437.055	94.150	78.863		264.041	21,5	18,0		60,4	13,3
2009	431.552	96.851	81.847		252.854	22,4	19,0		58,6	13,3
2010	451.276	103.743	89.477		258.056	23,0	19,8		57,2	13,8
2011	488.934	110.540	112.129		266.265	22,6	22,9		54,5	14,7
2012	527.062	115.119	142.642	17.750	269.301	21,8	27,1		51,1	15,6
2013	556.752	119.666	165.139	18.607	253.340	21,5	29,7	3,3	45,5	16,4

Source: BALIweb. 2013 Croatia not included among third country citizens.

But also unemployment numbers are following a rising trend, reaching 287,200 in 2013 (unemployed registered with the labour market service), 26,600 or 10.2 percent more than 2012. The unemployment rate of wage and salary earners - the traditional national calculation of the unemployment rate which excludes the self-employed from the labour supply base (which is based on administrative data) - amounted to 7.8 percent. This represents an increase by 0.6 percentage points versus 2012. In the current year, unemployment is expected to rise further in the wake of the slow economic recovery and unbroken labour supply growth and measures to reduce early retirement and to prolong

employment of the hard to place. Unemployment numbers will, as a consequence, rise to some 320,000; the unemployment rate of wage and salary earners is expected to rise to more than 8% of the dependent workforce.

The labour supply of foreign workers increased during 2013 by 40,000 (+7%) to reach an annual average of 623,500. The unemployment rate increased for both native and foreign workers, to 7.2 percent and 10.7 percent respectively. In the current year, unemployment of foreigners and of natives is expected to rise further (Table 1).

I. Migratory movements

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

In addition, detailed flow data exist for certain groups of migrants, in particular foreigners of third country origin. Flow data are the result of institutional procedures linked to the planning and monitoring of various categories of migrants, mainly asylum seekers, foreign workers and, since the early 1990s, family members (family formation and re-unification). With the introduction of a more universal legislation on aliens (since mid-1993, revised 1997, amended 2002/2003/2005/2011 and again 2013), flow data on family reunification of third country citizens (non-EU/EEA-citizens) are becoming available.

The inflow of foreigners is differentiated by legal status, the main categories are:

- a) Foreign workers (seasonal and annual workers, cross-border workers and commuters), wage and salary earners or self-employed;
- b) Third country workers (between 2003 and mid 2011 only highly skilled workers on the basis of a cap, thereafter without a quota for various skills on the basis of points);
- c) Family reunification;
- d) Third country foreign students;
- e) Asylum seekers;
- f) Others.

Annual quotas of residence permits are imposed upon an increasingly smaller group of third country migrants, since 2011 basically only family migration; the quotas are determined by the governors of the federal states together with the Federal Minister of the Interior and the Federal Minister of Labour.

Table 3: Evolution of the legal framework of immigration to Austria

1961	Raab-Olah-Accord between the Chamber of Commerce and the Trade Union Congress: the foundation for recruitment of foreign workers
1975	Foreign employment Law (AuslBG 1975) substituting regulations dating back to the 1930s
1988	Amendment to the Foreign Employment Law
1990	Alien Law and amendment to the Foreign Employment Law
1993	Alien Law, Residence Law and amendment to the Foreign Employment Law
1994	EEA-Agreement
1995	Amendment to the Residence Law
1996	Amendment to the Foreign Employment Law
1998	Alien Law 1997
2003	Amendment to the Alien Law 1997 (Fremdengesetznovelle 2002)
2006	Reframing of Migration Legislation 2005: Alien Police Law 2005, Settlement and Residence Law 2005
2011	Amendment of Migration Legislation (Fremdenrechtsänderungsgesetz 2011)
2012	Law on the implementation of a Federal Agency of Alien Affairs and Asylum (BFA-Bundesamt für Fremdenwesen und Asyl) BFA-Einrichtungsgesetz – BFA-G) BGBl. I Nr. 87/2012
2013	Amendment to the Settlement and Residence Law (NAG 2005) and the Foreign Employment Law (AuslBG (BGBl 2013/72) incorporating EU Guideline 2011/98/EU
2013	Amendment to the BFA-Law relative to administrative procedures

1. Legal framework and policy reforms

Administrative procedures in the migration field are guided by three regulatory institutions – the Federal Ministry of the Interior, the Federal Ministry of Economic Affairs and Labour and the Federal Ministry of Foreign Affairs. While the first regulates the inflow and residence status of third country immigrants and short-term movers, the second regulates access to the labour market albeit of an increasingly smaller and very specific group of workers, and the third is in charge of visa issuing procedures and development policies- the latter in coordination with the Prime minister. The interaction and co-ordination of policy concerning immigration is laid down in Federal Laws. The Chancellery/Prime minister has the position of a mediator in certain situations. Between 2010 and 2013, the State Secretariat for Integration, established in the Ministry of Interior in 2010, was responsible for the coordination of integration measures in Austria. In 2014, in consequence of federal elections and a reorganisation of ministerial competences, the Secretariat of Integration was dismantled and the integration section

moved from the Ministry of Interior to the Ministry of Foreign Affairs, together with the now Minister of Foreign Affairs who formerly was Secretary of State of Integration, Sebastian Kurz.

The inflow of economic (labour) migrants of third country origin has been regulated by quotas until July 2011; with the **introduction of a point system of economic immigration of third country citizens**, the quotas for third country migrant workers have been abandoned. However, even before 2011 the majority of third country citizens could enter outside a quota regulation, namely:

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

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

Family reunification of third country citizens who are partners of or are dependent children of an Austrian or EU/EEA citizen (core family) has always been uncapped¹. Also third country citizens with the settlement right in another EU country (after 5 years of legal residence), may settle in Austria outside any quota.

Until 2011, the inflow of settlers from third countries and of their third country family members was regulated by quotas. It applied to highly skilled third country settlers with a work contract and family re-unification with third country citizens. The new residence and settlement law (NAG 2005) introduced a minimum income requirement for family reunification (family sponsoring²), in line with regulations in other immigration countries overseas. This amendment has reduced the inflow of migrants with low earning capacities who want to join a partner in

¹ Until legislative reform in 2011, the permanent residence permit (which was issued on the basis of family reunion) could be transferred into a permanent settlement permit in its own right after 4 years of residence. From mid 2011 onwards family members can apply for the red-white-red-plus-card which gives them free access to the labour market straight away. For a detailed account of legislation, quotas, and actual inflows see annual reports to the Ministry of the Interior, e.g., *Biffl – Bock-Schappelwein (2007/8/9/10/11/12/13)*, Zur Niederlassung von Ausländern und Ausländerinnen in Österreich, Ministry of Interior download site.

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

Austria who himself/herself is living off welfare benefits (long-term unemployment benefits (Notstandshilfe) and social assistance). In addition, **forced and/or arranged marriages** are a target of control. Accordingly, in 2010 legislative reform came into effect **raising the age of the partner** who wants to enter Austria on the basis of **family reunification to 21**. This is a controversial element of policy reform as it may hamper integration given the postponement of entry of the partner.

Access to the labour market is granted to settlers and to temporary residents according to the rules of the Foreign Worker Law (Federal Ministry of Economic Affairs and Labour). Persons residing less than 6 months for purposes of work in Austria are granted a work-visa and do not require a temporary resident permit (from 2006 onwards). Only for stays beyond 6 months is a residence permit required.

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

Accordingly, family reunification (Familiennachzug) quotas continue to apply only for citizens of third countries, who are residing in Austria on the basis of a quota. (Figure 3) One may distinguish 5 types of family reunion quotas (NAG 2005/NLV2014):

1. Third country citizens with permanent settlement rights in another EU country (Daueraufenthalt-EU) 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. The quota was set at 165 in 2011; due to the limited uptake the cap has been reduced to 113 in 2012, raised slightly in 2013 to 123 and 127 in 2014.
2. Family members of third country citizens (§46/4 NAG), where the sponsor has the permanent residence rights in Austria (the age of dependent children was raised from 15 to 18 years); the inflow quota for 2011 was 4,905, i.e., the same as in the two preceding years. In 2012 it was somewhat reduced to 4,660 and again in 2013 to 4,570. In 2014 it was again raised slightly to 4,650. 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.
3. Transfer of residence title (Zweckänderung): Third country citizens, who have a permanent residence permit as family members without access to work and no right to the red-white-red-plus card³ may have this title transformed to one allowing access to the labour

³ The name of the card refers to the colour combination of the Austrian flag.

market (§§47/4 and 56/3 NAG – this refers to - among others - non-married partnerships, relatives outside the core family). This is a quota introduced in 2006, meant to facilitate labour market integration of more distant family members of settlers, who have resided in Austria for less than 5 years. The cap was set at 645 in 2006 and continuously reduced to 160 in 2009. It turned out that this cap was somewhat tight; it was raised again in 2011 to 190, to be reduced again to 175 in 2012, to 165 in 2013 where it remained also in 2014.

4. 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 residence law of 2005, requiring the proof of regular monthly income (double the minimum of unemployment benefits as regulated in § 293 ASVG). The quota was raised to 240 in 2011 (after 235 in 2010 and 230 in 2009). In this category the cap tends to be rather tight; it was therefore raised to 265 in 2012, to 275 in 2013 and 285 in 2014.
5. Highly skilled workers (**until mid-2011** §§2/5 and 12/8 AuslBG and § 41 NAG), their partners and dependent children (§46/3 NAG)⁴; for 2010 the inflow quota was fixed at 2,645, more or less the same level as in the last couple of years and the same as for 2011. The cap has never been reached on a national level; but some regions have set the cap too tightly and have had to raise the cap in the last couple of years. The actual inflows of highly skilled workers of third countries were low and fairly stable over time, rising between 2006 and 2010 from 548 to 610. Thus, highly skilled migration is not affected by cyclical economic fluctuations of demand but follows an autonomous trend in line with international economic integration. In addition to the highly skilled workers their family members entered under the cap. Their numbers amounted to 416 in 2010, which is also only slightly more than in 2006 (302) – they were allowed to access work on the basis of labour market testing.

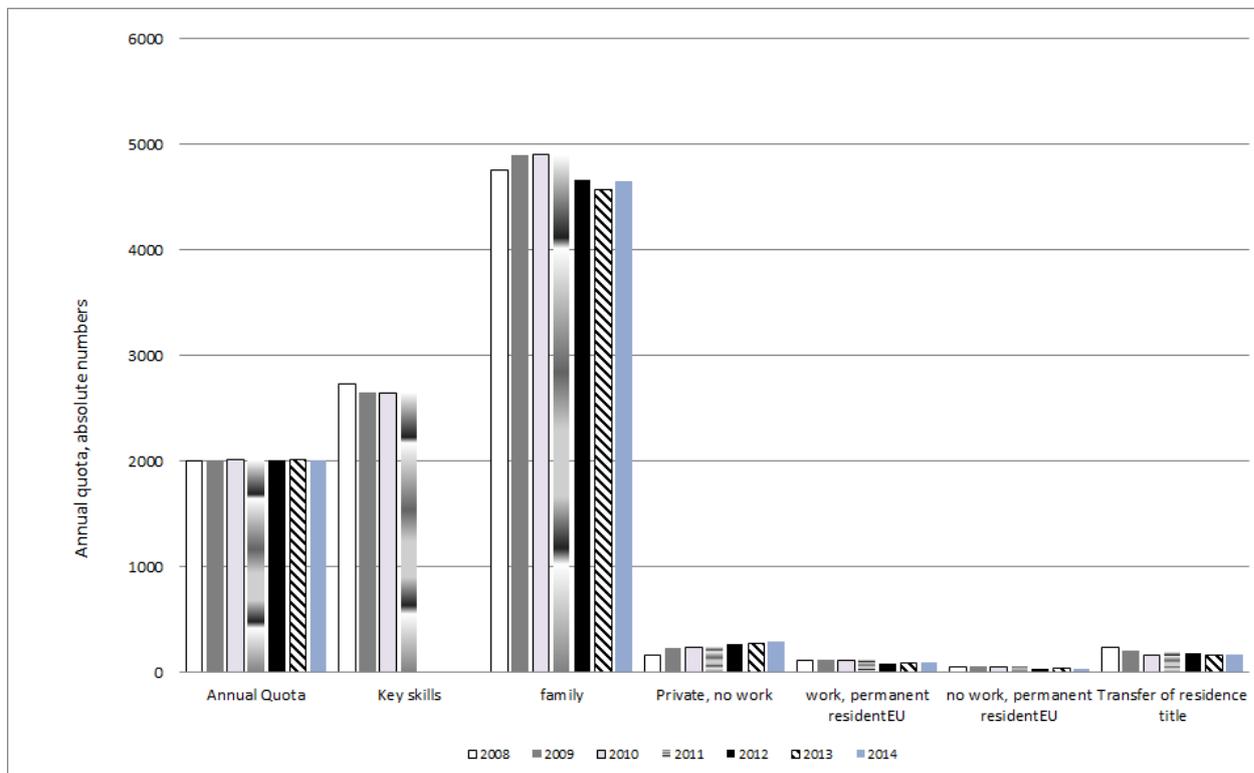
Thus, the quota system for third country family migration continues to be complex, the basic logic being the linkage of the residence and labour rights of the family members of third country citizens to the status/title of the 'anchor', i.e. the third country citizen with the residence title in Austria who requests the reunification with family members. Figure 3 provides some insight into the quota system, which applies to fairly small groups of third country migrants.

The inflow of third country labour migrants had been curtailed by regulatory reforms from the early 1990s until 2011, upon which a point system has been introduced. The restrictions have to be seen in the context of Austria joining the EU in 1995, thereby raising the potential inflows of EU-migrants in the wake of free mobility of labour. The labour supply inflows of third country

⁴ The point system or red-white-red card is the new control system in place, abandoning the quota system.

migrants was reduced to highly skilled migrants⁵ (Schlüsselkraftverfahren) on the one hand and migrants who came in the wake of family reunification or on humanitarian grounds.

Figure 3: Quota system and annual cap by category, 2008-2014



Source: Ministry of the Interior, Settlement order 2014 of 22-09-2014.

In mid-2011 a point system of immigration has been introduced, referred to as "Rot-Weiss-Rot-Karte" (red-white-red card) , which replaces the key-skills quota and widens the scope for third country workers to access the Austrian labour market. The system differentiates between 4 types of skills, namely highly skilled persons, persons with scarce occupational skills, persons with other (medium to higher) skills and third country graduates of Austrian universities. Highly skilled third country citizens wanting to work in Austria have to obtain at least 70 points out of 100 possible points. Points are given in four domains: for educational qualifications and honorary recognition of competences, for occupational experience, for language skills and for age. An additional advantage in terms of points offers successful university graduation at master level or above in Austria. In the area of scarce occupational skills and other skills 50 points out of a maximum of 75 have to be reached.

⁵ Key workers are more narrowly defined by the Austrian laws than highly qualified workers in Article 2(b) of Council Directive 2009/50/EC.

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

In addition, third country citizens who do not yet have an employer who nominates them may turn to the Austrian embassy/Consulate for a job search visa. The Austrian embassy issues the visa if the required points are achieved. The Labour Market Service (LMS) informs the Embassy and is the gatekeeper for immigration of potential third country job seekers. The required forms can be downloaded from the website of the Ministry of the Interior, the Ministry of Europe, Integration and Foreign Affairs as well as a special website for potential third country immigrants (www.migration.gv.at).

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

- settlement permit: worker- R-W-R card from 2011 onwards
- settlement permit: R-W-R-plus card from 2011 onwards
- temporary residence permit – intercompany transfers (Rotationskraft)
- temporary residence permit – persons on business assignments of third country firms without a registered office in Austria (Betriebsentsandter - GATS)
- temporary residence permit – special cases of paid employment specified in the Foreign Employment Law, the most important being for researchers.

For the above permits, access to the labour market is issued together with the residence permit in a so called “one stop shop procedure”, which means that the settlement and the work permit are issued in a single procedure. In addition, third country nationals who have a residence permit without the explicit right to enter the labour market may obtain a work permit on the basis of an employer nomination scheme, i.e. after labour market testing.⁶

Until the most recent reform of the Foreign Employment Law in 2013 the access of third country citizens to the labour market was capped by a quota (Bundeshöchstzahl für bewilligungspflichtige Beschäftigung⁷). The latter was set by the Ministry of Labour meaning that the sum of employed and unemployed third country foreigners, who work on the basis of a work permit, does not exceed 8% of the total dependent labour supply (§ 14 AuslBG). In some special cases a work permit could be granted by the governor beyond this quota up to

⁶ Art. 4b Aliens' Employment Act

⁷ The abandonment of the federal and state cap on the share of foreign labour comes into effect in January 2014.

a limit of 9% of total labour supply (wage and salary earners plus registered unemployed). This regulation has been abandoned in the amendment of the Foreign Employment Act in 2013, as it has lost meaning with the introduction of the r-w-r-card which basically offers unlimited access to the labour market for skilled third country migrants (no cap).

The point system brought about major changes. While third country 'key workers' did not have to prove university education until mid-2011 but instead a certain minimum income⁸, thereby effectively excluding young third country university graduates with low earning power, this is no longer the case. It is also no longer necessary to prove prior work. In 2010, the numbers of third country employees allowed to settle as key workers with fairly high income amounted to some 600 persons (sum over the year); in addition their partners and dependent children settled, adding 420 settlement permits. Thus a sum of some 1,000 'key worker' plus family members entered in 2010. In 2011, the year of transition from the old to the new system, their numbers rose slightly to some 1,200 – adding key workers (plus family members) and r-w-r-card holders. In 2013, the second full year of the new system, 1,177 r-w-r-cards were granted. This goes to show that the new system promoted inflows but did not lead to substantial increases of skilled third country worker inflows as was hoped for. Research into the reasons for the limited dynamics indicated that the administrative procedures were more tedious than in the former skilled worker model; this understanding led to a reform of the law in 2013, allowing the employer in Austria to apply for the card (as was the regulation for the key skills model), thereby reducing waiting periods and costs to the potential migrant.

Depending on the length of stay intercompany transferees and persons on business assignment need a work permit (if the duration of stay exceeds six months), or a job confirmation for residence of less than 6 months (for the work visa D⁹, which is issued by the embassies).¹⁰

According to the requirements of the Directive 2005/71/EC researchers have to provide a hosting agreement of a registered research institution. They do not need a work permit - just as any other activity exempted from work permit regulations in the Foreign Employment Act).¹¹

Thus, persons with a residence permit on the basis of 'special cases of paid employment activity' are exempted from permit requirements in the foreign employment law. Among the activities stated are inter alia diplomats, as well as their domestic service providers, representatives of religious groups, internationally renowned researchers, mariners/employees

⁸ The minimum income was set at 60% of the maximum for social security contributions, i.e. 34.500 € per annum in 2011.

⁹ Art. 24 Settlement and Residence Act.

¹⁰ Art. 18 Aliens' Employment Act

¹¹ Art. 67 Settlement and Residence Act

on cross border ships, top managers as well as their family members and household service providers.¹²

Immigration of workers to Austria is highly controlled; in case of transitory seasonal demands for workers the Federal Ministry of Labour and Social Affairs may admit temporary workers, based on an annual cap regulated by decree for third country citizens as well as persons from Bulgaria, Romania and Croatia; seasonal workers tend to be admitted in tourism as well as agriculture and forestry.¹³ The work permit is limited to six months but can be extended by a further six months if this is foreseen in the regulation, after twelve months the seasonal worker is not allowed to apply for a further permit for two months in order to prohibit settlement via this channel. For a work permit to be granted labour market testing is required, i.e. the potential employer has to prove that he is unable to fill that seasonal post by domestic labour, unless the person is a 'core-seasonal worker'¹⁴. Core seasonal workers have to prove that they have been working for up to 4 months in the last 5 years as seasonal workers in tourism or agriculture/forestry. They may be employed without going through the quota proceedings but they continue to need a seasonal work permit. More than 60% of the 'Core seasonal workers' (Stamm-Saisoniers) are from the Ukraine and Kosovo; 80% of them tend to come regularly to the same employer in Austria. The annual quotas (Kontingente) are set by the Minister of Labour. In 2013, the quota in agriculture and forestry was set at 6,535 (4,275 in agriculture & forestry and 2,260 for harvesting) and in tourism (at 1,780 in the winter season and at 1,275 for the summer season). The quotas have been reduced in 2012 and 2013 due to the opening of the seasonal labour market for the EU-8 citizens (end of transition regulations). In 2014 the quotas have been reduced again as Bulgaria and Romania received free mobility of labour rights, therefore seasonal work permits are no longer required. Seasonal work is the only way for asylum seekers to access the labour market as wage/salary earners in private industries. **Since July 2012 asylum seekers under the age of 18 may take up apprenticeship education and thus part-time work with an employer, in March 2013 the age limit has been extended to 25 years of age, thus allowing also young adults to work (plus education/training) as an apprentice.** In addition, asylum seekers may become self-employed in special occupations not covered by trade law, e.g. as journalists, artists, sports and language trainers. Asylum seekers may also take up work in charitable and non-profit institutions as well as community services for a reduced hourly wage so that their earnings are not deducted from their welfare benefits. They may earn 110 euro per month in addition to their benefits; in case they earn more their welfare receipts are reduced by the surplus.

¹² Highly skilled managers are third country nationals who have a leading position in the managing or executive board of a multinational company or who are internationally recognised researchers and who have a monthly gross income of 120% or more of the wage level at which no further rise in social security contributions has to be paid (in 2010/11 this meant an income of at least €4.900 per month).

¹³ Art. 2 Settlement Regulation

¹⁴ Regulated in § 5 AuslBG, BGBl. I Nr. 25/2011, which came into effect May 1, 2011.

Family members of EEA nationals or Austrian nationals are granted free access to the labour market. As skill mismatch and labour scarcities surfaced increasingly in the second half of the 2000s, migration policy was reformed. The adaptation of the **migration model in favour of inflows of skilled labour** was part of the government programme 2008-2013 (Regierungsprogramm: 105-112)¹⁵. In October 2010 the social partners agreed on the **reform of migration policy, by introducing the so called 'Rot-Weiss-Rot-Karte'**. The implementation in July 2011 required amendments to the Foreign Worker Law (AuslBG) and the Settlement and Residence Law (NAG2005). This decision was backed up by research on the expected impact of this migration policy reform on economic and employment growth. (Biffel et al. 2010). As the administrative costs were high for the migrant - the application had to be handed in at the Austrian embassy abroad – changes to the legislation were requested by the employers. Accordingly, in December 2012 an amendment to the foreign worker law was proposed by the Ministry of Labour (consultation phase) allowing the employer to organise the paper work in Austria, thereby minimising the administrative work for prospective third country employees. The law was adopted and came into effect on April 18, 2013.

In order to promote the employment of migrants commensurate with their acquired skills the, the National Assembly adopted a decision to ease skills recognition of university graduates from third countries In April 2012. The decision was based on a five-point programme elaborated by the Minister of Science and Research in cooperation with the State Secretary for Integration. The decision facilitates the validation (regarding non-regulated professions) and nostrification (regarding regulated professions) of third-country graduates' degrees through increased information provision, improved services and shorter procedures.¹⁶

2. Migration movements by category

A) Population flows of nationals and foreigners

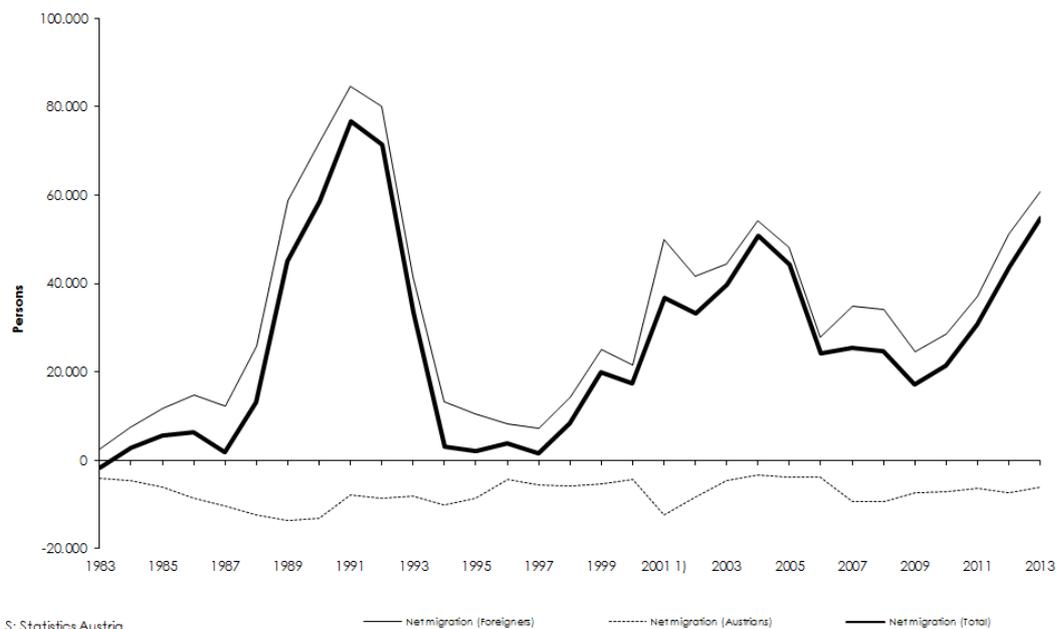
Austria experienced two waves of significant net immigration since the early 1980s; the first in the mid-1980s, to a large extent triggered by asylum seekers (many from Poland – Solidarnosz) culminating in 1991 with 76,800 net immigration; the steep rise towards the end of the 1980s is linked to the fall of the Iron Curtain and German reunion. Austria profited from German reunion through a boost to economic growth and attracted many migrants from traditional source countries as well as Central and Eastern European Countries (CEECs) who were looking for work (combination of push and pull forces, for more see *Biffel, 1996*) The net inflow continued to be high for another year or so due to substantial refugee inflows from the civil war in former Yugoslavia and the inability of the outdated foreign worker legislation to control

¹⁵ For more see the section on Migration and Integration: <http://www.bka.gv.at/DocView.axd?CobId=32965>

¹⁶ Basic research into skills recognition procedures in Austria was undertaken by Biffel et al 2012 and a website was developed in consequence for guidance of migrants: www.berufsanerkennung.at

immigration. The unprecedented rise in population inflows of the late 1980s and early 1990s triggered a revision of alien laws in Austria. The legislative reform brought about the introduction of immigration legislation which was modelled after US-regulations.

Figure 4: Net migration of Austrians and Foreigners
1983-2013



Source: Statistics Austria.

The second wave of immigration set in towards the end of the 1990s and reached its peak in 2004 with net immigration of 50,800. Since then the net population inflow declined to 20,600 in 2009, i.e. by 59% versus 2004. The slowdown in inflows was transitory and gave way to a renewed rise reaching 51,200 in 2012. The second wave of inflows is on the one hand 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 – on the other the consequence of rising inflows from EU-MS flowing from free mobility.

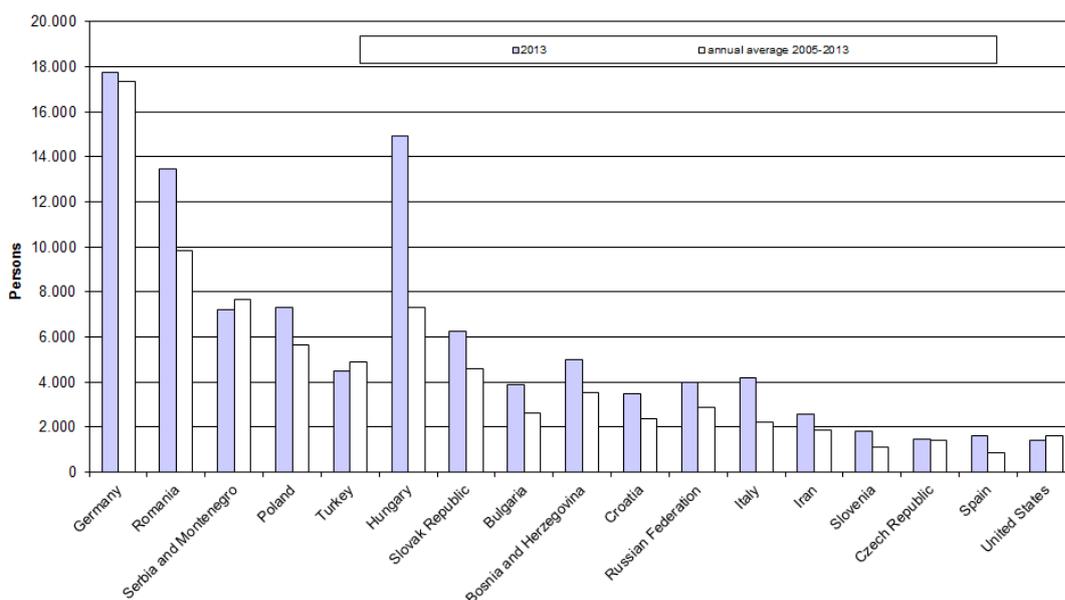
The large inflow of third country nationals in the late 1990s and early years of 2000 fuelled another legislative reform (Alien Law 2005, see chapter on legal ramifications above). Thus, also Austrian citizens face barriers to family reunification/formation with third country citizens if they have no regular (minimum) income (dependent children face no entry barriers as they are covered by family allowance). The restrictions in combination with the declining echo effect resulted in a reduction of net inflows of migrants from 50,800 in 2004 to 24,100 in 2006. In

2007 and 2008, net immigration of foreigners picked up again, reaching a level of 24,700 in 2008. The ensuing economic downturn affected net inflows of foreigners in 2009, reducing them to 17,100 (Figure 4). In 2010 immigration picked up again reaching an all-time-high of 60,700 in 2013.

The change in paradigm of the immigration policy away from worker migration to family reunification and humanitarian intake in 1992 resulted in increasingly supply driven rather than demand driven immigration flows. Thus the mismatch between skills supplied and demanded increased. Accordingly, employers demanded reforms in immigration policy, basically the promotion of labour migration at the upper end of the skill level. The government took the issue on and implemented the first tier of a three tiered point based labour immigration model in 2011. The second tier has been implemented in 2012.

Net immigration flows are the result of significant net-immigration of foreigners; Austrians, in contrast, are on balance emigrating. In 2013, the total net immigration of 54,700 was a result of a net inflow of foreigners of 60,700 and a net outflow of Austrians of 6,000.

Figure 5: Inflows of top 17 nationalities into Austria 2013



Source: Statistics Austria.

Table 4: Migration flows in Austria: 2001-2013

Total Population	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<i>Total</i>													
Inflows	111.219	108.125	111.869	122.547	114.465	98.535	106.470	109.713	107.523	112.691	124.619	140.358	151.280
Outflows	74.363	74.831	71.996	71.721	70.133	74.432	81.000	85.063	90.470	91.375	93.914	96.561	96.552
Net migration	36.856	33.294	39.873	50.826	44.332	24.103	25.470	24.650	17.053	21.316	30.705	43.797	54.728
<i>Men</i>													
Inflows	49.036	60.127	60.824	67.307	63.273	54.298	57.853	59.149	58.933	61.536	69.379	78.212	83.480
Outflows	41.377	42.657	43.171	42.488	41.372	43.981	47.573	49.415	52.476	52.930	54.297	56.377	55.385
Net migration	7.659	17.470	17.653	24.819	21.901	10.317	10.280	9.734	6.457	8.606	15.082	21.835	28.095
<i>Women</i>													
Inflows	62.183	47.998	51.045	55.240	51.192	44.237	48.617	50.564	48.590	51.155	55.240	62.146	67.800
Outflows	32.986	32.174	28.825	29.233	28.761	30.451	33.427	35.648	37.994	38.445	39.617	40.184	41.167
Net migration	29.197	15.824	22.220	26.007	22.431	13.786	15.190	14.916	10.596	12.710	15.623	21.962	26.633
	<i>Per 1000 inhabitants</i>												
<i>Net migration</i>													
Total	4,6	4,1	4,9	6,2	5,4	2,9	3,1	3,0	2,0	2,5	3,7	5,2	6,5
Men	2,0	4,5	4,5	6,3	5,5	2,6	2,5	2,4	1,6	2,1	3,7	5,3	6,8
Women	7,0	3,8	5,3	6,2	5,3	3,2	3,6	3,5	2,5	3,0	3,6	5,1	6,1
Foreigners													
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<i>Total</i>													
Inflows	83.199	86.144	93.341	104.246	97.995	82.899	91.546	94.368	91.660	96.896	109.921	125.605	135.228
Outflows	45.844	44.478	48.940	50.018	49.800	55.045	56.643	60.226	67.219	68.398	72.812	74.394	74.508
Net migration	37.355	41.666	44.401	54.228	48.195	27.854	34.903	34.142	24.441	28.498	37.109	51.211	60.720
<i>Men</i>													
Inflows	39.955	50.091	51.119	57.906	53.968	45.213	48.306	49.332	48.810	52.107	62.324	68.633	73.234
Outflows	28.823	23.680	27.916	28.256	27.691	30.857	31.424	32.111	37.962	37.358	41.547	43.067	42.098
Net migration	11.132	26.411	23.203	29.650	26.277	14.356	16.882	17.221	10.848	14.749	20.777	25.566	31.136
<i>Women</i>													
Inflows	34.831	42.476	46.045	51.041	47.487	40.171	43.644	45.429	43.008	46.155	52.612	56.972	61.994
Outflows	22.187	15.097	18.149	20.070	19.789	22.047	22.303	23.238	28.160	29.046	32.026	31.327	32.410
Net migration	12.644	27.379	27.896	30.971	27.698	18.124	21.341	22.191	14.848	17.109	20.586	25.645	29.584
	<i>Per 1000 inhabitants</i>												
<i>Net migration</i>													
Total	52,1	56,4	59,2	71,1	61,3	34,9	42,7	40,4	28,1	31,8	39,9	52,5	58,7
Men	29,5	68,1	59,3	74,9	64,6	34,8	40,3	40,0	24,6	32,6	44,4	52,1	59,8
Women	37,2	78,0	77,8	84,5	73,1	46,9	53,7	53,6	34,6	38,5	44,6	52,9	57,6
Austrians													
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<i>Total</i>													
Inflows	28.020	21.981	18.528	18.301	16.470	15.636	14.924	15.345	15.863	15.795	14.698	14.753	16.052
Outflows	28.519	30.353	23.056	21.703	20.333	19.387	24.357	24.837	23.251	22.977	21.102	22.167	22.044
Net migration	-499	-8.372	-4.528	-3.402	-3.863	-3.751	-9.433	-9.492	-7.388	-7.182	-6.404	-7.414	-5.992
<i>Men</i>													
Inflows	9.081	12.583	10.571	11.883	11.032	10.424	9.891	10.123	10.326	10.412	9.971	9.579	10.246
Outflows	12.554	22.417	18.158	16.735	13.125	12.749	12.681	12.573	12.511	12.314	12.496	13.310	13.287
Net migration	-3.473	-9.834	-7.587	-4.852	-2.093	-2.325	-2.790	-2.450	-2.185	-1.902	-2.525	-3.731	-3.041
<i>Women</i>													
Inflows	6.061	8.015	5.819	6.569	5.335	5.164	5.064	5.190	5.641	5.724	5.301	5.174	5.806
Outflows	9.090	18.464	13.034	11.756	8.045	7.842	7.783	7.716	8.556	7.985	8.535	8.857	8.757
Net migration	-3.029	-10.449	-7.215	-5.187	-2.710	-2.678	-2.719	-2.526	-2.915	-2.261	-3.234	-3.683	-2.951
	<i>Per 1000 inhabitants</i>												
Total	-0,1	-1,1	-0,6	-0,5	-0,5	-0,5	-1,3	-1,3	-1,0	-1,0	-0,9	-1,0	-0,8
Men	-1,0	-2,8	-2,1	-1,4	-0,6	-0,6	-0,8	-0,7	-0,6	-0,5	-0,7	-1,0	-0,8
Women	-0,8	-2,7	-1,9	-1,4	-0,7	-0,7	-0,7	-0,7	-0,8	-0,6	-0,8	-1,0	-0,8

S: Statistics Austria.

Table 5: International in- and outflows by selected source and destination countries 2009-2013

Citizenship	Inflows from abroad				Outflows				Net-Migration			
	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
Total	112.691	124.619	140.358	151.280	91.375	93.914	96.561	96.552	21.316	30.705	43.797	54.728
Austrians	15.795	14.698	14.753	16.052	22.977	21.102	22.167	22.044	-7.182	-6.404	-7.414	-5.992
Foreigners	96.896	109.921	125.605	135.228	68.398	72.812	74.394	74.508	28.498	37.109	51.211	60.720
EU, EEA, CH	60.358	69.869	79.186	86.624	39.337	44.385	47.005	46.271	21.021	25.484	32.181	40.353
EU-27	59.558	69.143	78.396	85.842	38.837	43.821	46.417	45.628	20.721	25.322	31.979	40.214
EU-14, of which:	26.207	26.455	28.853	30.726	16.436	17.964	18.463	18.297	9.771	8.491	10.390	12.429
Germany	17.966	17.410	17.774	17.743	10.331	11.230	11.545	10.984	7.635	6.180	6.229	6.759
Italy	2.167	2.297	3.095	3.975	1.427	1.575	1.605	1.706	740	722	1.490	2.269
EU-13, of which:	33.351	42.688	49.543	55.116	22.401	25.857	27.954	27.331	10.950	16.831	21.589	27.785
Bulgaria	3.121	3.242	3.631	3.909	1.896	2.097	2.137	2.294	1.225	1.145	1.494	1.615
Croatia	1.894	1.908	2.008	4.183	1.876	1.678	1.547	1.357	18	230	461	2.826
Poland	4.037	6.428	7.105	7.297	2.994	3.263	3.686	3.473	1.043	3.165	3.419	3.824
Romania	11.344	12.907	13.362	13.491	6.358	7.707	8.004	7.791	4.986	5.200	5.358	5.700
Slovakia	3.997	5.314	5.957	6.234	3.089	3.430	3.538	3.373	908	1.884	2.419	2.861
Slovenia	815	1.344	1.876	2.520	617	749	908	890	198	595	968	1.630
Hungary	6.412	9.250	13.066	14.935	4.249	5.310	6.457	6.479	2.163	3.940	6.609	8.456
EEA, CH, assoc. small states	800	726	790	782	500	564	588	643	300	162	202	139
Third country citizens	36.538	40.052	46.419	48.604	29.061	28.427	27.389	28.237	7.477	11.625	19.030	20.367
Europe (incl. Turkey), of which	20.015	20.130	22.698	25.176	15.175	15.641	14.516	14.972	4.840	4.489	8.182	10.204
Bosnia-Herzegovina	2.526	3.872	4.133	4.990	1.996	2.650	2.597	2.574	530	1.222	1.536	2.416
Kosovo	1.074	1.109	1.206	1.598	786	533	529	520	288	576	677	1.078
Russian Federation	2.205	2.643	3.438	3.471	1.639	1.578	1.600	1.972	566	1.065	1.838	1.499
Serbia	7.134	6.051	6.715	7.089	5.650	5.818	4.966	5.029	1.484	233	1.749	2.060
Turkey	4.258	3.812	4.088	4.476	3.137	3.258	3.151	3.154	1.121	554	937	1.322
Africa	3.135	3.685	3.808	4.147	2.916	2.604	2.428	2.267	219	1.081	1.380	1.880
America	3.330	3.627	3.704	3.737	2.812	2.878	2.967	2.824	518	749	737	913
Northamericka	1.915	2.167	2.189	2.188	1.766	1.883	1.899	1.810	149	284	290	378
Latinamerica	1.415	1.460	1.515	1.549	1.046	995	1.068	1.014	369	465	447	535
Asia	9.566	12.104	15.705	14.935	7.659	6.841	7.003	7.812	1.907	5.263	8.702	7.123
Oceania	300	334	306	345	271	268	280	215	29	66	26	130
Unknown/undeclared	192	172	198	264	228	195	195	147	-36	-23	3	117
S: STATISTICS AUSTRIA.												

The net flow figures can be disaggregated into gross flows by gender and citizenship. Accordingly, in 2013, gross inflows amounted to 151,300 (of whom 135,200 foreigners) and outflows to 96,600 (of whom 74,500 foreigners). The net migration rate (net migration per 1,000 inhabitants) which has declined from a high of 6.2 in 2004 to a low of 2 in 2009 rose again and reached 6.5 in 2013. Male net migration rates were somewhat higher than female rates in 2013 (6.8 versus 6.1). There is, however, a significant difference between natives and migrants. While the net immigration rate of foreign citizens amounts to almost 6% of the foreign population, it is negative in the case of Austrians but insignificant relative to the population size.

Of all the 151,300 inflows in 2013, 57% or 87,000 came from the EU plus EEA/CH. 20 percent came from the old EU-MS (30,700), in the main Germany (17,700); 47,500 or 36% came from the EU13 and 32% or 48,600 from third countries. This is a major shift towards inflows from CEECs. Inflows from South-East of Europe and from Turkey are slowing down. Accordingly, 9 percent came from the former region of Yugoslavia (with a majority share of citizens of Serbia and Montenegro), 3 percent from Turkey. Inflows from Asia are becoming more

dynamic, largely a result of refugees from Afghanistan, but also from China, reaching a share of 10% of all inflows. Inflows from Africa (2.7 percent) and America (2.5 percent) are rising but continue to be small in comparison. (Figure 5 and Table 5)

If we compare the migration flows of third country citizens based on the population register with the number of settler resident permits granted to third country citizens in the course of 2013, it can be established that about half of the gross inflow of 48,600 were settlers registered with the Ministry of Interior (18,000).

Of all the 96,600 outflows in 2013, almost half are directed towards the EU. 19% are towards 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&EU1), which are the destination regions of another 28 percent of all outflows. In contrast, fairly small numbers of persons from former Yugoslavia are among the outflows from Austria, in particular in relation to the numbers residing in Austria, indicating that citizens of those countries of origin often arrive to stay, a trend since the former 'guestworker' movements of the 1960s and 1970s. A fairly new feature emerged in the last couple of years, namely that Turkish migrants are increasingly returning to Turkey such that, in 2012, only a small net inflow of 937 Turks remained. However, in 2013, net immigration from Turkey starts to rise again to 1,300. Dynamic economic growth in Turkey tends to motivate Turkish migrants to return, but increasing refugee inflows from the neighbouring regions may start to be a concern to many a Turkish migrant.

B) Entries and departures of refugees

Asylum issues lie within the competence of the federal government. The Federal Asylum Office in the newly established Federal Agency of Alien Affairs and Asylum (BFA – Bundesamt für Fremdenwesen und Asyl), which resorts to the Ministry of Interior (bmi) is the first instance in asylum proceedings (Art. 58 Asylum Act). Appeals against decisions of the Federal Asylum Office could until January 2014 be addressed to the Asylum Court, an independent court established in 2008 (Art. 61 para 1 Asylum Act). As of 1 January 2014, the Federal Asylum Office was replaced by the Federal Office for Aliens' Affairs and Asylum¹⁷ which is also responsible for certain alien police proceedings (Act on the Restructuring of the Aliens Authorities)¹⁸; the Administrative High Court (Bundesverwaltungsgericht) will become the last instance in matters on asylum and alien law. The Asylum Court is an integral part of the Administrative High Court; in the preparation of the structural, institutional reform of legal

¹⁷ This court will replace 194 offices that are currently responsible for aliens and asylum law issues.

¹⁸ Verwaltungsgerichtsbarkeitsnovelle, BGBl. I No. 87/2012.

proceedings in public administration the Asylum Court acted as the hub for the reform process¹⁹.

i) Entries of refugees

Since the mid-1980s the number of asylum seekers rose at first steadily and towards the end of the 1980s abruptly – an experience Austria shared with other western European countries. By the end of December 1991 27,300 asylum seekers were registered in Austria. This was the starting point of a reform of the asylum legislation (Asylum Law 1991) – to a large extent induced by the intergovernmental co-operation within EU-member countries and the then prospective new members to harmonise aspects of admission policies for foreign migrants in general and asylum seekers in particular. Major amendments to the asylum legislation took place in 1997, 2003, 2005 and 2009 – all a consequence of EU-wide coordination of asylum legislation and procedures and thus harmonisation. In January 2010, a comprehensive revision of the Alien Law came into effect. Several changes to tighten alien police and asylum legislation were introduced. The amendment redefined the offences which may lead to detention of asylum seekers, and introduced the possibility to deprive, under certain conditions, delinquent refugees and beneficiaries of subsidiary protection of their status. Finally, the legal framework for granting residence permits to rejected asylum seekers based on humanitarian grounds was redefined. With July 2011 a one week mobility restriction outside the asylum reception centre was introduced for new arrivals of asylum seekers. From October 1, 2011 onwards asylum seekers who have had their claim rejected by the asylum court are automatically provided with legal counselling and support on further steps to take by one of the following NGOs: Diakonie, Volkshilfe or Human Rights Austria.

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

From April 1992 until mid-1995 an estimated number of 100,000 refugees from former Yugoslavia had fled into Austria. The total number of persons receiving shelter and/or financial support over that time span amounted to 84,000. The major inflow took place in 1992 with 50,000 Bosnians, followed by 20,000 in 1993, 10,000 in 1994 and 4,000 until mid-1995. By the end of December 1997 some 5,800 Bosnians remained in the financial care of the

¹⁹ For more see website: <http://www.asylgh.gv.at/site/7814/default.aspx>

federal government and the states ("Bund-Länder-Aktion"). The promotion of the Federal Ministry of the Interior of return migration of Bosnians, who had remained in refugee camps, gained weight in 1997. Some but not all took up the opportunity for a subsidised return to Bosnia. By mid-1998, the end of the right to reside in Austria, the remaining Bosnians received permission to stay in Austria on humanitarian grounds.

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

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

After a temporary slowdown in asylum inflows in the year 2000, inflows of asylum seekers rose rapidly until 2002, partly as a result of the crisis in Afghanistan. In 2002 the number of asylum seekers peaked at 39,400. Ever since then the numbers of applications for asylum declined steadily. In 2007 only 11,900 asylum applications were filed, 25,100 or 67.8 percent less than in 2002. However, in 2008, the number of asylum seekers increased for the first time since 2002 again to 12,841 and continued to rise in 2009 to 15,821. In 2010 the numbers declined to 11,000. This decline was, however, short lived. Inflows started to climb again from mid-2011 onwards. By the end of December 2011, Austria registered 14,900 asylum seekers, i.e. 31% more than a year ago. In 2012 the applications for asylum continued to rise, reaching 17,400 at the end of December 2012, i.e. some 3,000 or 21% more than a year ago. In 2013 the inflow of asylum seekers stabilised at the high level of 2012 (17,503) (Figure 6 and Table 6) In the course of the current year asylum applications continued to rise. By the end of August 2014 the inflow of asylum seekers added up to 12,900, +13% versus 2013. The large inflow in the current year is in the main a result of refugee inflows from the Middle East, in particular from Syria.

In comparison with other EU-MS Austria is number eight in terms of absolute numbers of asylum seekers, after Germany (109,600), France (60,100), Sweden (54,300), UK (29,200), Italy (27,800), Switzerland (19,400) and Hungary (18,600). In relation to the population size, Austria is number 6 in Europe with 2 asylum seekers per 1,000 inhabitants, after Malta (4.8 per 1,000 inhabitants), Sweden (4.6), Luxembourg (3.8), Switzerland (3.2), and Montenegro (2.5).

Table 6: Asylum seekers in Austria by the end of the year: 1952-2013

1952	2,457	1983	5,868
1953	1,723	1984	7,208
1954	2,283	1985	6,724
1955	1,941	1986	8,639
1956	169,941	1987	11,406
1957	58,585	1988	15,790
1958	3,599	1989	21,882
1959	3,439	1990	22,789
1960	5,178	1991	27,306
1961	4,116	1992	16,238
1962	3,458	1993	4,744
1963	3,435	1994	5,082
1964	3,611	1995	5,920
1965	4,247	1996	6,991
1966	3,805	1997	6,719
1967	3,872	1998	13,805
1968	7,334	1999	20,129
1969	9,831	2000	18,284
1970	3,085	2001	30,127
1971	2,075	2002	39,354
1972	1,838	2003	32,359
1973	1,576	2004	24,634
1974	1,712	2005	22,461
1975	1,502	2006	13,349
1976	1,818	2007	11,921
1977	2,566	2008	12,841
1978	3,412	2009	15,821
1979	5,627	2010	11,012
1981	34,557	2011	14,416
1982	6,314	2012	17,413
		2013	17,503

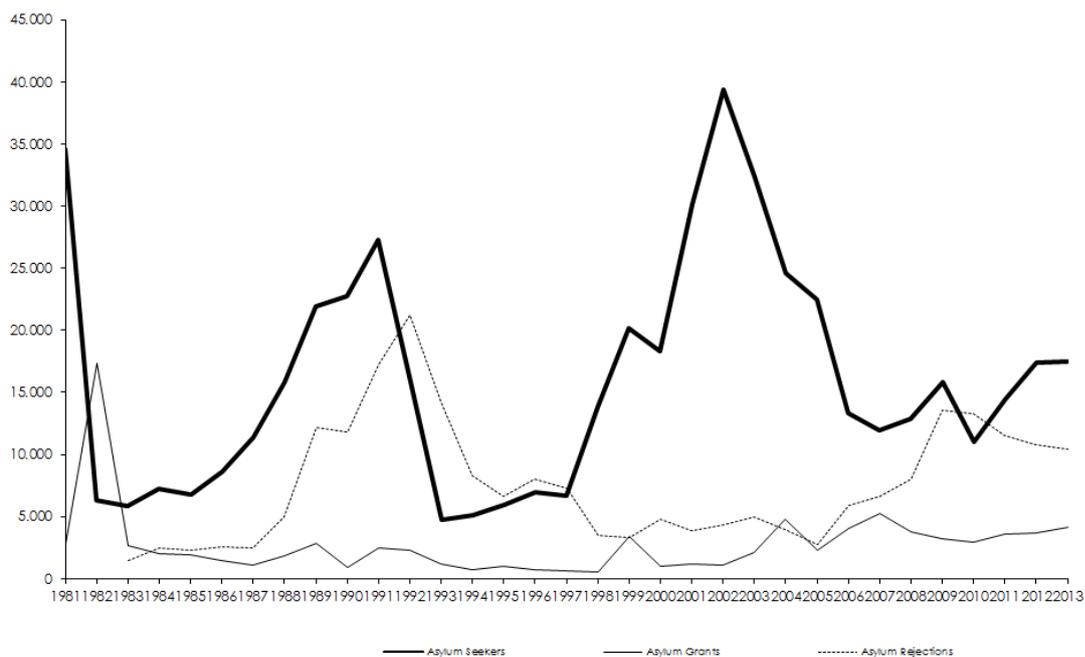
Source: Statistics Austria, Statistical Handbook of the Republic of Austria.

Of all 16,700 cases processed in 2013 25% of asylum seekers were accepted as refugees. The acceptance rate differs between source countries, amounting to more than 80% in the case of Syria and Somalia, somewhat less in Iran (67%) and Afghanistan (46%). The first instance acceptance rate in Austria equals the EU27 average of 28%.

The sharp reduction in the numbers of asylum seekers between 2002 and 2007 was largely the result of Austria moving from a Schengen country at the border to one within a larger Schengen region (Dublin Convention). It is therefore increasingly difficult to apply for asylum in Austria as one tends to have to pass through another Schengen country before reaching Austria. The neighbouring countries are considered 'safe havens', implying that asylum seekers crossing through one of these countries may rightfully be returned to these countries as first countries of asylum. It is increasingly recognised that some of the countries of transition of asylum seekers cannot be considered 'safe havens', however. Accordingly, public pressure was mounting in Austria in 2010 to revisit and adapt current Austrian practices of refoulement,

triggered off by some spectacular cases which were caught by the media, where family members and children were being separated and deported to some of the countries concerned. As a result, refoulement cases are receiving more critical attention.

Figure 6: Asylum procedures: Inflows, acceptances and rejections 1981-2013



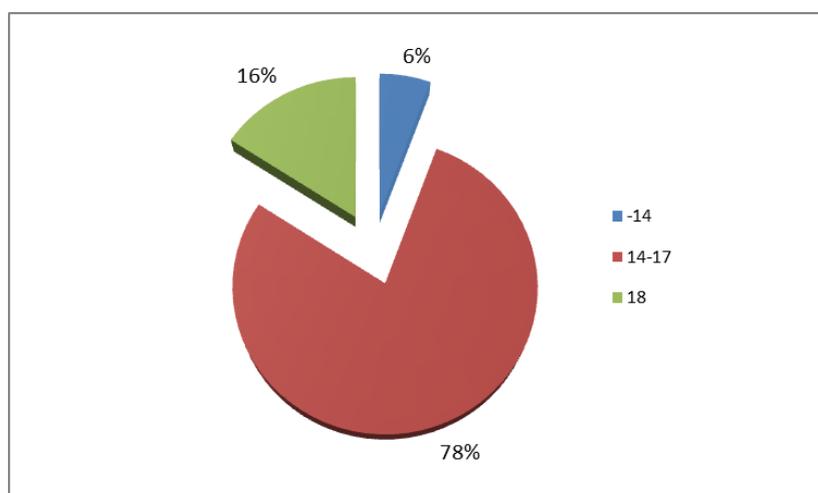
Source: Statistics Austria, own calculations.

In the course of the years of 2000 the share of men amongst asylum seekers has declined somewhat from 77.8 percent in 2001 to 66 percent in 2008; since 2009 the share of men was on the rise again reaching 74% in 2011/2012. In 2013, however, the number and share of female asylum seekers increased to 5,000 or 28%.

In Austria, in 2013, the main countries of origin of asylum seekers continued to be Afghanistan (2,600) and the Russian Federation (2,800) followed by Syria (2,000). The civil war in Syria made itself felt also in Austria via an increase in the number of asylum seekers, bringing Syrians into rank number 3, followed by Pakistan (1,000). In 2014 the number of Syrian asylum seekers moved centre stage with 3,500 by the end of August, followed by Afghanis (2,200) and persons from the Russian Federation, largely Chechens (1,100).

The number of asylum seekers from Europe has reached a peak in 2003 with 16,500 applications. Since then the numbers declined and reached a low of 3,900 in 2011 (-76 percent). However, in 2012 the applications increased abruptly to 5,100 (+1,300 or 33%). Until today, a large proportion of asylum seekers in Austria originate from Europe (29.5% in

Figure 7: Age composition of unaccompanied minors 2013



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

In the year 2013, 4,100 asylum grants have been issued, somewhat more than in the previous year, but more than double the number have been rejected (10,400). These negative cases may result in refoulement, unless a return to the country of origin is unfeasible on humanitarian grounds (Test according to §8 of Asylum Law). In the latter case subsidiary protection status is granted and thus temporary residence status. In 2007 several cases made the public media, and a decision of the constitutional courts requested the Ministry of the Interior to clarify procedures by which residence may be granted to rejected asylum seekers on humanitarian grounds²⁰. **By April 1 2009, an amendment to the residence and asylum law (2005) came into effect (Fremdenrechtsnovelle 2009, BGBl. I Nr. 29/2009).** As a result, residence status on humanitarian grounds is regulated separately in either law, i.e. in the asylum act (§10 cites criteria on the basis of which permanent or temporary residence may be granted, procedures of the residence act (§§ 43 und 44 NAG 2005) have been extended. The catalogue of criteria is the same in asylum legislation (§ 10 Abs. 2 Z 2 AsylG) as in the alien police law ((§66 Abs. 2 FPG) and the residence act ((§1 Abs. 3 NAG).²¹ In 2010 spectacular cases became known to the public, e.g. 8 year old twins (Kosovo Albanians) were put into a detention centre with their father before being deported October 7, which put **the subject of**

²⁰ Biffl – Bock Schappelwein (2008) collected information on legislation in other EU-MS and on the annual numbers of rejected asylum seekers who get residence granted on humanitarian grounds.

²¹ For more information see Biffl et al. (2009).

humanitarian residence to 'integrated' asylum seekers back on the agenda. The girls plus father were allowed to return after a couple of weeks while procedures were overhauled.

In 2013, positive asylum decisions were granted mostly to refugees from Syria and Iran followed by Afghanistan and the Russian Federation.

Over the whole period of 1981 till 2012, a total of 529,600 asylum applications were registered, of which a total of 90,700 were accepted as refugees according to the Geneva Convention, i.e., 17 percent, and 234,300 got their case rejected, i.e., 44 percent. The remaining 204,600 or 39 percent of all asylum applicants moved on before the procedures were terminated in Austria, either moving with the help of IOM to another host country or going into hiding (Figure 6 and Figure 8).

Harmonisation of asylum legislation within the EU has brought about major changes in the treatment and deployment of asylum seekers in Austria. The legislative reform of 2005 had substantial financial implications for the state and regions. As of 2005, every applicant has the right to financial support by the state for the period of the asylum procedures. The financial burden is shared by all federal states according to their population size. This means that until 2004, large numbers of asylum seekers depended on the support of NGOs, in particular churches and affiliated institutions like Caritas. Since 2004 the states do not only have to provide shelter and other basic needs, but the local Labour Market Service is called upon to provide employment opportunities **for asylum seekers after a waiting period of 3 months. By order of the former Minister of Economic Affairs and Labour²² in 2004 labour market access was, however, limited to seasonal work, thereby reducing the scope of employment the law would actually offer.** This order brought about a deterioration of employment and learning opportunities of asylum seekers versus earlier labour market practices. More recent legislative reforms are opening up more employment opportunities, as mentioned in the chapter on the legal framework.

Once asylum seekers have received refugee status, they may enter the labour market without any legal restrictions. In case of rejection of the application, access to employment is denied unless they receive subsidiary protection status.

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

²² The order was issued by former Minister Bartenstein (Erlass zu GZ 435.006/6-II/7/04, EU –Erweiterungs-Anpassungsgesetz; Durchführungserlass).

place, run by the Labour Market Service and the Integration Fund, to focus on the special needs of the target group.²³

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

ii) **Outflow of refugees**

Until the fall of the Iron Curtain in 1989, asylum seekers and refugees (the majority from Eastern Europe) used Austria as a stepping stone for emigration to the traditional immigration countries overseas. Austria never conceived herself as an immigration country. Therefore an active integration scenario for refugees or immigrants was not put in place until the massive inflow of refugees from the region of former Yugoslavia in the early 1990s. The outflow of asylum seekers and refugees was therefore always quite high relative to the inflows. When looking at outflow data one has to bear in mind that no comprehensive information exists on the outflow of refugees and asylum seekers.

The decline of registered outflows in the early to mid-1990s and since 2000 was on the one hand the consequence of policy changes in immigration countries – they started to recruit directly from Eastern European countries through their diplomatic representations – on the other hand refugees themselves may have preferred to stay closer to their countries of origin. In 1999, as the number of asylum applications reached record levels and integration in Austria became more difficult, asylum seekers tended to leave again in larger numbers, in particular to other countries in Europe and the USA. This behaviour came to a halt as asylum seekers increasingly remained in Austria, often on humanitarian grounds. In 2006, however, we see the beginnings of an increased outflow of refugees as it is becoming increasingly difficult for asylum seekers to find work and their chances for settlement on humanitarian grounds are deteriorating. By 2009, 8,000 refugees left Austria via the rest of the world, with the help of IOM, more than double the number of 2006. Since then the outflow slows down again to a low of 3,900 in 2011. It has to be taken into account that not all outflows are registered, but only those figures which are the result of processing emigration through IOM (International Organisation of Migration).

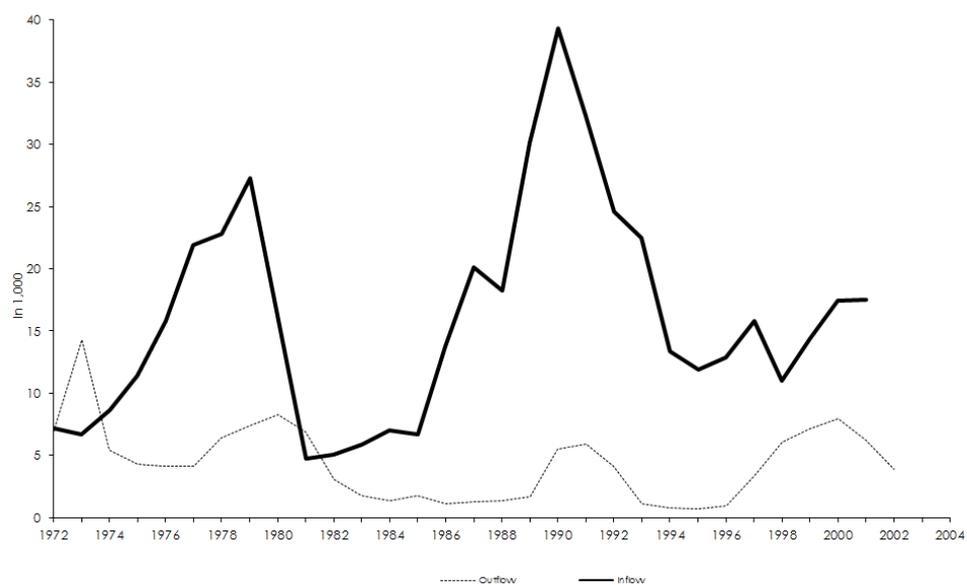
²³ http://www.integrationsfonds.at/habibi/habibi_jobcenter/

Table 8: Outflow of refugees¹ via Austria 1972-2011

1972	5,140	1992	1,754
1973	4,105	1993	1,375
1974	3,012	1994	1,803
1975	1,787	1995	1,158
1976	1,186	1996	1,318
1977	1,335	1997	1,333
1978	2,071	1998	1,655
1979	2,597	1999	5,003
1980	3,818	2000	5,926
1981	6,909	2001	4,122
1982	14,317	2002	1,117
1983	5,441	2003	0,823
1984	4,314	2004	0,689
1985	4,103	2005	0,967
1986	4,131	2006	3,317
1987	6,397	2007	6,065
1988	7,397	2008	7,125
1989	8,267	2009	7,968
1990	6,934	2010	6,253
1991	3,098	2011	3,886

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

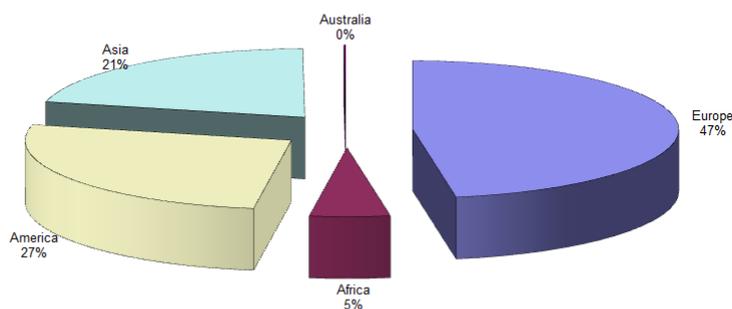
Figure 8: Inflow and outflow of asylum seekers and/or refugees via Austria 1972-2013



Source: Statistics Austria.

In 2011, 47% of the outflow was directed towards another country in Europe (1,800), 27% to America, largely the USA (1,000), and 21% to Asia. (Figure 9)

Figure 9: Continents of destination of refugee outflows from Austria in 2011



S: Statistics Austria, IOM.

C) Inflow of third country citizens on the basis of permits

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

Until 1997, third country citizens residing in Austria received a residence permit (Aufenthaltsbewilligung). With the amendment of the Alien Law in 1997, the residence permit system became more differentiated. Residence could be granted on a temporary basis (temporary residence permit – Aufenthaltserlaubnis) or permanent basis (settlement permit – Niederlassungsbewilligung). In 2003, rights of longer term permanent residents were widened by introducing a settlement certificate (Niederlassungsnachweis), the de facto green card (Table 9).

From 2006 onwards, temporary residence permits are only issued for persons who reside for more than 6 months in Austria. Thus, due to a change in administrative procedures and eligibility criteria data on the residence status of third country citizens have a statistical break in 2006, i.e. data are not strictly comparable before and after 2006.

The number of valid residence permits of third country citizens (midyear count) has increased continuously from 280,500 in 1994 to 575,200 in 2004. In 2005 the number of permits to third country citizens declined to 506,200 (-70,000 or 12 percent), a result of eastern enlargement

remained more or less stable (36,800). The numbers of permanent residence permit holders declined somewhat (-1,600 or -0.5%), while still making up 66% of all residence permits (322,800). Only 24,400 or 5% of all valid residence permits are 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 already before 2011 a relatively small proportion of the annual inflows of settlers (NB = Niederlassungsbewilligung) was regulated by quotas; with the introduction of the point system (red-white-red-card) the residence permits covered by quotas declined even more.

Temporary residents (until 2005 AE = Aufenthaltserlaubnis, from 2006 AB = Aufenthaltsbewilligung) are able to reside on the basis of regulations of labour market institutions, university or other school access rights or on humanitarian grounds.

Over the year 2013 a sum total of 26,500 residence permits was issued to newcomers from third countries, somewhat less than in 2012 (-1,900 or 6.8%) and even less than in 2011, the year the point system was introduced - the red-white-red card. The decline was due to reduced numbers of settlers. Of all inflows of third country migrants 17,900 (2,000 less than in 2012) or 68 percent were settlers. The number of temporary resident permits granted to third country citizens remained fairly stable with 8,600 permits.

Of the 17,900 new settler permits in 2013, about one fifth of the permits (3,900) was issued on the basis of a quota, i.e., as a family member of a third country citizen, who belongs to a settler category for which quotas continue to apply. Thus, 78 percent of the new third country settlers are either family members of Austrian or EEA-citizens, or are holders of a red-white-red card, i.e. labour migrants, third country graduates of Austrian universities or settlers on humanitarian grounds (Table 10).

Settler permits can also be acquired by having a temporary permit transformed or the status of a settler visa without access to work transferred into one with access to work. In the course of 2013, 3,900 uncapped transformations were granted and 282 settler permits within a capped permit group. Of the uncapped group 55% went to men, of the capped one 41%.

As to the first issues of temporary resident permits: of the total of 8,600 issued to third country citizens in 2013, the majority are students and their family members (4,900 or 57%), followed by persons working in Austria temporarily (and their family members), and 1 percent could stay on humanitarian grounds, many of them asylum seekers who receive temporary protection status (54 in total).

Temporary residence may also be granted on the basis of regulations not in the authority of the Ministry of the Interior. The major groups concerned are temporary workers who are granted an employment permit for seasonal work by the Federal Ministry of Labour, Social Affairs and Consumer Protection as well as cross-border workers. These temporary work

contracts have a ceiling (in 2013: 4,275 in agriculture and forestry plus harvesters (2,260); in tourism winter-season 3,240 and summer-season 1,275). 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 but only show up in social security based employment counts, the employment contract being registered with the Labour Market Service. In toto the number of **seasonal work permits issued to foreign workers on the basis of a quota (Saisonkontingente) amounted to 24,400 (18,500 in agriculture & forestry including harvesting, 5,900 in tourism)**. Given the temporary character of this work the annual average of seasonal foreign workers (on the basis of stocks at the end of the month) amounted to 5,300 in 2013.

All temporary residents registered in the alien register of the Ministry of the Interior exceed a stay of 6 months; the major groups are students, employees on training and work experience schemes, sports and entertainment schemes etc. (Table 10). The temporary residence status may be extended. The total number of extensions is almost double the number of first issues, namely 16,500 in 2013.

The capped categories of first settlers are in sum 3,900 cases in 2013 and may include third country citizens, who come for work, their family members and persons on private means with no wish to engage in gainful employment. The figures have almost halved since 2005 (6,300).

Settlement permits entitle third country citizens to settle in Austria, but not everybody intends to settle, while others want to transform their settlement category into another title with more rights, e.g. free access to the labour market. In 2013 some 4,200 residence titles were transferred into a settlement title with free access to work. The majority of acquired titles are uncapped, largely family members who acquire the right to work anywhere in Austria. Adding extensions and transformations into the picture of settlement permits, Austria issued a total of some 136,100 settlement permits in 2013, 3,200 or 2.3% less than in 2012. (Table 10)

In the event of a legal stay beyond 5 years, settlers may opt for obtaining a settlement certificate, which is available since 2003, modelled after the American 'green card'. Prolongations of settlement permits are becoming more frequent as the duration of stay gets longer and integration proceeds. In addition, large numbers of prolongations go to third country citizens who have permanent residence rights in another EU-MS. They may access the labour market in Austria without any limitations. Their numbers amounted to 25,700 in 2006 and increased to 26,800 in 2010. From mid-2011 onwards third country migrants may also opt for an r-w-r card or an r-w-r card plus or a blue card. This option is increasingly being taken up.

In addition to settlement permits, the Federal Ministry of the Interior issues temporary residence permits to persons who have obtained the right to enter for study, for temporary work and business purposes including services mobility (GATS mode 4) or on humanitarian grounds. In the course of 2013, all in all 8,600 temporary residence permits were issued for the first time – about as many as in 2012 - and 16,500 were extended – slightly more than in 2012.

Table 10: Annual inflows of settlers and temporary residents of third countries

Residence Permits issued in the course of the Year 2005-2013									
Annual Sum by end of December									
	2005	2006	2007	2008	2009	2010	2011	2012	2013
First issue settler	32.166	16.353	15.888	15361	14.347	16.150	20.466	19.939	17.902
First Issue temporary resident	21.200	6.613	5.699	5.879	5.532	6.238	7.517	8.484	8.583
	53.366	22.966	21.587	21.240	19.879	22.388	27.983	28.423	26.485
Men									
First issue settler	14.508	7.016	7.083	7.037	6.566	7.965	10.139	10.065	8.869
of which within quota regulation	2.287	1.616	2.096	2.218	1.809	1.970	1.907	1.582	1.558
outside quota	12.221	5.400	4.987	4.819	4.757	5.995	8.232	8.483	7.311
Prolongation of settlement	36.484	51.852	59.203	56.327	53.643	52.331	59.212	54.185	55.894
Transfer of title to settler (no quota)		362	614	1.057	1.181	1.357	1.668	2.946	2.138
Transfer of title to settler (quota)		144	280	279	286	250	901	157	116
First issue temporary resident	11.374	2.902	2.621	2.660	2.550	2.889	3.561	4.049	4.172
Prolongation of temporary stay	0	0	7.124	7.596	7.899	7.602	7.478	7.795	8.151
Transfer of title to temp.res.			0		188	229	246	259	295
Total	62.366	61.770	76.031	73.620	72.125	72.394	80.390	79.456	79.635
Women									
First issue settler	17.658	9.337	8.805	8.324	7.781	8.185	10.327	9.874	9.033
of which within quota regulation	3.971	2.453	3.159	5.183	2.601	2.419	2.498	2.214	2.316
outside quota	13.687	6.884	5.646	3.141	5.180	5.766	7.829	7.660	6.717
Prolongation of settlement	41.883	55.778	62.174	63.067	61.096	60.501	65.510	59.175	58.154
Transfer of title to settler (no quota)		450	619	951	1.129	567	1.719	2.740	1.744
Transfer of title to settler (quota)		229	292	289	251	261	927	184	166
First issue temporary resident	9.826	3.711	3.078	3.219	2.982	3.349	3.956	4.435	4.411
Prolongation of temporary stay	12.508	8.008	7.085	7.422	7.841	7.664	7.534	7.973	8.299
Transfer of other resident title			0		402	479	511	536	537
Total	81.875	76.834	81.142	82.032	81.080	80.527	87.327	84.917	82.344
Total									
First issue settler	32.166	16.353	15.888	15.361	14.347	16.150	20.466	19.939	17.902
of which within quota regulation	6.258	4.069	5.255	7.401	4.410	4.389	4.405	3.796	3.874
outside quota	25.908	12.284	10.633	7.960	9.937	11.761	16.061	16.143	14.028
Prolongation of settlement	78.367	107.630	121.377	119.394	114.739	112.832	124.722	113.360	114.048
Transfer of title to settler (no quota)		812	1.233	2.008	2.310	1.924	3.387	5.686	3.882
Transfer of title to settler (quota)		373	572	568	537	511	1.828	341	282
First issue temporary resident	21.200	6.613	5.699	5.879	5.532	6.238	7.517	8.484	8.583
Prolongation of temporary stay	12.508	8.008	14.209	15.018	15.740	15.266	15.012	15.768	16.450
Transfer of title					590	708	757	795	832
Total	144.241	139.789	158.978	158.228	153.205	152.921	167.717	164.373	161.979

Source: Ministry of the Interior.

Table 11: Sum of settlement permits granted to citizens of third countries (Non-EU) by residence status and gender (first permits, prolongations and transfer of title to settler) 1 January to end of December 2012 and 2013

Sum of all settlement permits granted to citizens of third countries (January 1 to end of December)						
	2012			2013		
	Men	Women	Total	Men	Women	Total
Sum of all first settlement permits with quota	1.582	2.214	3.796	1.558	2.316	3.874
First permit: r-w-r card (plus): §46/1/2); access to work	1.369	1.981	3.350	1.366	2.058	3.424
First settler permit:	213	233	446	192	258	450
No access to work	115	114	229	107	144	251
access to work	68	110	178	50	103	153
Access to work (European agreement)	30	9	39	35	11	46
Sum of all first settlement permits, no quota	8.483	7.660	16.143	7.311	6.717	14.028
Family member outside core family	692	834	1.526	499	604	1.103
No access to work	6	7	13	21	18	39
access to work	686	827	1513	478	586	1064
Blue card EU	80	36	116	67	30	97
r-w-r-card (§41/1) highly skilled	55	18	73	37	11	48
r-w-r-card (§41/2/1) shortage list, skilled	107	6	113	313	16	329
r-w-r-card (§41/2/2) shortage list, other skilled	621	219	840	549	186	735
r-w-r-card (§41/2/3) university graduate	29	9	38	19	23	42
r-w-r-card (§41/2/4) self-employed skilled	10	3	13	17	6	23
r-w-r-card plus	1.849	1.753	3.602	1.778	1.574	3.352
r-w-r-card plus (§41a/1-10)	2.640	2.246	4.886	1.242	894	2.136
r-w-r-card plus, family §46/1-3	1	2	3	598	834	1.432
Family member/relative	2.399	2.534	4.933	2.192	2.539	4.731
Sum of prolongations of settlement permits (NB)	3.926	4.625	8.551	2.443	2.939	5.382
Sum of prolongation of other settlement permits	50.259	54.550	104.809	53.451	55.215	108.666
Blue Card EU	3	2	5	7	2	9
Permanent resident EC	17.759	16.286	34.045	24.356	21.575	45.931
Permanet resident Family	3.376	3.764	7.140	3.958	4.508	8.466
Family member	8.547	12.163	20.710	7.179	10.423	17.602
r-w-r card (§41/1) highly skilled	5	2	7	6	2	8
r-w-r card (§41/2/2) other skilled	49	25	74	48	15	63
r-w-r-card (§41/2/3) university graduate	6	5	11	3	4	7
r-w-r-card (§41/2/4) self-employed skilled	7	3	10	6		6
r-w-r-card plus	12.046	12.941	24.987	8.936	9.312	18.248
r-w-r-card plus (§41a/1-10 and §46/1-3)	8.461	9.359	17.820	8.952	9.374	18.326
Sum of all prolongations of settlement permits	54.185	59.175	113.360	55.894	58.154	114.048
Transformation of title to settler, no quota	2.946	2.740	5.686	2.138	1.744	3.882
Transformation of title to settler, quota	157	184	341	116	166	282
Sum of all settlement permits issued/prolonged/transferr	67.353	71.973	139.326	67.017	69.097	136.114

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

Table 12: Sum of temporary residence permits granted to citizens of third countries (Non-EU) by residence status and gender
1 January to end of December

Sum of temporary residence permits granted to citizens of third countries (Non-EU) by residence status and gender (January 1 to end of December)												
	2010			2011			2012			2013		
	Male	Female	Total									
First temporary residence permits	2,889	3,349	6,238	3,561	3,956	7,517	4,049	4,435	8,484	4,172	4,411	8,583
Employed persons on basis of GATS (mode 4)	72	32	104	66	9	75	57	19	76	104	5	109
Special protection/humanitarian	13	34	47	16	25	41	24	24	48	36	18	54
Family member of researcher	24	44	68	30	56	86	37	65	102	32	69	101
Family member of intercompany transfers	27	88	115	47	118	165	49	110	159	56	108	164
Family member of special employment-artist,scient	106	148	254	103	143	246	60	132	192	77	151	228
Family member of students	66	96	162	68	105	173	118	122	240	142	155	297
Family member of scientist/artist	12	31	43	19	32	51	10	18	28	17	43	60
Researcher	127	82	209	107	65	172	148	87	235	144	89	233
Artist (on the basis of work contract)	28	12	40	30	24	54	44	20	64	24	24	48
Artist (self-employed)	20	8	28	17	12	29	27	20	47	23	9	32
Intercompany transfers	135	22	157	154	49	203	118	38	156	96	48	144
Pupil	254	379	633	313	454	767	386	505	891	399	522	921
Self-employed	6	3	9	11	8	19	11	3	14	3	5	8
Special cases of salaried employees	470	1,065	1,535	477	1,105	1,582	508	1,059	1,567	576	1,031	1,607
Social worker		1	1	2	2	4	4	5	9	3	6	9
Students of higher education	1,529	1,304	2,833	2,101	1,749	3,850	2,448	2,208	4,656	2,440	2,128	4,568
Extensions of temporary residence permits	7,602	7,664	15,266	7,478	7,534	15,012	7,795	7,973	15,768	8,151	8,299	16,450
Employed persons on basis of GATS (mode 4)	36	41	77	58	33	91	39	27	66	54	18	72
Special protection/humanitarian	15	8	23	3	11	14	17	23	40	24	21	45
Family member of researcher	19	50	69	13	29	42	14	38	52	29	46	75
Family member of intercompany transfers	60	127	187	51	122	173	76	177	253	92	182	274
Family member of special employment-artist,scient	332	577	909	303	487	790	286	421	707	219	367	586
Family member of students	158	237	395	152	219	371	143	225	368	189	265	454
Family member of scientist/artist	31	54	85	57	101	158	61	106	167	52	90	142
Researcher	138	64	202	77	39	116	100	57	157	101	58	159
Artist (on the basis of work contract)	120	87	207	117	78	195	106	87	193	96	76	172
Artist (self-employed)	116	72	188	106	56	162	118	75	193	109	82	191
Intercompany transfers	131	37	168	159	39	198	183	51	234	169	46	215
Pupil	422	769	1,191	431	814	1,245	464	795	1,259	513	858	1,371
Self-employed	15	4	19	9	6	15	18	9	27	21	6	27
Special cases of salaried employees	1,053	671	1,724	999	620	1,619	929	581	1,510	894	533	1,427
Students of higher education	4,956	4,866	9,822	4,943	4,880	9,823	5,241	5,301	10,542	5,589	5,651	11,240
Transfer of Title to temporary residence							259	536	795	295	537	832
Sum of all temporary residence permits	10,491	11,013	21,504	11,039	11,490	22,529	12,103	12,944	25,047	12,618	13,247	25,865

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

The largest number of first temporary residence permits goes to students of higher education, namely 4,600 or 53 percent of all first temporary residence permits in 2013. They do not only make up the largest numbers but their numbers are also on the rise, particularly in 2011 and 2012. In addition, students are the largest group to get their temporary stay extended namely 11,200 or 68% of all extensions. (Table 12) Temporary residence status does not envisage the possibility of access to welfare payments, in particular unemployment benefits. This is no deterrent for family members to join, in 2013 some 2,400 or 9% of all temporary residence permits.

Stock-Flow analysis by residence title

The level and structure of valid residence permits at a particular point in time is the result of flows into and out of a particular category within a certain period of time. The stock of valid

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

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

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

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

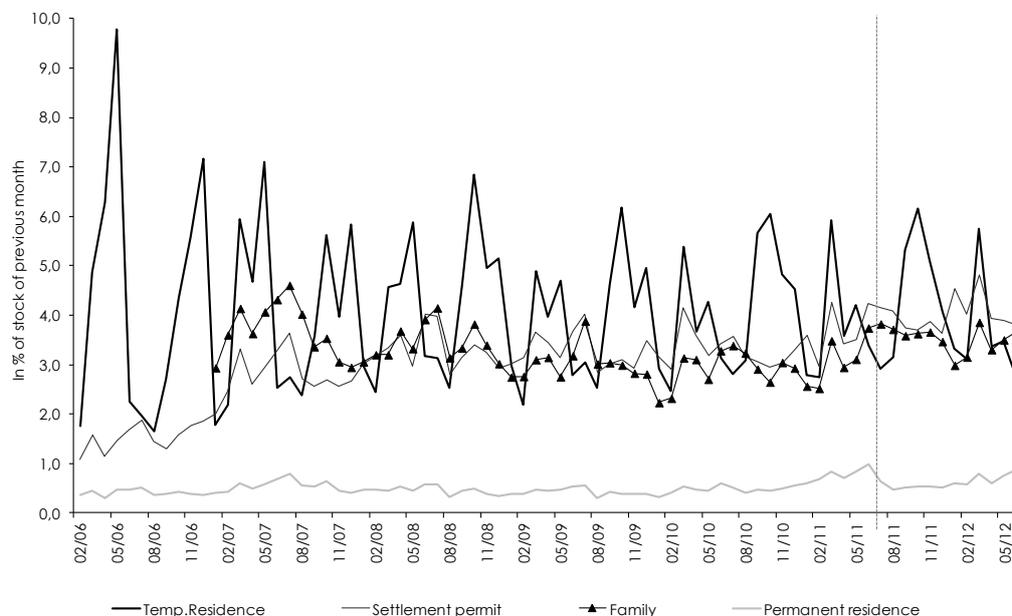
In Figure 10 and Figure 11 we look at the dynamics of inflows (first issues) and outflows relative to monthly stocks in the various categories of residence permits over the year from 2006 onwards. We do not look into extensions as little is known about administrative procedures and the duration of processing by categories of permits and region. According to flow data, the volatility of temporary residence permits is relatively high, and there is still a seasonal pattern even though temporary migrants with short-term contracts of less than 6 months (often seasonal workers) are no longer registered in the Alien Register of the Ministry of the Interior. (Figure 10) Administrative procedures may account for the small inflows at the turn of the year, both for settlers and temporary residents, but there seems to be a strong connection to work, accounting for the seasonal pattern of the inflow rate of temporary residents – it is fairly high in relation to the stock in spring and autumn and low in the winter and summer months.

While temporary residents tend to flow in in larger numbers in the second half of the year, largely due to the important role of university students, who tend to enter before the start of winter semester, the contrary is the case for settlers. The annual average in terms of numbers is quite stable in the case of settlers, albeit on a slight rise since 2010; also the number of temporary residents tends to remain stable.

The inflow rate of persons on the basis of services mobility mode 4 (GATS – Betriebsentsandter) is high and rising. Particularly volatile and at times very high is the inflow rate of artists. In contrast, green card holders and permanent residents have a very low and relatively stable inflow rate. On a continuous rise is the inflow rate of settler permits, as more and more family

members acquire this status, which grants access rights to the labour market without labour market testing.

Figure 10: Monthly inflows of third country citizens by residence status (2006-2012)

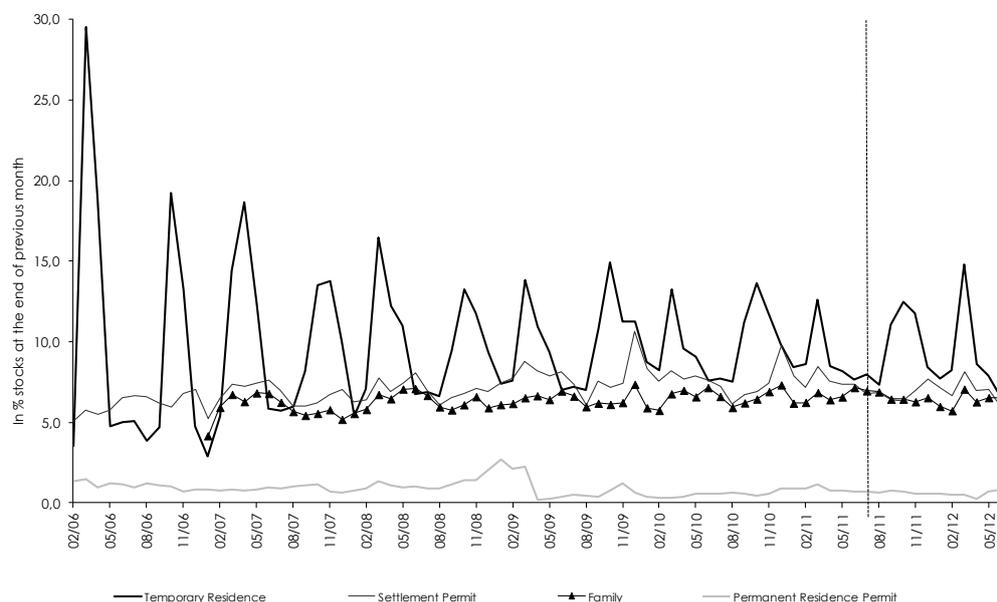


Source: Federal Ministry of the Interior, Own-calculations.

In contrast, the inflow rate of green card holders (Permanent Residence permits), i.e. third country citizens, who have resided and worked in an old EU-MS (also in Austria) for 4 years, have the right to settle and work anywhere in the EU, is less volatile and rising. The inflow rate into settlement permits is higher and also slightly rising; it exhibits an uneven spread over the year. The inflow rate of family members is about as high as the inflow rate of settlers, and exhibiting the same pattern. This may be the result of a time sequence of transfer of title from family to settlement and further to permanent residence.

The outflow rates are exhibiting a similar pattern as the inflow rates, given the specific characteristics of the groups covered. Accordingly, we have the strongest outflow rates in spring with term-break.

Figure 11: Monthly outflows of third country citizens by residence status (2006-2012)



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

Experiences with the point system (r-w-r card) from mid-2011 to mid-2013

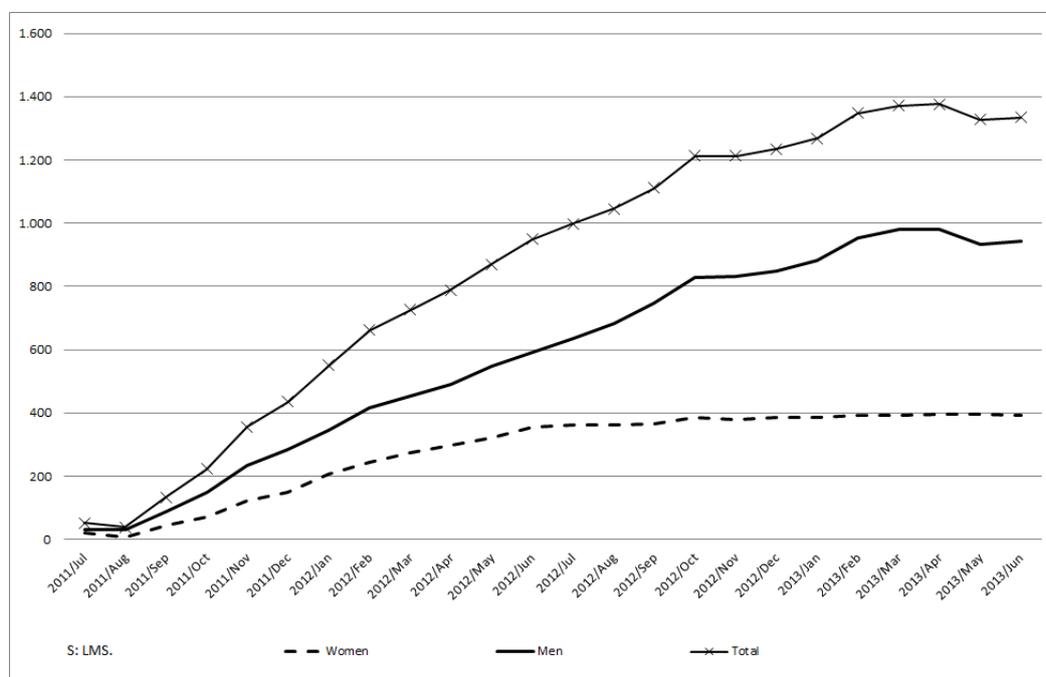
As mentioned in section 1.1 (Legal ramifications) migration policy is changing in Austria, putting the focus on work and facilitating access to work. In July 2011 the first pillar of the point system was introduced, namely skilled and highly skilled migrants – with the red-white-red-card, together with the promotion of a transfer of resident title of third country migrants which allows to access the labour market immediately without labour market testing (red-white-red card plus), addressing not only graduates of Austrian universities but also refugees and persons under special protection on humanitarian grounds.

As mentioned earlier, before the reform of the r-w-r-card legislation in April 2013, the r-w-r-card had to be applied from abroad (with the exception of university graduates), while the r-w-r-plus card could always be obtained in Austria. The r-w-r card is issued for one year for a particular employer and can be transferred to an r-w-r card plus after one year of residence and 10 months of work in Austria. A major distinguishing feature of the two cards is that the r-w-r card is issued for work with a particular employer while the r-w-r-plus card allows free choice of employer across Austria. It is up to the Labour Market Service to establish if the eligibility is given, on the basis of the criteria spelled out in the law.

As can be taken from Figure 12 the numbers of r-w-r-card holders who have a job (registered with the Labour Market Service) rose quickly from mid-2011 to October 2012 to 1,200 permits.

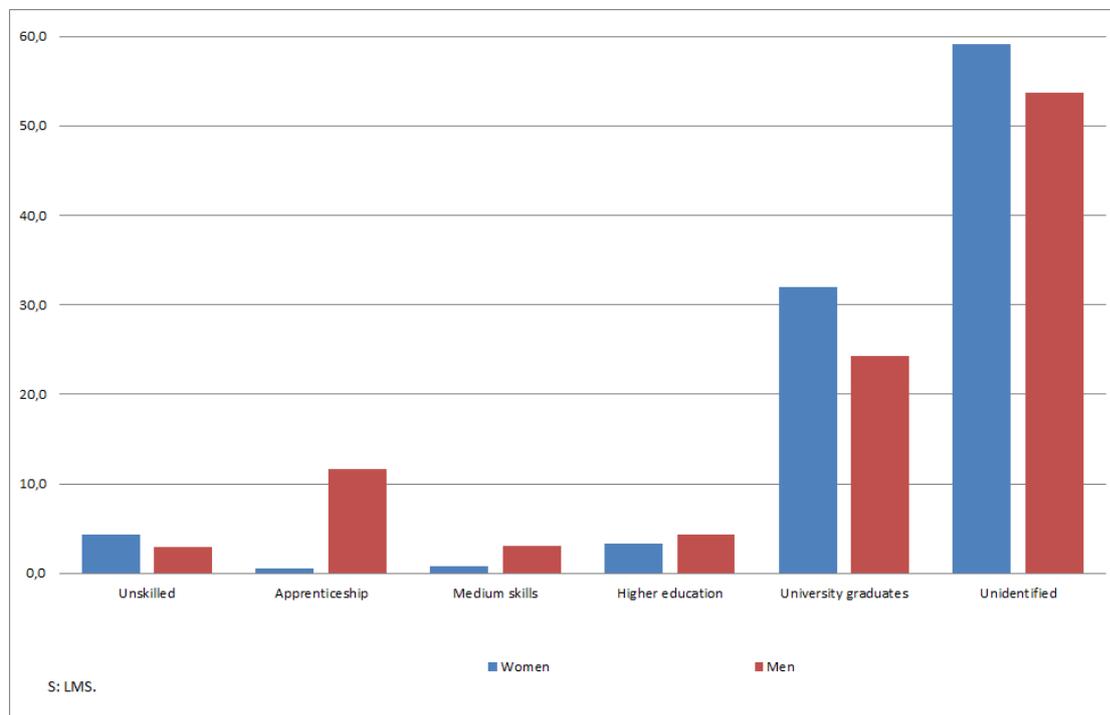
After that the inflow slowed down and reached a high in April 2013 with 1.376²⁵, whereupon the number of new cards declined somewhat – largely due to transfers of r-w-r-cards to the r-w-r-card plus, which can be obtained after 10 months employment as r-w-r-card holder. This development indicates that the amendment of the application procedures in April 2013 did not immediately raise the inflow of skilled workers. The slow uptake may also be due to the weakening of economic growth. In any rate, the inflow of skilled third country migrants in 2013 only slightly surpassed the 1,100 inflows of 2012 with a total of 1,177. It is above all the inflow of female r-w-r card holders which slows down. Consequently, the share of men rose from 62.5% in June 2012 to 71% in June 2013.

Figure 12: Development of the number of red-white-red-card holders (dependent employment) in Austria



²⁵ The number of permits registered with the Ministry of the Interior is always above the number of employed r-w-r-card holders registered with the LMS; the difference amounted to 264 persons in June 2013, i.e. a difference of 20%.

Figure 13: Educational attainment of r-w-r card holders: June 2013



Of the 1,536 valid r-w-r cards registered with the Ministry of the Interior at the end of July 2013, 942 or 61% were skilled workers (949) and 92 or 6% were highly skilled wage and salary earners, a composition not much different from July 2012. Further, 173 or 11% of all r-w-r cards issued went to third country graduates of Austrian universities. A fairly small number were self-employed (29 or 2%). In mid-2012 the second pillar, namely skilled workers in listed occupations (Mangelberufe), was opened. In July 2013 300 or 20% of the cards accrued to skilled workers in listed occupations, i.e. those judged to exhibit labour scarcities.

An analysis of the data registered with the LMS shows that the educational attainment level of more than half of the r-w-r card holders is not identified. It can only be said that 27% are university graduates, about half of them graduates from Austrian universities. While women are to a larger extent university graduates, men are overrepresented amongst persons with medium vocational skills. (Figure 13)

It can be taken from Figure 14 that 39% of women and 35% of men are in the age group 25-29 and a further 35% (women) and 31% (men) between 30 and 35. Amongst older r-w-r-card holders men dominate while there is hardly any gender difference amongst youth. The marked increase in r-w-r cards between June 2012 and 2013 (+385, + 41%) accrued solely to young and middle-aged men.

Figure 14: Composition of r-w-r card holders by age and sex in Austria, end of June 2013

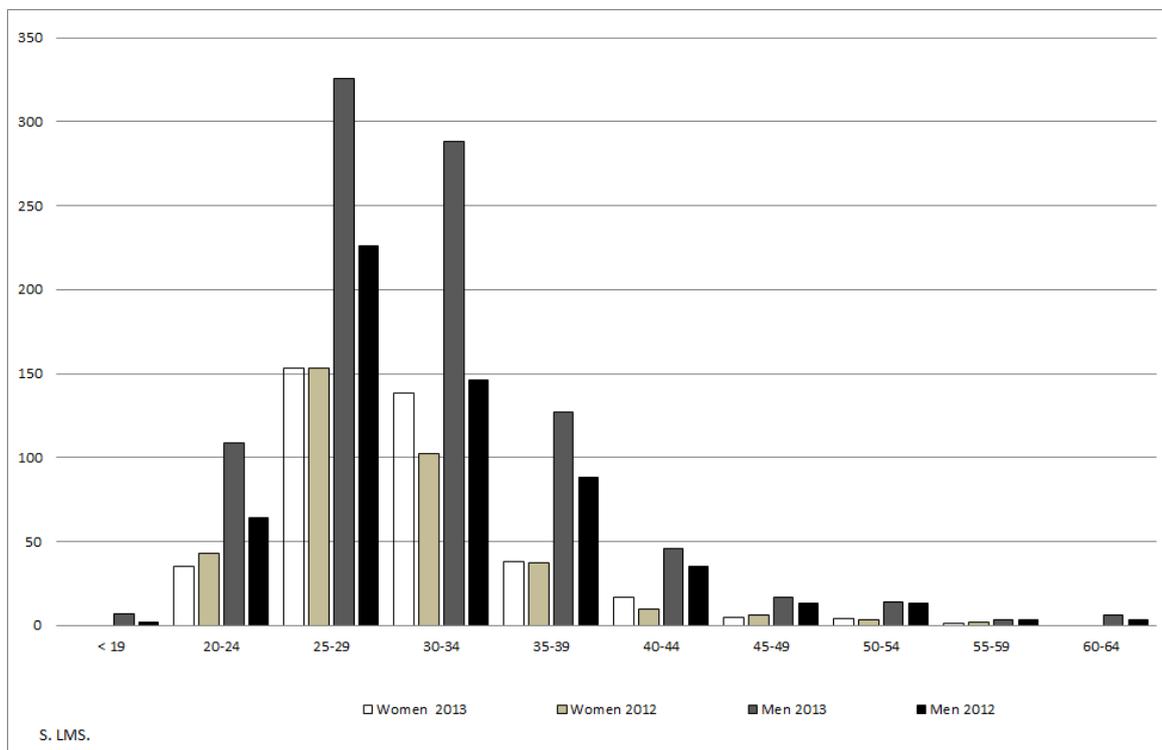
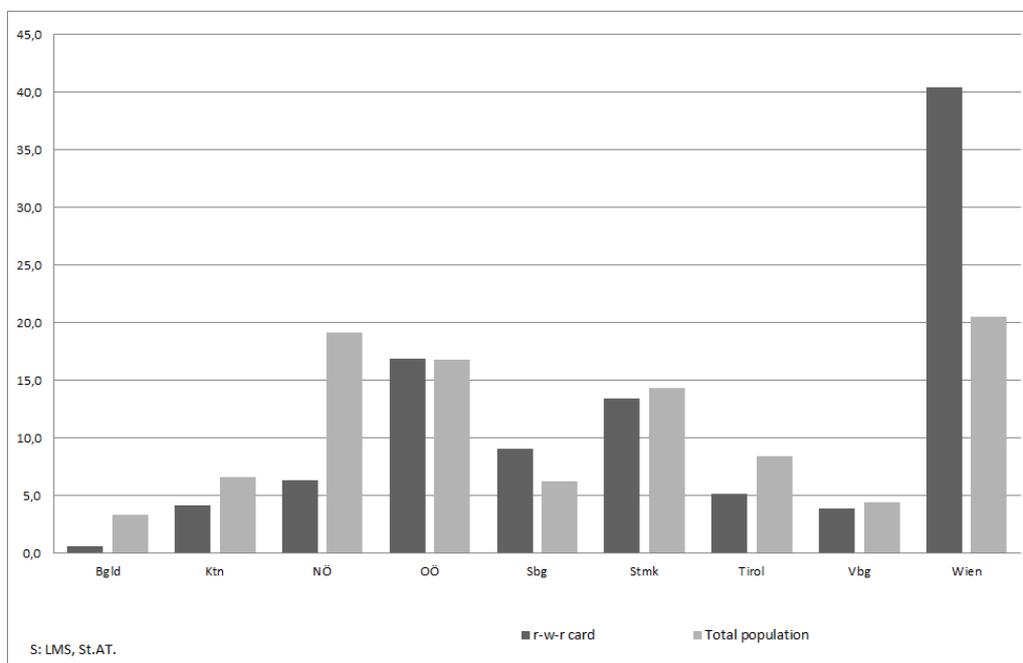


Figure 15: Distribution of r-w-r card holders and foreign worker in Austria by province (Bundesland), end of June 2013



The occupations of r-w-r-card holders are varied: 19% are managers in leading positions, around one third are engineers, 7% are scientists/researchers or artists, some 4% are active in sports. 20% are skilled workers in the industrial sector (particularly in the building occupations), 6% are in services, particularly in tourism (largely cooks) and in commerce.

The majority of the r-w-r-card holders are concentrated on Vienna (40% of all cards) - just as the average of foreign citizens (40%) - and in contrast to the native population of whom only 18% reside in the capital Vienna. (Figure 15) The focus of the r-w-r-cards is on regions with strong managerial and administrative centres, important innovative industrial production sites and research centres.

43% of the cards were issued to persons from former Yugoslavia, particularly from Bosnia-Herzegovina, Serbia and Croatia. Further, 21% went to citizens from CEECS, particularly from Russia and Ukraine. In addition some 15% went to persons who originated from Central and East Asia, somewhat less from the Near East. But also citizens from Canada and the USA are amongst the r-w-r-card holders (around 7%), followed by South-Asia (83). Only few come from Middle- and South America (33), Africa (31) and Australia (16).

A comparison of the number of r-w-r-card holders with the former key-skills-category indicates a rise in numbers but not to the extent envisaged by the authorities.

Uptake of the R-W-R card by third country graduates of Austrian universities

It can be taken from Figure 16 that the number of third country graduates from Austrian universities who have obtained an R-W-R-Card has been rising from July 2011 to October 2012 swiftly to 151 and has declined since then to 146 by the end of June 2013. Over this period the gender mix has changed dramatically. While almost equal numbers of men and women received the card in the beginnings, the cards issued to women rose faster in the year 2012 such that by the end of September two third of the cards accrued to women. Thereafter the numbers broke off abruptly for women while the number of cards issued to men continued to rise. Accordingly, by the end of June 2013 less than half of the cards went to female university graduates.

A comparison of the occupational composition of male and female r-w-r card holders between mid-2012 and mid-2013 shows that men have always been focused on employment in the engineering field; this concentration has even increased over time. In contrast, women tend to be concentrated in services occupations, in particular the health professions but also in law occupations and accounting. This tendency has become more prominent, women not being able to access to the same extent as in the beginning engineering posts. What is new in recent time is that women are increasingly able to access top management positions.

Figure 16: University graduates with R-W-R Card: development over time

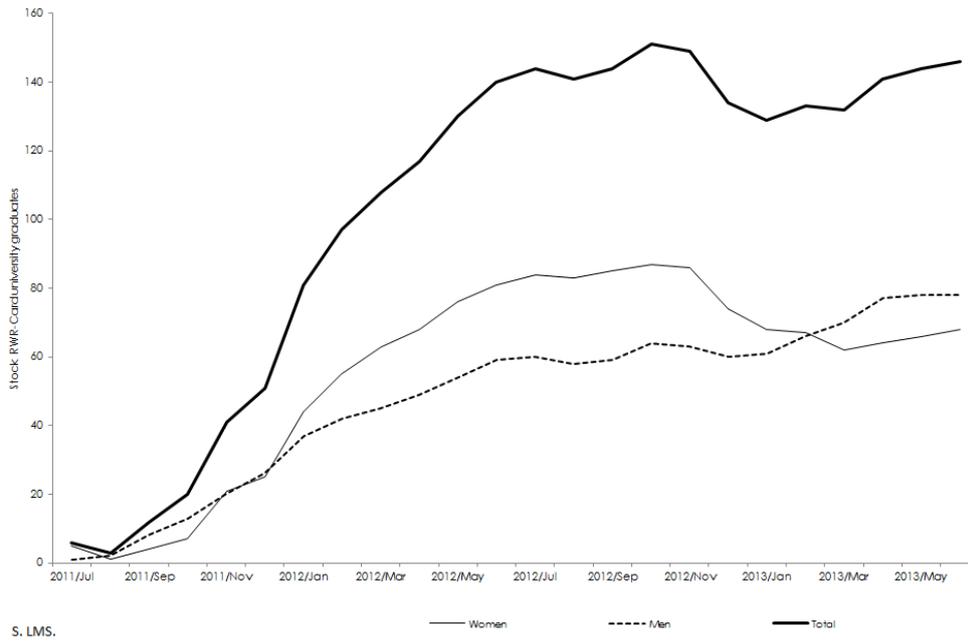
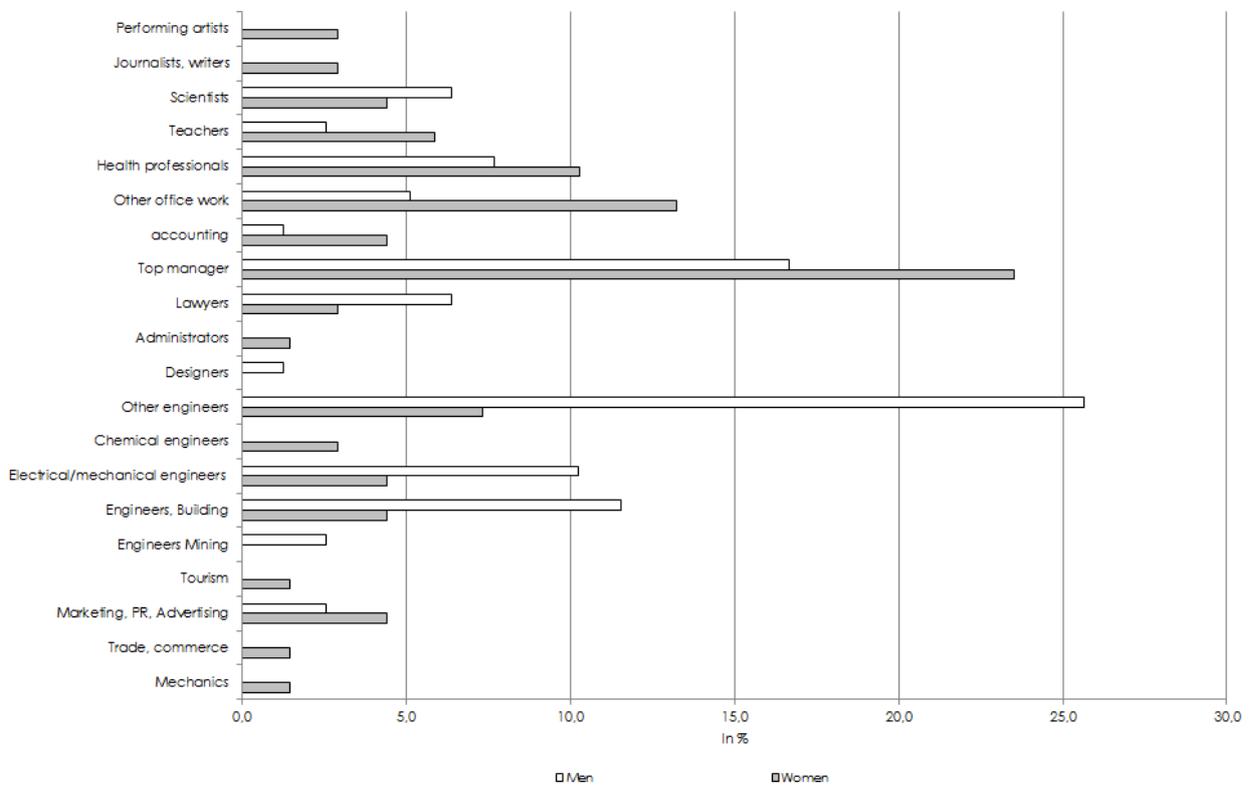


Figure 17: Occupational composition of R-W-R cards to university graduates by gender (June 2013)



The occupational composition of university graduates with an r-w-r card differs by region. While Vienna has the focus on top management positions and administrative occupations in a supervisory capacity (36% versus 20% on average in Austria), the share of engineers is particularly high in Carinthia (50% of all r-w-r cards of graduates compared to the Austrian average of 17%), followed by Upper Austria, Lower Austria, Salzburg and Styria – provinces with concentrations of innovative industries. In Vorarlberg, in contrast, almost half of the r-w-r cards of graduates are in the health professions and in the building sector, compared to 8-9% in Austria on average.

The most important source countries of university graduates with an r-w-r card (46.6% of the total) are:

- Bosnia-Herzegovina,
- Russia,
- Ukraine,
- Peoples Republic of China.

The major change versus mid-2012 is the increasing diversity of source countries - then 61% of all cards went to the origin countries Bosnia-Herzegovina, India, Russia, Turkey and China.

Dynamic uptake of the R-W-R Card Plus

While the inflows of third country migrants via the r-w-r-card were rather subdued, this was not the case for the r-w-r-card-plus. Their numbers rose by 14.200 or 22% to 77.100 in June 2013. This must not come as a surprise as it is a residence title not only accessible to family members of r-w-r-card holders but also to persons who have been key-skill workers (789), researchers (219), blue card holders and their family members, as well as persons on humanitarian grounds (1.047 in July 2013), largely former recipients of subsidiary protection.

In the first half of 2013 1.600 r-w-r-plus cards have been issued to new settlers in a quota-category – as many as the year before. In addition, 3,200 cards were in an uncapped category, and 18.700 cards were prolonged.

Open questions regarding migration policy reform

An analysis of the potential impact of an increased inflow of r-w-r-card holders and a forecast of the uptake (Biffl et al 2010) suggested that the annual inflow could increase from 1,000 in 2011 to 8,000 in 2030. It was suggested that the uptake could be slow, depending on the management system of skilled worker migration, hoping to reach an annual inflow of 5,000 by 2015, and a further increase to 8,000 annually between 2020 and 2030, largely due to pull factors resulting from increasing skilled labour shortages. It was estimated that over the whole period (2011-2030) a total of 100,000 skilled third country labour migrants would settle in Austria on the basis of the point system. A major pillar supporting the forecast assumptions were third country graduates from Austrian universities: it was assumed that of the annual

number of 1,000 graduates 50% would remain in Austria to work. This would be a much higher propensity to stay than currently in Germany and Austria (Wolfeil 2012). International experiences with the uptake of residence in the country of graduation are varied, depending on both, the source and the host country. On average, the proportion of stayers in Europe tends to be between 20% and 30%. The situation in Austria is at the lower end of the spectrum with some 16% of third country graduates remaining in Austria in 2012.

The experience with the r-w-r-card so far is that the number of inflows increased versus the former key-skill quota regulation but not to the extent expected. This may be due to a variety of factors, one being that the transition from an employer nomination scheme to a point system was half-hearted, expecting the applicant to have an employer in Austria before arriving from abroad. The uptake of Job-Search Visa (for 6 months job search in Austria) by highly skilled third country migrants – regulated in §24a of the Alien Police Act 2005 – has been very sluggish as the potential migrant bears substantial migration and search costs. It is above all the administrative procedures, in particular the processing of the applications, which are tedious and prohibitively expensive for persons living far away from Austrian embassies. Accordingly the chamber of commerce finds the fault in an inefficient management system of the 'new' migration policy. An additional barrier to entry may be restrictive licensing regulations in certain occupations, in particular health and legal professions. (Biffel et al 2012)

While the development of a government website to render the criteria of the new migration policy more transparent (www.migration.gv.at) is an important step in promoting inflows, it can only be a first step. A comparison with the German website indicates that Austria is quite dry about immigration, not really showing enthusiasm about newcomers and appreciation of their potential contributions.²⁶ Austria is also not engaging employers to the same extent as Germany in the recruitment efforts of skilled international migrants.²⁷ The marketing aspects as well as the management of recruitment of international skilled migrants are not yet receiving the attention they deserve to attract migrants. Thus, the first steps are taken with the reform of migration policy thinking, the next steps will have to follow suit.

One aspect will have to be the development of an immigration profile of Austria, which could motivate EU as well as third country migrants to work in Austria. Should it not be known that Austria is a country with strong corporatist organisational structures with institutionalised mechanism of policy coordination and conflict management? These structures ensure macro-economic flexibility and adaptability to external shocks, one factor for the stable Austrian economic development. (Calmfors—Driffill 1988; Biffel 2000). This system is, however, also responsible for large segments of the labour market being protected from external

²⁶ See promotion of skilled migration <http://www.fachkraefte-offensive.de> and welcome site for skilled migrants <http://www.make-it-in-germany.com> in Germany.

²⁷ For more see German Internet platform <http://www.kompetenzzentrum-fachkraeftesicherung.de>.

inflows, e.g. a large number of regulated occupations (Chamber system of professions/occupations), pronounced seniority rules for careers in the public sector as well as large enterprises in private industry. These regulations make it hard for skilled migrants to enter at intermediate career levels, be they foreigners or Austrians wanting to return from abroad and hoping to get their foreign experience taken into account. This is why it is hard for university graduates with work experience abroad to find adequate employment and pay in Austria while it is comparatively easy for persons in the medium skill segment (Fachkräfte). A further aspect to be known before migrating to Austria is that the low unemployment rate has its counterpart in a pronounced wage differentiation by age, occupation, gender, educational attainment level and firm size.

Another aspect to be informed about is that Austria has a generous welfare system. This is one reason why Austria is more reluctant than countries with a residual welfare model and a neo-liberal governance model (USA, Australia, United Kingdom) to bring in immigrants. Also the small proportion of university graduates in total employment is a factor distinguishing Austria from other immigration countries. To understand why this is the case might help explain why so few foreign university graduates stay in Austria after finishing their studies, that is EU students as well as third country students.

All these factors have to be taken into account when designing an immigration policy as they will play a major role in the profile of the migrants attracted to come to Austria and their period of stay.

ii) Documentation of settlement on the basis of free movement within the EU/EEA and third country inflows by category

The Alien register of the Ministry of the Interior informs about the number of citizens of another EU/EEA country and their family members who have the right to settle in Austria. Since the reform of the Alien Law in 2011, which came into effect in July 2011, 5 different types of documentation of residence of EU/EEA citizens are published by the Ministry. (Table 13²⁸)

- Documentation of registry (Anmeldebescheinigung) of EEA/CH citizens and their family members who are also EEA/CH citizens,
- Residence card (Aufenthaltskarte) for family members of EEA/CH citizens who are third country citizens,
- Documentation of permanent residence (Bescheinigung des Daueraufenthalts) to EEA/CH citizens after 5 years of residence,
- Permanent Residence Card (Daueraufenthaltskarte) for third country citizens, who are family members of EEA/CH citizens.
- Photo identification of EEA/CH citizens (Lichtbildausweis für EWR-Bürger).

²⁸) http://www.bmi.gv.at/cms/BMI_Niederlassung/statistiken/files/Hinweise_zur_AsyL_Fremden_und_NAG_Statistik_Fremdenpolizei_und_Visawesen_v1_15.pdf

Table 13: Documentation of residence titles of EEA/CH citizens and their third country family members (EU residence regulations)

	Duration of residence in Austria		Group of Persons	
	Three months and beyond	Permanent Residence	EEA/CH citizens with right of residence	Third country citizens (family members of EEA/CH citizens with right of residence)
Documentation of registry	x		x	
Residence card	x			x
Documentation of permanent residence		x	x	
Perm. residence card		x		x

S: BMI.

The first two are issued for a period of stay surpassing 3 months in Austria; the last two are proof of permanent residence status in Austria (§ 9 NAG). Residence has to be registered with the authorities within a period of 4 months after entry. The residence card is issued to third country citizens, who are partners or relatives of EEA/CH citizens with the right to reside, and who receive financial support (Unterhalt).

Table 14: Annual inflow of EEA-Citizens and their family members (EEA/CH citizens and third country citizens) with residence rights in Austria
1 January to end of December

Annual applications (inflow)	2011			2012			2013		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Documentation of registry	22.718	23.080	45.798	30.145	29.922	60.067	29.377	29.125	58.502
Employee	13.387	9.883	23.270	18.428	13.871	32.299	17.405	13.172	30.577
Education	1.829	2.745	4.574	2.336	3.343	5.679	2.023	2.626	4.649
Family member	4.794	6.849	11.643	6.244	8.559	14.803	7.062	9.452	16.514
Self-employed	1.184	1.386	2.570	1.344	1.690	3.034	1.207	1.421	2.628
Other family member/relative	217	524	741	248	553	801	244	536	780
Others	1.307	1.693	3.000	1.545	1.906	3.451	1.436	1.918	3.354
Residence Card				732	741	1.473	913	860	1.773
Documentation of perm. residence				121	205	326	853	985	1838
Permanent resident card	677	665	1.342	49	28	77	87	55	142
Total	23.395	23.745	47.140	31.047	30.896	61.943	31.230	31.025	62.255

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

EEA/CH citizens are eligible for the documentation of permanent residence after 5 years of legal and uninterrupted residence in Austria. The permanent residence card goes to third country citizens who are family members and as such supported by the EEA/CH citizen, who has obtained the right to permanent residence.

In the course of the year 2013 62,300 EEA/CH citizens and their family members entered Austria and registered as 'settlers', i.e. about as many as a year ago. The great majority were registrations of residence of EEA/EU citizens (94%) for more than 3 months residence. Only 1,800 or 2.8% went to third country family members of EEA/CH citizens for more than 3 months

residence. In addition, 1,800 EEA/CH citizens applied for a permanent residence document compared to 142 third country family members (permanent residence card).

The great majority of EEA/CH citizens entered for work (52%), some 8% (4,600) for study purposes, and 28% as family members. (Table 14) The single largest group entering are Germans (12,500), followed by Hungarians (11,800), Romanians (7,100), Slovaks (5,100), Polish citizens (4,600), Croatians (4,500), Italians (2,500) and Bulgarians (2,000).

iii) Stock of third country resident permit holders by type of status (July 2013)²⁹

A mid-year stock count (July 1, 2013) of the number of valid third country residence permits comes up with a figure of 492,000, 11,400 or 2.4% more than in the previous year (Table 15). This number includes Croatian citizens even though they received free mobility status on July 1 2013, the day Croatia became the 28th EU-MS.

The development of the number of permit holders is following a steady upward trend, with hardly any cyclical component. The gender composition remains fairly stable, raising the number of women slightly to 244,900. Thus the share of women remains stable at close to 50%. The share of children and youth under 19 is slowly declining since 2005 and reached 19.6% in 2013, after 24.5% in 2005. In contrast, older persons (60+) make up an increasing share of immigrants of third countries. In 2013 they made up 13.2% of the stock compared to 7% in 2005. Thus, ageing makes itself felt also amongst immigrants. Women are more than proportionately 20 to 40 years old, whereas men tend to be on average somewhat older than women.

The age composition of third country migrants registered by the Ministry of Interior by mid-2013 conforms to the age structure of the third country population in the population register by the beginning of the year 2013. The share of older persons (65+) is, however, significantly lower amongst third country migrants than the total population (Figure 18). Accordingly, the average age of third country migrants is lower than for the population on average (35.9 versus 40 years).

By mid-2013, the largest single group of third country residence permit holders were citizens of Serbia/Montenegro/Kosovo. Their numbers amounted to 129,100, i.e. 26.2% of all residence permits. The second largest group were Turks with 106,800 permits (21.7% of all permits), followed by citizens of Bosnia-Herzegovina (87,000 or 17.7%), Croatia (54,200 or 11%), and Macedonia (18,200 or 3.7%). (Figure 19) 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

²⁹ Latest available mid-year stock-count. For the year 2014 no data on foreign residents has been made available so far by the Ministry of the Interior, the reason being that the transfer of policy agenda from the Ministry of Interior to the Agency for Alien Affairs and Asylum (BFA) was a stepwise process, statistical information ranging at the lower end of the priority list.

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 a semi-skilled nature.

Table 15: Stock of valid residence permits of non-EU citizens by age and gender
Count by 1 July

Total	2005	2006	2007	2008	2009	2010	2011	2012	2013
0 to 19	24,5	23,4	22,3	21,2	20,6	20,7	20,3	19,8	19,6
20 to 30	20,8	20,5	20,5	20,4	20,4	20,1	19,8	19,3	19,2
31 to 40	20,6	20,0	19,6	19,6	19,6	19,6	19,8	20,1	20,3
41 to 50	15,0	15,3	15,7	16,0	16,1	16,0	16,0	16,2	16,2
51 to 60	12,0	12,8	13,1	13,1	13,0	12,5	12,2	12,0	11,6
over 60	7,1	8,0	8,9	9,7	10,3	11,2	11,9	12,6	13,2
Sum	506.221	476.863	453.426	453.960	454.259	456.597	469.369	480.554	491.979
Men									
0 to 19	24,8	23,8	22,4	21,5	20,9	21,0	20,7	20,2	20,0
20 to 30	19,5	19,2	19,4	19,1	19,0	18,7	18,6	18,1	18,1
31 to 40	19,7	19,0	18,6	18,6	18,6	18,6	18,9	19,3	19,7
41 to 50	16,1	16,3	16,6	16,9	17,0	16,8	16,6	16,5	16,3
51 to 60	13,0	13,8	14,0	13,9	13,8	13,1	12,7	12,5	12,1
over 60	7,0	7,9	9,0	10,0	10,7	11,8	12,6	13,4	13,9
Sum	258.013	242.179	231.336	231.069	230.190	230.560	236.334	241.738	247.127
Women									
0 to 19	24,2	23,0	22,1	20,9	20,3	20,3	19,9	19,4	19,1
20 to 30	22,2	21,8	21,6	21,7	21,8	21,5	21,2	20,5	20,2
31 to 40	21,5	21,1	20,6	20,7	20,6	20,6	20,7	20,9	20,9
41 to 50	14,0	14,2	14,7	15,0	15,2	15,2	15,4	15,8	16,1
51 to 60	10,9	11,8	12,2	12,2	12,2	11,9	11,7	11,6	11,2
over 60	7,3	8,1	8,8	9,4	9,8	10,6	11,1	11,8	12,5
Sum	248.208	234.684	222.090	222.891	224.069	226.037	233.035	238.816	244.852

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

Figure 18: Age composition of third country migrants, Austrians and the total population in 2013

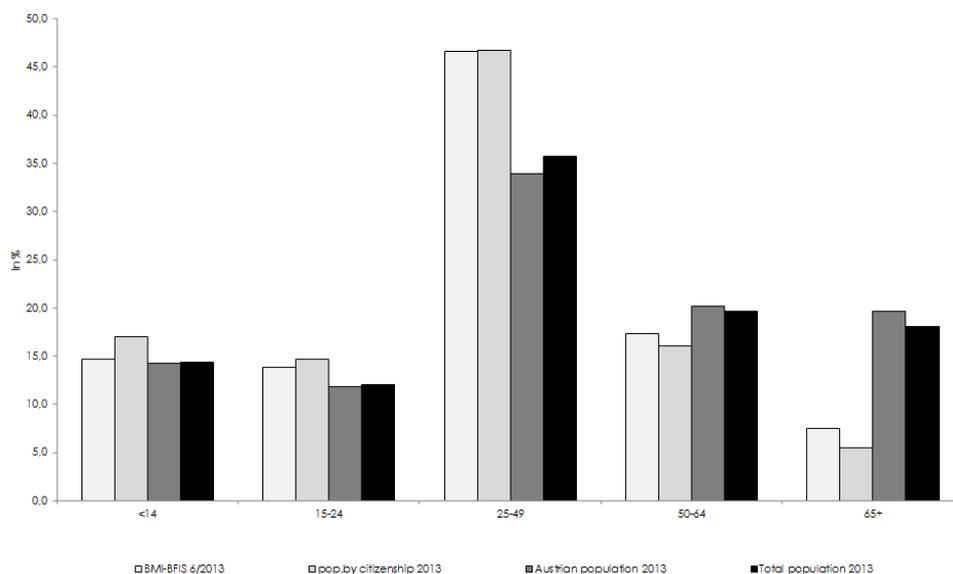
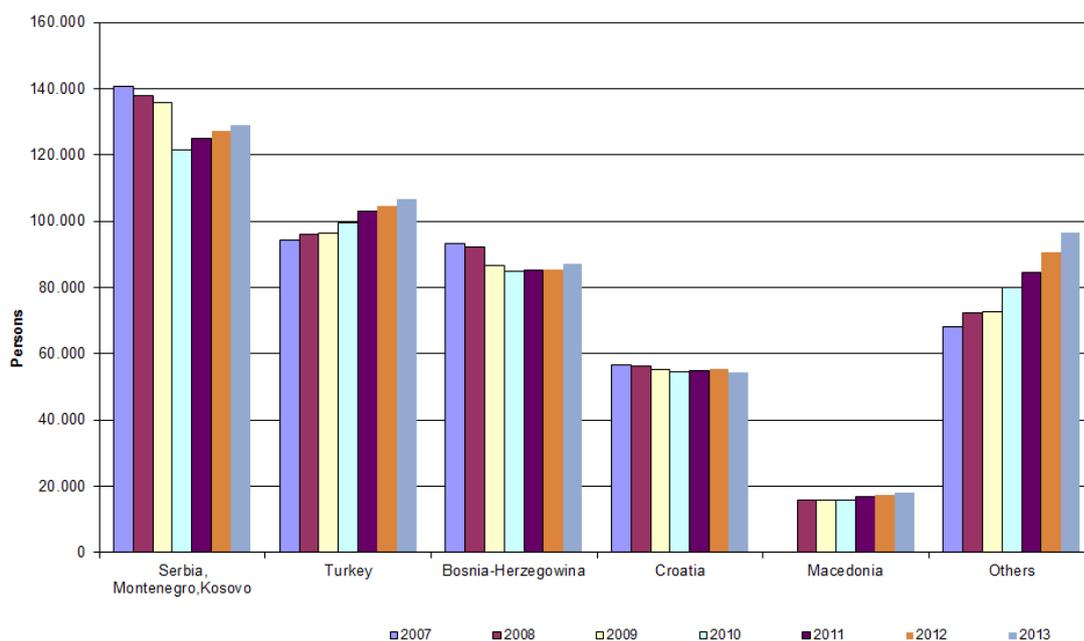


Figure 19: Valid residence permits by major countries of origin 2007 to 2013 (mid-year count)

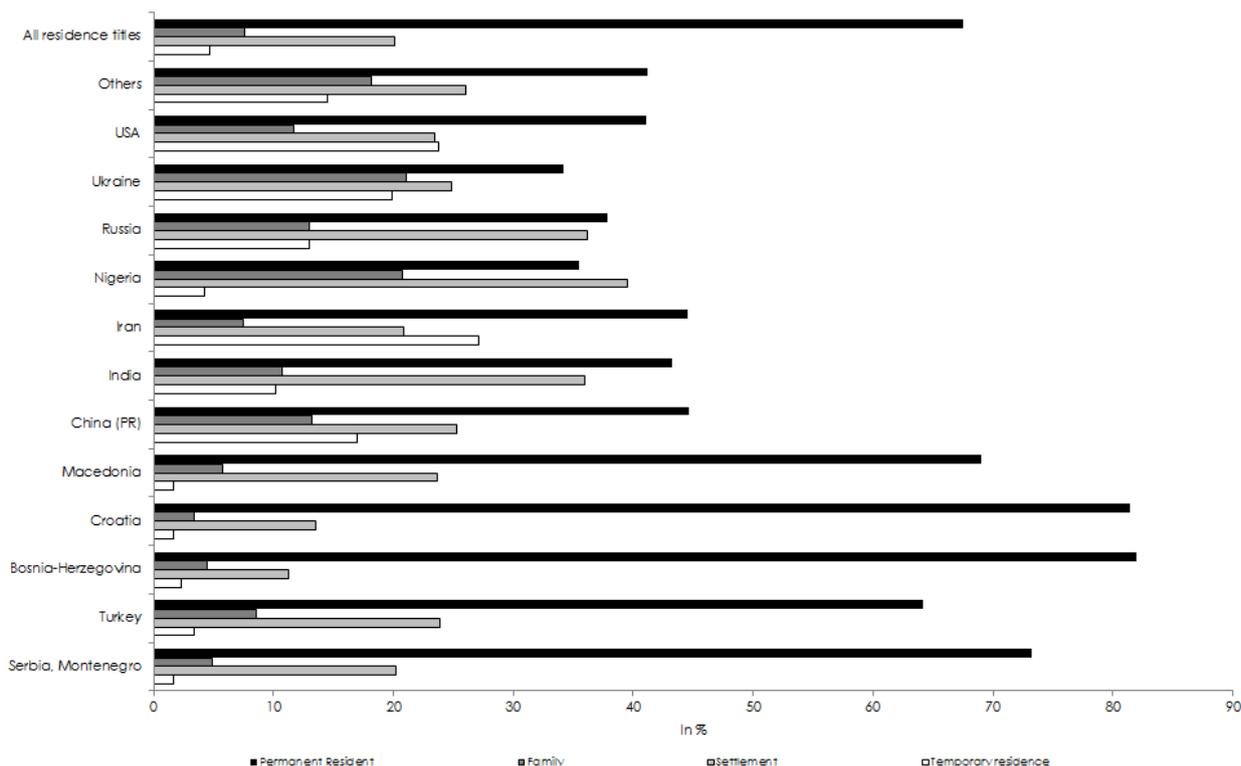


S.BMI-FIS. Own calculations.

In contrast to third country citizens who come from traditional guest worker regions and who tend to have long-term residence rights, the newcomers from further afield tend to have temporary residence permits for a particular purpose. Persons from South-Korea, Japan,

Mongolia, Ukraine, USA, Iran, Georgia, Albania and Taiwan are largely university students in Austria.

Figure 20: Valid residence permits by major countries of origin and resident title 2013 (midyear count)



Among the US-citizens are not only highly skilled managers but also special groups exempted from the foreign worker law (AuslBG), in particular also au-pair workers. Among persons from Nigeria and Ukraine family members are an important residence category, quite in contrast to citizens from India and Russia who have fairly large proportions of settler permits.

Of the r-w-r- card holders (in June 2013 1.640 valid permits) the top 10 source countries are Bosnia-Herzegovina, Croatia, Serbia, Russian Federation, Ukraine and USA. These 6 source countries constitute 58.1% of the valid r-w-r cards at the end of June 2013.

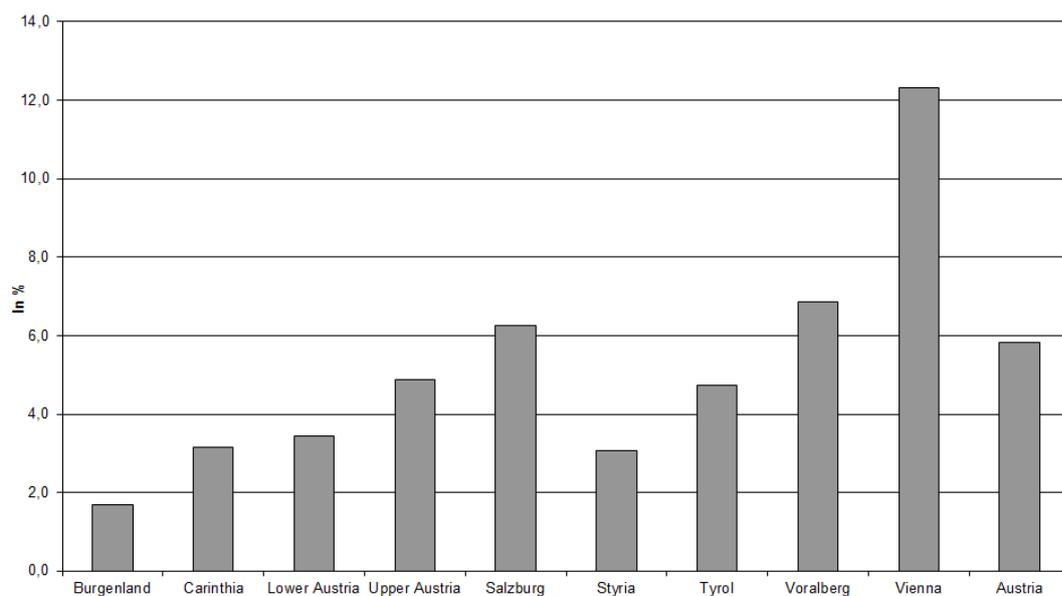
The Labour Market Service has the discretionary power to grant access to the labour market to family members who have not yet resided the required length of time in Austria to access the labour market without prior labour market testing. Explicitly excluded from access to the labour market are pensioners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

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

The foreign residence law (NAG 2005) specifies further that university graduates may have their temporary residence permit transferred to one of a highly skilled worker (Schlüssel-arbeitskraft) outside any quota. This was not easily achieved until mid-2011, when the r-w-r-card was introduced, because a minimum wage had been required to become eligible for a skilled worker title; this wage was often too high for entrants into the labour market³⁰. By July 2013 175 or 10.7% of all r-w-r cards went to university graduates.

The geographic distribution of third country resident permit holders follows the pattern of the average migrant distribution. In 2013, on average, 5.8% of the total population in Austria were third country migrants who held a residence permit. The proportion was highest in Vienna with 12.3% of the total population followed by Vorarlberg with 6.9% and Salzburg with 6.3%.

Figure 21: Valid residence permits in % of total population by region (permits midyear count 2013, population by 1.1. 2013)



Source: Federal Ministry of the Interior, Statistics Austria.

The regional dispersion of settlers and temporary residence permit holders differs significantly. Settler permit holders are concentrated on the central east-west axis of Austria and temporary resident permit holders along the eastern and south-eastern border. Citizens of

³⁰ The minimum wage had to be 60% of the wage level at which the maximum social security contribution rate is charged, i.e., annual earnings of 34,500€ or more in 2011.

third countries rarely settle in border regions of Upper and Lower Austria to the Czech Republic, neither in large sections of Styria, Carinthia and Burgenland. (Figure 21)

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

There is a strong ethnic/cultural regional segmentation of settlers and temporary residents. While Turks and Serbs tend to settle in Vorarlberg, Tyrol and Salzburg in the west and in Vienna and Lower Austria south of Vienna in the east, Croats tend to be concentrated in the south and certain districts in Tyrol and Salzburg. In the east there are small enclaves of recent Croat settlements, often in areas in which Croats have old settlements which date back to the times of the Austro-Hungarian Empire. Temporary residents tend to come from the Eastern and South Eastern European countries/regions.

iv) Registration of residence of citizens of EU-member states and their third country family members

The new Foreign Residence Law (NAG 2005) did not only re-regulate the residence status of third country citizens, but also the registration of residence of EEA/CH citizens and their third country family members. Accordingly, the inflow of citizens from the EEA is documented since January 2006.

Table 16: Documentation of the residence status of citizens of the EEA and third country family members in another EU-MS (midyear stock count)

	2009	2010	2011	2012	2013	Change 2012/13	
						Numbers	In%
Documentation of registry	105.261	144.838	177.734	232.793	276.997	44.204	19,0
Employee	51.119	68.626	83.672	111.944	135.012	23.068	20,6
Education	11.163	16.356	19.517	25.469	28.993	3.524	13,8
Family reunification	26.738	37.155	46.221	59.896	72.255	12.359	20,6
Self-employed	5.970	8.421	10.556	13.224	15.244	2.020	15,3
Other family member/relative	1.706	2.358	2.991	3.765	4.323	558	14,8
Others	7.118	10.032	12.584	15.749	18.030	2.281	14,5
ID-Card	1.447	1.890	2.193	2.746	3.140	394	14,3
Settler document	3.439	4.080	4.036	3.959	3.792	-167,0	-4,2

Source: BMI-BFIS.

Citizens of the EEA, who have the right to free mobility and their family members may have their residence status registered (*Anmeldebescheinigung*). In addition, third country citizens

who have a permanent residence status in another country of the EEA may choose to settle in Austria. They get a settlement document (*Daueraufenthaltskarte*). By July 2013, 277,000 citizens of the EEA were registered under the first title in Austria (documentation of residence) and 3,800 under the second title (settler document). About half of the registered EEA citizens were working in Austria (150,300, 49%), in the main as wage and salary earners. Some 11 percent were students (29,000, two third of them female) and some 27% were family members or relatives (76,600, 60% of them women). (Table 16)

D) *Labour market flows*

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

i) Entries of foreigners for work

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

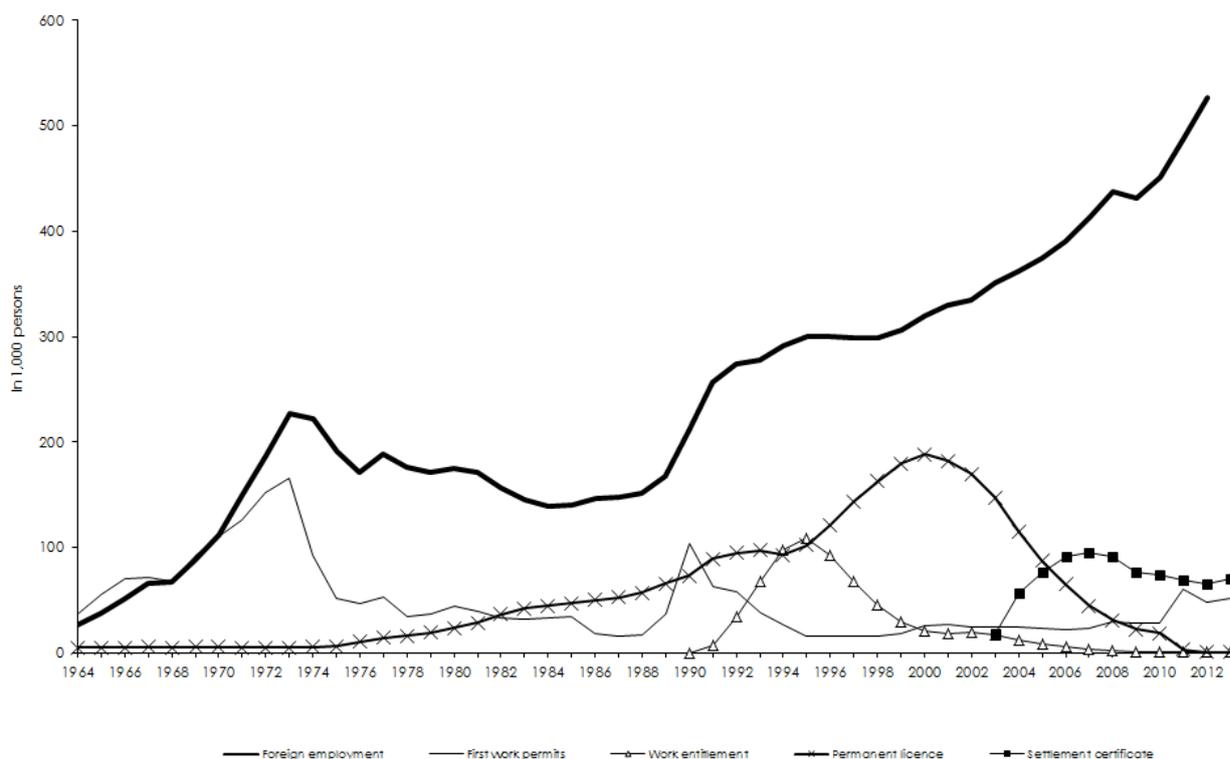
Initial work permits are issued to foreign citizens (since 1994 only those from outside the EEA/EU), i.e. third country citizens, when they are entering the labour market for the first time. The first work permit is issued to the firm and not the worker. Until 2013, the initial work permit could be transferred to a permit issued to the foreign person (work entitlement - *Arbeitserlaubnis*) after one year of work and after five years of work to a permanent licence (*Befreiungsschein* - BS), which allows free mobility within the whole of Austria. With the legislative reform of the Foreign Employment Act in 2013 (BGBl I 2013/72) the work entitlement permit (AE) and the permanent licence (BS) have been abandoned and persons holding these permits may have them transferred to a Red-White Red-Card -Plus, which grants free movement on the labour market.

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

A graph can better clarify the different aspects of the work permit system and its linkage to the stock of foreign employment. First entry permits used to have a high correlation with the development of total foreign employment until 1990. Only in periods of rising demand for foreign workers did the issue of first entry permits increase. As employment of foreign workers stabilised, other forms of permits took over and regulated continued employment.

Between 1990 and today severe restrictions on the recruitment of third country foreign workers prevent the inflow of third country migrant workers while free mobility of labour within the EEA raises foreign employment numbers. The objective of the restrictive migration policy relative to third country worker inflows has always been to promote integration of migrants who are already residing in Austria on the one hand and to put a break on labour market competition flowing from labour supply rises of EU citizens on the other.

Figure 22: First work permits and total foreign employment 1964-2013



Source: Austrian Labour Market Service.

It is apparent from Figure 22 that the increase in foreign employment between 1989 and 2000 found its counterpart in the rise of various types of work permits, the initial permit (BB) taking the lead and prolongations and eventually permanent licenses taking over as a result of an increased duration of stay and work in Austria. With the introduction of the 'green card', a permanent work and residence permit, in 2003, the numbers of first employment permits broke off as the majority of the foreign workforce had resided in Austria for 5 years legally and had thus the right to access the labour market without a work permit. Since 2010, the number of first employment permits issued over the year rises again as various forms of third country employment gain weight, in particular employment permits for household helpers (au-pairs, third country students, cross-border service providers (grenzüberschreitende

Arbeitskräfteüberlassung) - as distinct from posted workers (Betriebsentsandte), the latter do not need a work permit. Accordingly, in 2013 52,000 (initial) work permits were issued, 4,100 or 8.6% more than a year ago. In contrast, only 1,200 permanent licenses were issued in 2013, 20% less than a year ago. The decline in all the other permits is a result of the introduction of a more comprehensive immigration model with residence permits which pari passu grant access rights to the labour market without any need to register with the labour market service.

It is helpful to put the flow data, i.e., permits granted over the year by category, in the context of stocks of persons/permits on an annual average. It can be taken from Table 17 that the Austrian labour authorities are endeavouring to document the various forms of foreign worker inflows to the labour market, some of them as a result of eastern enlargement of the EU and increased mobility of persons within the EU, including services mobility. The latter differentiates between the liberalised services, where no labour market testing applies and non-liberalised services, where labour market testing applies until the end of the transition regulations. There is a difference between a services provision acknowledgement (Entsendebestätigung) and a services provision permit (Entsendebewilligung): for the latter labour market testing is required as it is in occupations which are not liberalised in the context of free services provision between new and old EU member states (transition regulation). The first is issued for a period of 6 months and may be extended, while the latter may not be extended after the period of 6 months has expired. From 1st may 2011 onwards until the end of 2013 only Bulgaria and Romania are still under transition regulations. Accordingly, in 2011, the number of GATS grants declined to 345.

Table 17: Various types of work permits for third country citizens 2003-2012
Stocks, Annual average

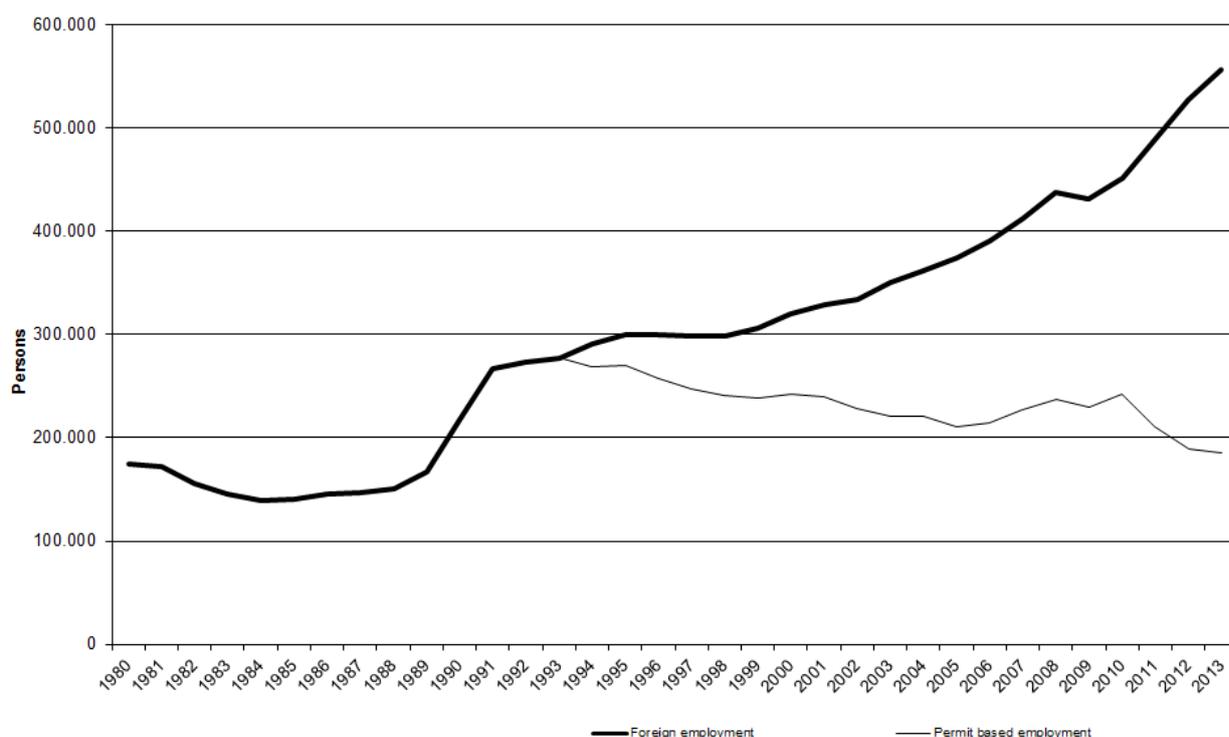
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Temporary work permits (BB)	26.296	25.211	22.826	21.401	23.636	29.313	28.166	28.385	20.283	14.450
Work entitlements (AE)	17.008	11.856	8.451	6.067	3.417	1.495	879	590	404	310
Permanent licences (BS)	147.330	115.029	87.146	64.688	44.750	30.582	22.430	18.543	14.115	5.541
Provisional permit	5	86	12	10	14	25	23	219	50	23
Cross-border services (GATS)	623	648	447	466	391	361	207	1.784	345	315
§4c permanent licences	8.755	6.206	4.831	3.793	3.069	2.526	1.968	1.077	828	
Bilateral agreements	2.499	2.196	850	774	916	1.011	858	1.077	404	
Free mobility of labour to new EU-MS		2.848	9.909	17.808	27.058	34.839	40.645	47.597	18.182	10.722
Highly skilled permits	226	589	156	581	880	1.181	1.908	649	1.495	1.441
Settlement certificate (NN)	17.693	56.072	76.128	91.228	95.147	91.783	76.497	73.685	68.982	65.292
Permanent Resident				1.507	6.170	12.354	15.696	16.915	7.870	
Settlement EEA				6.071	20.355	31.444	40.579	52.113	65.068	77.085
R-W-R card plus									7.765	14.003
Employed based on valid permit	220.436	220.883	211.227	214.908	226.526	237.825	225.904	242.595	205.791	189.182

Source: Austrian Labour Market Service.

In 2012 189,200 foreign workers needed some sort of a permit to be able to work in Austria. The size of the permit based workforce depends on institutional regulations, in particular EU-membership of Austria and the free mobility of labour granted. The end of transition

regulations for citizens of the EU-8 countries, for example, shows up in a clear decline in the number of first work permits: between 2010 and 2012 their numbers declined by 13,900 or 49% to 14,500. With increasing labour mobility within the EU, the difference between permit based foreign employment and total foreign employment opened up. In 2012 only 36% of total foreign employment was working on the basis of a permit. (Figure 23) One third of all permits were settlement certificates, i.e. third country permanent residents (65,000), a further 41% (77,100) were third country citizens who had settlement rights in the EEA; furthermore, 8% were permanent license holders. A fairly small number are employed on the basis of GATS (mode 4 services mobility), namely 315 permit based foreign employment.

Figure 23: Foreign employment and permit based foreign employment (annual average) 1980-2013



Source: Austrian Labour Market Service.

By January 2014, only 18,700 or 3.3% of the 560,000 foreign employees were working on the basis of a permit issued by the Labour Market Service: 8,400 on the basis of an initial work permit for third country citizens (BB), 7,700 Bulgarian or Romanian citizens working as specialists on the basis of labour market testing (transition regulations), 2,300 had a permanent license which they did not yet transfer into a red-white-red-plus card, just as the 167 holders of a work entitlement (AE). In addition to the 18,700 labour migrants who had their access rights to the labour market granted by the Labour Market Service 166,900 or 30% of

the foreign employees were third country citizens employed on the basis of a residence permit which allows access to the labour market. It can be taken from Figure 23 that the gap between foreign employees needing a residence or work permit to access the labour market declines since 1992, the year of the introduction of immigration laws which replaced the guest worker model.

II. Posted workers

A relatively new phenomenon on the Austrian labour market is the implementation of posted work, i.e. cross-border services provision by persons who are employed in one country but carry out work in another. The distinction between temporary migration and posted work, i.e. a special case of trade in services, is somewhat blurred as can be exemplified by temporary work in harvesting. In the case of migrant workers who are employed directly by the local farmer, national immigration regulations apply, while in the case of services provision by a posted worker from a foreign leasing firm/labour contractor, GATS (General Agreement on Trade in Services) rules apply. The ILO considers posted workers as migrants who are covered by the Migrant Worker Conventions 97 and 143³¹; this group of temporary migrants is accorded the right to equal treatment on the labour market comparable to local workers.

GATS rules apply to trade in services, including services provided by self-employed independent contractors and posted workers. Thus, posted workers may work alongside local workers thereby having similar economic and social impact on local workers as migrants.

Data on the value of trade in services by modes of supply are not available. According to estimates of the World Trade Organisation, mode 4, i.e. posted workers, is judged to amount to 1% to 3% of the value of global services trade and to a similar share in employment. All modes of services trade are expanding, e.g. IT-services (mode 1), tourism (mode 2), global production networks of multinationals and FDI-related services (mode 3), and key personnel (mode 4).

Opening up to freer trade and confronting national labour institutions and legislation with the logic of trade through the promotion of services mobility (mode 4) means ensuring unimpeded competition between the EU-MS. In theory, under the assumption of perfect competition and constant returns to scale, such a course should lead to economic benefits and higher living standards for all. In practice, the outcome for most countries may not be so simple, and the economic and social effects are a matter of controversy.

³¹ Convention No.143 emphasises regulations to reduce illegal migration and to promote integration; Convention 97 on the right to equal treatment has not been ratified by many migrant receiving countries; only 42 countries, mostly emigration countries, have signed. Many other ILO conventions cover migrants, e.g. the freedom of association Convention No.87, or the social security convention No.118.

Given the complexity of employment relationships involved in services mobility involving cross-border movement of persons, it is hard to establish the exact numbers of foreign persons and working hours involved. However, Austria, a country with comparatively good data on migration and cross-border service provision, has a reasonable basis for assessing the effect of services mobility on the labour market. Austria is a small open economy which owes much of its prosperity to its openness to international trade and migration. Today (2013), 57% of GDP derive from the production of goods and services for exports. At the same time, some 15% of the workforce are foreign workers and more than 20 percent are foreign born migrants. This puts Austria amongst the leading European countries in terms of dependence on international trade and migrant labour.

1. Posted workers from third countries and EU-MS during transition regulations (labour market register)

Given a long border with new EU-member states, Austria imposed transition agreements on the new EU-10-MS (2004) and EU-2-MS (2007), involving regulations on labour migration (labour market testing) – thereby curtailing free mobility of labour –and on posted work (for certain occupations and industries)- thereby curtailing free mobility of services. The Austrian Labour Market Service has been monitoring the inflow of service providers since 1997. It differentiates between liberalised services, which may enter freely – in this case the service provision is only documented / registered (Entsendebestätigung) - and controlled services for which certain restrictions prevail (Entsendebewilligung). In the latter case it is in the national interest to protect the domestic service providers from competition. Accordingly, an authorisation has to be requested which in effect has to state that the national interests are not jeopardised by the specific service provision (complementarity to national services).

The services sheltered from competition from cross-border service providers are gardening, certain services in the stone, metal and construction industry, security and cleaning services, home care services and social work.

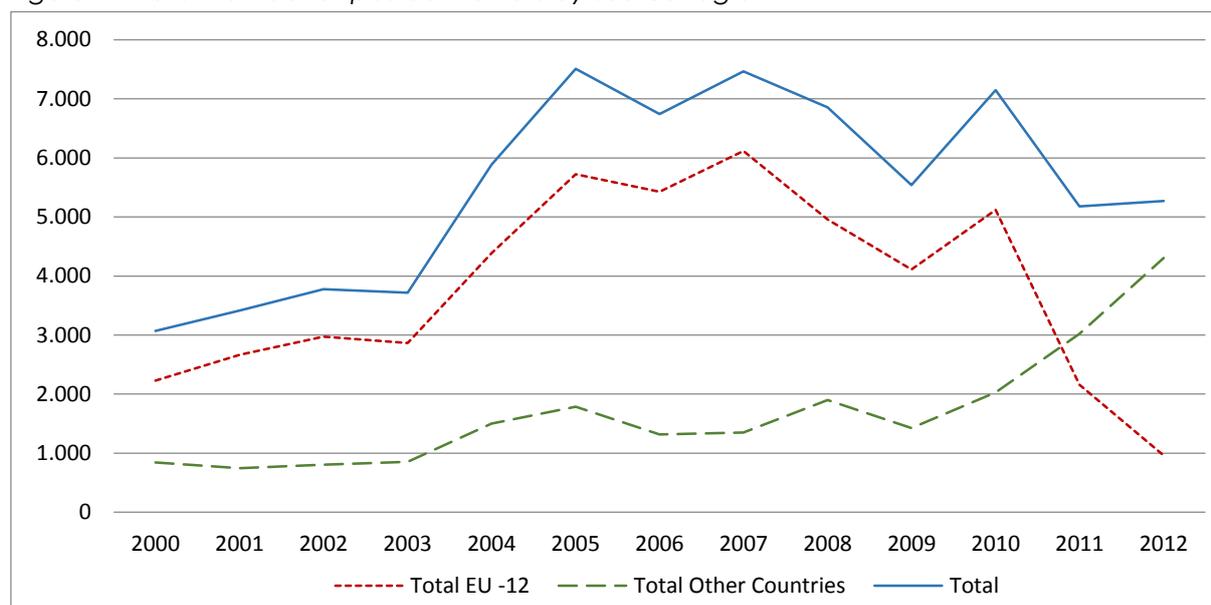
In spite of the restrictions on services mobility and labour market testing, both, the number of service providers and of migrants, continued to increase after 2004. The number of migrants (wage and salary earners) from the new EU-12 MS increased between 2003 and 2010 by some 40,000, i.e., by more than 70%, to 89,000. When the transition regulations ended for E10-MS in 2011, the inflow received a real boost, reaching an employment level of workers from EU12 of 143,000 (+54,000 or 61% within just one year). Their share amongst the workers with non-Austrian citizenship increased from 15% in 2003 to 27% in 2012 and their share in the total workforce reached 4.1%.

As far as service provision is concerned, the total number of service providers excluding intercompany transfers (Entsendebestätigung and Entsendebewilligung) increased from 3,070 in the year 2000 to 5,300 in 2012, i.e. by 2,200 or 72%. This number represents 0.2% of the Austrian salaried workforce. As the service providers work for a maximum of half a year in

Austria, the proportion of the volume of labour is even smaller. It can be taken from Figure 10 that the number of posted workers has been increasing significantly between 2003 and 2004, largely from the new EU-MS. The numbers declined in the wake of the economic recession 2008/2009 but picked up again in 2010 to the level of 2004, losing momentum thereafter.

In view of restrictions on cross-border service provision in certain occupations, many persons from the new EU-MS set up a business as independent contractors/self-employed, largely self-employed homecare service providers and to a lesser extent certain building services. In addition, the number of cross-border service providers from the EU-12 increased substantially after enlargement, both in the liberalised occupations and the ones protected from competition; the former increased from 79 in 2003 to 2,600 in 2004. Their numbers peaked in 2010, the year before the end of transition regulations at 4,800 and halved thereafter as unfettered free services mobility came into effect. Cross-border service provision by third country citizens was less dynamic but reached a high of 2,800 in 2012. The most important third country source of service providers in 2012 was Bosnia-Herzegovina (1,600 posted workers), followed by Croatia, Macedonia and Serbia. The largest number of posted workers is found in the construction sector, followed by manufacturing and the entertainment sector.

Figure 24: Total number of posted workers by source region

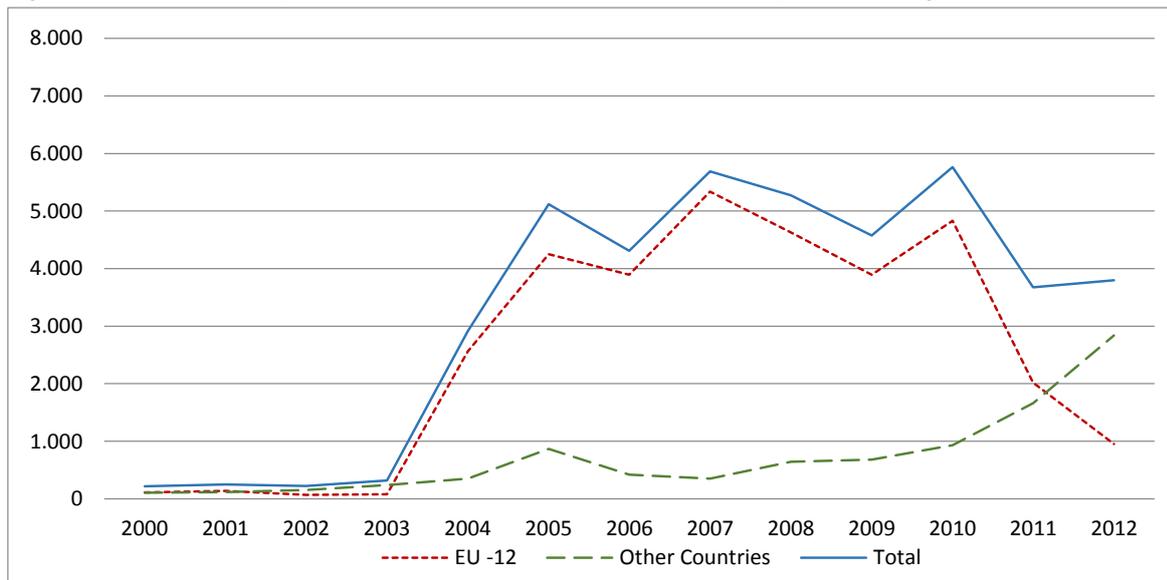


Source: LMS

The number of service providers in the protected occupations increased from 2,900 in the year 2000 to a peak of 3,600 in 2002, largely affecting EU-12 countries, and declined thereafter. With the end of transition regulations and the lifting of barriers to services mobility of EU-12 citizens the total numbers declined to 1,500 in 2012. The major third country source countries are, as in the case of liberalized services, Croatia, Bosnia-Herzegovina and Serbia,

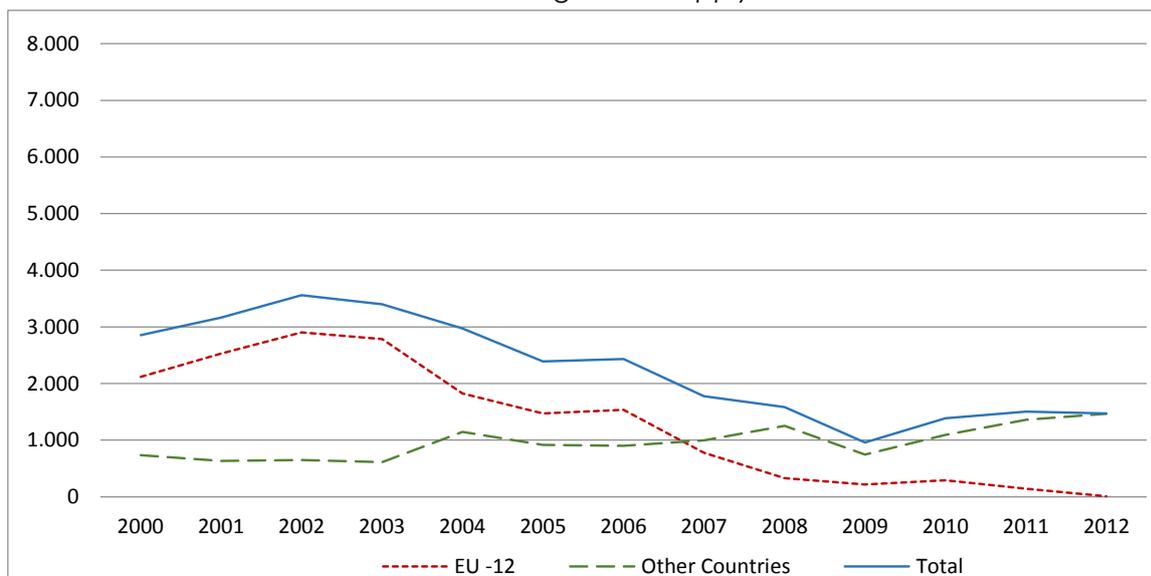
followed by Russia and India. The major industries in which posted workers are providing their services in protected occupations are business-oriented services, the building industry, manufacturing and arts, sports and entertainment.

Figure 25: Number of posted workers in liberalized services by source region



Source: LMS

Figure 26: Number of posted workers in services protected from competition from third countries and EU-MS for which transition regulations apply

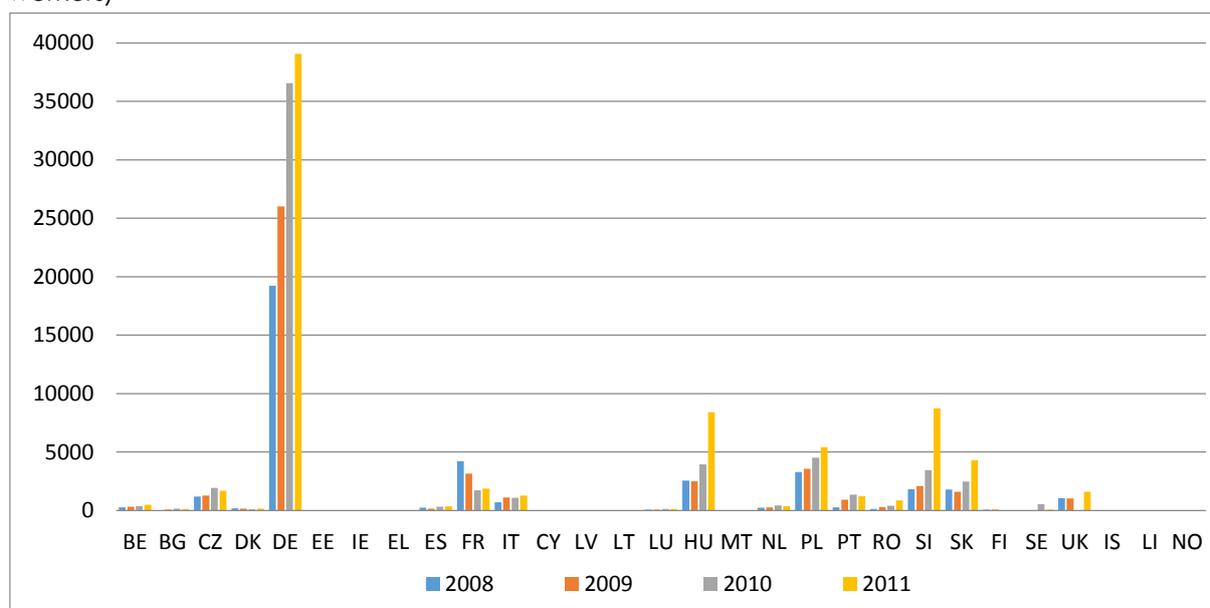


Source: LMS

2. Posted workers in Austria and the EU

While the total number of posted workers from third countries and EU-12-MS during transition regulations is comparatively small, this is not the case for posted workers who enjoy free mobility within the EU. Article 12 of Regulation (EC) No 883/2004 provides the legal basis for posting workers across EU-MS. Its aim is to facilitate the freedom to provide services for the benefit of employers who post workers to Member States other than that in which they are established, as well as the freedom of workers to move to other Member States, e.g., transport workers. Specific regulations pertain to the posting of workers to another Member State for a temporary period and where a person is working in two or more Member States and certain categories of workers such as civil servants. The rules for determining which Member State's legislation is to apply are set out in Articles 11 – 16 of Regulation 883/2004 and the related implementing provisions are set out in Articles 14 - 21 of Regulation 987/20094.

Figure 27: Source countries of posted workers from the EU/EEA in Austria (per number of workers)



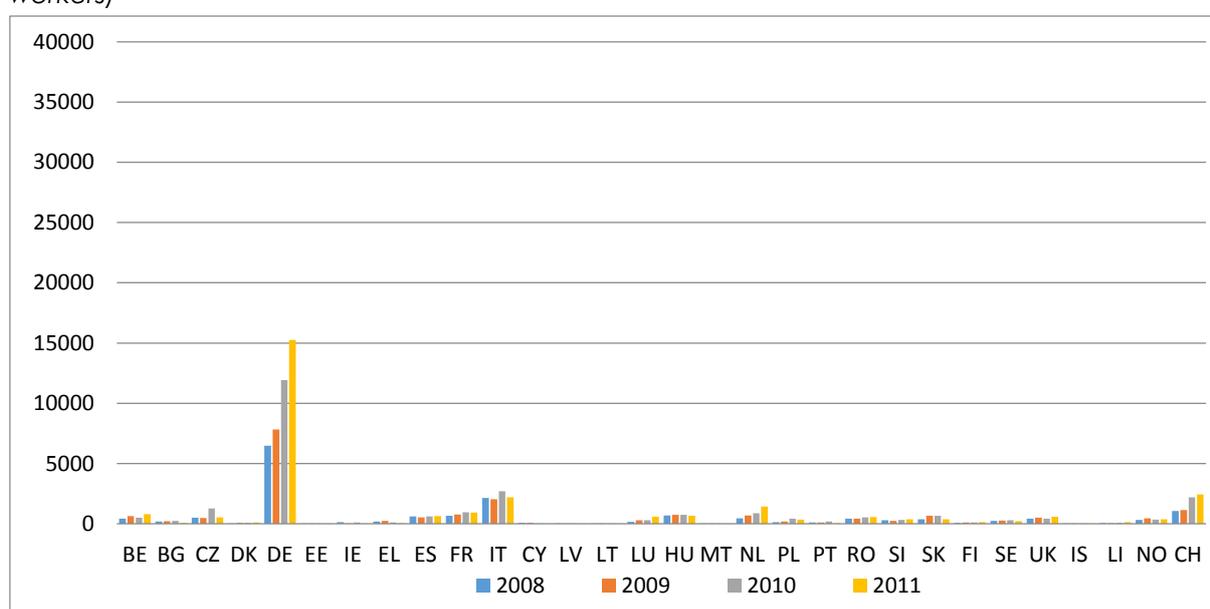
Source: OECD/Eurostat

According to Eurostat/OECD data on posted workers, the total number of posted workers in Austria from another EU-MS or EEA/EFTA country rose from 37,400 in 2008 to 76,300 in 2011, i.e., it more than doubled over a span of 3 years. The proportion of posted workers relative to the total salaried Austrian workforce amounted to 1.4% in 2011. This is a somewhat higher share than on average in the EU-27, where 1.5 million posted workers were registered in 2011 - in relation to the total workforce this is somewhat less than 1%. The major source countries of

posted workers in Austria are Germany, providing 51% of all posted workers in 2011, followed by Slovenia, Hungary, Poland and Slovakia.

Austria is also a sending country of posted workers. The number of Austrian workers who are posted to another EU/EEA country is also on the rise, from 16,200 in 2008 to 28,800 in 2011. The major destination countries are the major trading partners of Austria, namely Germany, Italy and the Netherlands. In 2011, the number of Austrian posted workers to another EU/EEA state was about a third of the number of workers posted to Austria.

Figure 28: Destination countries of Austrian posted workers in the EU/EEA (per number of workers)



Source: OECD/Eurostat

3. Prospects for posting workers

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

The use of posted workers represents yet another facet of the diversification of employment forms, with core workers (insiders) being increasingly complemented by temporary workers (outsiders), who are either employed in leasing firms registered in Austria and working for

various companies in Austria or in an enterprise registered in a foreign country but carrying out a specific task/service in Austria, i.e. posted workers.

Given EU-policy to promote unrestricted movement of services, i.e. short-term labour migration regulated by the Services Directive, thereby enforcing Article 28 EC ensuring the entitlement of employers to free movement of goods and services, we may expect a further rise in the latter form of diversification of work.

While the economic benefits from free trade in commodities as one of the four 'fundamental freedoms' are not questioned, the impact of posted work - as distinct from immigration - on labour markets and the welfare system is less clear. In the case of mode 4 temporary migration/services mobility, it is argued by some (Winters et al. 2003) that the economic advantages are more straightforward and similar to the trade in goods and therefore less costly than permanent immigration. In the former, goods come into the country, in the latter, services. According to WTO (2004), the main advantage is derived from the temporary character of posted work, thus avoiding additional costs in terms of infrastructure and social and cultural integration associated with permanent immigration. This judgement is based on the assumption that posted workers, as a special case of temporary migrants, will return to their country of origin. Assuming this will happen, the question remains to what extent the preference of institutions like WTO to services mobility is the result of an underestimation or neglect of the social costs of trade, in particular the impact on working conditions given widely differing wage and employment conditions across EU-MS. In addition, the use of service providers rather than native or immigrant labour may impact on education and career choices of local youth, raising issues of long term competitiveness. This is argued by Teitelbaum who sees the shift of US students away from science doctorates to MBAs and Law degrees as a result of the rising number of foreign-born science students, who have depressed the wages for post-doctoral researchers in science.

A further factor to be taken into account is that the different bases of the two tax systems, the value added tax which focuses on the final product and the tax of the factor of production, labour, may have a different effect on the productive potential of the economy and the funding of the welfare state - apart from a different impact on tax revenues due to a differing potential for tax evasions. While the value added tax system is fairly harmonised across the EU, this is not the case for labour taxation (income tax and social security contributions), explaining part of the differences in wages between EU-MS. In the case of Austria, labour taxation is the major source of funding of the social security system (health, unemployment, retirement). By encouraging the movement of posted workers in place of migrant workers, employment growth may be negatively affected thereby jeopardising the quality of social services provision. Accordingly, a rising number of posted workers at the cost of employment growth in Austria may raise concerns about the sustainability of the funding system of social services and promote a shift away from employment-based taxes to services taxation.

III. Foreign residents and residents abroad: stocks

1. Foreign residents in Austria

Over the last 25 years the demographic development has been largely determined by migration. Migration is driven by labour and family migration, free mobility of EEA/CH citizens and refugee flows. Natural population growth flowing from fertility and life expectancy (Births over deaths) has had practically no influence on the population size since the end of the 1990s. (Figure 29 and Figure 30)

In 2013, 8,477,200 inhabitants were registered in Austria, 55,900 or 0.6 percent more than in 2012³². Thus, population growth gained momentum, partly due to the end of transition regulations for the new EU-MS (EU-8), partly due to the increased inflows of third country migrants and the favourable labour market situation.

The rise in population growth after 2009 is almost completely the result of immigration, given a balance of births over deaths of 291 persons between 2009 and 2013. The positive migration balance between the beginning and end of year has started to pick up in 2000 from 17,300 and peaked in 2004 with 50,800; after that net immigration slowed down and reached a low of 17,100 in 2009, a result of the international economic crisis which slowed down international migration flows. With the economic upswing in 2010 migration gained momentum again, peaking in 2013 with net immigration of 54,700.

Apart from economic growth, the migration flows of the years of 2000 are on the one hand driven by Eastern enlargement of the EU (rising to +50,800 in 2004), on the other by the migration policy reforms of 2005, which dampened family reunification inflows in 2006, and again 2011 (introduction of r-w-r-card) which raised third country inflows. Accordingly, immigration continues to be high from old and new EU member states as well as more distant regions of the world.

³² The population data series has been revised with register data checks flowing from the census requirements. In order to ensure consistency of data a revision of population data and migration data was necessary (level difference of 35,000 persons by 31.10.2011). The revision affects stocks of population between 1.4.2007 and 1.1. 2012, the annual averages of the population series and migration data of 2007-2011. For more see http://www.statistik.at/web_de/statistiken/bevoelkerung/bevoelkerungsstand_und_veraenderung/bevoelkerungs-veraenderung_nach_komponenten/index.html

Figure 29: Demographic development in Austria since 1981

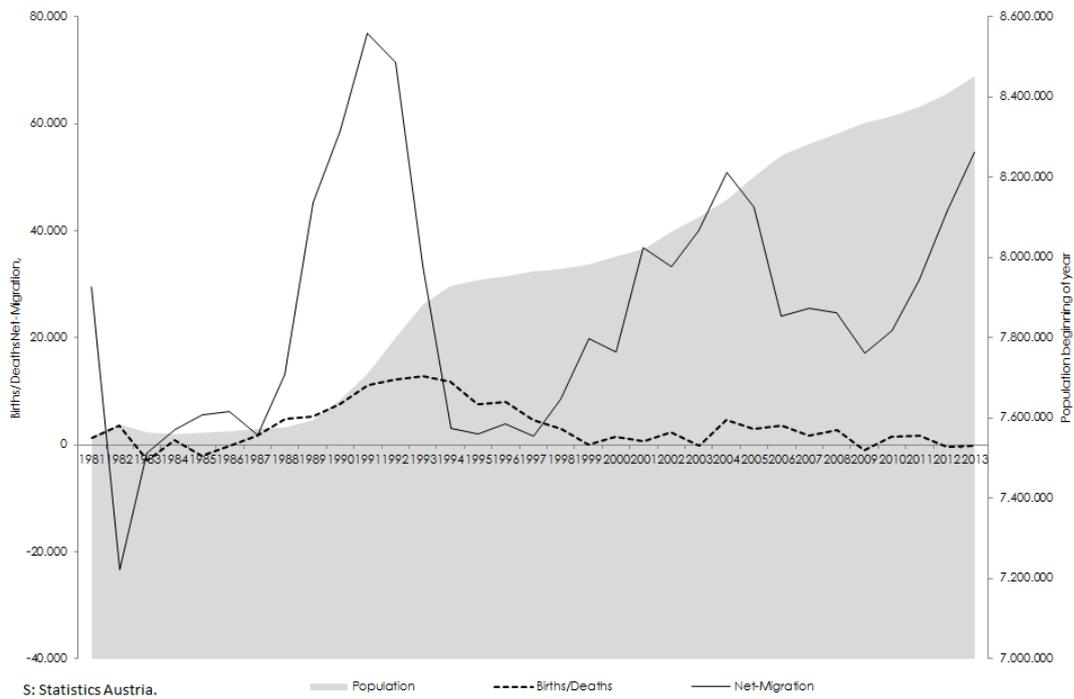
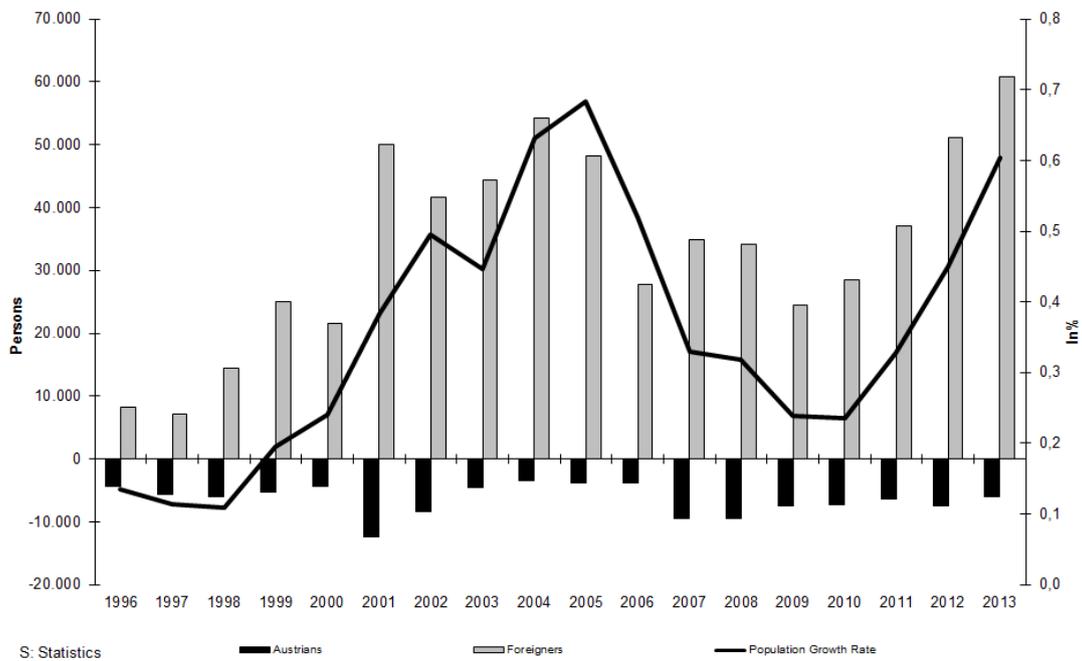
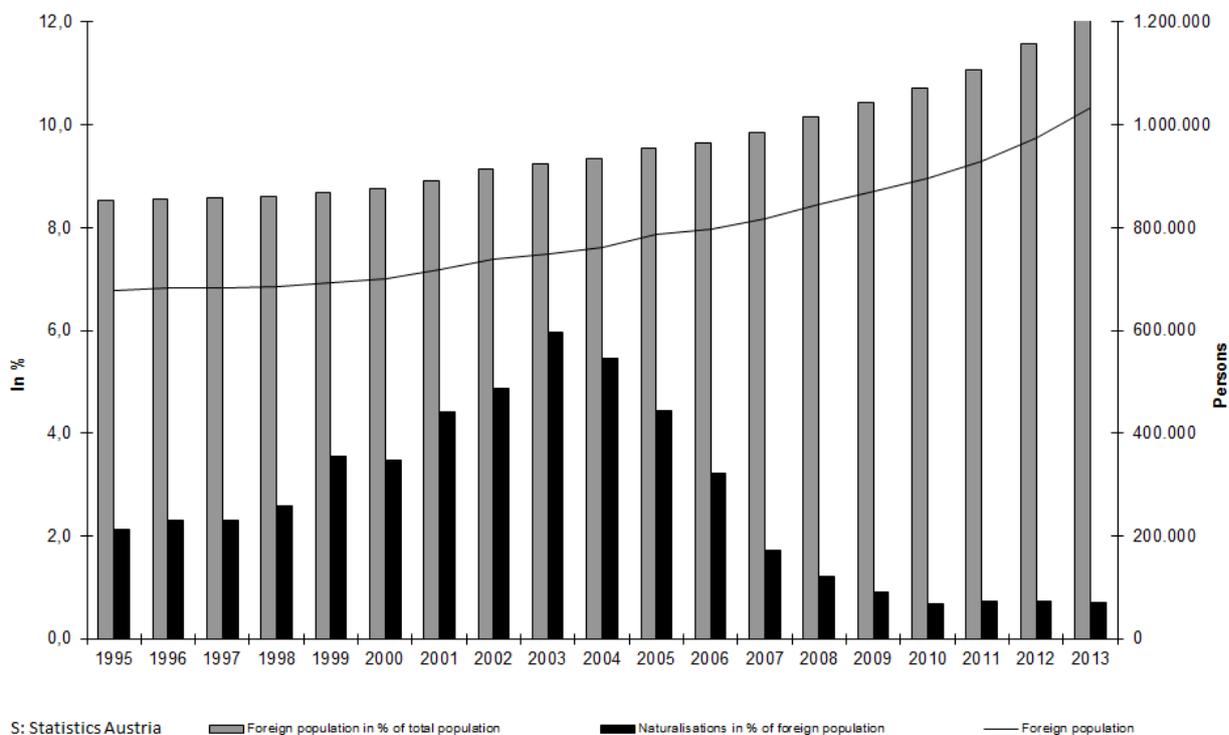


Figure 30: Net-migration of Austrians and foreigners and total population growth rate 1996-2013



Source: Statistics Austria. Own calculations.

Figure 31: Foreign population share and naturalisations in % of foreign population
1995-2013



Natural population growth, i.e., the balance of births and deaths, has picked up in 2004, partly linked to immigration, and remained at that relatively high level till 2006 with 3,600. In 2007 the positive balance halved versus 2006 and turned into a negative balance in 2009 (-1,000). In 2010 and 2011 natural population growth recovered: births surpassed deaths by 1,630. In 2012, however, a negative balance of births and deaths emerged and remained until 2013. (Table 18)

Table 18: Foreign residents in Austria

	Population		Population change between beginning and end of year				fat. Corrector
	Yearly average	Changes absolute	Total change	Birth-death	Migration	Naturalisation	
	Total						
1995	7.948.278	12.160	9.578	7.498	2.080	0	
1996	7.959.016	10.738	11.899	8.019	3.880	0	
1997	7.968.041	9.025	6.150	4.613	1.537	0	
1998	7.976.789	8.748	11.345	2.894	8.451	0	
1999	7.992.323	15.534	19.725	-62	19.787	0	
2000	8.011.566	19.243	18.760	1.488	17.272	0	
2001 ¹⁾	8.042.293	30.727	38.802	691	32.964	0	5.147
2002 ²⁾	8.082.121	39.828	36.633	2.268	33.294	0	1.071
2003 ²⁾	8.118.245	36.124	42.300	-265	39.873	0	2.692
2004 ³⁾	8.169.441	51.196	58.786	4.676	50.826	0	3.284
2005	8.225.278	55.837	52.939	3.001	44.332	0	5.606
2006	8.267.948	42.670	28.686	3.619	24.103	0	964
2007	8.295.189	27.241	25.005	1.625	25.470	0	-2.090
2008	8.321.541	26.352	27.014	2.669	24.650	0	-305
2009	8.341.483	19.942	16.640	-1.037	17.053	0	624
2010	8.361.069	19.586	23.521	1.543	21.316	0	662
2011	8.388.534	27.465	32.957	1.630	30.705	0	622
2012	8.426.311	37.777	43.739	-484	43.797	0	426
2013	8.477.230	50.919	55.926	-196	54.728	0	1.394
	Austrians						
1995	7.271.217	4.552	3.040	-2.823	-8.503	14.366	
1996	7.277.307	6.090	9.140	-2.181	-4.306	15.627	
1997	7.284.647	7.340	5.539	-4.650	-5.603	15.792	
1998	7.290.308	5.661	5.784	-6.089	-5.913	17.786	
1999	7.298.368	8.060	10.337	-9.028	-5.313	24.678	
2000	7.309.798	11.430	12.522	-7.483	-4.315	24.320	
2001	7.324.719	14.921	17.320	-7.505	-12.408	31.731	-6.407
2002	7.343.758	19.039	20.141	-5.911	-8.372	36.011	-1.587
2003	7.368.318	24.560	34.837	-7.521	-4.528	44.694	2.192
2004	7.406.950	38.632	38.601	-2.571	-3.402	41.645	2.929
2005	7.439.407	32.457	30.674	-4.333	-3.863	34.876	3.994
2006	7.469.723	30.316	20.573	-3.861	-3.751	25.746	2.439
2007	7.478.511	8.788	105	-5.883	-9.433	14.010	1.411
2008	7.476.961	-1.550	-3.311	-5.620	-9.492	10.258	1.543
2009	7.470.437	-6.524	-6.935	-9.198	-7.388	7.978	1.673
2010	7.464.223	-6.214	-6.103	-7.374	-7.182	6.135	2.318
2011	7.459.004	-5.219	-5.269	-7.591	-6.404	6.690	2.036
2012	7.451.118	-7.886	-9.100	-10.408	-7.414	7.043	1.679
2013	7.443.418	-7.700	-5.920	-10.545	-5.992	7.354	3.263
	Foreigners						
1995	677.061	7.608	6.538	10.321	10.583	-14.366	
1996	681.709	4.648	2.759	10.200	8.186	-15.627	
1997	683.394	1.685	611	9.263	7.140	-15.792	
1998	686.481	3.087	5.561	8.983	14.364	-17.786	
1999	693.955	7.474	9.388	8.966	25.100	-24.678	
2000	701.768	7.813	6.238	8.971	21.587	-24.320	
2001 ¹⁾	717.574	15.806	25.374	8.196	37.355	-31.731	11.554
2002 ²⁾	738.363	20.789	16.492	8.179	41.666	-36.011	2.658
2003 ²⁾	749.927	11.564	7.463	7.256	44.401	-44.694	500
2004 ³⁾	762.491	12.564	20.185	7.247	54.228	-41.645	355
2005	785.871	23.380	22.265	7.334	48.195	-34.876	1.612
2006	798.225	12.354	8.113	7.480	27.854	-25.746	-1.475
2007	816.678	18.453	24.900	7.508	34.903	-14.010	-3.501
2008	844.580	27.902	30.325	8.289	34.142	-10.258	-1.848
2009	871.046	26.466	23.575	8.161	24.441	-7.978	-1.049
2010	896.846	25.800	29.624	8.917	28.498	-6.135	-1.656
2011	929.530	32.684	38.226	9.221	37.109	-6.690	-1.414
2012	975.193	45.663	52.839	9.924	51.211	-7.043	-1.253
2013	1.033.812	58.619	61.846	10.349	60.720	-7.354	-1.869

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

Naturalisations and the reform of citizenship Law

The number of naturalisations is declining rapidly since 2003, as the echo-effect of the large population inflows of the late 1980s and early 1990s - which was linked to the fall of the Iron Curtain and the demise of Yugoslavia - with the ensuing uptake of Austrian citizenship after 10 years of legal residence came to an end. In the course of the year 2013, 7,400 foreigners adopted the Austrian citizenship, i.e., 0.7 percent of all foreigners of the year 2013. This means that the naturalisation rate has remained stable for 4 consecutive years. The decline by 5.3 percentage points since 2003 is propelled by two forces – the reform of the citizenship law (2005), the end of the echo effect and the enlargement of the European Union as many third country citizens adopted the Austrian citizenship in order to enjoy the advantages of EU-citizenship.

To acquire Austrian citizenship has become more difficult for immigrants with the reform 2005, e.g. because of the requirement, in case of marriage with an Austrian, 5 years of marriage and a minimum period of residence in Austria (6 years) as well as financial means to support oneself have to be proven. This is why the Expert Council on Integration to the Ministry of the Interior has proposed to **promote take-up of Austrian citizenship by making naturalisation more readily accessible under certain conditions**. The political debate was heated on this issue – in particular the linkage of preferential access to citizenship if civil engagement, e.g. participation in voluntary social work, could be proven. The reform of citizenship law passed the ministerial council in April 2013 and came into effect on August 1 2013. The expert council contributed to the reform of the citizenship test³³, focusing on values rather than factual historic knowledge, and the implementation of a website on citizenship³⁴. **The amendment to the citizenship law introduced a reduced waiting period for citizenship (from 10 to 6 years) if a high degree of 'integration', be it economic, social or cultural, can be proven**. The law identifies good German language competence (at B2 level of the Common European Reference Framework for languages) together with a self-sufficient economic situation (no take-up of social assistance payments) as an indicator of integration. Should the German language proficiency be lower, proof of helping non-profit organisations which serve the community (e.g. the voluntary fire brigade, red-Cross or the Samaritans, to name only some) for three years also suffices or three years of work in education, health or social services or as an official of an interest group. In order to facilitate the understanding of the Austrian codified value system a Reader (Rot-Weiss-Rot-Fibel 2013) on the Austrian values was developed, based on the constitution and civil law (focus on philosophy of Law).

³³ The new test has become the standard by November 1, 2013.

³⁴ For more see <http://www.staatsbuergerschaft.gv.at/index>

The net effect of the diverging developments of migration, balance of births over deaths and naturalisations, on the number of citizens in Austria continues to be positive (+55,900 2013). The demographic composition of the population is changing, however. The number of Austrian citizens started to decline in 2008, on the one hand because of restrictions on the acquisition of citizenship, on the other because of the declining share of third country migrants in the foreign population. The declining trend gained momentum until 2013, when the number of Austrians fell to 7,443,400 (-7,700 or -0.1%). In contrast, the number of foreigners continues to rise. In 2013, the foreign population increased by 58,600 or 6% to 1,033,800. The proportion of foreigners in the total population has as a consequence risen to 12.2 % in 2013, after 11.6 percent a year ago. (Figure 31)

2. Live births of Austrian and foreign women

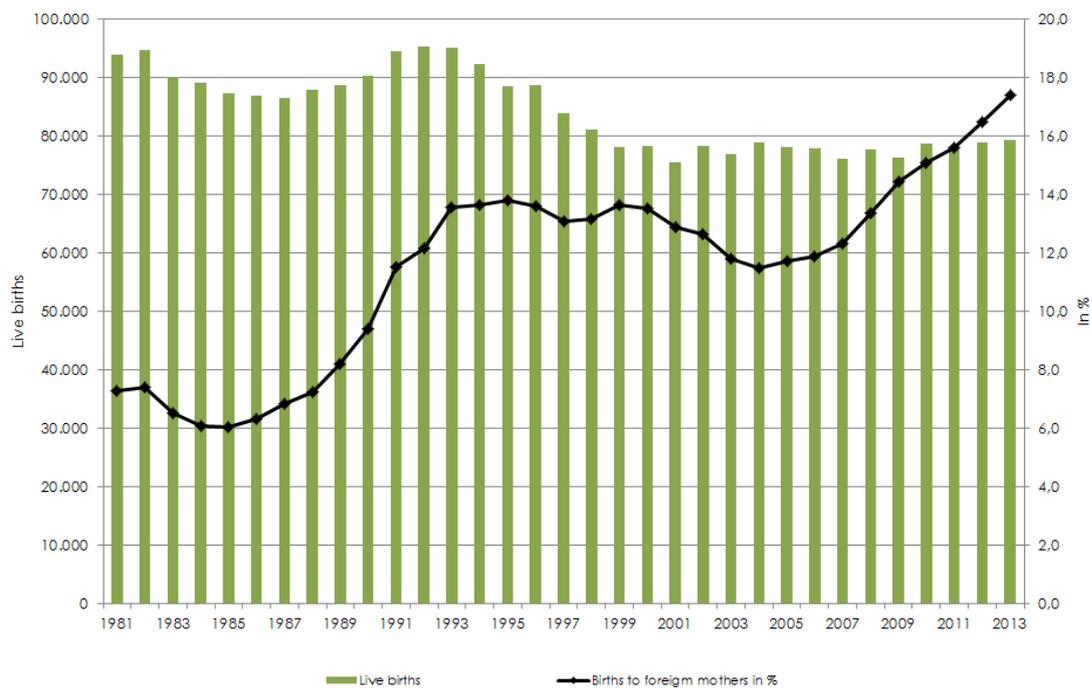
The number of births in Austria has been declining more or less continuously between 1992 and 2001, when a turning point was reached and births started to rise again - until 2004. Ever since then the number of live births to Austrian women resumed the declining trend which continued until today. In contrast, the number of births to foreign women followed a rising trend with certain periods of decline, e.g. between 1993 and 2003. Since then the proportion of births to foreign mothers has been rising, reaching 17.4% in 2013. (Figure 32)

The total number of live births has been declining from a peak of 95,300 in 1992 to 88,700 in 1995. It remained at this level in the following year but took a further dip in 1997 which lasted until 2001. In 2002 the number of live births increased again to 78,400, and remained more or less at this level until today. In 2013, the number of live births amounted to 79,300 (+378 or 0.5% versus 2012). The rise in the number of live births is solely attributable to mothers with –non-Austrian citizenship.

The total number of births to Austrian mothers amounted to 65,500 in 2013, -413 or -0.6% versus 2012, while live births to foreign women rose by 1,628 or 13.4% to 13,800. 17.4 percent of all live births went to a foreign mother, the highest proportion so far in Austria.

The increase in the number of live births between 1988 and 1992 had thus been short-lived; it had been the consequence of an above average inflow of young migrant women who had an above average fertility rate relative to Austrian women (Figure 34). The declining number of births since then has to be seen as a result of the declining fertility rate of Austrian and foreign women. The fertility rate of Austrian women has stabilised in 1999 at 1.25, while it declined slightly in the case of foreign women from 2.10 1998 to 1.99 in 2001. In 2002 the fertility rate of both, Austrian and foreign women, increased slightly. Since then the rates remained more or less the same for native (2013: 1.34) and foreign (2013: 1.90) women.

Figure 32: Live births of native and foreign women 1981-2013



Source: Statistics Austria.

Figure 33: Live births to native and foreign mothers 1981-2013



S.: Statistics Austria.

Figure 34: Total fertility rate of native and foreign women (average number of children per woman) 1981-2013

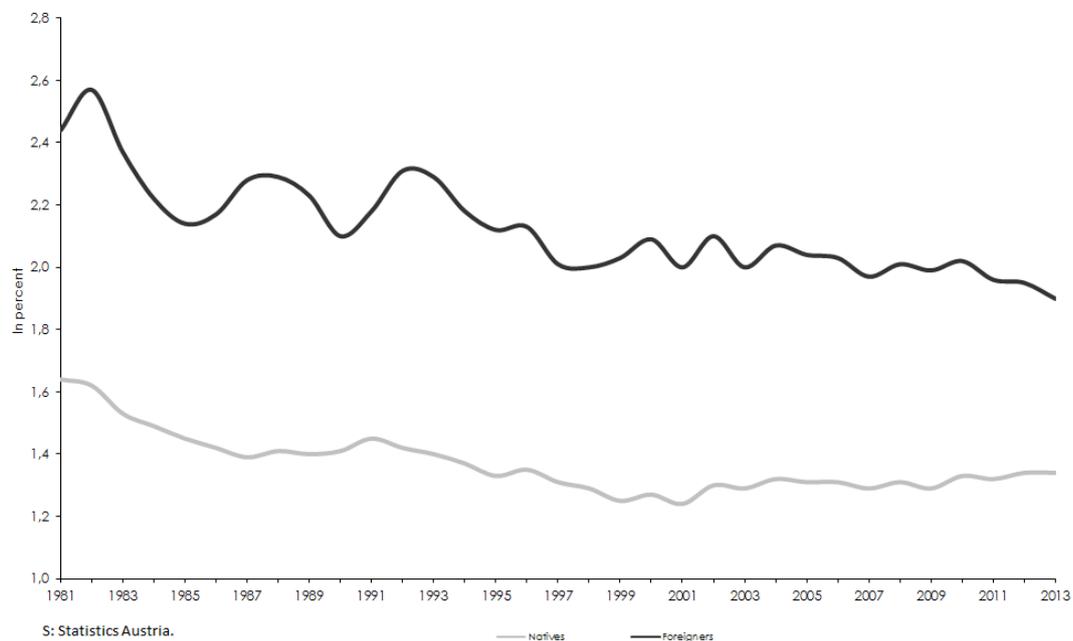
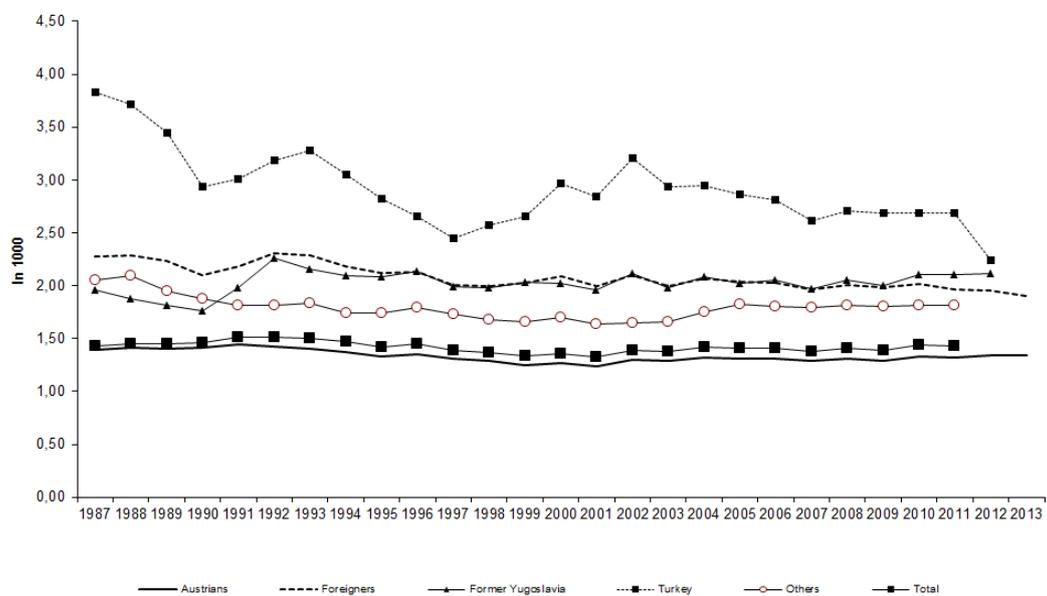


Figure 35: Total fertility rate of Austrian and foreign women by major source region (Average number of children per woman) (1987-2013)



Source: Statistics Austria.

Figure 34 and Figure 35 indicate that the fertility rate of foreign women is around the reproduction rate with 1.90 in 2013 (1.95 in 2012), somewhat lower than the rate of women from former Yugoslavia (2.12 in 2012), while the rate of Austrian women is clearly below the reproduction rate (2012: 1.34); the fertility rate of Turkish women is above the reproduction rate; it is somewhat unstable over time – it was more or less stagnating between 2007 and 2011 at 2.69, but took a strong dip in 2012 to 2.24. Third country women tend to have an above average fertility rate (2012: 2.34), while women from the EEA/CH tend to take an intermediate position with 1.59 in 2012.

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

3. Naturalisations and their composition

The rate of naturalisations follows with a certain time lag the waves of immigration. It increased in the course of the 1970s, in the wake of the consolidation of foreign worker employment, family reunion and eventual settlement; it declined in the early 1980s and fluctuated at a relatively low level of 2.2 percent of the foreign population between 1987 and 1995. Thereafter, the naturalisation rate rose, reaching the peak in 2003 with 5.9 percent of the foreign population; after that peak the naturalisation rate declined again, reaching a low of 0.7 percent in 2011. Since then the proportion has remained constant. (Table 18 and Figure 31)

During 2013 7,400 persons adopted the Austria citizenship (64 of them were residing abroad). Accordingly, the number of naturalisations increased by 311 or 4.4%; the rising tendency set in in 2011. All in all some 120 nationalities adopted the Austrian citizenship. But about 70% of naturalisations go to four source regions: Turkey (1,100 or 14.8%), former Yugoslavia excluding Slovenia (2,600 or 36%) and Central and Eastern European countries (1,200 or 16%).

In 2013, 37% of all naturalisations went to a person born in Austria, in the main second generation migrants. This conforms well to the age composition of the naturalised persons of 2013: 37% were under the age of 18, 61% in the main working age (19-59) and a small number was over 99 (1.3%). Somewhat more than half of all naturalised persons were women in 2013. The law regulating naturalisation specifies that foreigners may apply for citizenship after

10 years of legal residence. The legislative reform of 2013 will reduce the average period for naturalisations.

Table 19: Naturalisations in Austria

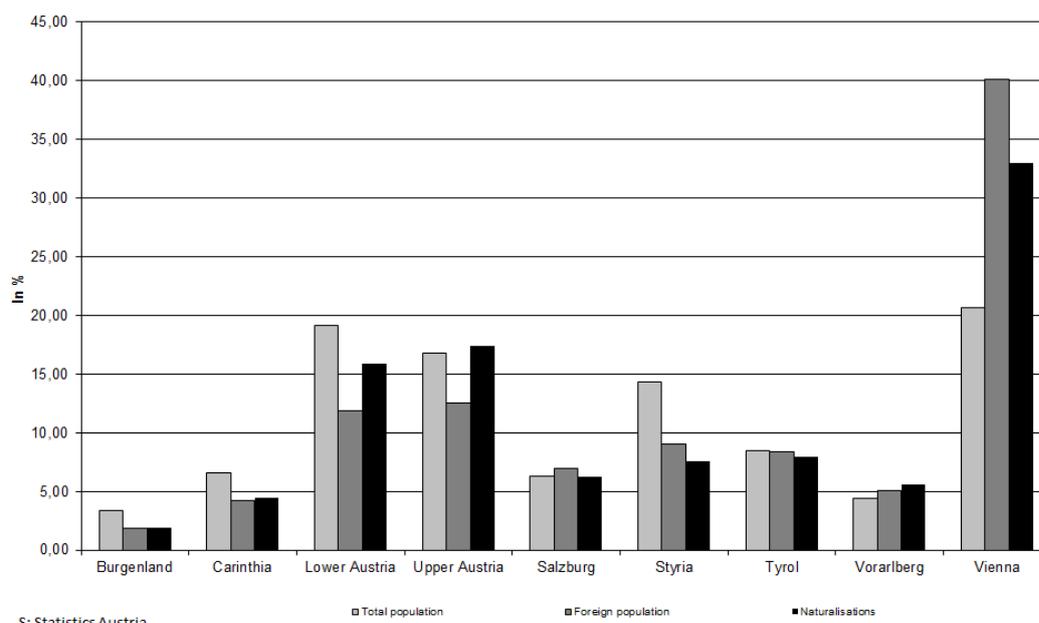
	Former Yugoslavia	Central and Eastern European Countries	Former nationality		Total	Women
			FRG	Turkey		
1970	0,978	1,159	1,828	.	5,565	3,711
1971	0,978	1,117	1,756	.	5,521	3,708
1972	0,941	1,087	2,114	.	6,017	4,049
1973	0,952	1,496	1,876	.	6,183	4,025
1974	0,967	1,423	2,215	.	6,648	4,391
1975	1,039	1,297	2,546	.	7,139	4,581
1976	1,103	1,262	2,563	.	7,545	4,666
1977	1,369	1,042	2,374	.	7,405	4,294
1978	1,217	1,107	2,106	.	6,942	4,129
1979	1,432	1,327	2,103	.	7,754	4,555
1980	1,839	1,453	2,210	.	8,602	4,995
1981	1,517	1,555	1,960	.	7,980	4,822
1982	1,204	1,591	1,946	0,301	7,752	4,835
1983	2,262	1,777	2,804	0,306	10,904	6,404
1984	1,428	1,129	2,589	0,323	8,876	4,006
1985	1,449	1,368	2,091	0,296	8,491	4,025
1986	1,463	2,191	2,299	0,334	10,015	4,752
1987	1,416	1,847	1,381	0,392	8,114	3,955
1988	1,731	1,985	1,125	0,509	8,233	4,012
1989	2,323	1,664	0,886	0,723	8,470	4,305
1990	2,641	2,118	0,517	1,106	9,199	4,704
1991	3,221	2,413	0,455	1,809	11,394	5,685
1992	4,337	1,839	0,410	1,994	11,920	6,033
1993	5,791	1,858	0,406	2,688	14,402	7,490
1994	5,623	2,672	0,328	3,379	16,270	8,394
1995	4,538	2,588	0,202	3,209	15,309	7,965
1996	3,133	2,083	0,140	7,499	16,243	8,604
1997	3,671	2,898	0,164	5,068	16,274	8,600
1998	4,151	3,850	0,157	5,683	18,321	9,532
1999	6,745	3,515	0,91	10,350	25,032	12,649
2000	7,576	4,758	0,102	6,732	24,645	12,415
2001	10,760	5,155	0,108	10,068	32,080	15,872
2002	14,018	4,062	0,091	12,649	36,382	17,898
2003	21,615	4,098	0,107	13,680	45,112	22,567
2004	19,068	3,523	0,137	13,024	41,645	20,990
2005	17,064	2,666	0,139	9,562	35,417	17,848
2006	12,886	2,165	0,128	7,549	26,259	13,430
2007	9,362	1,141	0,113	2,077	14,041	7,600
2008	6,031	0,948	0,067	1,664	10,258	5,455
2009	4,181	0,802	0,174	1,242	7,978	4,222
2010	3,167	0,525	0,140	0,937	6,190	3,263
2011	2,837	0,619	0,118	1,181	6,754	3,608
2012	2,855	0,512	0,113	1,200	7,107	3,832
2013	2,648	1,223	0,129	1,108	7,418	3,927

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

Citizens of the EU/EEA may apply for Austrian citizenship after 4 years of residence, in contrast to citizens of third countries who have to prove 10 years of residence unless they can document a high degree of 'integration', as mentioned above.

In 2013, 36% of all naturalisations went to Vienna, as 40% of all foreigners reside in Vienna, compared to only 21% of the total population. Upper and Lower Austria follow in terms of numbers of naturalisations. In the latter two provinces migrants tend to have a particularly high propensity to naturalise in contrast to Vienna and Styria. The differences in the regional structure reflect on the one hand differences in the shares of migrants and their composition by country of origin, on the other procedural differences. The naturalisation rate is highest with 1% naturalisations per foreign resident in Lower Austria and Upper Austria, followed by Vorarlberg and Carinthia (0.8%). It is lowest in Styria and Salzburg with 0.6%.

Figure 36: Distribution of total population, foreign population and naturalisations by Province (in %) 2013



Source: Statistics Austria.

Between 1991 and 2013 447,000 foreigners took up Austrian citizenship, about two third from the traditional recruitment areas of migrant workers, the region of former Yugoslavia (170,400, 38 percent) and Turkey (124,400, 28 percent). In contrast – over the period 1980 to 1990, 96,600 foreigners were naturalised, of whom 25 percent from the above countries of origin. Then Germans and citizens of the former 'Eastern Block' were the main contenders.

4. Foreign born population

Since 2001 (census) Statistics Austria provides information on the population with migrant background (foreign born). In January 2014, 16.6 percent of the Austrian population were first generation migrants (1.414 million of a total of 8.5 million inhabitants), compared to 14.7% in 2007 and 12.5% in 2001. (Table 20)

Table 20: Foreign born at the beginning of the year 2007 to 2014

Country of birth	2007	2008	2009	2010	2011	2012	2013	2014
Total	8.282.984	8.307.989	8.335.003	8.351.643	8.375.164	8.408.121	8.451.860	8.507.786
Austria	7.067.289	7.072.311	7.074.726	7.076.156	7.080.458	7.085.038	7.087.089	7.093.162
Foreign	1.215.695	1.235.678	1.260.277	1.275.487	1.294.706	1.323.083	1.364.771	1.414.624
Foreign born in %	14,7	14,9	15,1	15,3	15,5	15,7	16,1	16,6
of Whom								
EU/EEA	486.921	505.384	521.521	531.500	545.956	564.984	589.251	658.292
(EU-14)	233.482	243.695	252.054	257.355	264.251	270.324	278.045	286.996
Germany	169.830	178.739	186.171	191.207	196.885	201.366	205.868	210.735
MS 2004 (EU-10)	180.505	182.575	185.091	185.828	187.525	194.636	204.915	236.771
MS 2007 (EU-2)	62.163	62.887	64.480	64.984	65.306	66.793	68.968	72.415
MS 2013 (Croatia)	42.872	40.342	40.003	39.675	39.320	39.091	39.005	39.782
EEA/CH, Ass.Stat	14.406	14.579	14.693	14.797	15.045	15.192	15.344	15.479
Non-EU-MS	728.774	730.294	738.756	743.987	748.750	758.099	775.520	756.332
By continents								
Other Europe	557.780	559.689	564.028	565.657	568.176	570.575	576.765	547.128
Former Yugoslav	369.501	368.793	369.468	368.803	369.693	370.187	373.009	340.815
Turkey	154.088	155.057	156.621	157.847	158.535	158.683	159.185	159.958
Others	34.191	35.839	37.939	39.007	39.948	41.705	44.571	46.355
Africa	38.082	38.955	39.543	40.092	40.090	41.058	42.352	43.784
America	26.669	28.124	28.969	29.232	29.783	30.490	31.475	32.606
Asia	95.940	100.263	103.022	105.916	107.684	112.927	121.473	129.581
Oceania	2.434	2.464	2.543	2.504	2.535	2.622	2.687	2824
Unknown	7.869	799	651	586	482	427	768	409
S:STATISTIC AUSTRIA.								
Former Yugoslavia except Slovenia, 2014 except Croatia								

The most important source regions of migrants to Austria continue to be from third countries albeit losing terrain to citizens from the European Economic Area. In January 2014 756,300 or 53% of the foreign born were from third countries compared to 62% in 2002, before EU enlargement. The major source regions are from former Yugoslavia: excluding Croatia and Slovenia this group of foreign born migrants accounts for 340,800 or 45% of third country origin foreign born, followed by Turkish migrants (160,000 or 21% of foreign born third country migrants). Of the 658,300 foreign born from the EEA (47% of all foreign born in January 2014) the largest group is from the new EU-MS, the EU-13, namely 331,500 or 50.4%, followed by the 'old' EU-MS, the EU-14 states, with 287,000 or 44%. A fairly small number originates from the small associated states of the EEA, namely 15,500 or 2.4%. The most important source countries of foreign born from the EU-13 are Romania (79,300 or 22%), followed by Poland (66,800 or 19%) and Hungary (55,000 or 16%). The largest country of origin of EU-14 foreign born is from Germany with 210,100 or 73% of all EU-14 foreign born.

The combination of foreign born with citizenship allows a further differentiation of persons with migrant background, namely second generation migrants who were born in Austria to first generation migrants and who continue to be foreign citizens. This number amounted to 163,400 or 15.3 percent of the total foreign resident population in January 2014 (after 153,500

or 15.3 percent in January 2013). Accordingly, the proportion of first generation migrants plus second generation migrants born in Austria with foreign citizenship amounted to 18.6 percent of the total population (1.58 million) in January 2014.

Table 21: Population by citizenship and country of birth 2010-2014

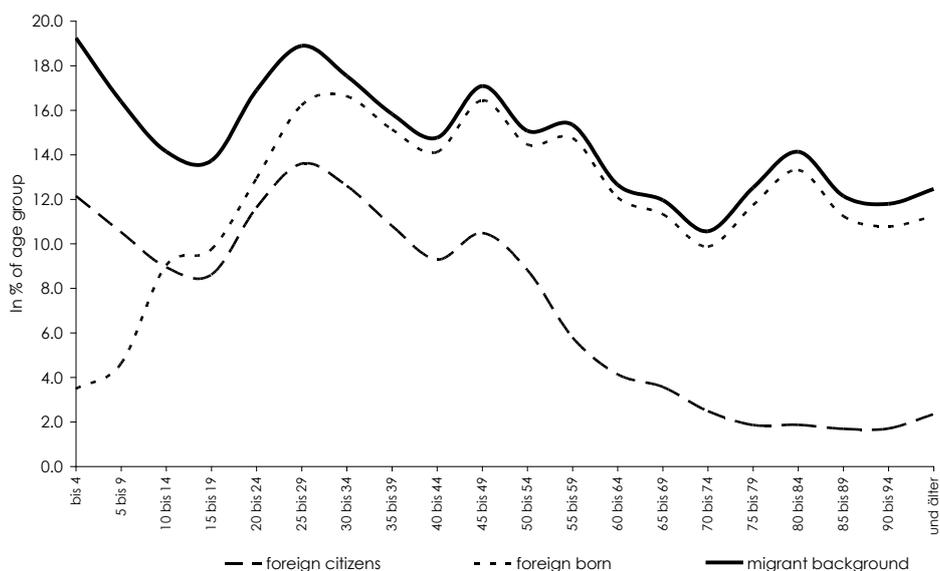
Country of Birth	Total	by citizenship		Total	by citizenship	
		Austria	Non-Austrian		Austria	Non-Austrian
	absolute numbers			in %		
01.01.2010						
Total	8.351.643	7.468.064	883.579	100,0	89,4	10,6
Austria	7.076.156	6.945.083	131.073	84,7	83,2	1,6
Abroad	1.275.487	522.981	752.506	15,3	6,3	9,0
01.01.2011						
Total	8.375.164	7.461.961	913.203	100,0	89,1	10,9
Austria	7.080.458	6.942.405	138.053	84,5	82,9	1,6
Abroad	1.294.706	519.556	775.150	15,5	6,2	9,3
01.01.2012						
Total	8.408.121	7.456.692	951.429	100,0	88,7	11,3
Austria	7.085.038	6.939.893	145.145	84,3	82,5	1,7
Abroad	1.323.083	516.799	806.284	15,7	6,1	9,6
01.01.2013						
Total	8.451.860	7.447.592	1.004.268	100,0	88,1	11,9
Austria	7.087.089	6.933.596	153.493	83,9	82,0	1,8
Abroad	1.364.771	513.996	850.775	16,1	6,1	10,1
01.01.2014						
Total	8.507.786	7.441.672	1.066.114	100,0	87,5	12,5
Austria	7.093.162	6.929.526	163.636	83,4	81,4	1,9
Abroad	1.414.624	512.146	902.478	16,6	6,0	10,6
S: Statistics Austria.						

In the census data of 2001 one may identify a larger number of second generation migrants, namely by taking persons into account who are migrants and who speak another language than German at home and who are either born abroad or whose parents are born abroad. This procedure is continues to be an underestimation of migrants, as Germans are excluded from that data (we also excluded French, English and Spanish speaking people). But still, we can obtain an estimation of the migrant population differentiated by birth cohort. With that procedure, the proportion of persons with migrant background amounted to 15.4 percent in 2001, compared to 11.2 percent foreign born at that time. Figure 37 informs about the age structure of migrants in relation to the native population; it indicates that the proportion of persons with migrant background (so defined) is not spread evenly across age groups, as immigrants tended to enter in waves³⁵. The situation of the first and second generation migrants is increasingly the focus of policy, making integration a key policy issue in regions with a long tradition of immigration, above all Vienna, Vorarlberg, Upper Austria and Lower

³⁵ For a detailed analysis and methodological issues see *Biffi et al.* (2008).

Austria. Differentiated analyses of the situation of immigrants are being undertaken, e.g., for Vienna, Lower Austria and Burgenland (Biffl et al., 2008/ 2009)

Figure 37: Foreign citizens, foreign born and persons with migration background in percent of total population in Austria in 2001

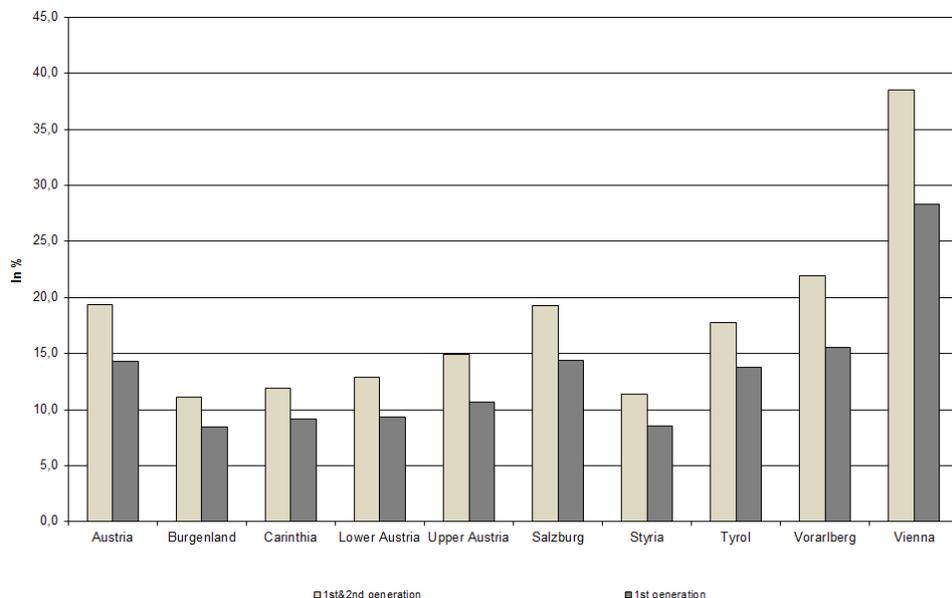


Source: Statistics Austria, Own calculations.

Another source of information on foreign born is the Labour Force Survey which informs about 'migrant background' since 2008. According to this data source, the share of foreign born in the population has consistently been some 2 percentage points lower than the proportion of foreigners or the foreign born in the population register (POPREG). In 2013 (annual average), the share of foreign born according to the LFS amounted to 14.3% (compared to 16.6% of the population register). The numbers amounted to 1.2 million (rather than 1.41 million in the population register of January 2014). The number of second generation migrants (both parents born abroad) amounted to 428,200 or 26% of the migrant population. Thus, according to the LFS, the proportion of first and second generation migrants taken together amounted to 19.4% of the Austrian population in 2013, after 18.9% in 2012. (Figure 38)

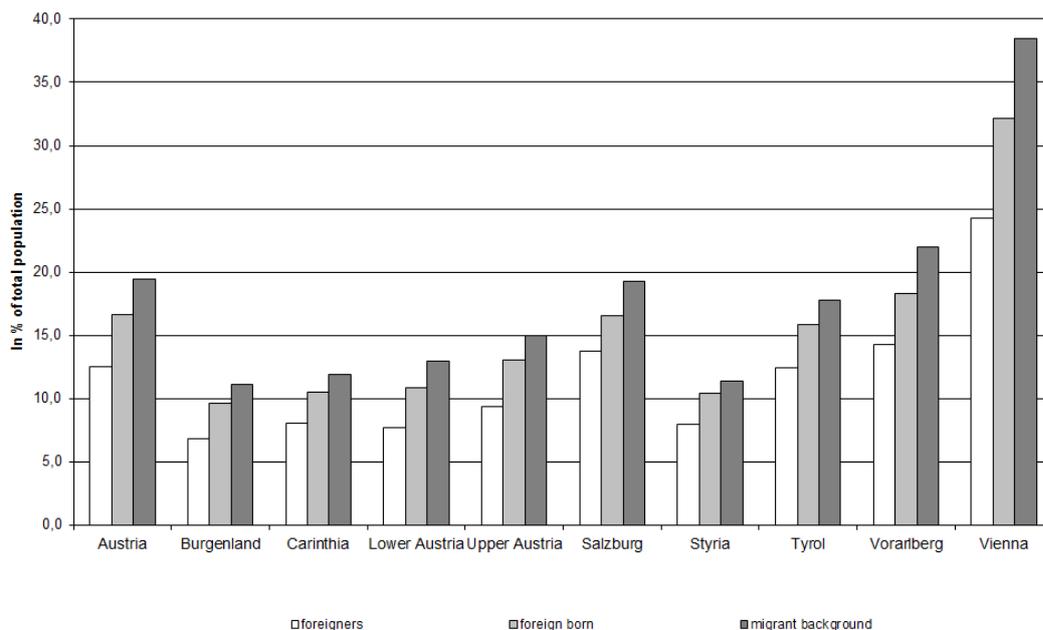
If one combines the information of the various sources, i.e. the population register (foreign born and foreign citizenship) and the Labour Force Survey (migrant background), one can see the impact of naturalisations and thus of the duration of stay of migrants and the differing behaviour patterns of migrants relative to citizenship uptake. The share of foreigners in total population is lower than the share of first generation migrants in total population (foreign born), which in turn is surpassed by persons with migrant background, i.e. first plus second generation migrants. (Figure 39)

Figure 38: First and second generation migrants as a proportion of total population by region in Austria in %: 2013



Source: Statistics Austria, LFS. Own calculations.

Figure 39: Foreign born, foreign citizens and persons with migrant background (first and second generation migrants) in % of total population by region (2013)



Source: Statistics Austria, LFS 2013, Population by 1.1.2014. Own calculations.

In Austria, the city of Vienna has a long tradition of immigration with on average 38.5% of the population having a migration background (first and second generation migrants). In contrast, Burgenland, the easternmost region, and Styria in the South have relatively small numbers of migrants as immigration is a relatively recent phenomenon.

Composition of migrants by source region, age, gender and timing of immigration

According to the LFS of 2013, 35% of the foreign born migrants are from another EU-MS and 65% are from third countries, quite the opposite of the flow data. This is the consequence of a long history of migration from third countries. It is going to take some time until the composition of stocks will tip in favour of EU-citizens, who are dominating the more recent inflows.

The single largest third country group is born in former Yugoslavia, namely 363,300, followed by Turkey (162,100). As Table 22 indicates, only a fairly small proportion of the foreign born has come to Austria before 1980 – mainly as guest workers, namely 179,500 or 15%. Thus the majority of the foreign born have come after 1989, either as refugees (largely from former Yugoslavia), as family members in the wake of family reunification and formation or as economic migrants, largely from the EU. The development indicates that the rise of immigrant flows from EU-MS is a relatively recent phenomenon, linked to free mobility of labour which acts as a facilitator of mobility.

Migrants are on average younger than natives. The share of youth of less than 15 years is larger among the immigrants than among natives, just as the share of 15-44 year olds. In contrast, natives are to a much larger extent than migrants 60 years or older.

The gender distribution is not quite balanced. In 2013, 770,400 male migrants (first and second generation) were registered, 18.8% of the total male population, compared to 854,800 female migrants, 20% of the total female population in Austria. The number of migrant women surpasses the number of male migrants in all age groups.

Table 22: Migrant Population in Austria 2013 (Labour Force Survey)

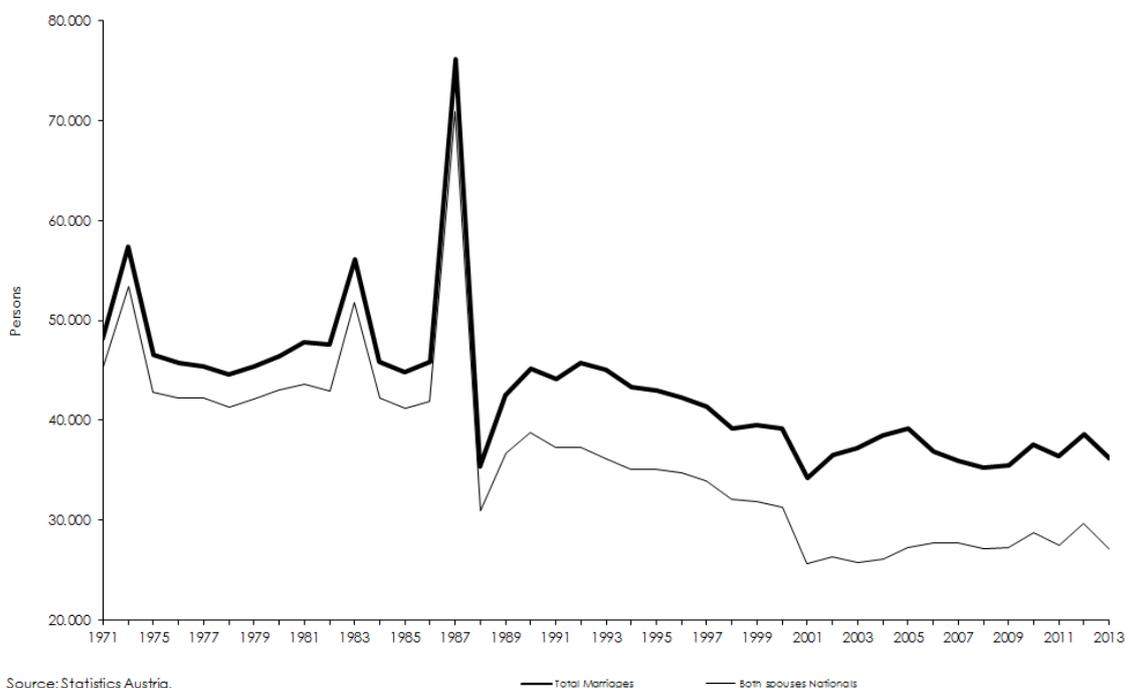
Characteristics	Population in private households	Migration background		
		Total	First generation	Second Generation
Total	8.374,8	1.625,2	1.197,1	428,2
		in 1,000		
		Country of birth of parents¹⁾		
Austria	6.749,6	.	.	.
EU-MS (except Austria)	566,7	566,7	466,5	100,2
Non EU-MS	1.058,5	1.058,5	730,6	328,0
of which: Ex-Yugoslavia	533,1	533,1	363,3	169,8
Turkey	268,4	268,4	162,1	106,3
		Citizenship		
Austria	7.373,8	669,1	382,3	286,8
EU-MS (except Austria)	432,5	406,5	363,9	42,6
Non EU-MS	568,5	549,7	450,9	98,8
of which: Ex-Yugoslavia	303,8	295,3	234,6	60,7
Turkey	113,8	110,2	86,7	23,5
		Country of birth		
Austria	7.077,9	428,2	.	428,2
EU-MS (except Austria)	549,0	475,0	475,0	.
Non EU-MS	747,9	722,1	722,1	.
of which: Ex-Yugoslavia	361,2	358,0	358,0	.
Turkey	161,0	160,4	160,4	.
		Year of immigration		
Born in Austria	7.077,9	428,2	.	428,2
before 1980	232,3	179,5	179,5	.
1980 - 1989	161,4	152,3	152,3	.
1990 - 1999	331,9	319,2	319,2	.
2000 - 2009	178,3	171,3	171,3	.
after 2010	393,1	374,7	374,7	.
		Age, Sex		
Men	4.101,8	770,4	561,2	209,2
less than 15	623,6	133,9	29,7	104,2
15 - 29	792,7	152,7	95,5	57,2
30 - 44	871,6	212,5	188,5	24,1
45 - 59	952,1	162,0	150,6	11,4
60 and older	861,8	109,2	96,9	12,3
Women	4.273,0	854,8	635,9	219,0
less than 15	592,0	134,5	25,2	109,3
15 - 29	769,4	180,3	121,5	58,8
30 - 44	876,4	236,3	212,5	23,7
45 - 59	956,9	167,7	157,5	10,2
60 and older	1.078,3	136,1	119,2	16,9
S: STATISTICS AUSTRIA, LFS. - Definition Migration background see "Recommendations for the 2010 censuses of population and housing", p. 90 of the United Nations Economic Commission for Europe (UNECE; see www.unece.org/stats/documents/2010.00.census.htm). - 2nd generation: both parents born abroad. - 1) "Austria" = at least one parent born in Austria; if both parents are born abroad = country of birth of mother.				

5. Development of mixed marriages

The number of total marriages in Austria has been stable for a long time – apart from some temporary increases as a result of a marriage bonus. The introduction of a bonus system never had any long run impact on marriage behaviour, it did, however, have a significant effect upon the number of first marriages in the period, in which tax benefits were granted or a marriage bonus, i.e., in the 1970s and 1980s (see Figure 40 and Table 23). Also foreigners had access to the marriage bonus. In the 1990s one discontinued with the policy to provide

incentives to marry, as these incentives did not have the effect hoped for, namely an increase in the fertility rate.

Figure 40: Total marriages and marriages of nationals
1971-2013



With the ageing of the population, marriages follow a long-term declining trend, which set in in the early 1990s. It affects Austrians as well as foreigners. In 2008, the declining trend in the number of marriages came to a transitory halt at 35,200. After that the numbers increased slightly and reached 36,100 in 2013. The number of Austrians (both spouses) marrying rose to 27,100 and the number of foreigners (both spouses) rose from 1,900 in 2010 to 2,300 in 2013. The number of mixed marriages declined continuously from 2004 till 2009 to 6,300. In 2010 their numbers increased only slightly to 6,900 and remained constant until 2012. This may be taken as an indication that it becomes more difficult for poor Austrians (often with migrant background) to marry a third country citizen (legislative reform of family formation and reunification). Above all Austrian women who marry a foreign spouse are experiencing significant declines in marriage rates (-2,200 or 47 percent between 2004 and 2012). But also Austrian men marrying a foreign spouse experienced significant declines over that time span (-1,700 or 28 percent).

The proportion of marriages with both spouses nationals has declined significantly over the last 42 years. In 1971 94 percent of all marriages were between nationals. In 2004, their share had come down to 67.8 percent but increased again to 75.1 percent in 2013. The share of

foreign marriages (with both spouses foreigners) increased from 0.7 percent 1971 to 6.3 percent 2013.

Table 23: Marriages of Nationals and Foreigners

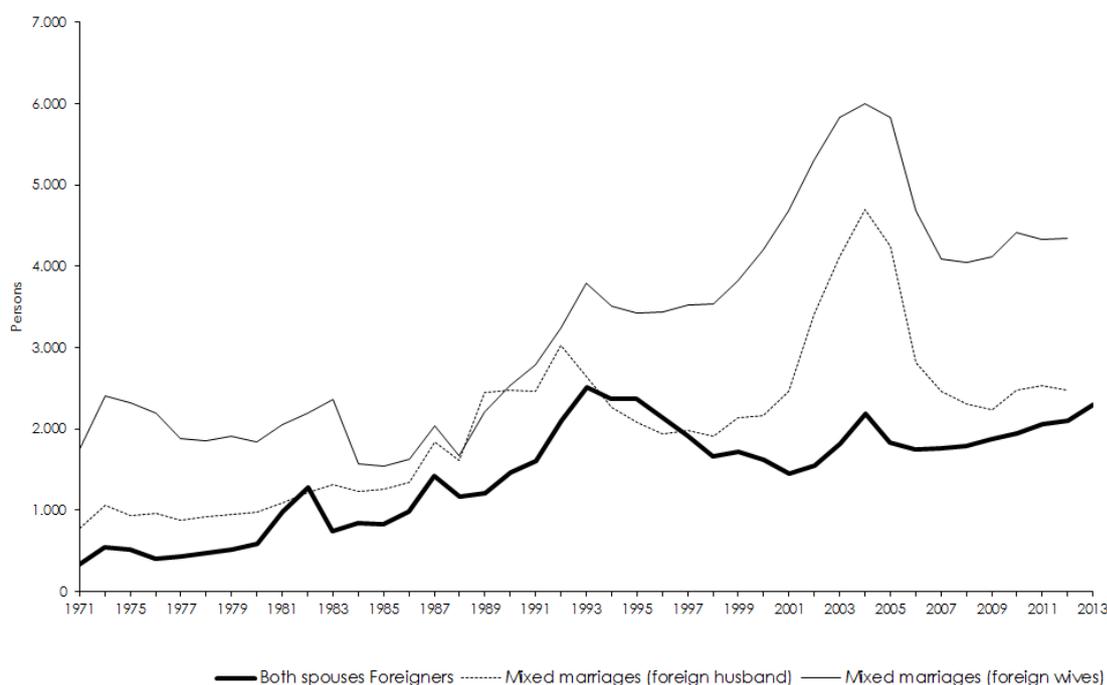
	Total Marriages	Both spouses nationals	Both spouses foreigners	Mixed Marriages: of which	
				foreign husband	foreign wife
1971	48,166	45,312	0,331	0,774	1,749
1972	57,372	53,365	0,539	1,057	2,411
1975	46,542	42,769	0,518	0,930	2,325
1976	45,767	42,220	0,399	0,955	2,193
1977	45,378	42,198	0,428	0,869	1,883
1978	44,573	41,334	0,477	0,916	1,846
1979	45,445	42,077	0,514	0,945	1,909
1980	46,435	43,037	0,586	0,976	1,836
1981	47,768	43,652	0,976	1,093	2,047
1982	47,643	42,947	1,281	1,222	2,193
1983	56,171	51,745	0,736	1,321	2,369
1984	45,823	42,187	0,836	1,228	1,572
1985	44,867	41,250	0,830	1,252	1,535
1986	45,821	41,871	0,989	1,336	1,625
1987	76,205	70,907	1,421	1,834	2,043
1988	35,361	30,911	1,170	1,609	1,671
1989	42,523	36,670	1,202	2,441	2,210
1990	45,212	38,734	1,470	2,482	2,526
1991	44,106	37,260	1,603	2,458	2,785
1992	45,701	37,323	2,105	3,031	3,242
1993	45,014	36,072	2,506	2,649	3,787
1994	43,284	35,137	2,371	2,265	3,511
1995	42,946	35,070	2,369	2,082	3,425
1996	42,298	34,778	2,137	1,940	3,443
1997	41,394	33,966	1,923	1,977	3,528
1998	39,143	32,030	1,664	1,912	3,537
1999	39,485	31,816	1,719	2,131	3,819
2000	39,228	31,226	1,623	2,170	4,209
2001	34,213	25,622	1,446	2,456	4,689
2002	36,570	26,299	1,554	3,412	5,305
2003	37,195	25,713	1,823	4,111	5,832
2004	38,528	26,124	2,192	4,692	6,007
2005	39,153	27,245	1,833	4,246	5,829
2006	36,923	27,677	1,746	2,821	4,679
2007	35,996	27,689	1,758	2,463	4,086
2008	35,223	27,075	1,795	2,301	4,052
2009	35,469	27,245	1,880	2,228	4,116
2010	37,545	28,722	1,943	2,471	4,409
2011	36,426	27,491	2,063	2,538	4,334
2012	38,592	29,661	2,106	2,475	4,350
2013	36,140	27,125	2,294		

Source: Statistics Austria.

While in 1971 only 5.2 percent of all marriages were with an Austrian spouse and foreign partner, their share rose to 27.8 percent in 2004 but declined thereafter to 18.6 percent in 2013. Traditionally the propensity to marry a foreigner is higher with Austrian men. Their share

in total marriages amounted to 3.6 percent 1971 and rose to 15.7 percent 2003, and declined thereafter to 11.3 percent in 2012. In contrast, only 1.6 percent of all marriages in 1971 were mixed, with the wife being Austrian and the husband foreign. This share has increased over time as well, particularly in the early years of 2000, reaching 12.2 percent in 2004. Since then the share of marriages of Austrian women with a foreign spouse has almost halved to 6.4 percent in 2012.

Figure 41: Mixed marriages and marriages of foreigners
1971-2013



Source: Statistics Austria.

Source: Statistics Austria.

The reasons for the disparate development of marriages are complex and not solely due to demographic change. Behavioural factors are also responsible, e.g., Austrians tend not to marry to the same extent and at such an early age as in the olden days, i.e., the 1960s and 1970s. In addition, Austria's immigrant population tends to look for potential spouses in their countries of origin, often also third generation immigrants. In 1999 the Citizenship Law was amended to the extent that in the case of mixed marriages the partner of third country origin is eligible for Austrian citizenship after 5 years of marriage with the same partner and 6 years of legal residence. In the most recent legislative reform of 2005, it has been made more difficult for the partner to obtain Austrian citizenship. The major hurdle is the need for regular income of one's own. In addition, the earnings/income requirement for the Austrian partner who wants to marry a third country citizen made it harder. The nationality mix of the foreign

spouses of Austrians is rather diverse; there is, however, a clear linkage with the traditional migrant source countries, in particular former Yugoslavia and Turkey.

IV. Employment and unemployment of foreign workers

1. Employment of foreign workers

According to social security data, Austria counted 556,800 foreign wage and salary earners in 2013, i.e., 29,700 or 5.6 percent more than a year ago. This meant that only migrants experienced an employment increase in 2013, while the employment of Austrian citizens declined by 12,100 or 0.4% versus 2012. Accordingly, the foreign worker share in total employment rose to 16 percent, after 15.2% in 2012.

Table 24: Foreign employment by major source regions

	EU 14, EEA, CH	EU-10 (2004)	EU-2 (2007)	Third Countries	Total foreign employment	In % of total employment
2004	54.934	42.576	12.956	251.832	362.299	11,3
2005	63.829	46.009	13.331	251.018	374.187	11,6
2006	73.282	49.202	13.814	254.397	390.695	11,9
2007	82.962	54.427	15.450	259.740	412.578	12,3
2008	94.150	61.055	17.809	264.041	437.055	12,9
2009	96.851	63.442	18.405	252.854	431.552	12,9
2010	103.743	69.019	20.458	258.056	451.276	13,4
2011	110.540	88.493	23.636	266.265	488.934	14,3
2012	115.116	116.312	26.330	269.304	527.062	15,2
2013	119.666	136.418	28.721	271.948	556.753	16,0
S:BALLweb						

Of the total number of foreign employees 284,800 are citizens from the EEA/CH/EU 27, of whom 119,700 from the old member states (EU 14/EEA/CH) and 165,100 from the new MS (EU 12). Thus, 48.8 percent of foreign workers are EU 27/EEA citizens and 51.2% of third country origin (271,900) (Table 24).

The share of EU citizens amongst foreign wage and salary earners in Austria is rising for every single EU-MS: In 2000, only 10% of foreign wage and salary earners were EU 14/EEA/CH citizens compared to 21% today. The largest increase came, however, from the new EU-MS as a consequence of enlargement, with a boost after the expiration of transition regulations. Accordingly, the share of EU-10 and EU-2 citizens in the foreign work force has risen from 15% in 2004 to 29.7% in 2013.

Table 25: Foreign wage and salary earners in Austria from 1961-2013

Annual average

	Foreign ¹ workers	Changes		Share in total
		Absolute	Percent	active employment In percent
1968	67,500	1,300	2.0	2.9
1969	87,700	20,200	29.9	3.7
1970	111,715	24,015	27.4	4.7
1971	150,216	38,501	34.5	6.1
1972	187,065	36,849	24.5	7.4
1973	226,801	39,736	21.2	8.7
1974	222,327	-4,474	-2.0	8.4
1975	191,011	-31,316	-14.1	7.2
1976	171,673	-19,338	-10.1	6.4
1977	188,863	17,190	10.0	6.9
1978	176,709	-12,154	-6.4	6.4
1979	170,592	-6,117	-3.5	6.2
1980	174,712	4,120	2.4	6.3
1981	171,773	-2,939	-1.7	6.1
1982	155,988	-15,785	-9.2	5.6
1983	145,347	-10,641	-6.8	5.3
1984	138,710	-6,637	-4.6	5.1
1985	140,206	1,496	1.1	5.1
1986	145,963	5,757	4.1	5.3
1987	147,382	1,419	1.0	5.3
1988	150,915	3,533	2.4	5.5
1989	167,381	16,466	10.9	6.0
1990	217,611	50,230	30.0	7.6
1991	266,461	48,850	22.4	9.1
1992	273,884	7,423	2.8	9.3
1993	277,511	3,627	1.3	9.4
1994 ¹	291,018	13,507	4.9	9.8
1995	300,303	9,285	3.2	10.1
1996	300,353	0,050	0.0	10.2
1997	298,775	-1,578	-0.5	10.1
1998	298,582	-0,193	-0.1	10.0
1999	306,401	7,819	2.6	10.1
2000	319,850	13,449	4.4	10.5
2001	329,314	9,464	3.0	10.7
2002	334,432	5,118	1.6	11.0
2003	350,361	15,929	4.8	11.5
2004	362,299	11,938	3.4	11.8
2005	374,187	11,888	3.3	12.0
2006	390,695	16,508	4.4	12.4
2007	412,578	21,883	5.6	12.8
2008	437,055	24,478	5.9	12.9
2009	431,552	-5,503	-1.3	12.9
2010	451,276	19,724	4.6	13.4
2011	488,934	37,658	8.3	14.3
2012	527,062	38,100	7.8	15.2
2013	556,752	29,700	5.6	16.0

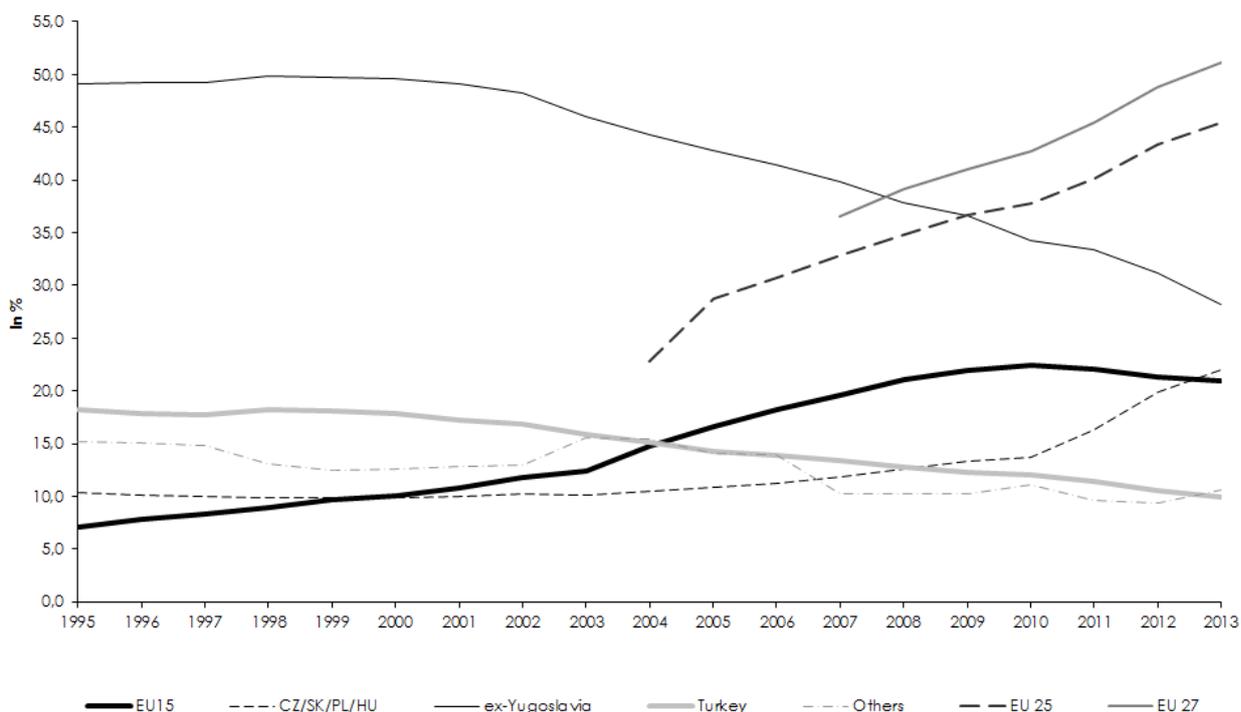
Source: Federal Ministry of Economics and Labour; Federation of Austrian Social Security Institutions. - ¹ Corrected series (permanent licences and persons on parental leave included). - ¹³ Since 1994 foreign employment according to social security data.

In contrast, third country citizens are making up a continuously smaller share of foreign workers. Their numbers continue to rise, however, just not to the same extent as the numbers of EU/EEA citizens. Thus, in 2013 they made up 49% of the foreign workforce compared to 70% in 2004; their numbers rose from 251,800 to 271,900 over that time span.

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

The composition of foreign labour by nationality is changing. The most pronounced development of the past few years is the rising share of EU citizens in the foreign workforce. In the wake of EU enlargement in 2004 it rose to almost 35% and after EU enlargement of 2007 to almost 39%. In 2008, the share of EU-27 citizens in the foreign work force exceeded the share of workers from the region of pre-war Yugoslavia for the first time (38%). This shift marks a historic transition, especially in light of the fact that citizens from (former) Yugoslavia accounted for more than three quarters of foreign labour in Austria in 1970 and amounted to almost half of foreign workers up until 2002. Most of the foreign workers from the new EU MS are citizens from the Czech Republic, Slovakia, Poland and Hungary, i.e., nationalities that made up a sizable proportion of the foreign workforce in Austria even before EU-enlargement. (Figure 42)

Figure 42: Composition of foreign labour by region/country of origin: 1995-2013



Source: BALLweb. Federation of Austrian Social Security Institutions.

The data indicate that the absolute number of workers from EU 27 countries follows a clear and steep rising trend (+134,000, +89% between 2007 to 2013). While the absolute number of workers from the region of pre-war Yugoslavia remains rather stable between 2007 and 2013, the proportion of migrant workers from this region is on a clear decline. The same holds for Turkey, apart from cyclical fluctuations. Thus, the proportion of EU citizens working in Austria can be expected to continue to rise at the detriment of the source regions of the former foreign workers.

Accordingly, the share of EU 15 citizens has been rising from 7.1 percent of the foreign workforce in 1995 to 21 percent in 2013. The major influx is from Germany - Germans account for 76% of all EU 15 citizens in the Austrian workforce. But increasingly also Italians, French, Dutch, and British citizens take up work in Austria.

In contrast, the share of persons from the region of pre-war Yugoslavia has been declining from 49 percent in 1995 to 28.2 percent 2013. Within that group, the share of persons from Croatia is rather small (3.3 percent of all foreign workers in 2013). 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 2013, they accounted for 6.5 percent of all foreign workers. The Slovenes, now a new EU-MS, account for 2.3 percent of all foreign workers. About half of all workers from pre-war Yugoslavia continue to have the "old" Yugoslavian citizenship or declare themselves as Yugoslavs. This indicates that they are immigrants who have been in Austria for a long time. They accounted for 17% of all foreign workers in 2013 (a subgroup of the 28.2% that include all the immigrants from the region of pre-war Yugoslavia).

The share of Turks in foreign employment has declined between 1989 and 1997 from 23.4 percent to 17.7 percent. In 1998 their numbers increased again more than proportionately to a share of 18.2 percent of all foreign workers – basically as a result of the implementation of the association agreement of Turkey with the EU (article 4c/2 AuslBG). According to the integration of the association agreement into the Austrian Foreign Worker Law, access to the labour market has to be granted (either a work permit or any other type of work entitlement) upon request by 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 10 percent in 2013; this is their lowest share in foreign employment since the late 1970s. This is the result of various factors, one being a reduction in net-inflows in the wake of return migration to Turkey (since 2012, however, inflows start to gain momentum again and outflows slow down), another of continued naturalisations. (Biffel 2012)

Table 26: Foreign workers by nationality 1971-2013¹

Annual average

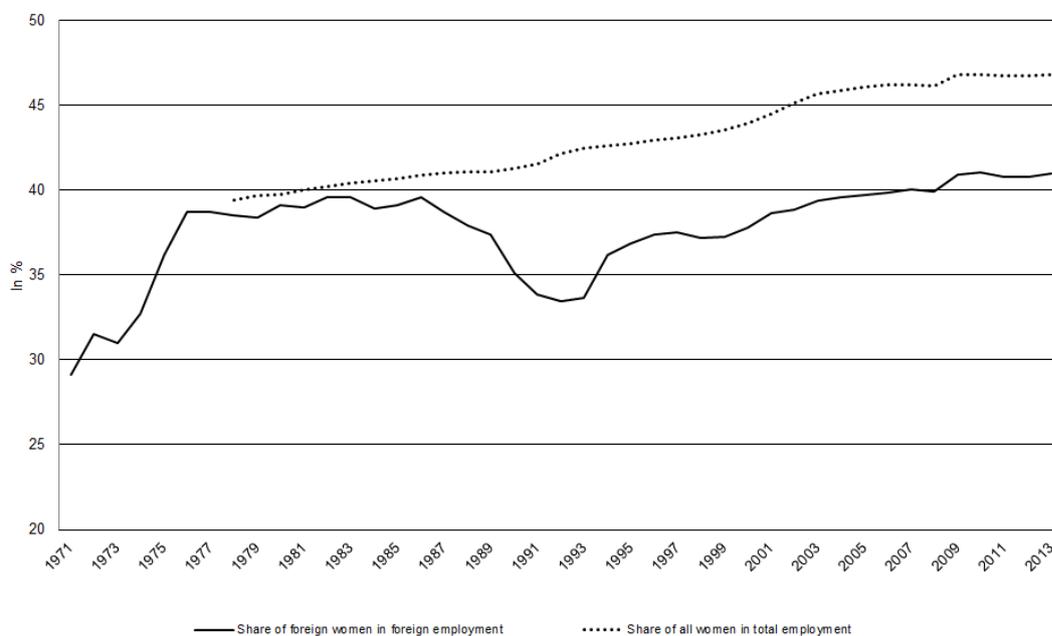
	Foreign workers	EU-15	of which: Germany	EFTA	EU-10	EU-2	Yugoslavia (1)	Yugoslavia (2)	Croatia	Bosnia	Turkey	Others
	Total											
In percent												
1971	150.200	.	3.0	.			76.0		.	.	13.1	7.0
1972	187.100	.	2.8	.			77.7		.	.	11.4	7.2
1973	226.800	.	2.5	.			78.5		.	.	11.8	6.4
1974	222.300	.	2.6	.			76.2		.	.	13.5	7.0
1975	191.000	.	3.1	.			73.9		.	.	14.1	8.0
1976	171.700	.	6.2	.			70.2		.	.	14.3	8.3
1977	188.900	.	6.3	.			69.7		.	.	14.3	8.7
1978	176.700	.	6.6	.			68.5		.	.	14.8	8.9
1979	170.600	.	6.8	.			67.2		.	.	15.6	9.2
1980	174.700	.	6.9	.			65.9		.	.	16.2	9.8
1981	171.800	.	7.1	.			64.5		.	.	16.9	10.3
1982	156.000	.	7.6	.			62.0		.	.	18.3	10.6
1983	145.300	.	7.8	.			61.4		.	.	19.0	10.5
1984	138.700	.	8.0	.			59.9		.	.	20.0	10.7
1985	140.200	.	8.0	.			58.5		.	.	20.8	11.4
1986	146.000	.	7.8	.			57.3		.	.	21.4	12.1
1987	147.400	.	7.8	.			56.0		.	.	22.2	12.6
1988	150.900	.	7.9	.			55.1		.	.	22.7	14.3 2)
1989	167.400	.	7.4	.			54.3		.	.	23.4	14.9 2)
1990 ²⁾	217.600	.	6.0	.			50.8		.	.	23.2	20.0 2)
1991 ³⁾	266.500	7.2	5.1	0.7			48.5		.	.	21.6	22.0 2)
1992	273.900	6.9	5.0	0.7			48.8 4)		0.4	.	20.3	22.4
1993	277.500	6.9	5.0	0.7			45.6		2.3	1.2	19.6	22.1
1994 ⁴⁾	291.000	6.3	4.2	0.3			44.4		1.3	2.3	18.6	26.7
1995	300.300	7.1	4.5	0.1			43.1	49.2	1.6	3.6	18.2	25.5
1996	300.400	7.8	4.9	0.1			42.0	49.3	1.8	4.5	17.8	25.1
1997	298.800	8.3	5.2	0.1			41.3	49.3	1.9	5.0	17.7	24.6
1998	298.600	9.0	5.7	0.1			41.0	49.8	2.1	5.5	18.2	22.9
1999	306.400	9.7	6.1	0.1			40.1	49.8	2.3	6.0	18.2	22.3
2000	319.900	10.1	6.5	0.1			38.8	49.5	2.6	6.6	17.9	22.4
2001	329.300	10.8	7.1	0.1			37.3	49.1	3.0	7.3	17.3	22.7
2002	334.400	11.8	7.9	0.1			35.8	48.2	3.2	7.6	16.8	23.1
2003	350.400	12.4	9.0	0.1			33.4	46.0	3.2	7.6	15.9	25.7
2004	362.300	14.7	10.8	0.1	11.8	3.6	31.3	44.3	3.3	7.6	15.1	12.6
2005	374.200	16.6	12.6	0.1	12.3	3.6	29.1	42.8	3.4	7.6	14.3	13.1
2006	390.700	18.3	14.2	0.1	12.6	3.5	26.9	41.4	3.5	7.5	13.8	13.8
2007	412.578	19.6	15.5	0.1	13.2	3.7	24.8	39.9	3.3	7.1	13.4	14.8
2008	437.055	21.0	16.5	0.1	14.0	4.1	22.5	37.8	3.3	7.0	12.8	15.1
2009	431.552	21.9	17.2	0.1	14.7	4.3	21.0	36.6	3.5	7.4	12.2	14.9
2010	451.276	22.4	17.4	0.1	15.3	4.5	19.1	34.2	3.4	6.9	12.0	16.2
2011	488.934	22.1	17.4	0.1	18.1	4.8	17.1	33.4	3.3	6.6	11.5	16.5
2012	527.062	21.3	16.5	0.1	22.1	5.0	15.1	31.2	3.2	6.4	10.6	16.2
2013	556.752	21.0	15.9	0.1	24.5	5.2	17.0	28.2	3.3	6.5	10.0	12.4

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

Ever since 1993, the employment share of foreign women increased – a consequence of increasing family migration and women increasingly accessing the labour market. The share of women in foreign employment rose from 33.5 percent in 1992 to 41 percent in 2013. Over that time span the proportion of women in foreign employment remained clearly below the Austrian average (2013: 46.8 percent). (Figure 43)

The share of women in foreign employment differs greatly by country of origin. Women from the Federation of Yugoslavia have the highest share of foreign female employment, and continued to do so in 2013 (54 percent). Next in line are Croatians (43.7 percent) and Bosnians (42.1 percent). The lowest proportion of women in total employment is amongst Macedonians (31.5 percent) but rising, and Turks (33 percent) but declining.

Figure 43: Female employment share in total employment (salaried employment) 1971-2013



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

The lifting of labour market entry barriers to Turkish citizens as a result of the implementation of agreements of the EU with Turkey in 1997 tended to raise the share of women in the employment of Turks in Austria from 24.8 percent in 1997 to 33 percent in 2012; the rise slowed down over time and declined in the most recent past, partly due to limited work opportunities in their major skill segments, partly due to marriage of Turkish men in Austria who look for wives in Turkey, who tend to stay at home. Women from other countries, largely 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 40 percent in 2013, after 29 percent in 2001. (Table 27)

The employment development followed a rising trend between 2010 and 2013, i.e. dependent employment (excluding conscripts and persons on maternity leave) rose between midyear 2010 and 2013 by 129,000 or 4% to 3,415,000 in June 2013. Over the same time span the employment of foreign workers increased more than proportionately, namely by 106,500 or 23% to 569,400 in June 2013. This means that more than 80% of the employment growth over the last three years accrued to foreign wage and salary earners. Thus, the share of foreign workers in total employment increased from 14.1% in June 2010 to 16.7% in June 2013.

In spite of the dynamic employment situation over the last 3 years, employment in **manufacturing industries** did not totally recover from the economic crisis of 2009; as a result, in June 2013, manufacturing employment was lower than in June 2008 (-22,800, -3.8%). The decline is, however, somewhat exaggerated, as manufacturing output increased beyond the output level of 2008, which was not entirely the result of productivity increases but rather of an increasing implementation of leasing workers rather than regular workers in manufacturing. The employment increase shows up in "Other Business Services", where employment levels in June 2013 surpassed the level of 2008 by 3.7% or 6,600. Foreign workers were more than proportionately affected by employment declines in the crisis, partly as a result of their skill composition, which tends to be concentrated at the lower end of the skill segment. In the economic upswing they were, however, also on average more than proportionately profiting. As a result the share of foreign workers in manufacturing industries declined from 2008 to 2009, rose to the level of 2008 in the following year and increased to 15.3% in 2013.

The construction sector exhibited a similar cyclical employment pattern as manufacturing. The decline was, however not as pronounced such that, by the end of June 2013, the number of wage and salary earners surpassed the values of 2008 by 2,100 or 0.8%. The share of foreign workers is higher than in manufacturing with 24.1% in June 2013 and the employment decline in the crisis year of 2009 affected migrants proportionately, keeping their employment share constant between 2008 and 2009. From 2010 to 2013 it was above all foreign workers who took up jobs in construction such that their employment levels in June 2013 clearly surpassed those of 2008 (+11,100 or 21%).

The services sector does not exhibit the pronounced cyclical fluctuations of manufacturing and construction. This is because many services are part of public infrastructure, in particular education, health and public administration. Accordingly, in June 2013, total employment in the services sector (excluding self-employed) exceeded the Level of June 2008 by 116,000 or 4%. Between 2010 and 2013 alone employment in the services sector increased by 103,000 or 4.3%. The share of the services sector in total dependent employment rose from 71.7% in June 2008 to 73.1% in June 2013. The share of foreign workers in the services sector is lower than in construction but even somewhat higher than in manufacturing industries with 16% in June 2013. In certain services industries the proportion of foreign workers is amongst the highest of

any industry. Tourism industries take the lead with a share of 42% foreign workers, followed by other business services (35.2%), in particular cleaning, and domestic services (36.8%). The lowest share of foreign workers has public administration with 3.7%, the highest share of any industry have agriculture and forestry with 55.7% in June 2013. (Table 28)

Table 28: Employment of wage and salary earners by industry
By end of June

Industries(ÖNACE 2008)	Total				Change versus a year ago 2012/13		Foreign workers				Change versus a year ago 2012/13		Foreigners in % of total 2013
	June 2010	June 2011	June 2012	June 2013	Numbers	In %	June 2010	June 2011	June 2012	June 2013	Numbers	In %	
A Agriculture and Forestry	24.512	26.441	25.318	26.284	-1.123	-4,2	12.783	14.159	13.664	14.635	971	10,8	55,7
B Mining, stones and minerals	6.120	6.012	5.916	5.904	-96	-1,6	523	502	530	532	2	-4,0	9,0
C Production of Commodities	561.525	571.697	582.678	582.270	10.981	1,9	75.350	80.534	85.147	88.824	3.677	6,9	15,3
D Energy Supply	26.611	25.214	26.861	26.895	1.647	6,5	612	633	731	831	100	3,4	3,1
E Watersupply and environmental clean up	14.069	14.486	14.508	14.887	22	0,2	1.783	1.961	2.151	2.353	202	10,0	15,8
F Construction	257.151	259.596	261.903	262.896	2.307	0,9	52.847	56.673	60.407	63.380	2.973	7,2	24,1
G Trade, repairworks	503.661	515.479	522.473	525.421	6.994	1,4	62.171	68.054	73.073	78.355	5.282	9,5	14,9
H Transport and Storage	182.982	182.187	182.052	181.223	-135	-0,1	26.726	28.551	30.428	32.008	1.580	6,8	17,7
I Tourism	187.096	193.406	200.635	203.034	7.229	3,7	65.508	71.880	79.684	85.239	5.555	9,7	42,0
J Information and Communication	70.303	73.512	78.110	80.018	4.598	6,3	6.295	7.035	7.847	8.787	940	11,8	11,0
K Financial Services, Insurance	118.228	117.059	117.774	117.374	715	0,6	6.343	6.757	7.568	8.135	567	6,5	6,9
L Real estate and housing	39.661	39.819	40.009	42.110	190	0,5	7.227	7.211	7.441	7.829	388	-0,2	18,6
M Services of Professionals	143.337	153.031	153.303	157.118	272	0,2	16.634	18.657	20.112	21.963	1.851	12,2	14,0
N Other business services	175.648	189.258	187.338	187.641	-1.920	-1,0	53.014	60.436	63.792	66.059	2.267	14,0	35,2
O Public administration, social security	529.000	530.501	544.129	544.054	13.628	2,6	17.455	18.189	19.527	20.392	865	4,2	3,7
P Education and research	90.928	92.520	95.065	96.346	2.545	2,8	13.529	14.662	15.819	16.741	922	8,4	17,4
Q Health-, veterinary and social services	228.648	233.328	227.390	233.495	-5.938	-2,5	24.961	26.505	28.257	30.382	2.125	6,2	13,0
R Arts, entertainment and recreation	33.386	34.566	36.162	36.429	1.596	4,6	6.432	7.095	8.104	8.339	235	10,3	22,9
S Other Services	85.966	87.728	86.039	87.858	-1.689	-1,9	10.506	11.488	11.627	12.897	1.270	9,3	14,7
T Private Households	3.188	3.235	2.992	3.106	-243	-7,5	916	1.029	1.050	1.144	94	12,3	36,8
U Exterritorial organisations	647	661	641	666	-20	-3,0	242	253	251	275	24	4,5	41,3
Unknown	2.462	1.573					1.094	361	401	302	-99	-24,7	
Sum of all industries	3.285.129	3.351.309	3.391.296	3.415.029	66.180	2,0	462.951	502.625	537.611	569.402	39.674	8,6	16,7
Maternity leave, conscripts,	101.937	100.077	97.979	93.893	-3.671	-3,6							
Sum	3.387.066	3.451.386	3.489.275	3.508.922	64.320	1,9	14,1	15,0	15,9	16,7			

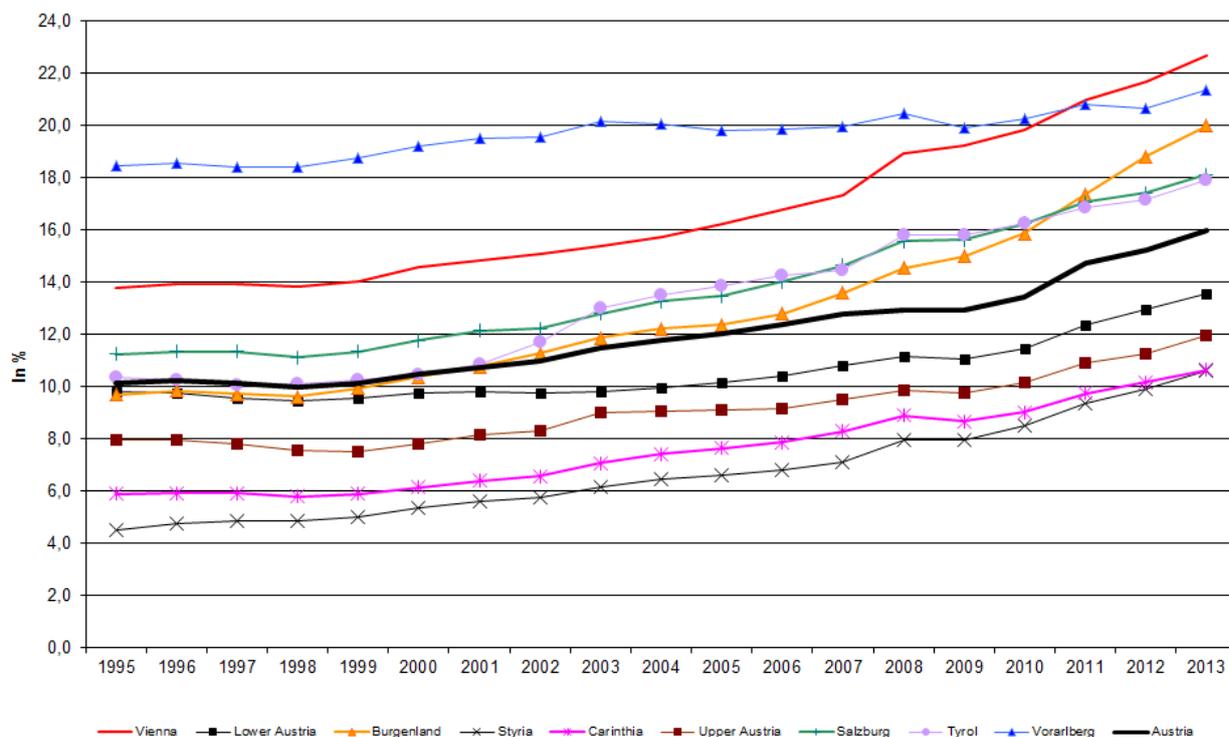
Source: Federation of Austrian Social Security Institutions (HSV).

C) Regional distribution of foreign employment

The regional distribution of foreigners in terms of the proportion of foreign workers in total employment has remained very stable in the second half of the 1990s but is changing slowly since 2000. Every federal state started to increase the share of foreign workers in total employment from 1999 onwards and the rank order changed little, except that Vorarlberg, the westernmost province, has seen a stagnation in the share of foreign workers, which meant that it lost the first rank in terms of dependence of foreign workers to Vienna. The region with the highest share of foreign workers is therefore Vienna since 2011. In 2013, the

proportion of foreign workers in total employment in Vienna rose to 22.7%, while Vorarlberg fell behind with 21.4%.

Figure 44: Foreign worker share by region/Bundesland in Austria (foreigners in percent of total dependent employment): 1995-2013



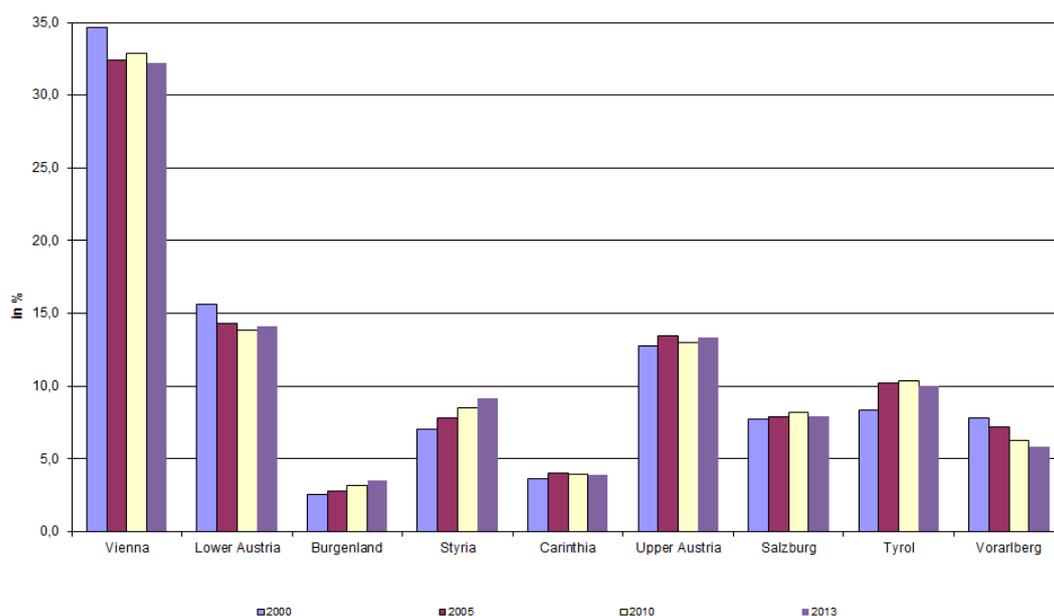
Source: Federation of Austrian Social Security Institutions.

Until 2003, Salzburg was number three in terms of foreign worker shares in the employment. This changed in 2004, when Tyrol, a region with an important tourism sector, moved up one rank, as seasonal workers are increasingly coming from abroad. Since then, the situation of Salzburg and Tyrol converged with a foreign worker share of 17.1% respectively 18.1% in 2013. In 2004, particularly Germans started to move in, taking advantage of free mobility of labour within the EU in view of the depressed labour market at home, particularly in the former East German regions. But also Burgenland is quickly joining the upper ranks of foreign employment as citizens of neighbouring Hungary and Slovakia are increasingly working in this easternmost province. In 2013 the share of foreign workers in Burgenland had reached 20%, which is the third highest share of any province (Bundesland). At the bottom end of foreign worker intake are Styria and Carinthia with 10.6% each in the South of Austria. (Figure 44)

Thus, the rank order was affected by a differing regional mix of temporary workers, cross-border workers, settlers, and a regionally differing propensity to take up citizenship.

The distribution of foreign workers across Austria is unequal. In Vienna alone we find 32% of all foreign employees, a further 14% are employed in Lower Austria and 13% in Upper Austria. 60% of all foreign workers in Austria were working in these 3 regions in 2013. (Figure 45 and Table 29)

Figure 45: Regional distribution of foreign labour in Austria (total foreign employment = 100): 2000-2013



Source: Federation of Austrian Social Security Institutions.

Table 29: Proportion of foreign workers in total employment in the provinces of Austria

	Foreigners						Foreigners in % of total employment					
	2000	2005	2010	2011	2012	2013	2000	2005	2010	2011	2012	2013
Vienna	110.117	118.629	148.243	159.516	170.388	19.420	14,6	16,2	19,8	20,9	21,7	20,0
Lower Austria	49.513	52.229	62.383	68.425	74.985	21.841	9,8	10,1	11,5	12,4	12,9	10,6
Burgenland	8.074	10.194	14.153	15.841	18.130	78.435	10,3	12,4	15,9	17,4	18,8	13,5
Styria	22.245	28.506	38.361	43.251	47.677	74.090	5,3	6,6	8,5	9,4	9,9	12,0
Carinthia	11.464	14.568	17.719	19.411	21.044	44.190	6,1	7,6	9,0	9,7	10,2	18,1
Upper Austria	40.427	49.325	58.535	64.103	69.227	51.130	7,8	9,1	10,2	10,9	11,2	10,6
Salzburg	24.483	28.823	36.956	39.484	42.293	55.810	11,8	13,5	16,2	17,1	17,4	17,9
Tyrol	26.526	37.357	46.663	49.141	52.395	32.387	10,5	13,9	16,2	16,8	17,1	21,4
Vorarlberg	24.710	26.337	28.264	29.760	30.923	179.451	19,2	19,8	20,2	20,8	20,7	22,7
Austria	317.559	365.968	451.277	488.932	527.062	556.754	10,4	11,8	13,8	14,7	15,2	16,0

Source: Federation of Austrian Social Security Institutions.

The regional concentration of foreign workers differs somewhat by the nationality of foreigners. While Yugoslavs, Turks and the multicultural conglomerate of 'Others' tend to be to

a larger extent than the average foreign worker in Vienna, Germans tend to be concentrated upon the western regions, Tyrol, Vorarlberg, Upper Austria and Salzburg. Yugoslavs tend to concentrate, apart from Vienna, in Lower and Upper Austria. Turks, given their occupational specialisation in textiles, clothing and leather, are, apart from Vienna, more than proportionally represented in Vorarlberg, Lower Austria and Tyrol.

D) *Employment of migrants by major occupational groups*³⁶

A break-down of the employment stocks by occupational groups shows that 39% of total employment in 2009 accrued to the **highly skilled occupations**, i.e. ISCO-88 classes of 1, 2 and 3, 51.8% to the **skilled group** of ISCO-88 groups 4-8 and 9.2% to the **low skilled group** of elementary occupations. The overall skills composition so defined did not change much between 2004 and 2009. Table 30 shows that workers with EU-15 citizenship are on average the best skilled group, 59.2% belonging to the highly skilled and only 3.9% to the low skilled. In contrast, citizens of EU-10 countries are less skilled than the Austrians, 30.9% belonging to the high skilled group and 17.7% to the low skilled one. A striking feature of this group of workers is that they have about the same proportion of persons with medium skills as Austrians (51.5%). Citizens of EU-2 countries have a somewhat smaller proportion of workers with medium skills (49.8%) but a significantly higher proportion of persons with low skills (35.8%). This share is only slightly below the share of low skilled workers of third country origin (36.5%). In contrast, the share of highly skilled workers is higher among third country citizens than among EU-2 workers (17.1%).

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

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

Source: Labour Force Survey 2009.

³⁶ Highly skilled comprise ILO ISCO-88 Classes 1, 2 and 3 (managers, executives, professionals, self-employed), skilled: major groups 4-8 (clerks, service workers, craft and related trade workers, machine operators...) and low skilled: major group 9 (elementary occupations).

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

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

Table 31: Workers by groups of citizenship and main category of employment, 2009

Nationality		A. Highly skilled	B. Skilled	C. Low skilled	Total
Nationals	abs.	1.393.539	1.849.662	327.833	3.571.034
	% of Total	91,9%	90,7%	75,0%	89,0%
Foreign Nationals	abs.	123.525	189.921	109.464	422.910
	% of Total	8,1%	9,3%	25,0%	10,6%
EU 15	abs.	62.282	38.848	4.115	105.245
	% of Total	4,1%	1,9%	0,9%	2,6%
EU 10	abs.	16.973	28.312	9.723	55.008
	% of Total	1,1%	1,4%	2,2%	1,4%
EU 2	abs.	2.936	10.176	7.316	20428
	% of Total	0,2%	0,5%	1,7%	0,5%
TCNs	abs.	41.334	112.585	88.310	242229
	% of Total	2,7%	5,5%	20,2%	6,1%
Total	Total	1.517.064	2.039.583	437.297	3.993.944

Source: Labour Force Survey 2009.

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

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

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

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

Researchers³⁷ are to a significant extent migrants. In 2009, 11.1% of a total of 431,400 researchers were migrants, the majority from another EU-15 country (7.1% of all researchers). But also persons from EU-10, EU-2 and third countries are increasingly satisfying the demand for researchers. In 2009, 2.7% of all researchers were from third countries, 1.1% from EU-10 and 0.2% from EU-2 countries.

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

³⁷ Means a (third-country national) holding an appropriate higher education qualification, which gives access to doctoral programmes, who is selected by a research organisation for carrying out a research project for which the above qualification is normally required.

Seasonal foreign workers make up a fairly high proportion of foreign wage and salary earners in agriculture and forestry, namely some 80% to 90%. In contrast, only some 8% of all foreign workers in tourism are working on the basis of a seasonal work permit. The seasonal worker regulation is an important means to reduce clandestine work of third country migrants³⁸. (Biffi et al. 2009)

Skills composition by sex

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

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

Table 32: Workers by groups of citizenship and main category of employment by sex, 2009

	1. Nationals			2. (Other) EU-15 Nationals in Group ⁴			3. EU-10 Nationals in Group ⁴			4. EU-2 Nationals in Group ⁴			5. Third Country Nationals in Group			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
A. Highly skilled	40,7	37,1	39,0	64,2	53,3	59,2	24,0	35,9	30,9	19,8	10,6	14,4	18,2	15,5	17,1	39,6	36,1	38,0
B. Skilled	51,5	52,2	51,8	33,1	41,4	36,9	62,6	43,2	51,5	54,8	46,3	49,8	53,3	36,9	46,5	51,2	50,9	51,1
C. Low skilled	7,8	10,7	9,2	2,7	5,4	3,9	13,4	20,9	17,7	25,4	43,0	35,8	28,5	47,7	36,5	9,2	13,0	10,9

Source: Labour Force Survey 2009.

³⁸ The contingent as well as the number of seasonal permits is larger than the number of employed persons averaged over a year. In seasonal peak times the actual number of seasonal workers is quite high, however, e.g. in June 2009 some 12,000 harvesters and seasonal workers in agriculture and forestry were employed in addition to 3,600 seasonal workers in tourism.

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

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

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

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

Table 33: The top 4 migrant worker groups by skill level, 2009

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

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

Some major occupations of economic migrants:

Migrants make up 21% of all employees in housekeeping and restaurant services. The major group are third country nationals (12% of all workers), followed by other EU-15 nationals (5% of all workers in 2009, largely from Germany), by citizens of EU-10 countries (3%) and EU-2 countries (1%).

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

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

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

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

E) Migrants by educational attainment level

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

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

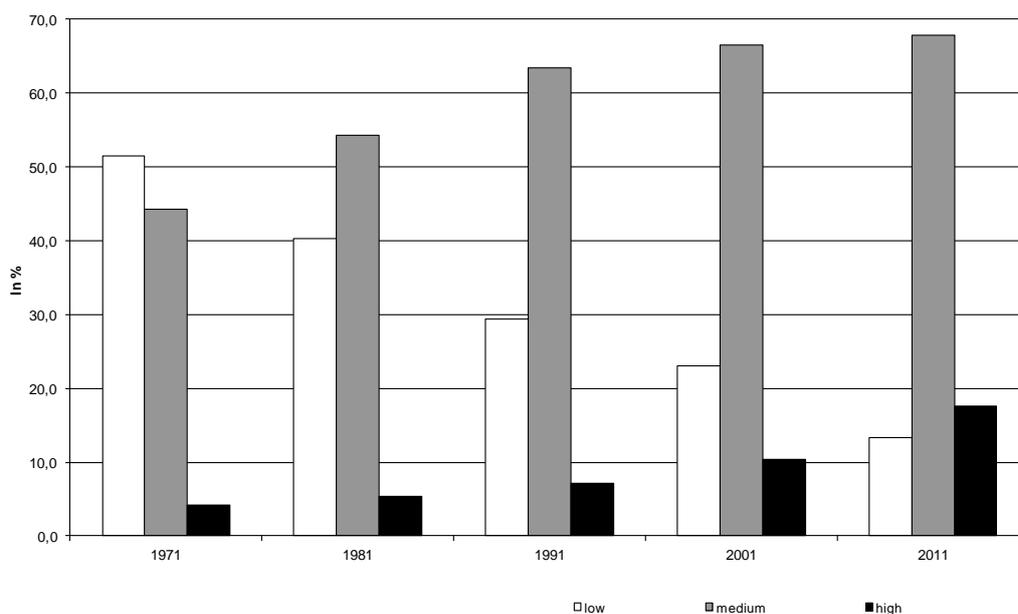
In international comparison, Austria has a pronounced gender gap of the educational attainment level. While the gender gap in the low skill segment amounts to less than one percentage point in the EU 15/27 it amounts to 8.4 percentage points in Austria. Consequently, more men than women are university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

Another distinctive feature of the Austrian labour market is the gap in the labour force participation rate by educational attainment level, particularly in the case of women.

Accordingly, the proportion of the unskilled amongst workers (ISCED 0-2) is significantly lower than in the population aged 15-64, above all in the case of women, while the share of university graduates is higher. This pattern is somehow linked to the limited outsourcing of household production to the labour market, indicating that the balance between work and family life is not easy to obtain in Austria. This situation results in a marked difference in fertility by educational attainment level on the one hand and a high poverty risk of single earner families with (many) children, many of them migrants, on the other. (Biffi 2008, Neyer 2008)

As Figure 46 indicates, the long-term improvement of the skill composition of the labour force features above all in a rapidly declining trend of unskilled labourers (ISCED 0-2), a slow rise in the share of university graduates (ISCED 5-6) and a massive rise in the medium to upper medium skill bracket (ISCED 3-4) between 1971 and 2001. Ever since then the proportion of workers with medium skills more or less stagnates while the diverging trends at the upper and lower end of the skills' spectrum continue well into 2011. However, a slowdown in the decline of the share of unskilled workers can be discerned since the 1990s, and an acceleration in the rising trend of workers with university education.

Figure 46: Skill composition of employment over time: Austria 1971 -2011



S: Statistics Austria, Census 1971-2001, 2011 LFS.

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

In 2011³⁹, of the 3.5 million employees (15-64 year olds) 430.100 or 12% were foreign citizens. Of this number 160.000 or 37% were EU-27 citizens and 63% of third countries. Between 2004 and 2011 the number of employees increased by 9% (+313.200); the bulk of the employment increase accrued to Austrian citizens, followed by EU citizens, while the number of third country citizens rose fairly little. This development is largely due to a significant increase in the number of 'new' Austrians, i.e. third country citizens who acquired Austrian citizenship⁴⁰. Citizens of another EU-MS see little reason for acquiring the Austrian citizenship.

The skill composition of migrants and Austrians differs, indicating a certain extent of complementarity in employment. Migrants tend to satisfy labour demand at the low and high end of the skill spectrum. While their share in total employment (15-64 year olds) amounted to 12% on average in 2011, it reaches 20% among unskilled labourers (ISCED 0-2) and 13% among university graduates (ISCED 5-6). The polarisation of skills of migrants relative to Austrians holds for both men and women. On average 12.7% of male employees are foreigners (11.5% of female employment), but 13.2% of all male university graduates are foreigners (12% of all female graduates) and 23.8% of all unskilled men (18% of unskilled women). EU27 citizens tend to satisfy labour demand of university graduates while citizens of third countries tend to cluster at the lower end of the skills' spectrum.

Citizens from another EU country represented 4.5% of all employees in 2011. They constituted, however, 8.1% of all employed university graduates (men: 7.9%, women: 8.4%) and only 2.3% of all unskilled labourers. In contrast, citizens from a third country represented 7.7% of all employees but 18.5% of all unskilled labourers (men 21%, women 15.9%).

It can be taken from Table 34 that the skill composition of third country migrants has been improving since 2004. Then the share of unskilled labourers amongst all third country citizens amounted to 42% compared to 35.9% in 2011, while the share of university graduates rose from 10.7% to 11%. This is in contrast to the development of the skill structure of EU citizens, which is quite volatile. Their share of the highly skilled is over the whole period slightly increasing (from 31.7% in 2004 to 33.7% in 2011) and the share of unskilled is slightly declining (from 9.6% in 2004 to 7.5% in 2011).

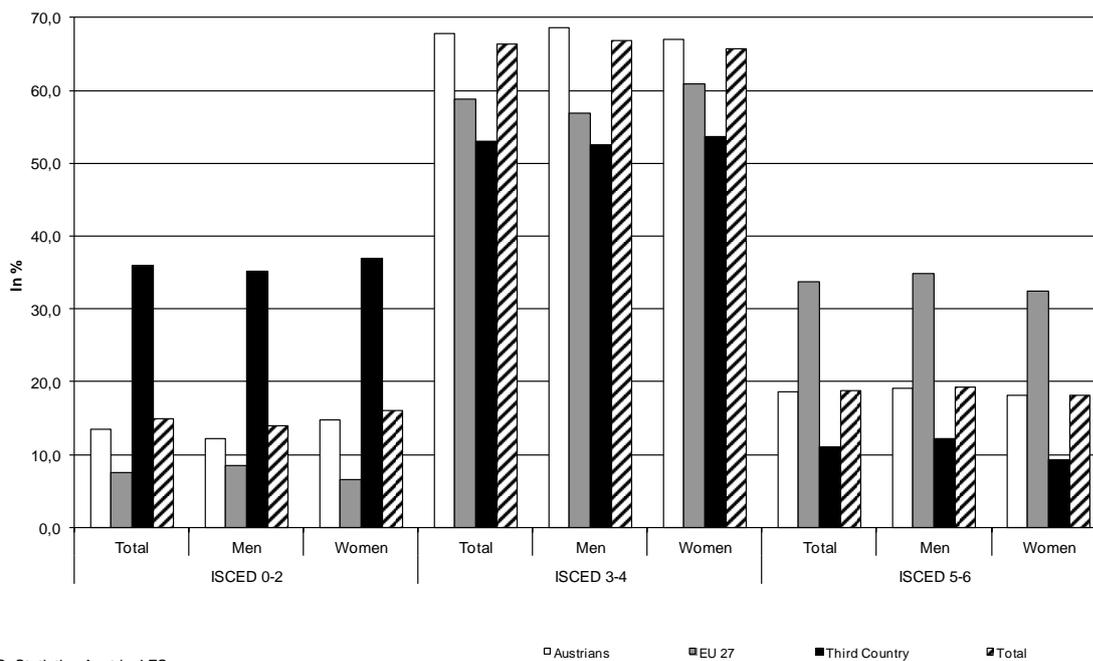
Research into overqualification (Biffl et al 2008, Bock-Schappelwein et al 2009) indicates that education and training obtained in Austria is key to employment which is commensurate with the educational attainment level acquired. The duration of stay and employment is another important factor ensuring adequate employment. In the medium skill segment overqualification is fairly rare, particularly in the case of apprenticeship education. Only some

³⁹ The data base is the Labour Force Survey (fourth quarter) from 2004-2010, employed persons 15-64 years of age; Data are taken from the LFS from 2004 onwards, as a statistical break does not allow comparisons with earlier periods.

⁴⁰ Between 2004 and 2010 142,300 foreigners acquired the Austrian citizenship, 92% of them were of third country origin.

9% of Austrian employees with apprenticeship education are overqualified for their job. In the case of foreigners who have not received their training in Austria the share of overqualification is higher, amounting to some 21%; persons from Romania and former Yugoslavia are more often than others overqualified for their jobs (some 28%).

Figure 47: Composition of employment by educational attainment level and citizenship: 2011



University graduates are more prone to work below their skill levels, in the main if they have not graduated from an Austrian university. This is above all the case for persons who migrate to Austria at a mature age (over 40). It appears to be particularly difficult for university graduates from Asia, Turkey and former Yugoslavia to transfer their knowledge and skills to the Austrian labour market. In these cases about two thirds tend to be overqualified for their jobs. The introduction of coordinated action by the various institutions involved in accrediting and validating skills and competencies acquired abroad in spring 2012 should contribute to a reduction in the mismatch of skills and jobs amongst migrants. Research by Biffl – Pfeiffer – Skrivanek (2012) provided the basis for a road-map towards accreditation of formal education acquired abroad. Further steps are taken towards validating competencies which have been acquired informally through concerted action based on a LifeLongLearning-Strategy of the government.

Table 34: Development of the composition of employment by educational attainment level in % (15-64 years old)

Nationality	Educational attainment level	2004	2005	2006	2007	2008	2009	2010	2011
		Nationals							
	ISCED 0-2	15,5	14,9	15,5	15,2	14,3	13,5	13,8	13,4
	ISCED 3-4	67,7	67,8	68,6	68,7	69,2	68,8	68,8	67,9
	ISCED 5-6	16,9	17,2	15,9	16,1	16,5	17,6	17,4	18,6
	Total in %	89,5	89,9	89,6	89,1	89,3	89,5	88,5	87,8
	Total Persons	2.876.648	2.932.825	2.999.709	3.010.876	3.089.915	3.089.372	3.070.735	3.098.292
EU									
	ISCED 0-2	9,6	7,9	8,5	9,4	8,1	9,2	9,8	7,5
	ISCED 3-4	58,8	56,4	59,7	58,4	62,2	58,0	58,9	58,8
	ISCED 5-6	31,7	35,7	31,8	32,2	29,7	32,7	31,3	33,7
	Total in %	3,4	3,1	3,5	3,9	4,3	4,2	4,7	4,5
	Total Persons	108.326	99.790	116.419	132.364	147.242	145.137	162.711	158.604
Third Country									
	ISCED 0-2	42,0	41,7	41,3	41,0	37,5	37,6	39,6	35,9
	ISCED 3-4	47,3	49,2	47,2	48,0	54,9	50,7	48,6	53,1
	ISCED 5-6	10,7	9,1	11,5	11,0	7,6	11,7	11,9	11,0
	Total in %	7,2	7,0	7,0	7,0	6,4	6,3	6,8	7,7
	Total Persons	230.245	229.964	233.336	236.945	221.964	216.111	234.894	271.541
Total									
	ISCED 0-2	17,2	16,6	17,0	16,7	15,5	14,8	15,4	14,9
	ISCED 3-4	65,9	66,2	66,8	66,9	68,0	67,2	67,0	66,4
	ISCED 5-6	16,9	17,2	16,2	16,4	16,5	17,9	17,6	18,7
	Total in %	100,0							
	Total Persons	3.215.219	3.262.579	3.349.464	3.380.185	3.459.121	3.450.620	3.468.340	3.528.437

S: Statistics Austria. LFS. Own calculations.

F Employees in non-standard employment

In 2011, in the EU27 18.8% of all employees were working part-time, 8.1% of all men and 31.6% of all women. In Austria part-time work is very frequent in the case of women and a rare event in the case of men. In 2011, 24.3% of all employees were working on a part-time basis, 43.4% of all women and 7.8% of all men. Normal working hours for female part-timers tended to be 27 hours a week, while men tended to reduce their normal working hours to a lesser extent, namely to 35 hours per week. In certain industries, e.g. retail trade, part-time work is the norm for female workers rather than being non-standard employment.

Migrants from another EU27 country (foreign born) have an even higher share of part-time work in Austria, namely 25.9% in 2011, while third country citizens are as often part-timers as Austrian citizens.

In contrast to part-time work, fixed term employment is comparatively rare in Austria, affecting only 11.4% of all employees in 2011, compared to 18% in the EU27 on average.

It may not come as a surprise, given the high proportion of female part-time work and the higher share of women in fixed term employment that the gender gap in the annual net wage and salary income is fairly high, women earning on average only 66% of men in 2010. On a household income basis, however, Austria has one of the most equal income distributions in the EU, as women, also highly skilled ones with good earning potential, tend to fill in household income rather than opting for their personal careers. (Biffl 2008)

2. Unemployment of foreign workers

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

The year 2000 marks the end of an economic boom which had entailed significant declines in unemployment. In the ensuing slowdown in economic growth, unemployment rose again to reach a peak in 2005. In 2006 unemployment declined again, for the first time in 5 years, and continued to do so until 2008 (212,300), when the economic crisis set in. In 2009, unemployment levels rose to unprecedented heights, reaching 260,300. In 2010 and 2011 unemployment declined again in the wake of economic recovery but did not return to pre-crisis levels. In 2013 unemployment increased again in the wake of the economic slowdown (+26,700, +10.2%) beyond the levels of the year 2008 (+75,000 or 35%). The unemployment situation of foreign workers was even less favourable. Their numbers of unemployed increased by 9,900 or 17% versus 2012, surpassing the 2008-level by 28,500 or 75%.

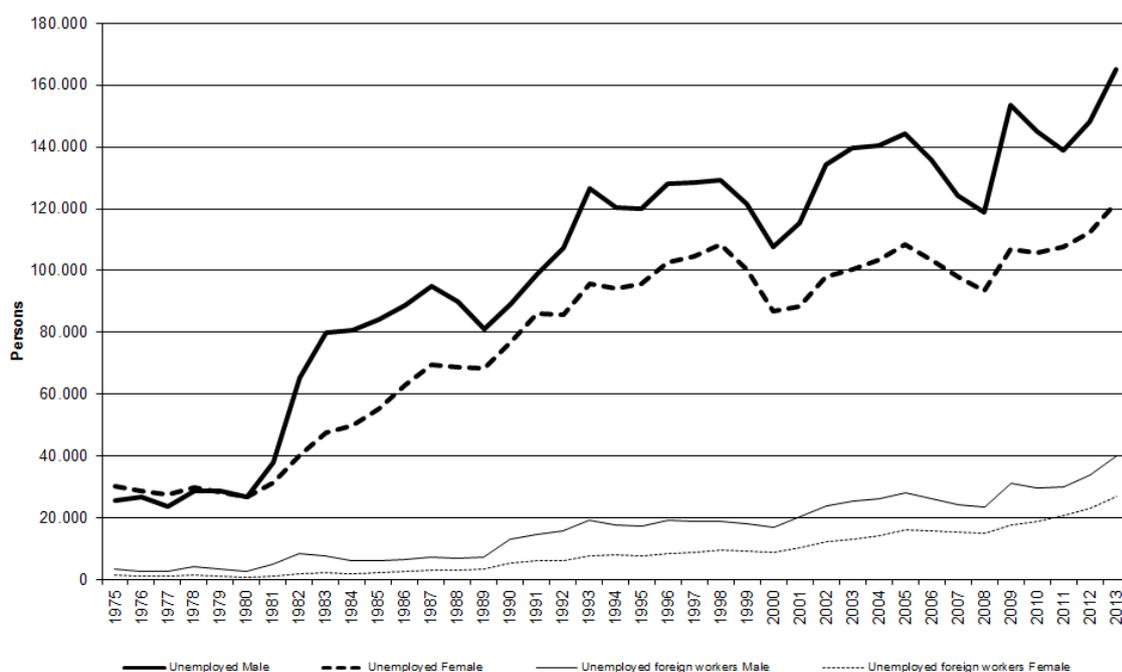
The rise in unemployment affected men more than women and migrants more than proportionately. (Figure 48) In 2013 the number of unemployed men surpassed the unemployment level of 2008 by 46,400 (39%), in the case of male foreign workers by 16,500 or 70%. The unemployment situation of women is on average more stable; the rise versus 2008 amounted to 28,600 (+31%); in the case of foreign women the situation was the worst, however, with a plus of 12,000 or 81% versus 2008.

The share of foreigners in total unemployment has continually increased over time, from 8 percent in the mid-1970s to 23 percent in 2013. Foreign men constitute a somewhat larger fraction of total male unemployment, namely 24 percent, compared to a share of foreign women in total female unemployment of 22 percent. While women made up 42.5 percent of all unemployed in 2013, the proportion of women in foreign unemployment is somewhat lower with 40 percent in 2013.

The total unemployment rate has been rising from 2000 till 2005 by 1.5 percentage points to 7.3 percent and declined until 2008 by 1.4 percentage points to 5.9 percent. In 2009, the unemployment rate rose at an unprecedented rate to 7.2% (1.3 percentage points versus 2008) and declined again in the wake of the economic upswing to 6.7% in 2011. With

weakening economic growth the unemployment rate increased again to 7.6%. The cyclical pattern for foreign workers follows the national pattern⁴¹.

Figure 48: Total unemployed and unemployed foreigners 1975-2013
Annual average



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

Due to the employment concentration of migrant workers upon unskilled labour in combination with cyclically sensitive industries, the rise of unemployment rates of foreign workers has been more pronounced, i.e., by 2.1 percentage points to 10.2 percent in 2009. In the economic upswing of 2010 and 2011 the decline in unemployment was somewhat more pronounced - with the exception of foreign women, where the unemployment rate continued to rise. In 2013 the unemployment rate of foreign workers increased by one percentage point, i.e. somewhat faster than for the national average of 0.6 percentage points.

The differential in unemployment rates between men and women has a strong cyclical component. In periods of dynamic economic growth, unemployment rates of men decline rapidly while they tend to be more stable for women. As a result, in the late 1990s, the

⁴¹ The unemployment rate is biased downwards due to double counting of women on maternity leave who have been working before the birth of their child(ren). As to the extent of underestimation of the unemployment rate see Table 1.

unemployment rate of women surpassed the rate of men. With the onset of the recession in 2001, the unemployment rate of men increased by that much that it exceeded the female rate. Ever since then the unemployment rate of men surpassed the rate of women, even though the gender gap in the unemployment rate declined to 0.2 percentage points in 2008. With the financial crisis in 2009 the gender gap in the unemployment rate increased again to 1.6 percentage points, declined in the economic upswing but remained at 1.2 percentage points in 2013.

In contrast, the unemployment rate of foreign men has always been higher than of foreign women – with the exception of one year (1987/88). The gender gap in unemployment of foreign workers was 1.3 percentage points in 2005, declined to 0.4 percentage points in 2008, rose again to 1.7 percentage points in 2009. In the wake of the economic upswing the unemployment rate of foreign men declined while it continued to rise for foreign women, partly as a result of the unprecedented rise in foreign female labour supply due to facilitation of labour market access for various migrant groups (no labour market testing). As a result the unemployment rates of foreign men and women converged to 9.4% in 2011. In 2013 the unemployment rate of foreign women rose a bit faster than for men such that a slight gender gap of 0.3 percentage points at the detriment of foreign women emerged.

Table 35: Total unemployment rates and unemployment rates of foreigners

	Unemployment rates			Unemployment rates of foreigners				
	Male	Female	Total	Male	Female	Total	Of which: Turks	ex- Yugoslavian
1998	6,9	7,5	7,2	9,1	8,0	8,7	10,8	8,4
1999	6,5	6,9	6,7	8,5	7,5	8,2	9,9	8,0
2000	5,8	5,9	5,8	7,8	6,9	7,5	9,0	7,4
2001	6,2	5,9	6,1	9,1	7,6	8,5	10,6	8,6
2002	7,2	6,4	6,9	10,5	8,5	9,8	12,1	10,4
2003	7,5	6,5	7,0	10,6	8,6	9,8	12,6	10,8
2004	7,5	6,6	7,1	10,6	9,1	10,0	13,2	11,0
2005	7,7	6,8	7,3	11,1	9,8	10,6	14,1	11,5
2006	7,1	6,4	6,8	10,1	9,2	9,7	12,8	10,6
2007	6,5	6,0	6,2	8,9	8,5	8,8	11,6	9,4
2008	6,1	5,6	5,9	8,2	7,9	8,0	10,9	8,9
2009	8,0	6,4	7,2	10,9	9,1	10,2	13,9	11,3
2010	7,5	6,3	6,9	10,0	9,2	9,6	13,0	10,7
2011	7,1	6,3	6,7	9,4	9,4	9,4	12,7	10,6
2012	7,4	6,5	7,0	9,8	9,7	9,7	13,8	12,7
2013	8,2	7	7,6	10,5	10,8	10,8	15,4	15,8

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

Turkish workers have traditionally had the highest unemployment rates of any foreign worker group. Their unemployment rates had risen between 2001 and 2005 to 14.1 percent, but declined thereafter and reached a low of 10.9 percent in 2008. In 2009, however, the unemployment rate of Turkish citizens increased again to an all-time high of 13.9%. The slight improvement of the situation in 2011 was short-lived, raising the unemployment rate of Turkish workers in 2013 to an all-time high of 15.4%. (Table 35)

The other traditional foreign worker group originates from former Yugoslavia. If we take the sum of citizens of these regions, excluding Slovenia, we can calculate an unemployment rate and compare the development over a longer time span. In 2001, their unemployment rate conformed to the average of all foreign workers (7.4%). In the ensuing economic decline their unemployment rate rose somewhat faster than the average of foreign workers, reaching a peak of 11.5% in 2005, 1 percentage point above the average of foreign workers. This gap could not be recovered in the ensuing cyclical fluctuations. In 2013 the unemployment rate of persons from former Yugoslavia, including citizens of Macedonia, Kosovo, Serbia/Montenegro, Croatia and Bosnia, rose even faster than for Turks, particularly for citizens from Serbia and Montenegro, reaching 15.8% and thus surpassing somewhat the rate for Turkish workers.

Unemployment by industry

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

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

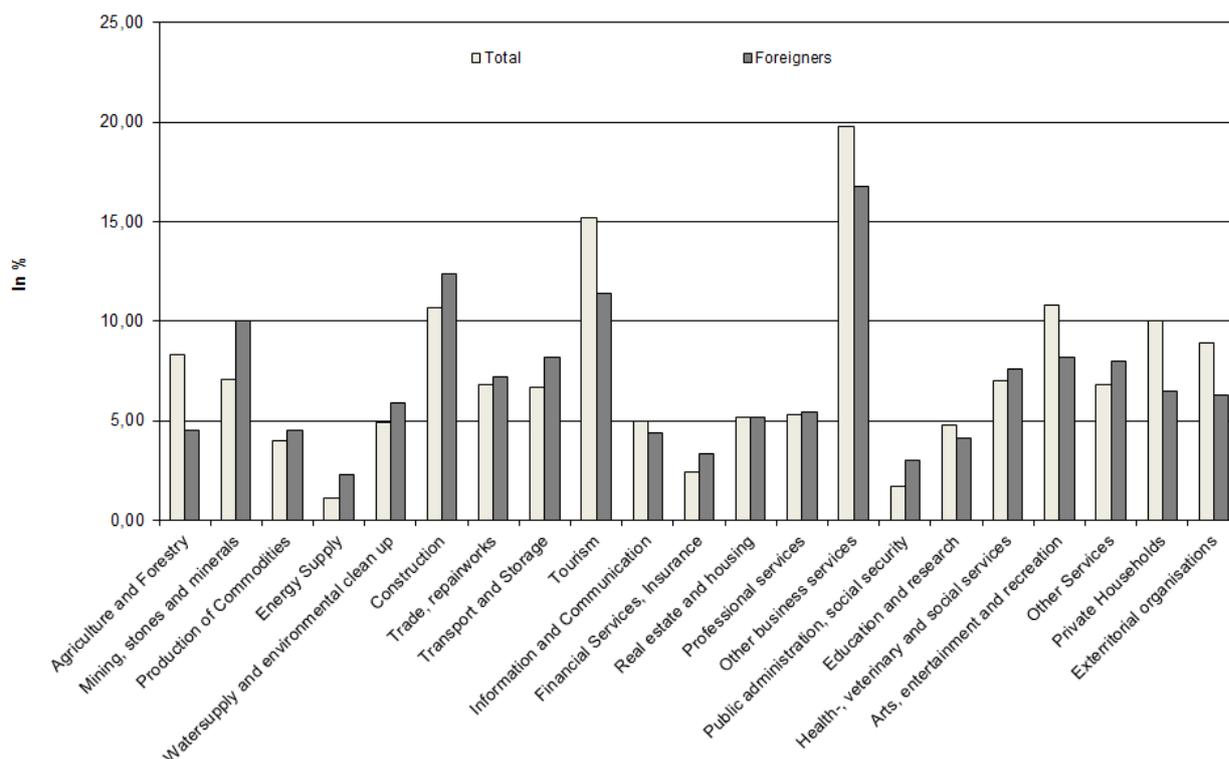
More recently the unemployment rate of foreign workers is falling behind the unemployment rate of nationals in other than seasonal occupations. This has to be seen in the context of an increasing tendency on the part of foreigners to take up Austrian citizenship. Since the migrants tend to remain in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

This picture emerges also if one calculates unemployment rates by industry. Industries which have a strong seasonal employment component tend to have some of the highest unemployment rates of Austrians and foreigners. 'Other' market oriented services, largely cleaning, take, however, the lead with 19.8% on average and 16.8% of foreign workers. Second in line is tourism with an unemployment rate of 15.2 percent on average and 11.4% of

foreigners in 2012. In contrast, in construction, the unemployment rate of foreigners is higher than the national average (12.4% vs. 10.7%).

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

Figure 49: Unemployment rates by industry of Austrians and foreigners 2012



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

3. Entrepreneurship

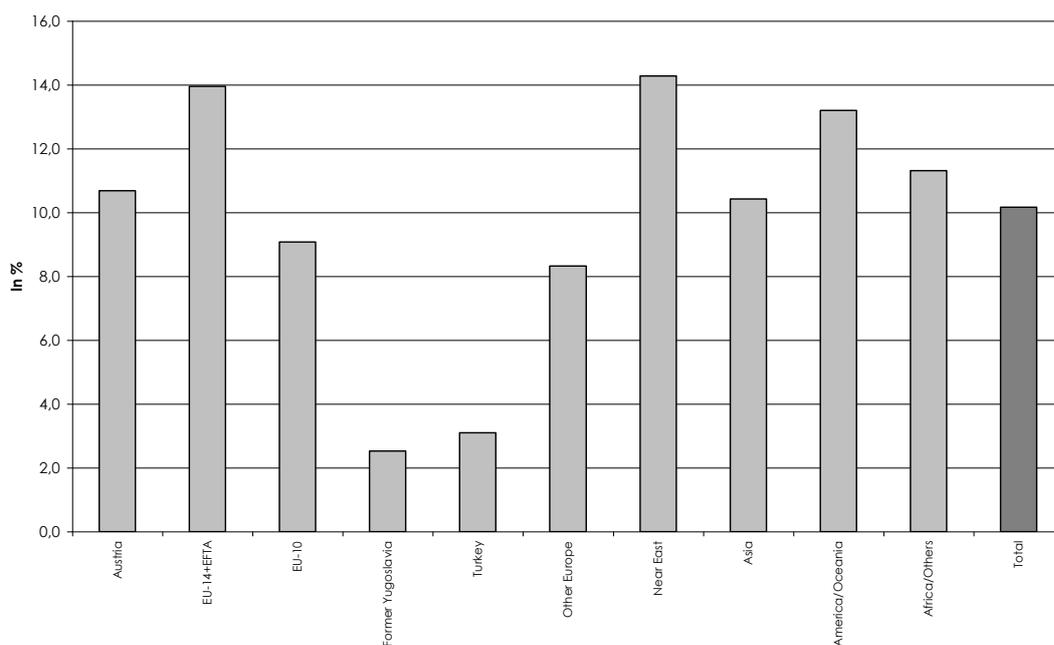
There is no comprehensive and regular statistical information on ethnic entrepreneurs in Austria and their role in the economy. As migrants are facing more and more difficulties to find employment, they increasingly turn to self-employment. This is a relatively new feature of migration in Austria. Until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

10 percent of naturalised first generation migrants were self-employed in the non-agricultural sector in 2001, compared to 8 percent of the natives, this was only the case for 5.4 percent of all foreigners.

Figure 50 indicates that there are significant differences in the propensity to become self-employed by country of birth. Migrants from the Near East, from other EU-MS, America and Africa are more often self-employed than native Austrians. Asians are about as often self-employed as native Austrians, while persons from the traditional migrant worker source countries, i.e., Turkey and former Yugoslavia, are relatively seldom self-employed.

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

Figure 50: Share of self-employed in total employment in percent by country of birth (2001)



Source: Statistics Austria (Census), own calculations.

V. Irregular migration

The discussion about irregular migrants cannot be disengaged from the wider theme of migration and access rights to the labour market. One has to focus on the lure of employment opportunities while at the same time acknowledging that Austria, as many other

EU-MS, is trying to control and regulate inflows. In the labour market context one has to take into consideration that formal and informal sector employment are interwoven just as regular and irregular migration. Accordingly, the numbers of irregular migrants are in a constant state of flux, depending on push factors emanating from where the migrants come from and pull factors flowing from labour demand in the formal and informal sectors of the economy and from legislative changes and regularisation programmes (Biffi 2012).

According to estimates by Kovacheva—Vogel (2009) the number of irregular migrants in Austria, i.e. of irregular residents, amounted to 18,000-54,000 in 2008. This means that 0.2% to 0.6% of total population were irregular migrants, and thus between 2.1 and 6.2% of all foreign citizens in Austria⁽⁴²⁾. The countries of origin of irregular migrants tend to be the same as those of regular migrants; they also tend to follow the same routes, using transnational community networks. In addition, geographic vicinity tends to favour cross-border movement of irregular migrants in response to economic opportunities. In Austria a large number of irregular workers come from accession countries. Their residence status has been regularized through the enlargement of the EU, but access to the formal labour market may still be inhibited by transition regulations. Citizens from the New EU-MS, mostly from Romania, tend to fill the ranks of irregular migrant workers in Austria.

Further, the changing origins of asylum seekers add to the pattern of irregular migrants. The latter may discontinue registering while remaining in the country as 'absconded asylum seekers', or they may stay on, in breach of the conditions of temporary humanitarian stay, following the rejection of their application for asylum. Consequently, the ethnic and cultural mix of irregular migrants tends to conform to that of the migrant population in Austria.

The majority of irregular migrants enters legally and subsequently moves into an irregular status by overstaying and ignoring conditions of work restrictions. The driving forces of irregular migration are the same as those for migration generally, namely to improve one's quality of life via decent jobs, adequate health provisions and education, in addition to the desire for family re-unification.

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 without proper papers, recorded by the Criminal Intelligence Services (Ministry of the Interior) or client data of NGOs and welfare institutions working in the field of migration and asylum (NCP 2005). These data can only serve as an indicator without, however, providing a clear picture of the actual numbers. Of the few estimates that exist, each refers to a particular group of migrants and status (irregular residence, irregular employment but regular residence, overstayers, change in purpose of entry, etc.) but does not encompass information on all aspects of this complex phenomenon. To give an example, *Biffi* (2002) estimates that among

⁴² Database on Irregular Migration, HWWI - Hamburg Institute of International Economics, <http://irregular-migration.net/>

6 to 15 year olds about 5,000 to 7,000 children and adolescents are residing in Austria without the adequate papers, by identifying differences in school enrolment data and the population register by citizenship. Other studies concentrate on the number of persons unlawfully residing and working in Austria (BMI, 2005), while others look at the number of persons in an informal employment status, while residence is legal, or still irregular residence due to human smuggling and trafficking (BMI, 2007/2008/2009/2010/2011/2012).

Table 36: Estimates of irregular migration in the EU-MS (2008)

Estimates of Irregular Foreign Migrants in Europe in 2008

Country/Region	Irregular foreign migrants		In % of population		In% of foreign populat		Total Population	Foreign Population
	minimum	maximum	minimum	maximum	minimum	maximum		
EU 27	1.900.000	3.800.000	0,4	0,8	6,6	13,9	497.686.132	28.931.683
EU15	1.800.000	3.300.000	0,5	0,8	6,6	12,0	394.160.807	21.109.000
Sweden	8.000	12.000	0,1	0,1	1,4	2,2	9.182.927	555.400
Norway	10.500	32.000	0,2	0,7	3,5	10,6	4.737.171	303.000
Denmark	1.000	5.000	0,0	0,1	0,3	1,6	5.475.791	320.200
Finland	8.000	12.000	0,2	0,2	5,6	8,4	5.300.484	143.300
Austria	18.000	54.000	0,2	0,6	2,1	6,2	8.318.592	867.800
Germany	196.000	457.000	0,2	0,6	2,9	6,8	82.217.837	6.727.600
Switzerland(2005)	80.000	100.000	1,1	1,3	5,3	6,6	7.415.102	1.511.900
France	178.000	354.000	0,3	0,6	4,8	9,6	64.007.193	3.696.900
Ireland	30.000	62.000	0,7	1,4	7,3	15,0	4.401.335	413.200
United Kingdom	417.000	863.000	0,7	1,4	10,0	20,6	61.191.951	4.186.000
Netherlands	62.000	131.000	0,4	0,8	8,6	18,2	16.405.399	719.500
Belgium	88.000	132.000	0,8	1,2	8,7	13,0	10.666.866	1.013.300
Luxembourg	2.000	4.000	0,4	0,8	0,9	1,9	483.799	215.500
Portugal	80.000	100.000	0,8	0,9	18,1	22,6	10.617.575	443.100
Spain	280.000	354.000	0,6	0,8	5,0	6,3	45.283.259	5.648.700
Italy	279.000	461.000	0,5	0,8	7,2	11,8	59.619.290	3.891.300
Greece	172.000	209.000	1,5	1,9	23,4	28,5	11.213.785	733.600
Czech Republic	17.000	100.000	0,2	1,0	3,9	22,9	10.381.130	437.600
Slovak Republic	15.000	20.000	0,3	0,4	28,6	38,1	5.400.998	52.500
Hungary	10.000	50.000	0,1	0,5	5,4	27,1	10.045.401	184.400
Poland	50.000	300.000	0,1	0,8	82,8	496,7	38.115.641	60.400
Estonia	5.000	10.000	0,4	0,7	2,2	4,5	1.340.935	223.600
Latvia	2.000	11.000	0,1	0,5	0,5	2,8	2.270.894	392.150
Lithuania	3.000	17.000	0,1	0,5	8,1	45,9	3.366.357	37.001
Slovenia	2.000	10.000	0,1	0,5	2,4	12,2	2.010.269	82.176
Romania	7.000	11.000	0,0	0,1	22,3	35,1	21.528.627	31.354
Bulgaria	3.000	4.000	0,0	0,1	12,6	16,8	7.640.238	23.838

S: EUROSTAT, OECD, HWWI, Statistics Norway, Bilger—Hollomey (2011).

Foreign population: France 2007, Ireland 2006, Bulgaria 2009, Latvia, Lithuania & Slovenia 2010, Romania 2009.

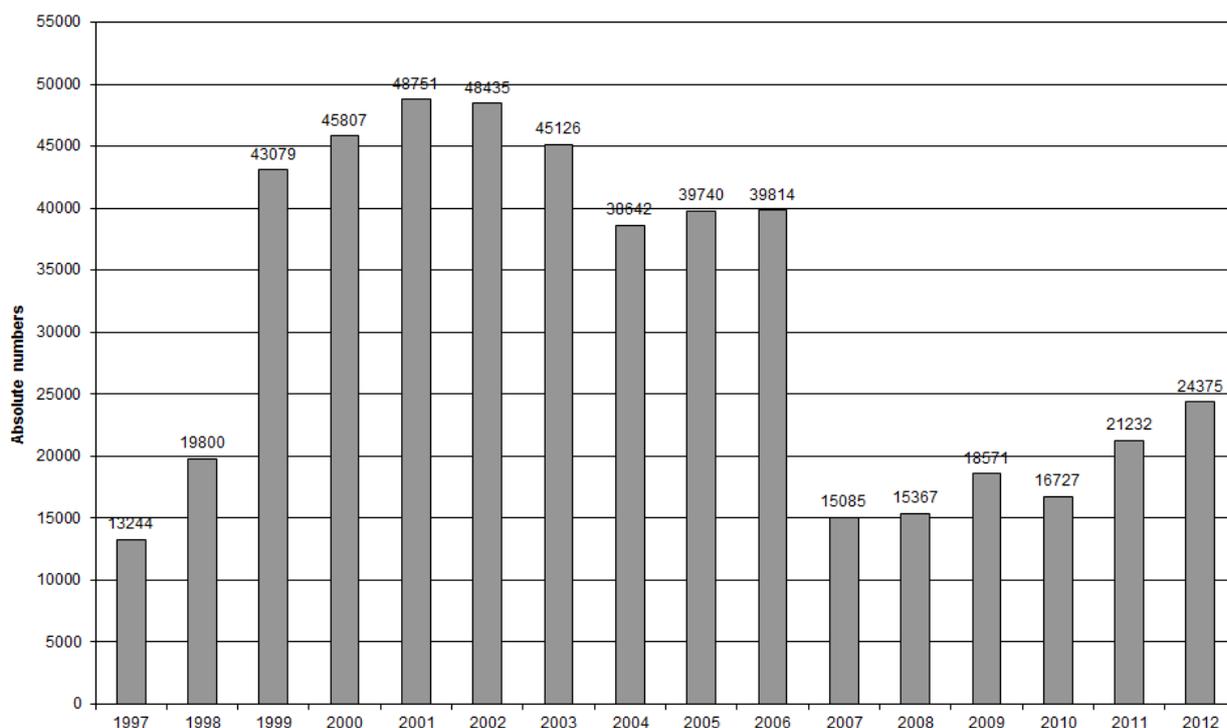
Table taken from Biffi 2012: p59.

Unlawful entry and residence in Austria

The 'irregular migration' report of the Ministry of the Interior provides information on the numbers of persons unlawfully residing in Austria or crossing the Austrian border, based on the number of apprehensions at the border and/or inland between 1997 and 2012. These

numbers have risen between 1997 and 2001/2002, were they reached a peak with 48,800. The numbers declined thereafter somewhat to 39,800 in 2006. In 2007 the number of apprehensions took a deep dip to 15,100, where it remained until 2008 (BMI, 2005/06/07/08/09/10/11/12). According to the annual report on organised smuggling of the Ministry of Interior (Organisierte Schlepperkriminalität 2012), the numbers of apprehended persons (smuggled persons, unlawfully entering and/or residing persons) halved in 2007 versus 2006 and remained more or less at that level until 2010. In 2011, however, the number of apprehensions increased sharply by 27% to 21,200 and further to 24,400 in 2012 (+14.8%). This increase is largely due to the North-African (Arab) spring and the civil war in Syria which brought about large increases in migration and refugee flows. In addition, the migration pressure has built up to such an extent in Greece, increasingly also Bulgaria that Austria feels the spillover. (Figure 51)

Figure 51: Sum of apprehensions of persons unlawfully entering or residing in Austria



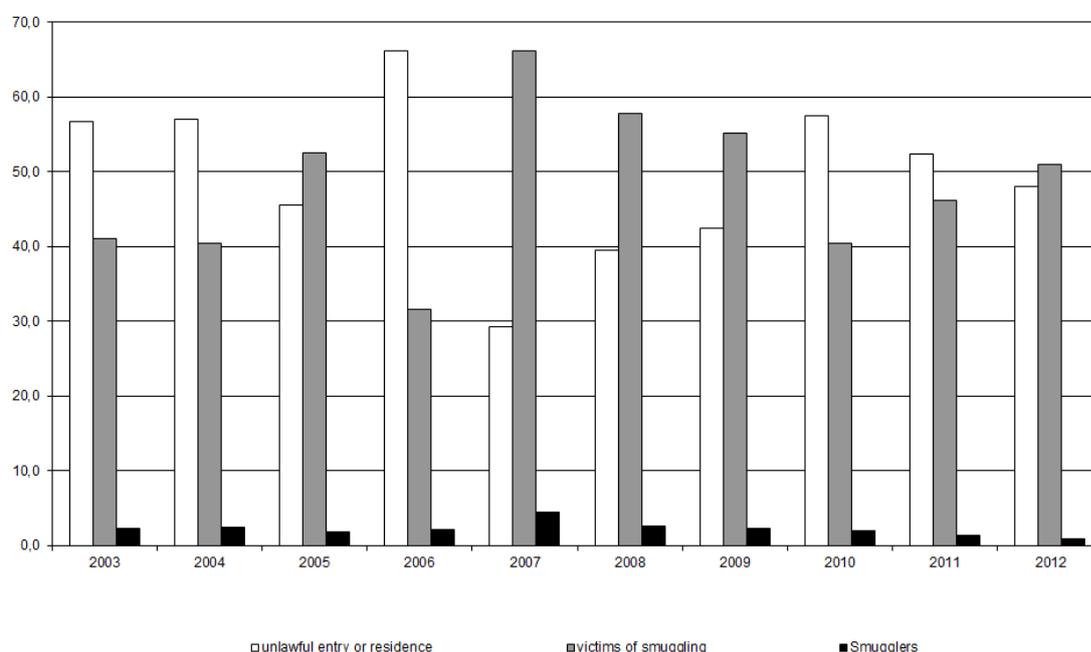
Source: Ministry of the Interior, Illegal Migration Report (Schlepperberichte 2006-2012).

The abrupt decline between 2006 and 2007 had been in the main the result of a decline in the number of apprehended 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 persons unlawfully residing in Austria which declined, reducing the share to 29 percent of all

persons apprehended in 2007. Since then the share of apprehensions of unlawfully residing migrants of all apprehensions has been unstable, amounting to 48% in 2012.

As to the number of smuggled migrants: their numbers have amounted to 12,600 in 2006, declined thereafter until 2010 to 6,800 and increased again thereafter to the levels of 2006 in 2012. Accordingly, the proportion of apprehensions of smuggled persons has been quite volatile. In 2012 it amounted to 51%, after 32% in 2006. The number of smugglers of human beings is smaller and continuously declining; it amounted to 235 in 2012, making up 1 percent of all apprehensions in 2012. (Figure 52)

Figure 52: Composition of apprehensions of unlawfully residing migrants and smugglers in Austria



Source: Ministry of the Interior, Illegal Migration Report (Schlepperberichte 2006-2012).

In 2012, the main routes of unlawful entry into Austria were from Hungary (44% of all apprehensions), followed by Italy (29% of all apprehensions). Preferred transportation of irregular entrants is the truck and car (46%), followed by the train (12%) and airplanes (8%). The preferred means of transport have not change much over the years.

The largest ethnic groups unlawfully residing in Austria are Indians (1,780), Serbians (895), Nigerians (814), persons from Pakistan (714) and Afghanistan (648), followed by Chinese (511).

Most of the smuggled persons in 2012 were citizens of Afghanistan (3,035), followed by citizens of the Russian Federation (1,813), Pakistan (1,705), Syria (729), Iran (622), Algeria (464), Iraq (344), India (340), Somalia (337) and Morocco (290). The majority of the smuggled migrants

were men (79%), largely young or middle aged: 46% were 19-30 years old and 15% were 15-18 years old and another 17% were 31-40 years old.

In 2012, the major nationalities of smugglers were Hungarians (27), Serbs (23), Turks (21), Russians (16), Afghans (15), Germans (15), Pakistani (13) and Austrians (10). Two third of them are between 21 and 40 years old. As human smuggling is a well organised crime, cooperation between old and new EU-MS on the one hand and source countries/countries of transit on the other is increasing. The outward movement of the Schengen-border at the end of 2007 has important consequences for the system of security controls both within Austria and across the enlarged region⁴³.

Smuggling of human beings play an important role in Austria; Austria is considered to be both, a destination country as well as a transit country for irregular migrants on their way to other EU member states. 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 irregular immigration (NCP, 2006). A report by the Austrian National Contact point on return migration (forced or voluntary) highlights the system in place in Austria (EMN, 2007). The continuous reporting system of the Ministry of Interior is providing increasingly differentiated data on the various forms of irregular migration and the changing dynamics over time.

Clandestine work

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

⁴³ 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.

extent in 2008, raising the employment of foreigners (salaried as well as self-employed) by some 20,000, thereby contributing to the slow-down in measured productivity growth, which was as a result of legalisation not real but rather an artefact.

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

Ever since then, no comprehensive information has been made available on clandestine work by nationality. But some of the complex administrative procedures regarding access to the labour market of migrants from third countries (and for citizens of new EU-MS for as long as the transition regulations apply) have to be understood as instruments to combat clandestine work, in particular seasonal work in tourism and harvesting. The actual numbers of permits granted annually are in the order of 60.000 to 70,000 – for a limited time period, obviously. On an annual average the numbers are quite small in comparison though (5,600 in 2012 and 8,200 in 2011), taking into account that some may only work a few weeks and have a tradition of coming to the same employer over years. While this system is efficiently **combating clandestine work, it also** makes sure that every **seasonal worker** has social security coverage during the period of work in Austria.

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

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

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

Alien police measures and forced return migration

Alien police measures entail a number of measures which may impact on migrants. The measures include expulsions, rejections at the border, refoulement cases, denial of residence etc. With EU enlargement the number of police measures halved, as citizens of the new EU-

MS could settle in Austria. This explains why the decline was basically the result of a massive reduction of rejections at the border. They used to constitute half of the police actions. They could be reduced from 31,200 in 2006 to 7,600 in 2007 and further to 263 in 2012.

In 2012, all in all some 17,900 alien police measures were taken. The largest number pertains to refoulement cases, namely 6,000, of which the largest group were voluntary returns (3,209), followed by denial of residence (1,761) and return on the basis of bilateral agreements (108).

The largest number and share of police measures are forced measures, all in all 7,200 cases in 2012. The most important action pertains to detentions (4,566), followed by arrests due to noncompliance to police enquiries (1,705). In addition, some 3,900 cases were processed, relating to expulsions (90), denials of residence (3,288).

In addition, police may issue visa at airports or other borders. This entailed 426 visa in total in 2012.⁴⁴

VI. Remittances of foreign workers

The major foreign worker groups in Austria are from the former region of Yugoslavia and from Turkey. Therefore the mass of the money saved and transferred to the home country on the part of foreign workers is directed to these regions. Remittances to the region of former Yugoslavia have been high and rising in the early 1970s as the employment of Yugoslavs was growing rapidly in Austria. With the onset of restrictions in the recruitment of foreign workers and the settlement tendencies of Yugoslavs in Austria the amount of money transferred to Yugoslavia decreased and came almost to a standstill after 1990 as political unrest and eventual war developed in the region of former Yugoslavia. In 1993 the transfers started to rise again until 1995 (245 million ATS or 17.8 million €). In the course of 1996 a slight decline to 17.5 million € (241 million ATS) set in again. (Figure 53)

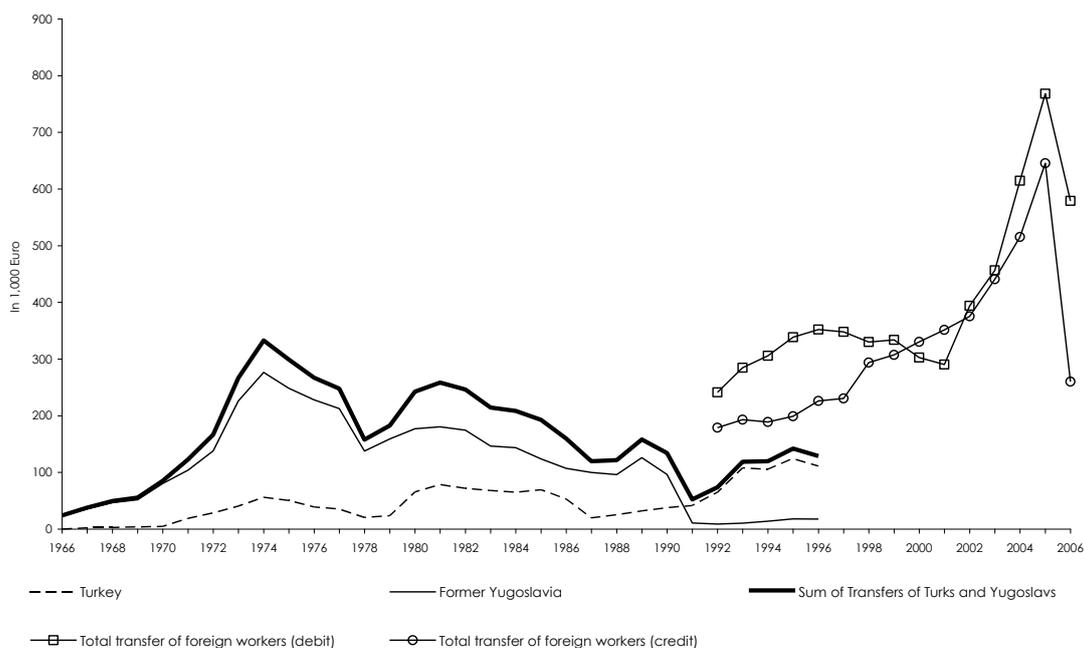
The development of remittances to Turkey follows a very different pattern over time. The pattern is anti-cyclical; the remittances increased in periods of economic slack and growing unemployment in Austria. Ever since 1987, when a very low level of money transfers to Turkey was reached, the remittances started to rise on a continuous basis until 1995. Then 119.8 million € (1,649 million ATS) were transferred to Turkey, the highest amount ever since the beginning of the series in 1966. In 1996 the sum declined again somewhat to 111.1 million € (1,529 million ATS).

Regulatory changes by the Austrian National Bank pertaining to the registration of money transfers abroad brought about a break in the series. The amount of money, which an individual wants to transfer abroad, must be registered, if it surpasses € 5,087 (ATS 70,000). This

⁴⁴ For more see Ministry of the Interior: Fremdenpolizei, Visawesen 2012. http://www.bmi.gv.at/cms/BMI_Niederlassung/statistiken/files/2013/FrP_Massnahmen_Jahr_2012.pdf

is a rather high amount of money, which means that a large number of small individual transfers go unregistered, while playing an important role for the individual and family welfare in the recipient countries.

Figure 53: Remittances of foreign workers to their home countries 1966-2006



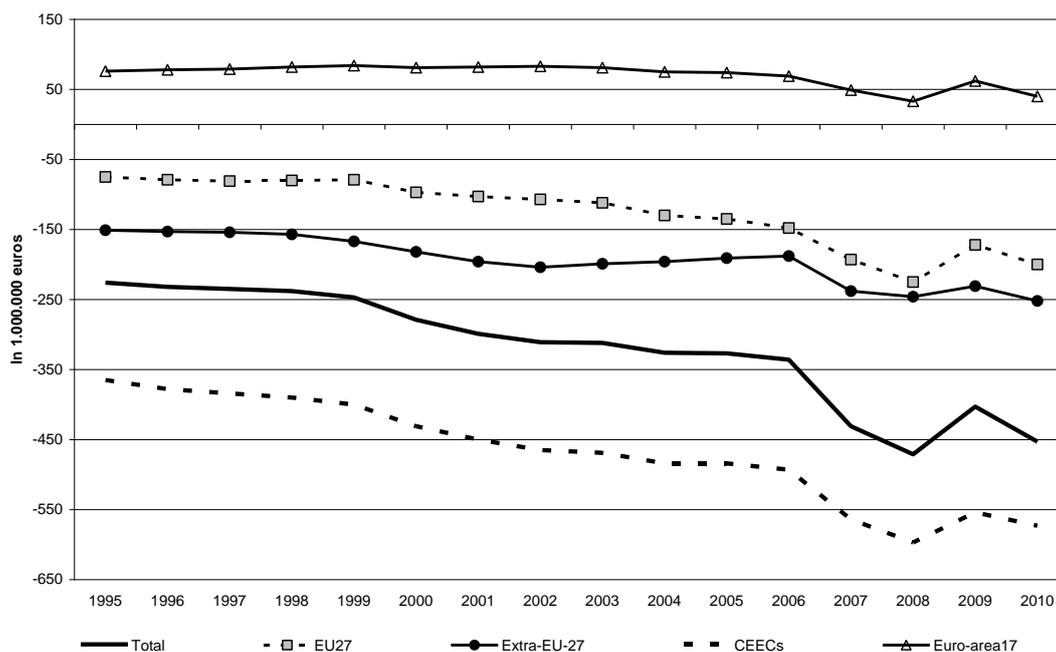
Source: Austrian National Bank (OeNB).

In the light of the relatively small amount of money which is being transferred home annually by foreign workers via registration by the Austrian National Bank, often no differentiation by country of destination or nationality is possible. One may, however, differentiate between large destination regions of remittances. The Austrian National Bank has completely revised the data base and provides time series for period 1995 to 2010. According to this data set, Austria has seen a total net outflow of money as a result of remittances over the whole period, amounting to 226 million € in 1995 and rising to 453 mill € in 2010. Remittances between countries of the Euro 17 area and Austria result in a net inflow of money into Austria. Since 1995 the amount is declining, however, from 76 million Euro in 1995 to 40 million € in 2010. In contrast, significant net outflows of remittances go into Central and Eastern European Countries (CEECs), indicating that foreign workers of these regions save as much money as they can to send it back home to their families. In 2010 the net outflows to CEECs amounted to 573 million Euros, up from 365 million€ in 1995.

The flow of remittances between Austria and the EU27 is also linked with a rising outflow of money from Austria, reaching 200 million € in 2010, after 75 million in 1995. Remittances with

the world outside the euro-area also entail net outflows, namely 252 million € in 2010. In 2007, as can be seen in the figure below, the net financial outflows have increased drastically – an indication of the onset of the financial crisis and the increase in remittances to the regions of origin of the migrants who tended to be harder hit than Austria.

Figure 54: Net financial remittances of migrants in Austria to their source regions in million € 1995-2010



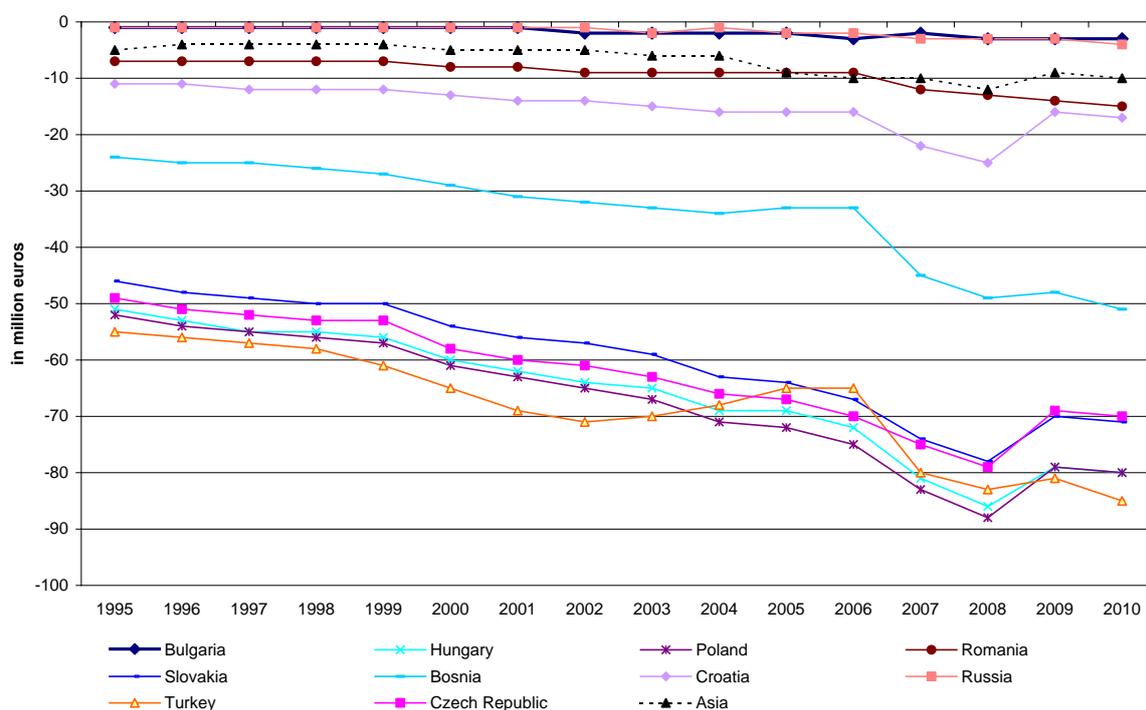
Source: Austrian National Bank (OeNB).

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

It can be taken from Figure 54 that migrants from the traditional foreign worker source regions, who are well established and who have already accumulated some wealth in Austria are the ones that send more money 'back home' than the more recent migrants from CEECs, Russia and Asia. Turkey is an interesting case; the volatility of economic growth in Turkey and the onset of the recession set in 2000 triggered off increasing outflows of remittances from Austria to Turkey. Net remittances increased from 55 million in 1995 to 72 million € in 2002. In the wake of economic recovery in Turkey outflows slowed down to 65

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

Figure 55: Net financial flows of migrants in Austria to their home countries in million Euros 1995-2010



VII. Integration of migrants

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

Integration policy

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

As a coordinating step on the part of the Ministry of Labour, enterprises were increasingly controlled to ensure abidance by the law, namely the execution of labour market testing in case of first issues of work permits. As a result, the 'habit' of some firms to employ a third country foreigner (who had a residence permit but no right to access work or only under the condition of labour market testing) without applying for a work permit by the LMS, had to be discontinued. The rules had to be applied, i.e. a firm got a first work permit for a foreigner granted only after four unemployed, who could in principle fill the post (unemployment benefit recipients), got the job offered but rejected it. Labour market testing is an effective labour market entry barrier of unskilled and semi-skilled third country migrants. Thus, the 'coordination' of policy resulted in the application of the law which in effect reduced the employment opportunities of certain groups of third country migrants.

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

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

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

Thus the coordination of migration policy with labour market policy, which started in the mid to late 1990s, introduced a better understanding of 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.

Accreditation of skills and competences

The most recent action has been the cooperation of the Ministry of Labour and Social Affairs with the Secretary of State of Integration to provide information and guidance to migrants in their quest to get credentials, which have been obtained abroad, accredited and validated. A website has been implemented early 2012 (www.berufsanerkennung.at). It was the outcome of a policy debate in 2010 and 2011 which focused on ways and means to reduce the degree of overqualification of migrant employment or inadequate matching of migrant skills and jobs. This debate fuelled cooperation between the social partners, various ministries, the Labour Market Service, regional governments and education institutions, largely institutions of further education of adults with the aim to implement a lifelong learning strategy. The website is the beginning of a road map towards the accreditation and validation of skills and competences acquired formally and informally in Austria as well as abroad.

Access to work in regulated professions, i.e. those which have a particular responsibility towards human beings and their safety, remains difficult for migrants as special regulations apply which go beyond obtaining the necessary educational skills or getting them accredited.

Focus on early school leavers

Another policy issue was the objective to raise the skill level of early school leavers as part of the government programme of 2010. One outcome has been the implementation of a system of co-funding by the regions and the federal government (§15a agreement) to fund education of early school leavers, natives as well as migrants such that they obtain school leaving certificates at no cost to them, and may access further education (Initiative Erwachsenenbildung: Pflichtschulabschluss und Basisbildung). The funding model follows the ESF scheme of co-funding. It came into effect January 2012 (bmukk.gv.at/basisbildung). This initiative is expected to raise the educational attainment level of distant learners, in particular also migrants, which will allow them to enter a lifelong learning path and raise their

employability. An evaluation of this scheme is part and parcel of the whole complex institutional setting and the planning of the database flowing from the education activities.

Mandatory and free of charge year of kindergarten

In 2009 a mandatory kindergarten attendance for five year olds at no cost to the parents was established on the basis of the intervention of the Secretary of State for Integration, Sebastian Kurz, in order to tackle German language problems of migrant children when entering compulsory education. Increasing involvement of migrant parents, particularly mothers, in early language learning has also been a focus in 2010 and 2011, promoting HIPPY (Home instruction for parents of pre-school youngsters), often in combination with civic education. The aim was to raise awareness of the role of education for integration and to promote the employment of migrant women.

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

Institutional and Policy Framework for Integration

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

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

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

The role of citizenship for labour market integration

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

Changing union policy

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

Labour market outcomes of integration of migrants

Integration of migrants facilitated by work based welfare model

The integration of migrants is facilitated by a labour market governance system which is based on the social partnership concept and which is complemented by a complex system of regional institutions and integration policies on communal level. Such a system, while ensuring continuity and stability, can accommodate the needs of regions and different ethnic groups and adapt to new challenges. As the pattern of migration evolves, so will the needs of the migrants and the host communities in their quest for integration and participation. Newcomers have different needs than second and possibly third generation

migrants, and the needs may differ by migrant groups and status (migrant workers, family members, and refugees), age and gender. Mainstream integration has to cater for all needs in order to ensure that social cohesion is not jeopardised.

The major bulk of action in the area of integration policy takes place in the regions (Bundesländer). Federal laws tend to provide a general framework only, leaving it up to the federal states to draw up integration measures suitable for the special circumstances of the region. Also the law regulating the residence and settlement of foreigners (Niederlassungs- und Aufenthaltsgesetz - NAG 2005), leaves it up to the states to devise an institutional and budgetary framework to organise the integration of migrants. Due to the strong regional focus of policy formulation and implementation and the horizontal character of integration, comprising areas as diverse as education, employment, housing, health, social services, cultural activities and the like, little is known on a federal level about the amount of money spent on integration in the various regions, the instruments and measures implemented and their respective effectiveness⁴⁵.

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 pacts⁴⁶. Austria has fairly diverse regional systems of integration, which take into account the different needs of migrants as well as host communities. The various integration systems may differ by the speed, depth and scope of integration, which may be guided by different objectives of the regions as to the role of migration in their socio-economic development (Concept of Integration - Integrationsleitbild).

Migrant women and youth: the challenge of labour market integration

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

The integration of first and increasingly second generation migrants, particularly of women, has become a challenge in view of changing demands on migrant skills and a failure to promote the education of migrant children adequately. Research indicates that it is the combination of different immigration and welfare regimes which account for different

⁴⁵ For a first attempt to collect information about integration measures in the various regions see *IOM – BMI (2005)*.

⁴⁶ 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.

employment opportunities of migrant women in the various EU-MS (Baldwin-Edwards 2002, Adsera & Chiswick 2004, Freeman 2004). Educational attainment and employment opportunity of migrant youth in contrast are largely determined by the education system and the role of social status of the parents for the educational outcome of their children, in addition to the capacity to speak the host language (OECD 2006A/B).

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

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

Different models of social organisation, which are historically grown and which constitute "incorporation regimes" have an impact on employment and earnings opportunities of migrants. According to Soysal (1994), each host country has a complex set of institutions which organise and structure socio-economic behaviour of the host population; these basic models of social organisation also structure labour market behaviour of migrants. In that context it is above all the welfare model which plays a dominant role in the integration of

migrant women into the labour market. Countries like Austria which relegate a large portion of work, in particular social services, to the household sector by tax incentives or transfer payments have a lower employment rate of women than countries in which the state (Nordic countries) or the private sector (Anglo-Saxon countries) are the major suppliers of these goods and services. Thus, the role of migrant women is on the one hand determined by the labour market access rights stemming from the immigration model, and the welfare model on the other (Esping-Andersen et. al. 2001).

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

The Scandinavian and Anglo-Saxon welfare models and the social security systems of the Continental European countries have a system of social protection, which is employment centred. Work is not only the source of income but also the means through which the social dividend is distributed. Thus, integration into the labour market is vital for the wellbeing of the individuals. Work related income and services are complemented by public sector services, like health care, which can be accessed by every resident.

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

Earnings differences

Adsera & Chiswick (2004) point out that earnings of immigrants are lower upon arrival than those of natives, particularly for foreigners born outside of the EU. The countries with the lowest differences between earnings of natives and migrants are found in Germany and Austria and the highest in Sweden (period of analysis 1994-2000, data from the European Community Household Panel - ECHP). In Austria, centralised collective bargaining agreements (Kollektivverträge) ensure equal treatment in employment by industry and skills, thereby linking wages with skills acquired in the various elements of postsecondary and tertiary education. Almost every job is regulated by collective bargaining agreements (98% bargaining coverage rate⁴⁷), encompassing regulations as diverse as wages, working hours

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

and general working conditions. The bargaining system ensures that wages are in line with productivity developments, thereby stabilising inflation and ensuring economic stability (Fuess—Millea 2001, Aidt—Tzannatos 2001). As a result of the regulative density, wages in the formal sector in Austria do not differ much by nationality, as there is little room for different treatment of immigrants.

Women born outside of the EU face large wage gaps relative to native women; it is above all the Nordic countries, Southern European countries but also the UK with above average earnings gaps. In contrast, in Austria non-EU women tend to have on average higher earnings than native women. This is due to the low activity rate of third country women with a low educational attainment level and a high activity rate of highly skilled and career minded third country women. It corroborates other research results according to which Austrian women, also highly skilled ones, are facing a pronounced glass ceiling. Accordingly, the gender pay gap in Austria is amongst the highest in the EU and rising, quite in contrast to the trend in other EU-MS.

The low wage differences between migrant and Austrian women is the result of a low labour force participation of women with a low educational attainment level of Austrian as well as migrant women as care work tends to remain in the household sector, promoted by the Austrian tax and cash transfer system⁴⁸. (BKA2010) But also foreign worker policy tends to hinder labour force participation of unskilled migrants, as access to the labour market requires labour market testing; only after 4 years of legal residence in Austria can third country citizens get the 'green card' which allows the uptake of employment without labour market testing. This feature of the law bars entry to the labour market of third country low skilled migrants who tend to immigrate on the basis of the family reunification programme. There has been no legislative change which would amend that. With the introduction of the red-white red card in 2011, however, family members of that card (Rot-Weiß-Rot — Karte plus) will face no restrictions to enter the labour market. This fact together with the fall of transition regulations for EU-8 member states will raise competition for jobs, particularly for the unskilled. This may result in a rise in unemployment and/or may exercise a certain downward pressure on wages for the unskilled.

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

⁴⁸ Single earner tax breaks as well as cash benefits for child-care and domestic care for the sick and elderly contribute to the limited outsourcing of care work from households to the market. (BKA 2010)

Public opinion and discrimination

In order to provide a factual background for integration measures Austria has developed integration indicators and published them since 2009, the year of the drafting of the NAP.I, the National Action Plan for Integration. (Statistics Austria 2011/2012/2013)⁴⁹ The set of indicators includes also an 'integration barometer', i.e. subjective feelings about the integration process on the basis of a sample survey of natives and migrants. The results of the opinion polls are showing signs of improvement. In 2013 8.6% of the natives meant that integration was not working at all, compared to 17.9% in 2010, while 40.8% felt that it was working more or less ok (compared to 27.2% 2010). The pessimistic views on the integration process were not spread evenly across socio-economic groups and regions. Older persons, persons with high as well as low educational attainment level are more pessimistic than persons with medium skills. The views are independent of the extent of contact with migrants, contrary to an often held hypothesis. The survey did not ask for the reasons for the views given, be it the political discourse, which is often anti-immigrant, or because of actual experiences and conflicts.

The opinions voiced by migrants are in stark contrast to that of natives: the overwhelming majority of migrants say that they feel at home and welcome in Austria, namely 82%. Only 7.5% of migrants do not feel at home at all in Austria. The optimism of migrants relative to integration has even increased somewhat versus 2010. Women tend to have a feeling of belonging more often than men and youth more often than adults. The feeling of belonging correlates with the duration of stay in Austria and the socio-economic status. Migrants with higher educational attainment level and a high degree of integration into the labour market feel more at home in Austria than unskilled persons and migrants who are at the margin of the labour market. Also the country of origin counts: 85% of persons from former Yugoslavia feel at home in Austria but only 79% of Turkish migrants. While natives are starting to appreciate migrants more, the contrary is true for migrants – the feeling of belonging to Austria has deteriorated versus 2012, particularly in the case of Yugoslavs, while Turks tend to feel more at home to the effect that the former pronounced difference between Yugoslavs and Turks is starting to vanish.

The optimistic view of migrants relative to integration is highly correlated with their improvement of their personal living conditions in Austria. The proportion of migrants who state that their living conditions have improved increased versus 2010 (from 29.5% to 36.7%), and the proportion of those who experienced a deterioration declined (from 30.5% to 20.9%).

The proportion of natives who think that migrants are disadvantaged or discriminated is lower than the proportion of migrants who believe that they are disadvantaged (13.8% versus

⁴⁹ Migration&integration: zahlen.daten.indikatoren 2013, Statistik Austria/öif/bmi,gfk, Vienna. http://www.integrationsfonds.at/zahlen_und_fakten/statistisches_jahrbuch_2013/

17.3%). There is a declining tendency of discrimination or feeling of being discriminated. The proportion of migrants who feel that they are discriminated against is highest for unskilled and poor persons and above all of Turkish migrants. 27.5% of Turkish migrants say that they feel disadvantaged versus 11.5% of migrants from former Yugoslavia.

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

VIII. Fiscal aspects of migration

This topic was not an issue in the early years of immigration, when unemployment was low and when migrant workers were in the main target workers without family members. It was obvious that they were paying more into the welfare system than they took out, as they were in the main prime age workers. In the 1980s, however, as domestic labour supply growth picked up — a consequence of the baby-boom generation entering the labour market — and as immigration continued, increasingly as a result of family reunion and refugee intake, questions about the effect on welfare budgets surfaced. They became an issue of public debate, and in consequence of research, during the 1990s. The research has to be understood in the context of substantial inflows of migrants, workers as well as refugees in the wake of the fall of the iron curtain and, thereafter, the war in Yugoslavia. (*Biffi 2002, Biffi et al 1998*) Not only the large numbers but above all the composition of the inflows became a matter of concern. Immigration to Austria had changed its character from a guest worker programme to one of immigration proper, not dissimilar to traditional immigration countries with a large humanitarian intake. (*Fernandez de la Hoz — Pfliegerl 1999*) This had implications for the welfare system.

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

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

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

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

Contributions to the public pension system do not differ between natives and foreign workers at any particular point in time and there is no distinction between the pay out of pensions to migrants and natives. If pensions are transferred abroad, it may be a pension to an Austrian or a former migrant worker. As migrants, particularly foreign workers from the traditional source countries, tend to settle in Austria, retirement pay is increasingly spent in Austria. As contributions to the public pension system are on a pay-as-you-go basis, pay-outs follow after a considerable time lag. It was not until the mid-1990s that a larger number of migrant workers, namely those who came to Austria in the first wave of the 1960s, began to enter the retirement system.

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

of immigrants, low income earners with many children, rich ones with few children, retirees staying or returning to their country of origin, etc., and compared with natives.⁵⁰

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

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

This insight should trigger off more focused medical attention on occupational diseases and their impact on health conditions over the life cycle. It may well be that a different organisation of work in enterprises, i.e., job rotation, flexible work arrangements, reduction of shift work with age and the like, can help reduce health problems of older workers. Given the large proportion of migrants in unskilled and semi-skilled occupations, this may be rather difficult. (*Biffl 2003*)

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

IX. Statistical commentary

Due to the reform of labour market institutions by mid-1994 the data on unemployment is now being processed in the newly established Labour Market Service (AMS); administrative data

⁵⁰ Simulations of that kind (overlapping generations models) are starting to be undertaken in Austria see *Karin Mayr (2004)*.

on the employment of foreign workers of third country origin is being made available by the Federal Ministry of Labour, Social Affairs and Consumer Protection (BMASK). Data on wage- and salary earners is from the Main Association of Austrian Social Insurance Institutions (HSV). Data pertaining to the residence status of foreigners of third country origin are produced by the Federal Ministry of the Interior (BMI, FIS = Alien Register), similarly data on asylum seekers and refugees. Demographic data is provided by Statistics Austria.

The Ministry of Economic Affairs and Labour together with the Labour Market Service have invested in the establishment of a matched database, longitudinal data of wage and salary earners and registered unemployed from 2000 onwards. This databank is an invaluable resource for researchers <https://arbeitsmarktdatenbank.at/>

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