



Danube University Krems

Department for Migration and Globalization

Migration and Labour Integration in Austria

SOPEMI Report on Labour Migration Austria 2008-09

Gudrun Biffl

November 2010

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

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Austria 2008-09

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Monograph Series Migration and Globalization
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Migration and Labour Integration in Austria

SOPEMI Report on Labour Migration

Austria 2008-09

Gudrun Biffi

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Abstract

In 2008, the inflow of foreigners to Austria rose the second year in a row to 94,800 (+3,000 or 3.3%) after experiencing a transitory dip between 2005 and 2006. 24 percent of the inflows of foreigners in 2008 came from the old EU-MS, 26.3 percent from EU12, 11 percent from the former region of Yugoslavia, 4.5 percent from Turkey, and 8.7 percent from Asia excluding Turkey. As in previous years, fairly small numbers come from overseas countries in Africa (2.9 percent), America (3.2 percent) and Oceania (0.3 percent). At the same time outflows of foreigners increased slightly to 55,400, resulting in a net migration of 39,400, the same as in 2007.

Of the 55,400 outflows of foreigners the majority are from the EU27, a consequence of a high degree of integration of the economies, the labour market, the education system and the society at large. In contrast, fairly small numbers of persons from former Yugoslavia and Turkey are among the outflows from Austria, in particular in relation to the numbers residing in Austria, indicating that citizens of those countries of origin often arrive to stay, a trend since the former 'guestworker' movements of the 1960s and 1970s.

The number of asylum seekers reached 12,800 by the end of 2008. Thus the declining trend between 2002 and 2007 from a peak of 39,400 to 11,900 came to an end. The sharp reduction in the numbers of asylum seekers was largely the result of Austria becoming a Schengen country (Dublin Convention). It is increasingly difficult to apply for asylum in Austria as one tends to have to pass through a neighbouring Schengen country. Two thirds of the asylum seekers in Austria originate from Europe. The largest single country of origin is the Russian Federation, followed by Afghanistan, Kosovo and Serbia. Since 2006, applications by Serbian nationals have dropped considerably while applications from Afghan nationals have almost doubled in 2008.

In 2008, the inflow of foreign citizens with settlement rights amounted to some 54,000, of whom 38,600 EU-citizens. Thus, only one quarter of the annual inflow of settlers are third country citizens and two third are of another EU/EEA country. This is a major difference to traditional immigration countries, which tend not to have substantial inflows as a result of free movement between countries.

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

About one half of all permanent immigrant inflows from third countries enter under a quota (7,400 in 2008), i.e., either as a highly skilled migrant worker or as a family member of a third country migrant. The other half enter as family members of an Austrian or EEA citizen or on humanitarian grounds.

Unlike permanent immigration, temporary migration (surpassing 6 months of residence) is not capped by quotas for third country nationals. The annual inflows are only registered in the case of third country citizens; they may be students, researchers, artists or scientists,

intercompany transferees, cross-border service providers, or humanitarian cases. The annual inflow of students of third countries constitutes 35 percent of all inflows of temporary migrants. The other major group are researchers, scientists, and artists and their families. Relatively small numbers enter as service providers, intercompany transferees or on humanitarian grounds.

While Austria has a long tradition of immigration of foreigners, it also has a fairly longstanding net emigration of Austrians. In 2008, some 15,000 Austrians returned from abroad (inflows), while more than 20,000 went abroad (outflows). The negative balance has declined since the early years of 2000 (2002: -20,300) to 5,000 in 2008.

The number of naturalisations is declining rapidly from a peak of 45,100 in 2003 to 10,300 in 2008. The decline is due to two factors – the reform of the citizenship law (2005) and the end of the echo effect of the immigration wave of the early 1990s. The reform of the citizenship law introduced barriers to the acquisition of Austrian citizenship through marriage with an Austrian, e.g., by expanding the period of cohabitation. One consequence of the legislative reform and the end of the echo effect of immigration has been the decline of mixed marriages, while the number of marriages with both spouses native or foreign has remained fairly stable.

In January 2009, 15.3 percent of the Austrian population were first generation migrants (1.3 million of a total of 8.355 million inhabitants). The proportion of first generation migrants and second generation migrants with foreign citizenship is 16.8 percent in the total population (1.4 million) in January 2009. The employment rates of migrants differ by country of origin, but are highest for men and women originating from former Yugoslavia and for men with Turkish origin.

The unemployment rates of migrants are higher than for natives but declined in 2008 for both to 6% for natives and 8.1% for foreigners (self-employed excluded from the employment base) for calculation is. As the major employment segments of migrants are increasingly under economic pressure, more and more migrants become entrepreneurs.

Austria is a country with a long tradition of immigration, but a short history of structured and comprehensive integration. But since the early years of 2000, integration has become a focal point of policy on a federal level. Integration on a regional basis is beginning to be complemented by a federal strategy. By the end of 2009, Austria will have a National Action Plan for integration of migrants, which will come into effect in 2010. The Ministry of the Interior has the coordinating function.

According to data from the Austrian National Bank, Austria has seen a total net outflow of money as a result of remittances over the whole period of 1995 and 2008, amounting to 227 million € in 1995 and rising to 476 mill € in 2008. While remittances between countries of the Euro area and Austria are positive with 41 million € in 2008 (50 million € in 2007), they are negative with the world outside the euro-area (-517 million € in 2008). Remittances between Austria and the EU-27 countries constitute net outflows in the order of 216 million € in 2008 while they are less pronounced in the case of outflows to countries outside the EU-MS, namely 260 million € in 2008. In 2007, all financial flows took a deep dip – an indication of the onset of the financial crisis.

Introduction: The economy and the labour market 2008/2009*

While global economic and trade growth have an impact on the Austrian economy, it is above all the economic development of the EU which determines Austrian GDP growth – as 73 percent of all exports go into the EU-26 countries. As economic growth started to slow down in the EU in the course of 2008, so did Austrian economic growth; with 2 percent (after 3.5 percent 2007) Austria achieved one of the highest economic growth rates in Europe in 2008.

The growth rate was clearly above the EU 27 (0.9 percent) and the euro-area (0.7 percent). The Austrian economy continued to fare better than the main trading partners – Germany and Italy – basically as a result of the growing trade linkages with non-EU regions of the world, particularly the Near and Far East, and growing market shares.

However, by the end of 2008, the economic slowdown turned into a rapid slump such that an annual decline of real GDP by 3.4% is expected for 2009. As the fiscal crisis of the United States increasingly spilled over into the real economy, also European economic growth broke down, affecting Austria as well. But the expected economic decline will be somewhat smaller than in the EU27 and the EURO Area (both -4%).

In Austria in 2008, the slow down in economic growth stemmed from the slowdown in export growth. From the second quarter of 2008 onwards, exports declined on a seasonally adjusted basis to an annual average of +2%, after +9.8% in 2007. The growth rate of commodity exports declined from 9% in 2007 to 0.3% in 2008. The strong trade link with the USA – rank number 3 of Austria's major trading partners, after Germany and Italy, is the major culprit, affecting above all car manufacturing. Trade with South-East-European countries and China continued to be strong, though, thereby supporting export demand.

With increasing international integration and outsourcing of elements/stages of production in a value added chain, exports and imports are rising and declining in tandem. In 2008 exports were slightly more dynamic than imports, raising the positive current account balance to 9.82 billion Euros after 8.41 billion in 2007 – largely due to a positive balance with Central and Eastern European Countries and the Far East. The input-output table indicates that 39 percent of the value of Austria's exports is imported components (import-content of exports).

The international economic decline had also a dampening effect on tourism. But Austria was faring well in international comparison, raising its share in the international tourism market. In consequence, Austria takes the lead in the EU 15 in terms of revenues from tourism with a rise by 6.6%, basically due to a remarkable winter season and a satisfactory summer season. Expectations are not so rosy for 2009, however.

Domestic demand reacted with a certain time lag to the economic growth slowdown. Investment grew by 1.8% after 4.7% in 2007. Investment growth slowed declined above all in

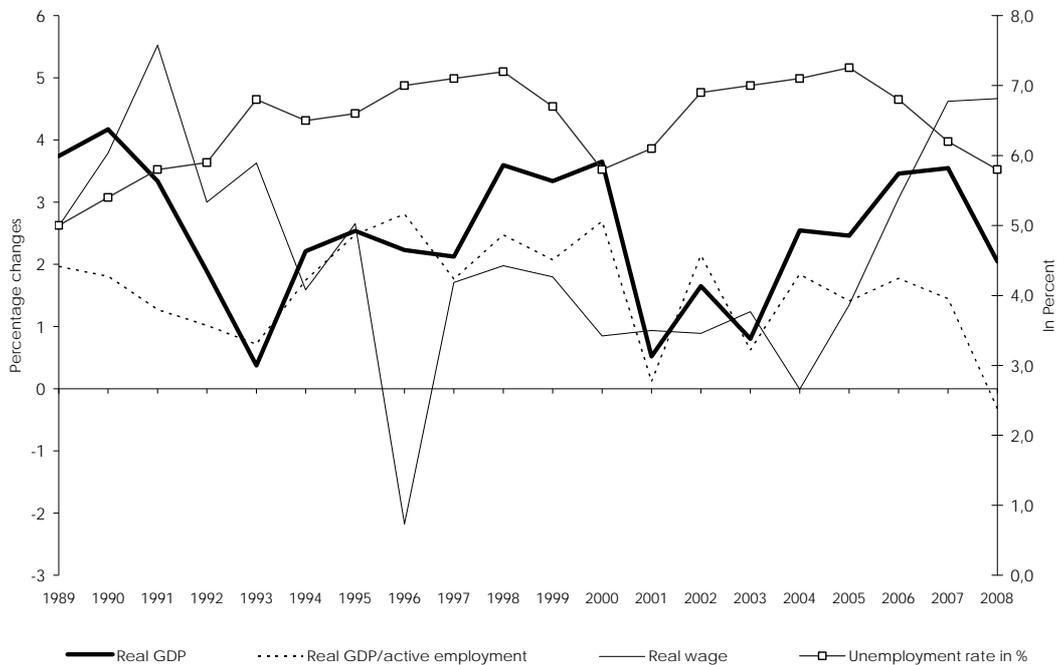
* I gratefully acknowledge research assistance of Petra Aigner and Lea Rennert.

plants and equipment (from +6.3 percent in 2007 to 1.2% in 2008, compared to construction (2007: +3.7 percent, +1.2% 2008). In the construction sector, investment in housing slowed down but continued to hold in public sector infrastructure, above all road construction.

Consumer demand, which represents 70% of GDP, remained fairly stable and was thus the major stabiliser of economic growth. It expanded by 0.8%, a growth rate not much different from 2007 (0.9%). The inflation rate was still rather high in 2008 with a rise in the price level of 3.2% (2.2% in 2007), thus keeping real income growth at a minimum of 0.1%.

The economic downturn did not yet have a negative impact on the public sector budget in 2008. The budget deficit declined thus from -0.5 percent of GDP to -0.4 percent in 2008.

Figure 1: Macro-economic indicators
1989-2008



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

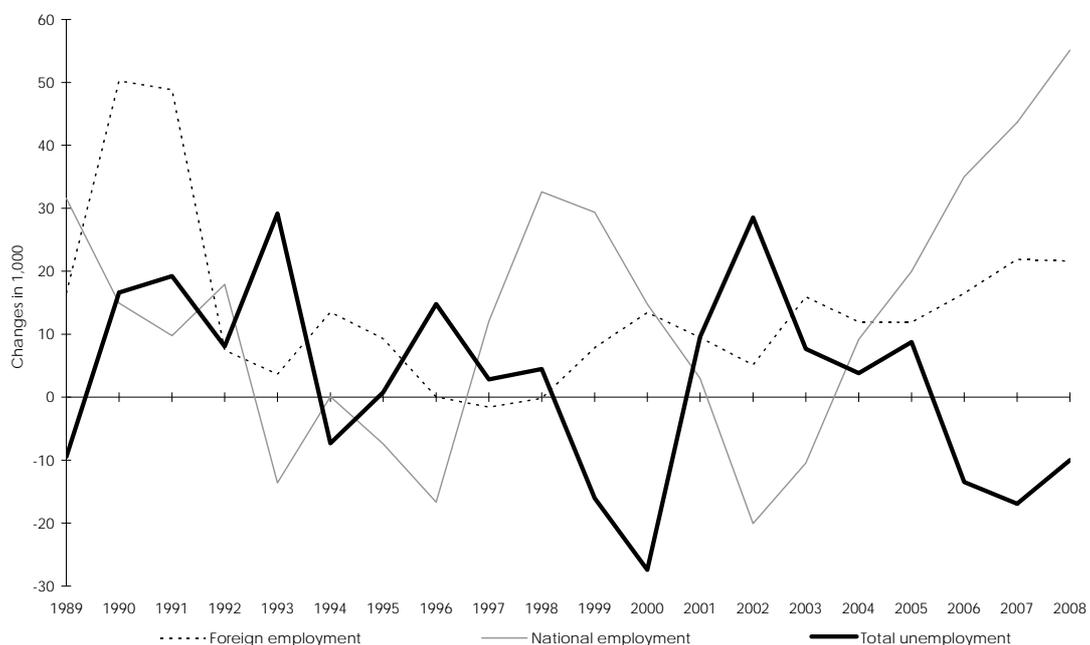
The labour market situation continued to be dynamic in 2008. Total labour demand (including self-employed) increased by 86,000 or 2.4 percent, i.e., by more than the previous year (2007: +64,800, +1.8 percent). Unemployment declined for the third time in a row, i.e., by 10,000 or 4.5 percent. Labour supply continued to rise (+76,000 or 2 percent versus 47,900 or 1.3 percent in 2007), both for natives as well as foreigners.

The major bulk of the employed are wage and salary earners; their numbers rose by 76,700 or 2.4 percent to 3.304 million (excluding persons on parental leave, conscripts and unemployed on training measures) in 2008. In the current year, the number of wage and salary earners is expected to decline by 50,000 (-1.5%). Unemployment declined by 10,000 to 212,300. Thus the unemployment rate declined to 5.8 percent of the total active labour force excluding self-

employed, which is the traditional Austrian calculation of unemployment rates (based on administrative data, Figure 1).

Total employment (including self-employed and family helpers but excluding persons on parental leave and conscripts) amounted to 3,718 million in 2008. The continued economic upswing was thus accompanied by a boost to employment growth but a slight decline in labour productivity growth. Labour productivity growth (real GDP/Active employment) declined, however (-0.3 percent), after a rise by 1.4 percent in 2007. In the current year, productivity growth is expected to continue to decline.

Figure 2: National and foreign labour¹
1989-2008



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

The employment of foreign workers has increased continuously since 1999, in contrast to the native work force; the latter has experienced transitory employment declines in 2002 and 2003. From 2004 onwards the number of employed Austrians experienced a steep increase, though, partly as a result of naturalisations. In contrast, employment growth of foreign workers has been more or less even between 2003 and 2005 with some 12,000, and gained momentum thereafter, reaching a high in 2008 of +23,500 or 5.7 percent. The rise in the employment of foreigners is on the one hand the result of a significant increase of employment of EU citizens, above all Germans, on the other the result of new legislation (modelled after the US-green card) which grants third country citizens who have legally resided in Austria for 5 years permanent residence status with the right to access the labour market without a work permit (labour market testing). In 2009, the employment increase of

foreign workers is expected to turn into a decline as a result of the economic downturn (Figure 2).

The share of foreign workers in total employment (excluding persons on parental leave) is thus constantly growing – from 11.3 percent 2002 to 13.4 percent in 2008. In the current year it is expected to decline.

According to social security data, foreign employment (excluding self-employed and persons on parental leave) amounted to 436,100 in 2008 (23,500 or 5.7 percent more than a year ago). These data include EU citizens – their numbers have continually risen since Austria's EU membership. In the year 2008 90,900 citizens from the EEA/EU 14 were employed in Austria, i.e., 21 percent of foreign employment. Particularly Germans continue to flow into Austria in large numbers as the increasing integration of the Austrian and German labour markets promote cross-border mobility of workers. In 2008, 72,300 Germans were working on an annual average in Austria, 8,400 or 13.2 percent more than a year ahead.

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

	Annual average		Change 2005/2006		Change 2006/2007		Change 2007/2008	
	2007	2008	Absolute	Percent	Absolute	Percent	Absolute	Percent
Total labour force ¹	3.449.697	3.516.394	38.044	1,1	48.591	1,4	66.697	1,9
National labour force	2.997.556	3.043.962	23.647	0,8	29.337	1,0	46.406	1,5
Foreign labour force	452.141	472.433	14.397	3,4	19.255	4,4	20.292	4,5
Total employment ¹	3.227.449	3.304.141	51.524	1,7	65.517	2,1	76.692	2,4
National employment	2.814.871	2.869.966	35.016	1,3	43.635	1,6	55.095	2,0
Foreign employment	412.578	434.175	16.508	4,4	21.883	5,6	21.597	5,2
Total unemployment	222.248	212.253	-13.480	-5,3	-16.926	-7,1	-9.995	-4,5
National unemployment	182.685	173.996	-11.369	-5,5	-14.298	-7,3	-8.689	-4,8
Foreign unemployment	39.563	38.257	-2.111	-4,8	-2.628	-6,2	-1.306	-3,3
			2005	2006	2007	2008		
Total unemployment rate			7,5	7,0	6,4	6,0		
National unemployment rate			7,1	6,6	6,1	5,7		
Foreign unemployment rate			10,6	9,7	8,8	8,1		

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

In addition to increased immigration from old EU-MS, rising numbers of migrant workers from new MS enter the labour market. In 2008, 79,100 citizens from the EU 12 worked in Austria on an annual average, i.e., 9,200 or 13.2 percent more than the year ahead. The small increase relative to Germans indicates that the transition agreements on the movement of workers have had the expected effect of reducing the potential inflows. Only those citizens from the new member states can obtain free labour movement who have been legally employed in Austria for 12 months; in addition, the family members who reside in Austria legally with a family member who has the right to free labour mobility also gains free mobility on the labour market.

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

In 2008, 212,300 unemployed were registered with the labour market service, 10,000 or 4.5 percent less than 2007. The unemployment rate of wage and salary earners, i.e., the traditional national calculation of the unemployment rate which excludes the self-employed from the labour supply base (and which is based on administrative data), amounted to 6 percent, a fall by 0.4 percentage points versus 2007. In the current year, unemployment is expected to rise by some 58,000 to 270,000; the unemployment rate of wage and salary earners should thus reach a level of 7.5 percent. The negative unemployment development in the current year is in the main the result of the significant economic and employment downturn.

The labour supply of foreign workers increased during 2008 by 20,300 to reach an annual average of 472,400. The unemployment rate declined for both native and foreign workers, to 5.7 percent and 8.1 percent respectively. In the current year, unemployment of foreigners and of natives will rise significantly (Table 1).

I. Migratory movements

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

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

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

e) Asylum seekers;

f) Others.

1. Legal framework

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

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

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

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

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

The inflow of settlers from third countries and of their third country family members is, however, regulated by quotas. The new residence and settlement law (NAG 2005) introduced a minimum income requirement for family reunification (family sponsoring²), in line with

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

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

regulations in other immigration countries overseas. This amendment has reduced the inflow of migrants with low earning capacities who want to join a partner in Austria who himself/herself is living off welfare benefits (long-term unemployment benefit (Notstandshilfe) and social assistance). In addition, forced and/or arranged marriages are increasingly a target of control.

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

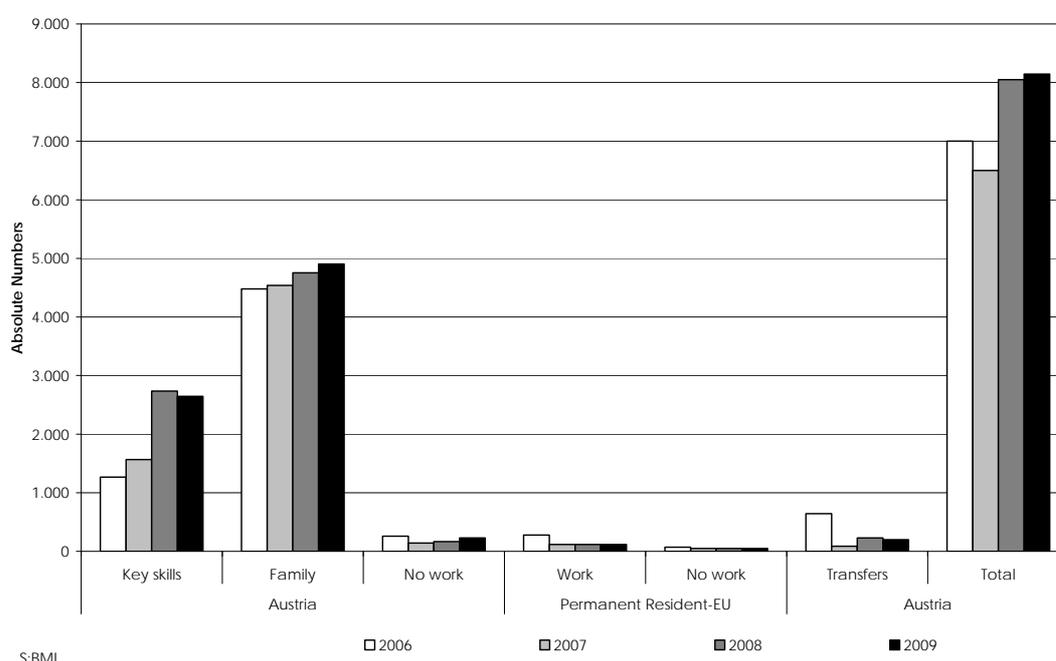
Apart from family reunification of third country citizens with third country citizens, an annual quota is fixed for highly skilled third country citizens (Schlüsselarbeitskraft). (Figure 3) Family reunification (Familiennachzug) quotas only apply to citizens of third countries, who are residing in Austria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

1. Highly skilled workers (§§2/5 and 12/8 AuslBG and § 41 NAG), their partners and dependent children (§46/3 NAG); for 2009 the inflow quota was fixed at 2,700, the same level as in 2008. The applications of third country highly skilled workers for settlement started to decline in 2008, contrary to expectations. It was assumed that skilled migration would not be affected by cyclical economic fluctuations of demand, and as the economic boom period of 2005 to 2007 had seen significant inflows, expectations were set on a continued rise. However, the applications declined somewhat in 2008 and took a proper dip in 2009 (-37%) for both employment categories, the self-employed as well as the salaried skilled migrants. While the decline of self-employed may be linked with the low acceptance rate of applications – in the main due to a lack of credentials of applicants, the decline in applications of salaried skilled migrants may be interpreted as a result of the declining demand for migrant workers due to the onset of the economic downturn.
2. Third country citizens who are permanent residents in another EU country and who want to come to Austria for the purpose of work (§8/1/3 NAG) or who want to settle in Austria without accessing the labour market (§49/1 NAG). This is a new quota in the revised residence law of 2005 and has been applied for the first time in 2006. In 2009 just as in the previous three years, only some 20 people entered Austria under this heading.
3. Family members of third country citizens (§46/4 NAG): the age of dependent children was raised from 15 to 18 years; the inflow quota for 2009 was 4,900, a slight rise over 2008 (4,755). This continues to be a rather tight cap for family reunification but does not seem to lead to queuing, i.e. a build up of open requests abroad (Figure 4).
4. Third country citizens, who have a permanent residence permit as family members without access to work may have this title transformed to one allowing access to the labour market (§§47/4 and 56/3 NAG). This is a quota introduced in 2006, meant to facilitate labour market integration of family members of settlers, who have resided in

Austria for less than 5 years (200 for 2009). So far the quota has on average sufficed to satisfy the demand for transfers of titles; however, some regions like Burgenland and Upper Austria keep a tight lid on the transformations.

5. Third country citizens and their family members who settle in Austria without wanting to enter the labour market (§§ 42 and 46 NAG); the regulations were amended in the new law requiring the proof of regular monthly income (double the minimum of unemployment benefits as regulated in § 293 ASVG). The quota was raised to 230 in 2009 after 165 in 2008. In this category one tends to have more applications than the quota.

Figure 3: Quota system and annual cap by category, 2006-2009



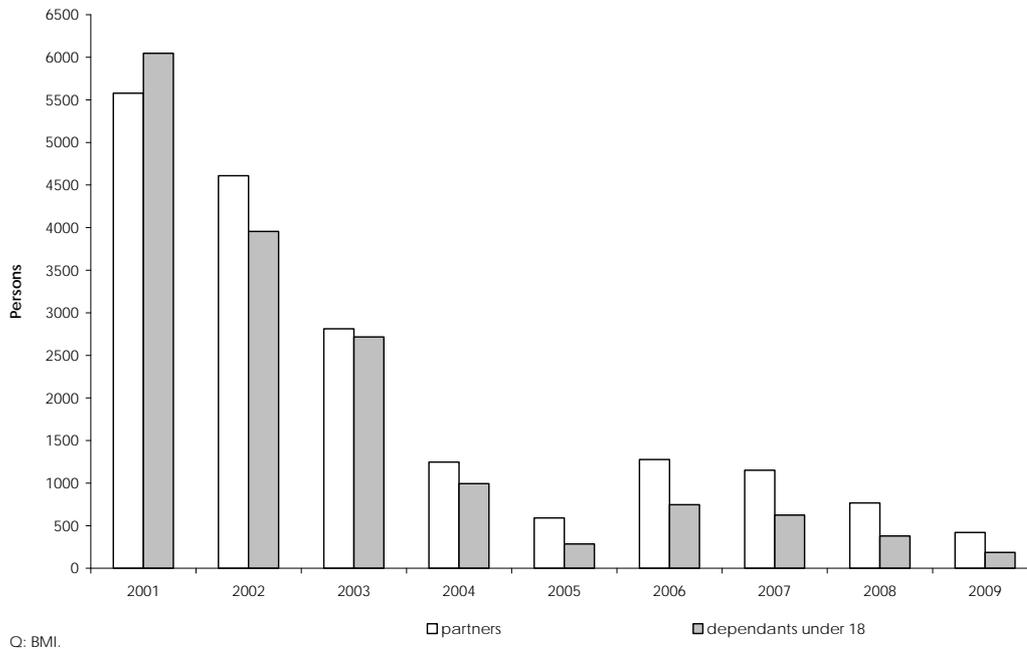
Thus, the quota system is complex, whereby the basic logic is the linkage of the residence and labour rights of the family members of third country citizens to the status/title of the 'anchor', i.e. the third country citizen with the residence title in Austria who requests that the family member may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

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

Highly skilled workers may enter on the basis of an employer nomination scheme, if scarcity of their skills can be documented (indicators of occupational labour market scarcities). Not only scarcity is a requirement, but also minimum earnings which are to ensure that wage dumping does not occur; the wage ceiling is set fairly high – at monthly gross earnings equal to or above 60 percent of the social security contribution ceiling – thereby surpassing the average

entry wages of young university graduates. This represents a barrier to entry into the labour market of third country university graduates and is targeted for amendment.

Figure 4: Open requests for family reunification (Queue abroad) 2001-2009



Apart from the earnings, the highly skilled person has to fulfil at least one of the following additional requirements:

1. the person is not only an asset to the enterprise (employer nomination) but also to the labour market of the region,
2. the person contributes to job creation and/or preservation of existing jobs,
3. the person invests capital in Austria,
4. the person is a university graduate or has other comparable, reputable skills.

2. Migration movements by category

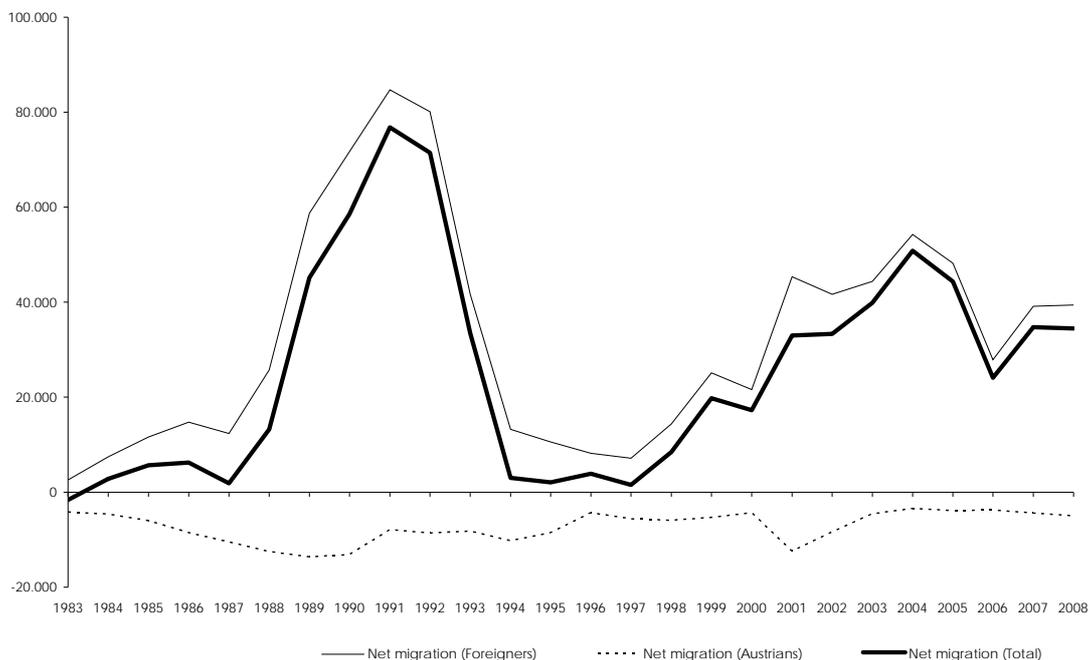
A) Population flows of nationals and foreigners

Austria experienced two waves of significant net immigration since the early 1980s; the first in the mid 1980s, to a large extent triggered by asylum seekers (many from Poland – Solidarnosz) culminating in 1991 with 76,800 net immigration; the steep rise towards the end of the 1980s is linked to the fall of the iron curtain and German reunion. Austria profited from the boost to economic growth of German reunion and attracted many migrants from traditional source countries as well as Central and Eastern European Countries (CEECs) who were looking for work (combination of push and pull forces, for more see *Biffi, 1996*) The net inflow continued

to be high for another year or so due to substantial refugee inflows from the civil war in former Yugoslavia and the inability of the outdated foreign worker legislation to control immigration. It was thus the unprecedented rise in population inflows of the late 1980s and early 1990s that triggered off the revision of alien laws in Austria. The legislative reform brought about the introduction of immigration legislation which was modelled after the US-regulations.

The second wave of immigration set in towards the tail-end of the 1990s and reached its peak in 2004 with 50,800 net immigration. Since then the net population inflow declined to 34,400 in 2008, i.e. by 32% versus 2004. The second hump is basically the echo-effect of the first one in the early 1990s – through the acquisition of Austrian citizenship; family reunification of an Austrian citizen with a third country national is possible outside quota restrictions. The large inflow fuelled another legislative reform (Alien Law 2005), namely the implementation of family sponsoring. Thus, also Austrian citizens face barriers to family reunification/formation with third country citizens if they have no regular (minimum) income (dependent children face no entry barriers as they are covered by family allowance). The restrictions in combination with the declining echo effect resulted in a reduction of net inflows of migrants from 48,200 in 2005 to 27,900 in 2006. In 2007 and 2008, net immigration of foreigners picked up again, reaching a level of 39,400 in 2008 (Figure 5).

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



Source: Statistics Austria.

The change in paradigm of the immigration policy away from worker migration to family reunification and humanitarian intake in 1992 resulted in substantial increases in immigration flows. These flows are increasingly supply driven rather than demand driven, resulting in a rising mismatch between skills supplied and demanded. Accordingly, employers are

demanding reforms in immigration policy, basically the promotion of labour migration at the upper end of the skill level³. The adaptation of the migration model towards the promotion of the inflow of skilled labour is included in the government programme 2008-2013 (Regierungsprogramm: 105-112⁴).

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

The net flow figures can be disaggregated into gross flows by gender and citizenship. Accordingly, in 2008, gross inflows amounted to 110,100 (of whom 94,800 foreigners) and outflows to 75,600 (of whom 55,300 foreigners). The inflow rate (inflows per 1,000 inhabitants) has thus declined versus the peak of 15 in 2004 to 13.2 in 2008. The outflow rate, however, is declining since 2002 (from 9.3 to 9.1 2008). The net migration rate per 1000 inhabitants amounted to 4.1 in 2008, after a peak of 6.2 in 2004. **If we compare these migration flows with the number of settler resident permits granted to third country citizens in 2008, it can be established that of the 39,400 net inflow of foreigners one third were settlers of third countries, namely 15,400** (see Tables 2 and 7).

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

Inflows of men and women have increased more or less continuously until 2004, declined somewhat in 2005 and 2006 and picked up again in 2007. The inflow rate of men amounted to 14.4 in 2007, after 17.6 in 2004, up from about 10 per thousand inhabitants in the late 1990s. The inflow rate of women is somewhat lower, reaching 11.4 in 2007 (after 13.7 in 2004), after some 8 per thousand inhabitants in the late 1990s.

Outflows are smaller than inflows for both men and women. The outflow rate of men is higher than for women; it declined to 10.9 in 2007 (after 11.8 persons per 1,000 inhabitants in 2002).

The outflow rate of women was at 7.0 in 2007 (after 8.1 in 2002); it is showing rather little variation over time.

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

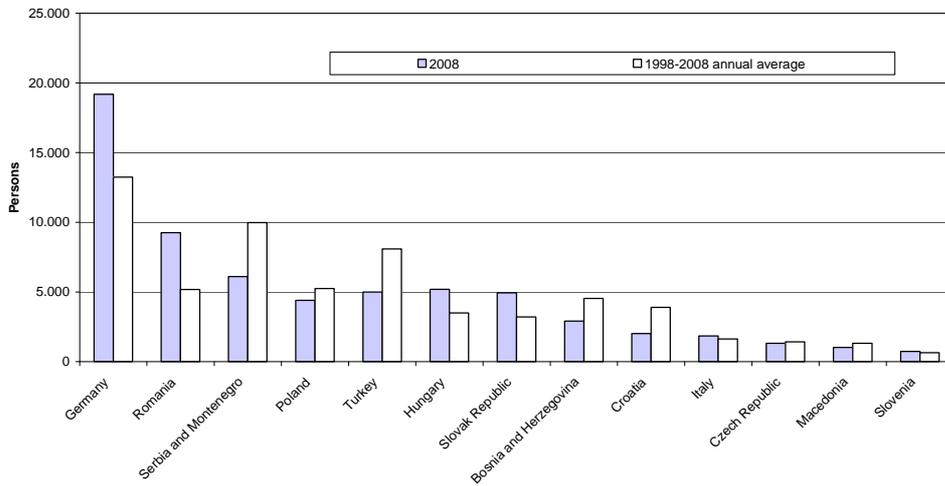
The inflow and outflow rates of Austrian men relative to the Austrian male population size are higher than for Austrian women (inflow: 3.6 versus 1.3; outflow: 3.5 versus 2.0 in 2008). Also in the case of foreigners, the inflow and outflow rates of men relative to their population size are higher than for women (inflow: 113.4 versus 108.9; outflows: and 73.8 versus 55.7 per thousand

³ The most recent presentation of an immigration model for Austria along the lines of the Canadian point system has been presented by the employers association together with IOM, Austria, under the title of: "Zuwanderung gestalten: ein zukunftsorientiertes Migrationsmodell". See http://www.iv-mitgliederservice.at/iv-all/publikationen/file_474.pdf.

⁴ For more see the section on Migration and Integration: <http://www.bka.gv.at/DocView.axd?CobId=32965>

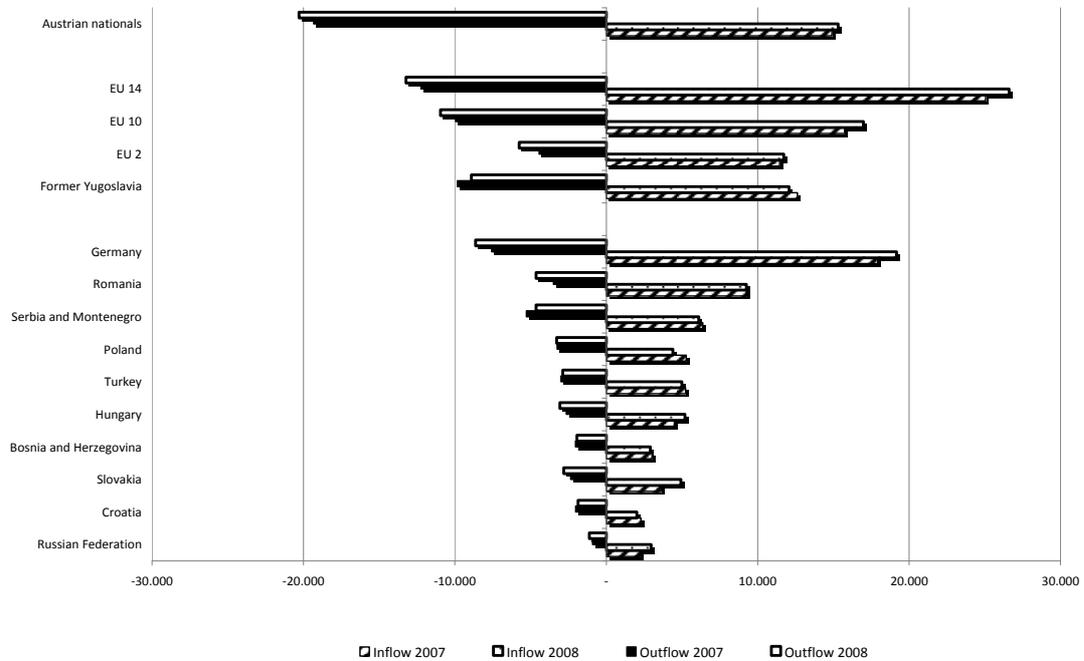
inhabitants), whereby the difference between men and women tends to get smaller over time (Table 2).

Figure 6: Inflows of top 13 nationalities into Austria



Source: Statistics Austria.

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



Of the 94,800 inflows of foreigners in 2008, 24 percent came from the old EU-MS, in the main Germany; slightly more inflows were recorded from EU10 and EU2, namely 26.3 percent (with a share of 10.5 percent of the EU2, of which Rumanians held the majority share of 8.4

percent). 11 percent came from the former region of Yugoslavia (with a majority share of citizens of Serbia and Montenegro of 5.5 percent), 4.5 percent from Turkey, and 8.7 percent from Asia excluding Turkey. As in previous years, fairly small numbers come from overseas countries in Africa (2.9 percent), America (3.2 percent) and Oceania (0.3 percent).

In 2008, of the 55,349 foreigners leaving Austria (outflows), about a quarter are from the old EU-MS, in the main Germany, indicating that the German population in Austria is largely a floating population, a consequence of a high degree of integration of the economies, the labour market, the education system and the society at large. This holds also for persons from the new EU-MS (EU10&EU2), who constitute about 30 percent of all outflows. In contrast, fairly small numbers of persons from former Yugoslavia and Turkey are among the outflows from Austria, in particular in relation to the numbers residing in Austria, indicating that citizens of those countries of origin often arrive to stay, a trend since the former 'guestworker' movements of the 1960s and 1970s.

Table 2: Migration flows in Austria: 2001-2008

	Total								Austrians								Foreigners							
	2001	2002	2003	2004	2005	2006	2007	2008	2001	2002	2003	2004	2005	2006	2007	2008	2001	2002	2003	2004	2005	2006	2007	2008
Total																								
Inflows	111.998	108.125	111.869	122.547	114.465	98.535	106.659	110.074	15.142	21.981	18.528	18.301	16.470	15.636	14.911	15.313	74.786	86.144	93.341	104.246	97.995	82.899	91.748	94.761
Outflows	79.034	74.831	71.996	71.721	70.133	74.432	71.928	75.638	21.644	30.353	23.056	21.703	20.333	19.387	19.324	20.289	51.010	44.478	48.940	50.018	49.800	55.045	52.604	55.349
Net migration	32.964	33.294	39.873	50.826	44.332	24.103	34.731	34.436	-6.502	-8.372	-4.528	-3.402	-3.863	-3.751	-4.413	-4.976	23.776	41.666	44.401	54.228	48.195	27.854	39.144	39.412
Men																								
Inflows	49.036	62.674	61.690	69.789	65.000	55.637	58.197	59.455	9.081	12.583	10.571	11.883	11.032	10.424	9.891	10.123	39.955	50.091	51.119	57.906	53.968	45.213	48.306	49.332
Outflows	41.377	46.097	46.074	44.991	40.816	43.606	44.105	44.684	12.554	22.417	18.158	16.735	13.125	12.749	12.681	12.573	28.823	23.680	27.916	28.256	27.691	30.857	31.424	32.111
Net migration	7.659	16.577	15.616	24.798	24.184	12.031	14.092	14.771	-3.473	-9.834	-7.587	-4.852	-2.093	-2.325	-2.790	-2.450	11.132	26.411	23.203	29.650	26.277	14.356	16.882	17.221
Women																								
Inflows	40.892	50.491	51.864	57.610	52.822	45.335	48.708	50.619	6.061	8.015	5.819	6.569	5.335	5.164	5.064	5.190	34.831	42.476	46.045	51.041	47.487	40.171	43.644	45.429
Outflows	31.277	33.561	31.183	31.826	27.834	29.889	30.086	30.954	9.090	18.464	13.034	11.756	8.045	7.842	7.783	7.716	22.187	15.097	18.149	20.070	19.789	22.047	22.303	23.238
Net migration	9.615	16.930	20.681	25.784	24.988	15.446	18.622	19.665	-3.029	-10.449	-7.215	-5.187	-2.710	-2.678	-2.719	-2.526	12.644	27.379	27.896	30.971	27.698	18.124	21.341	22.191
	Per 1000 inhabitants																							
Total																								
Inflows	13,9	13,4	13,8	15,0	13,9	11,9	12,8	13,2	1,9	2,7	2,3	2,2	2,0	1,9	1,8	1,8	9,3	10,7	11,5	12,8	11,9	10,0	11,1	11,4
Outflows	9,8	9,3	8,9	8,8	8,5	9,0	8,7	9,1	2,7	3,8	2,8	2,7	2,5	2,3	2,3	2,4	6,3	5,5	6,0	6,1	6,1	6,7	6,3	6,6
Net migration	4,1	4,1	4,9	6,2	5,4	2,9	4,2	4,1	-0,8	-1,0	-0,6	-0,4	-0,5	-0,5	-0,5	-0,6	3,0	5,2	5,5	6,6	5,9	3,4	4,7	4,7

Source: Statistics Austria. Own calculations.

B) Entries and departures of refugees

i) Entries of refugees

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

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

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

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

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

Table 3: Asylum seekers in Austria by the end of the year: 1952-2008

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

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

After a temporary slowdown in asylum inflows in the year 2000, inflows of asylum seekers rose rapidly until 2002, partly as a result of the crisis in Afghanistan. In 2002 the number of asylum seekers peaked at 39,400. Ever since then the numbers of applications for asylum declined steadily. In 2007 only 11,900 asylum applications were filed, 25,100 or 67.8 percent less than in 2002. However, in 2008, the number of asylum seekers increased for the first time since 2002 to 12,841. The sharp reduction in the numbers of asylum seekers is largely the result of Austria becoming a Schengen country which is surrounded by other Schengen countries (Dublin Convention). It is therefore increasingly difficult to apply for asylum in Austria as one tends to have to pass through another Schengen country before reaching Austria. Our neighbouring countries are considered 'safe havens', implying that asylum seekers crossing through one of

these countries may rightfully be returned to these countries as first countries of asylum (Table 3).

In the course of the years 2000 the share of men amongst asylum seekers has declined somewhat from 77.8 percent in 2001 to 66 percent in 2008. The number of asylum seekers from Europe has reached a peak in 2003 with 17,600 applications. Since then the numbers declined by 60 percent to 7,100. But until today, two thirds of the asylum seekers in Austria originate from Europe. The largest single country of origin is the Russian Federation (as in 2007), followed by Afghanistan, Kosovo and Serbia. Since 2006, applications by Serbian nationals have dropped considerably (2006: 2,515, 2007: 1,760), to 810 in 2008. In contrast, the applications from Afghan nationals (2007: 761) have almost doubled in 2008 (1,382).

The second most important source region of asylum seekers is Asia with 24 percent of all asylum seekers in 2008. The largest numbers are originating from Afghanistan, followed by Iraq, India, Iran, China, Pakistan and Bangladesh.

Table 4: Asylum seekers by gender and country/region of origin by 31 December: 2001-2008

Asylum seekers									In % of asylum seekers							
	2001	2002	2003	2004	2005	2006	2007	2008	2001	2002	2003	2004	2005	2006	2007	2008
Total	30.135	36.983	32.364	24.676	22.471	13.350	11.879	12.841								
Men	23.457	29.266	23.754	17.755	15.974	8.782	7.877	8.520	77,8	79,1	73,4	72,0	71,1	65,8	66,3	66,3
Women	6.678	7.717	8.610	6.921	6.497	4.568	4.002	4.321	22,2	20,9	26,6	28,0	28,9	34,2	33,7	33,7
Originating from Europe	7.598	17.403	17.591	15.227	14.229	8.506	7.131	7.100	25,2	47,1	54,4	61,7	63,3	63,7	55,3	55,3
of which:																
Armenia	1.259	2.039	1.112	414	520	354	405	360	4,2	5,5	3,4	1,7	2,3	2,7	3,4	2,8
Rest Yugoslavia (Serbia, Montenegro)	1.649	4.729	2.521	2.840	4.408	2.522	1.774	1.715	5,5	12,8	7,8	11,5	19,6	18,9	14,9	13,4
Macedonia	935	783	412	324	454	193	157	205	3,1	2,1	1,3	1,3	2,0	1,4	1,3	1,6
Russian Federation	365	2.221	6.713	6.184	4.359	2.444	2.673	3.435	1,2	6,0	20,7	25,1	19,4	18,3	22,5	26,8
Moldavia	166	819	1.175	1.350	1.210	902	545	225	0,6	2,2	3,6	5,5	5,4	6,8	4,6	1,8
Georgia	597	1.921	1.517	1.743	953	563	399	511	2,0	5,2	4,7	7,1	4,2	4,2	3,4	4,0
Turkey	1.876	3.563	2.843	1.113	1.067	669	651	417	6,2	9,6	8,8	4,5	4,7	5,0	5,5	3,2
Originating from Asia	19.701	15.816	10.513	5.871	5.676	3.238	3.022	3.064	65,4	42,8	32,5	23,8	25,3	24,3	25,4	23,9
of which:																
Afghanistan	12.957	4.322	2.360	757	928	697	762	1.382	43,0	11,7	7,3	3,1	4,1	5,2	6,4	10,8
Bangladesh	949	1.104	887	331	548	140	70	52	3,1	3,0	2,7	1,3	2,4	1,0	0,6	0,4
China Peoples Republic	95	666	569	565	460	194	205	236	0,3	1,8	1,8	2,3	2,0	1,5	1,7	1,8
India	1.804	3.366	2.823	1.842	1.530	479	385	355	6,0	9,1	8,7	7,5	6,8	3,6	3,2	2,8
Iraq	2.113	4.473	1.452	231	222	384	463	490	7,0	12,1	4,5	0,9	1,0	2,9	3,9	3,8
Iran	733	711	981	347	306	274	248	250	2,4	1,9	3,0	1,4	1,4	2,1	2,1	1,9
Pakistan	487	358	508	575	498	110	103	106	1,6	1,0	1,6	2,3	2,2	0,8	0,9	0,8
Originating from Africa	2.398	1.794	3.543	3.246	2.126	1.366	1.480	1.724	8,0	4,9	10,9	13,2	9,5	10,2	12,5	13,4
of which:																
Nigeria	1.037	1.431	1.846	1.829	881	420	395	535	3,4	3,9	5,7	7,4	3,9	3,1	3,3	4,2
Somalia	326	221	191	45	89	183	467	411	1,1	0,6	0,6	0,2	0,4	1,4	3,9	3,2
Originating from America	25	27	42	35	25	12	42	70	0,1	0,1	0,1	0,1	0,1	0,1	0,4	0,5
of which:																
Columbia	19	10	9	0	0	1	0	0	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0

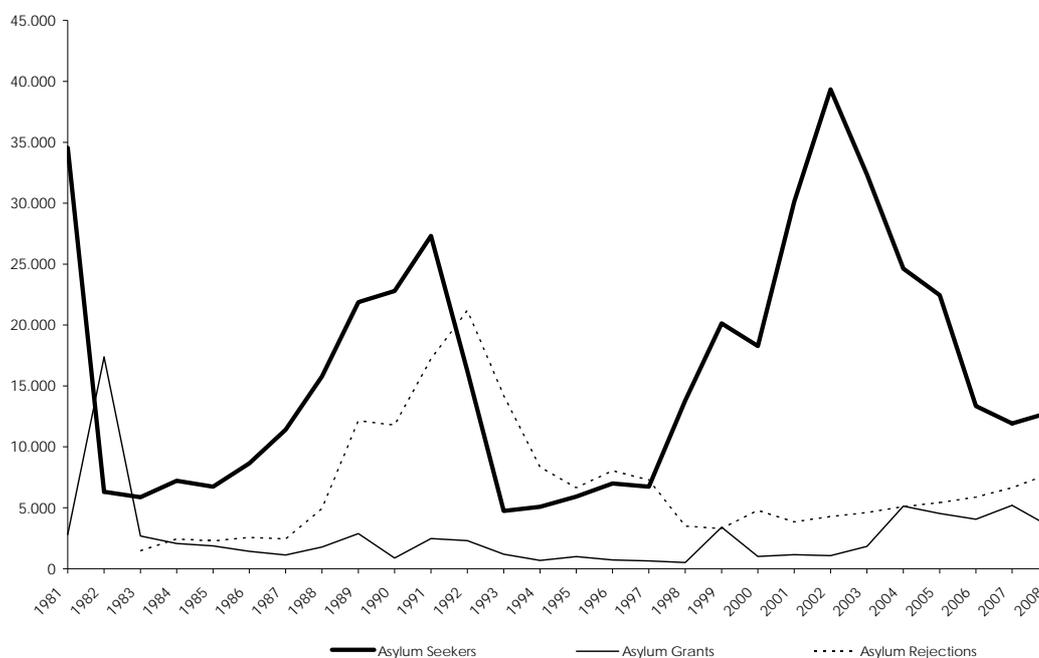
As in previous years, a relatively small but rising number of asylum applications are filed by persons from Africa. The largest single country of origin is Nigeria (535), followed closely by Somalia (411). Only a very small number of asylum seekers originate from America. (Table 4).

In the course of the current year the number of asylum seekers is increasing considerably. By September 2009, a total of 30.2% more applications than by September 2008 had been received (a total of 11.583 requests). The largest number of applications stems from the Russian Federation, followed by Afghanistan and Kosovo. The declining trend of applications

from Serbian nationals continues; they are now on 5th place with 651 asylum requests. In contrast, applications by Georgian nationals are increasing to 656 (fourth largest group). An increasing number of unaccompanied minors file asylum applications. In 2008 900 cases were counted, i.e. 4.4% of all applications.

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

Figure 8: Asylum procedures: Inflows, acceptances and rejections 1981-2008



Source: Statistics Austria, own calculations.

In the year 2008, however, significantly smaller numbers of asylum grants have been issued, namely 3,753 (-1,400, -27.8% versus the previous year) and twice as many have been rejected: 7,968. These negative cases may result in refoulement, unless a return to the country of origin is unfeasible on humanitarian grounds. In 2007 several cases made the public media, and a decision of the constitutional courts requests the Ministry of the Interior to clarify procedures by which residence may be granted to rejected asylum seekers on

humanitarian grounds⁵. In By April 1 2009, an amendment to the residence and asylum laws (2005) came into effect (Fremdenrechtsnovelle 2009, BGBl. I Nr. 29/2009). Accordingly, residence status on humanitarian grounds is regulated separately in either law, i.e. in the asylum act (§10 cites criteria on the basis of which permanent or temporary residence may be granted procedures and of the residence act (§§ 43 und 44 NAG 2005 have been extended). The catalogue of criteria is the same in asylum legislation (§ 10 Abs. 2 Z 2 AsylG), in the alien police law (§66 Abs. 2 FPG) and the residence act (§1 Abs. 3 NAG).⁶

In 2008, positive asylum decisions were granted mostly to Iraqi nationals (60%), 44% to citizens of the Russian Federation and 53% to citizens of Afghanistan. In total, 1,628 positive decisions were taken in 2008.

The acceptance rate of asylum applications (as a percentage of the sum of negative and positive cases) has fluctuated over time and it differs by country of origin. In 2004, the acceptance rate (positive cases in percent of positive and negative judgements) amounted to almost 50 percent, after 8.1 percent in 1997. Ever since then it declined and reached 35% in 2008, after 41% in 2007.

Over the whole period of 1981 till 2008, a total of 451,041 asylum applications were registered, of whom a total of 75,353 were accepted as refugees according to the Geneva Convention, i.e., 16.7 percent, and 178,368 got their case rejected, i.e., 39.5 percent. The remaining 197,320 or 44 percent of all asylum applicants moved on before the procedures were terminated in Austria (Figures 8 and 9).

Harmonisation of asylum legislation within the EU has brought about major changes in the treatment and deployment of asylum seekers in Austria. The most recent legislative change, which took place in 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. The Ministry of Economic Affairs and Labour has, however, limited the access to the labour market to seasonal work only, thereby limiting the scope of employment the law would actually allow.

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

⁵ *Biffi – Bock Schappelwein* (2008) collected information on legislation in other EU-MS and on the annual numbers of rejected asylum seekers who get residence granted on humanitarian grounds.

⁶ For more information see *Biffi et al.* (2009).

denied. This puts the group of persons under stress, who for humanitarian reasons may not be sent back to their countries of origin.

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 (EQUAL-projects). Ever since then some 1,500 asylum seekers annually have received education and/or work within Equal (www.equal-esf.at). 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). Also in the more recent Equal-programmes various projects target asylum seekers, e.g., First aid in integration. This development is in line with the objective of the EC to promote the employability of asylum seekers, documented in the Directive of the European Parliament of 25 April 2004, which aims at the promotion of integration of asylum seekers and refugees (www.refugeenet.org).

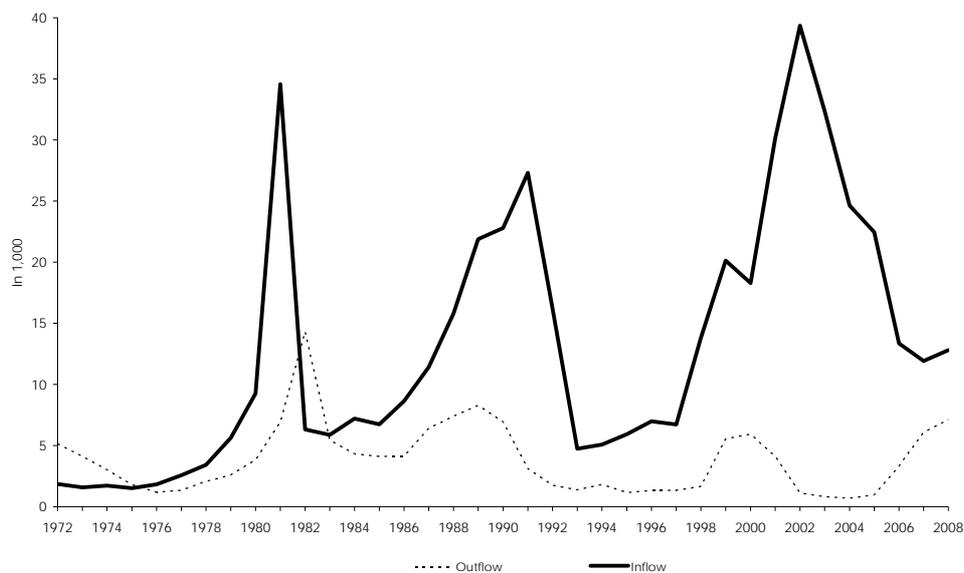
ii) Outflow of refugees

Until the fall of the Iron Curtain in 1989, asylum seekers and refugees (the majority from Eastern Europe) used Austria as a stepping stone for emigration to the traditional immigration countries overseas. Austria never conceived herself as an immigration country. Therefore an active integration scenario for refugees or immigrants was not put in place until rather recently, i.e., since the massive inflow of refugees from the region of former Yugoslavia in the early 1990s. The outflow of asylum seekers and refugees was therefore always quite high relative to the inflows. When looking at outflow data one has to bear in mind that no comprehensive information exists on the outflow of refugees and asylum seekers. Only those figures are available, which are the result of processing emigration through IOM (International Organisation of Migration). These figures show a sharp decline from 1989 until 1995, followed by an increase till 2000 and a swift decline after that. In the year 2005 the outflow came almost to a halt (967) but picked up again in 2006 and reached 6,100 in 2007.

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 within Europe and to 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 2008, 7,100 refugees left Austria via the rest of the

world, with the help of IOM, about double the number of 2006. Two thirds of the outflow are to USA (4,400 in 2008).

Figure 9: Inflow and outflow of asylum seekers and/or refugees via Austria 1972-2008



Source: Statistics Austria.

Table 5: Outflow of refugees¹ via Austria 1972-2008

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

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

C) *Inflow of foreigners due to family reunification*

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

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

Table 6: Structure of valid residence permits in Austria (1994-2009, mid year count)

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

Source: Federal Ministry of the Interior. Own calculations.

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

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

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

onwards granted through a visa rather than a residence permit. By 2008 (mid year count) the number of residence permits declined further to 454,000, 22,900 or 4.8 percent less than 2006. In 2009, the number of residence permits stabilised on that level (454.300). The decline had primarily been the result of a declining number of permanent residents, while all other categories experienced an increase, above all settlement permits for relatively recent inflows (for family reunification or work).

Of the total number of permits (mid year count in 2009), 309,000 or 68 percent were permanent residents, another 18 percent (82,400) had a settlement permit (NB) and 42,900 or 9.5 percent were a third country family member other than a partner or dependent child of an Austrian or other EEA citizen. Only 20,400 or 4.5 percent of all valid residence permits were temporary, i.e., for more than 6 months and less than a year.

i) Inflow of third country migrants by type of permit

It is important to remember that a relatively small proportion of the annual inflows of settlers (NB = Niederlassungsbewilligung) is regulated by quotas; temporary residents (until 2005 AE = Aufenthaltserlaubnis, from 2006 AB = Aufenthaltsbewilligung) are able to reside on the basis of regulations of labour market institutions (seasonal or other employment contracts), university or other school access rights or on humanitarian grounds. Over the year 2008 a sum total of 21,200 resident permits were issued to newcomers from third countries (-300 or 1.6 percent versus 2007), of which 15,400 or 72 percent to settlers. Thus the annual inflow of settlers remained more or less at the level of 2007 - after the abrupt decline in 2006, which had resulted from the reforms of the immigration regulations in 2005. The reforms effectively took away the right to family reunion of paupers and persons on social assistance.

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

Of the 15,400 new settlers in 2008, almost one half (7,400) were issued on the basis of a quota, i.e., either due to high skills (Schlüsselarbeitskraft) or as a family member of a third country citizen, who is a settler in Austria within a quota. Thus, 52 percent of the new third country settlers have the right to join their Austrian or EEA-family members or may settle on humanitarian grounds (Tables 7 and 8).

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 2008, 2,600 such transformations were taking place; 78% went to persons who were not under a quota/cap, namely 2,008. The transformations of titles were evenly spread across men and women.

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

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

Annual Sum by end of December

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

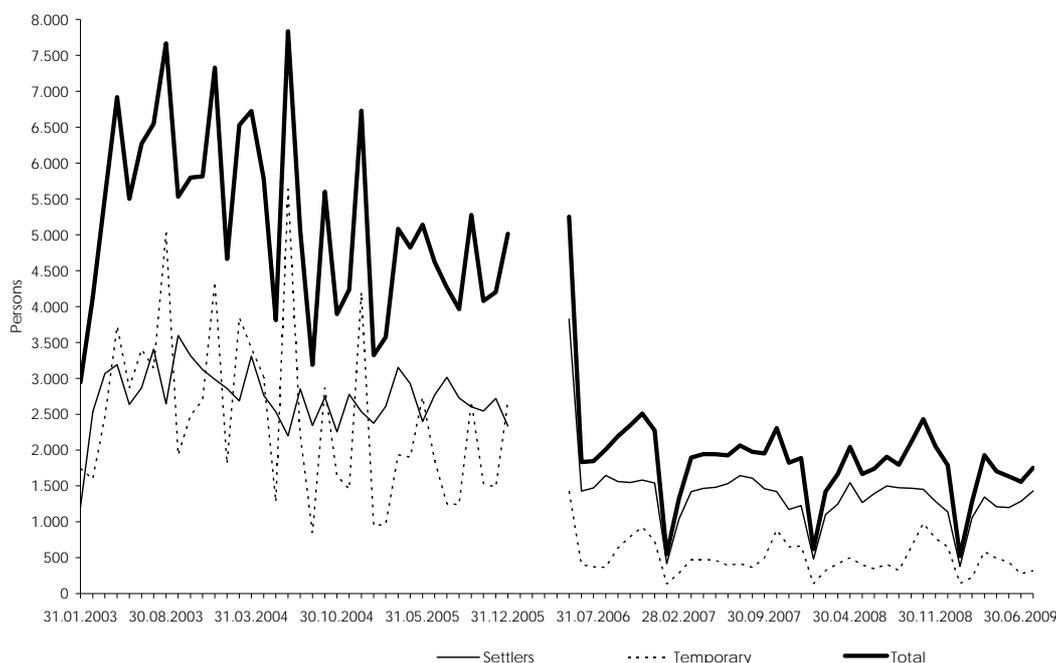
Source: Ministry of the Interior.

As to the newly issued temporary resident permits: of the total of 5,900 issued to third country citizens in 2008, the majority are persons working in Austria temporarily (and their family

members), followed by students and their family members, and 1 percent could stay on humanitarian grounds, many of them 'integrated' asylum seekers.

Temporary residence may be granted on the basis of various regulations, e.g., a temporary employment permit granted by the Federal Ministry of Economic Affairs and Labour in the case of seasonal work, or as a result of a bilateral cross-border agreement (commuters from Hungary). These temporary work contracts are linked to employment contracts, which have a ceiling, e.g., in the case of seasonal workers and cross-border commuters. In these cases the residence in Austria is an integral part of the work contract and does not need processing by the Ministry of the Interior. Consequently, they are not included in the third country citizenship residence register of Tables 7 and 9. All other temporary residence cases which exceed a stay of 6 months are documented by the Ministry of the Interior, e.g., students, training and work experience schemes, sports and entertainment schemes etc. (see Table 9). These stays are uncapped, e.g., researchers, students etc., i.e., all of the 5,900 temporary resident permits issued in 2008, are uncapped by quotas. The temporary residence status may be extended, e.g. in case of students. The total number of extensions is almost triple the number of first issues, namely 15,000 in 2008, +809 or 5.7% versus 2007.

Figure 10: Monthly inflows of third country citizens by residence status (2003-2009)



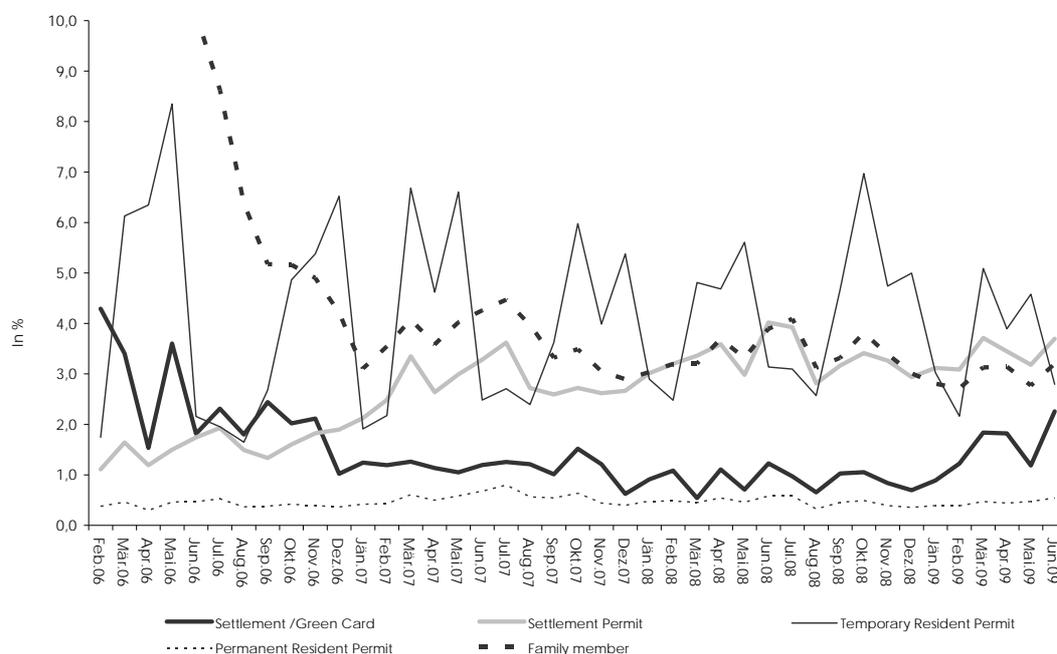
Source: Federal Ministry of the Interior, Own-calculations.

It is obvious from Figure 10 that temporary inflows have lost some of their volatility as a result of the exclusion of seasonal permits of less than 6 months from 2006 onwards. Administrative procedures may account for the small inflows at the turn of the year, both for settlers and

temporary residents. While temporary residents tend to flow in larger numbers in the second half of the year, the contrary is the case for settlers. The annual average in terms of numbers is quite stable in the case of settlers, and on a slight rise in 2009; in contrast, the number of temporary residents declines.

Figure 11 indicates that the inflow rate of temporary residents has a clear seasonal pattern – it is fairly high in relation to the stock in spring and autumn and low in the winter and summer months. The annual stock is averaging 20.000. In contrast, the inflow rate of green card holders (Daueraufenthaltskarte), i.e. third country citizens, who have resided and worked in an old EU-MS (also in Austria) for 5 years, have the right to settle and work anywhere in the EU, is less volatile and rising. Accordingly, their numbers are increasing and reached 3.500 by mid 2009, after some 2,500 in mid 2006. The inflow rate into settlement permits is higher and also slightly rising; it exhibits an uneven spread over the year. On an annual average the stock of settlement permits amounted to 103,000 in 2008. The inflow rate of family members is about as high as the inflow rate of settlers, and exhibiting the same pattern. Family members may have their title transformed to one of settlement (which allows access to the labour market without labour market testing). On an annual average 43,000 were registered in 2008 compared with 20,000 in 2006.

Figure 11: Monthly inflow rate in% (inflows in %of stock at end of previous month) of third country citizens by status (2003-2009)



In the course of 2008 15,400 first settler permits were issued, somewhat less than in 2007 and about 1,000 (-6.1%) less than in 2006. Two third of the settlement permits are issued to persons in uncapped categories, namely 10,000. The settler permits issued to third country citizens, for

whom no quota limit applies, are either family members of Austrians (or of citizens of the EEA) or they have obtained settlement rights in another EU-MS, or else may reside in Austria on humanitarian grounds. As far as the first group is concerned, they have unlimited access to the labour market (5,900 in 2008). The latter may access work on the basis of labour market testing.

Amongst the capped categories a fairly small number are highly skilled migrants, who come for work. The figures have been rising between 2006 and 2008 by 300 or 52% to 832. They constituted 15 percent of all first quota settlement permits in 2008. The majority of first settlers, who come under a quota, are family members who may only enter the labour market after labour market testing (limited access to work). (Table 8).

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

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

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

Settlement permits entitle third country citizens to settle in Austria, but not everybody intends to settle, while others want to transform their settlement category into another title with more

rights, e.g. free access to the labour market. Adding also the extensions and transformations into the picture, Austria issues annually a total of some 134,800 settlement permits.

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

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

	2006			2007			2008		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<i>First temporary residence permits</i>	2.902	3.711	6.613	2.616	3.068	5.684	2.660	3.219	5.879
Employed persons on basis of GATS (mode 4)	126	73	199	93	12	105	152	19	171
Family member of highly skilled								2	2
Family member of researcher	9	17	26	7	34	41	19	38	57
Family member of intercompany transfers	42	94	136	41	90	131	40	94	134
Family member of special employment-artist,scier	114	204	318	123	197	320	97	158	255
Family member of students	76	84	160	50	64	114	51	77	128
Family member of scientist/artist	11	10	21				13	45	58
Researcher	45	29	74	96	47	143	102	49	151
Humanitarian grounds	64	80	144	84	104	188	58	54	112
Artist (on the basis of work contract)	57	34	91	25	19	44	42	20	62
Artist (self-employed)	32	17	49	24	9	33	17	15	32
Intercompany transfers	135	51	186	120	27	147	114	36	150
Pupil	256	346	602	207	356	563	208	333	541
Self-employed	13	6	19	9	1	10	9	3	12
Special cases of salaried employees	597	1.391	1.988	542	1.123	1.665	529	1.164	1.693
Social worker	2	2	4	1	2	3		1	1
Students of higher education	1.323	1.273	2.596	1.194	983	2.177	1.209	1.111	2.320
<i>Extensions of temporary residence permits</i>	7.521	8.008	15.529	7.124	7.085	14.209	7.596	7.422	15.018
Employed persons on basis of GATS (mode 4)	74	45	119	44	38	82	90	39	129
Family member of highly skilled							8	10	18
Family member of researcher	3	6	9	13	16	29	4	4	8
Family member of intercompany transfers	62	150	212	61	153	214	9	35	44
Family member of special employment-artist,scier	171	335	506	281	524	805	67	165	232
Family member of students	150	217	367	120	165	285	320	519	839
Family member of scientist/artist	41	66	107	35	58	93	128	173	301
Researcher	17	7	24	48	26	74	20	46	66
Humanitarian grounds	35	55	90	39	46	85	127	62	189
Artist (on the basis of work contract)	107	83	190	104	79	183	44	46	90
Artist (self-employed)	91	53	144	104	56	160	123	89	212
Intercompany transfers	154	55	209	149	46	195	109	65	174
Pupil	595	891	1.486	481	780	1.261	182	45	227
Self-employed	12	3	15	20	6	26	471	784	1.255
Special cases of salaried employees	705	857	1.562	1.018	653	1.671	22	5	27
Social worker	5	11	16	0	0	0	1.136	678	1.814
Students of higher education	5.299	5.174	10.473	4.607	4.439	9.046	4.736	4.657	9.393
Sum of all temporary residence permits	10.423	8.008	22.142	9.740	10.153	19.893	10.256	10.641	20.897

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

In addition to settlement permits, the Federal Ministry of the Interior issues temporary residence permits to persons who have obtained the right to enter for study, temporary work and business purposes including services mobility (GATS mode 4) or on humanitarian grounds. In the course of 2008, all in all 5,900 temporary residence permits were issued for the first time, and 15,000 were extended. The largest number of first temporary residence permits goes to

students of higher education, namely 2,300 or 39 percent of all first temporary resident permits. Students are also the largest group to get their temporary stay extended namely 9,400 or 63% of all extensions. (Table 9).

Temporary residence status does not envisage the possibility of family reunion and access to welfare payments, in particular unemployment benefits. While the average duration of stay of temporary residents before the administrative break in 2006 was on average 4 to 6 weeks (in 2005 and 2004), it rose to 7 months by mid 2008.

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

The Alien register of the Ministry of the Interior informs also on the number of citizens of another EU-MS who settle in Austria. In the course of the year 2008 38,617 EU-citizens entered Austria. About two thirds entered for work, and some 10% (3,900) for study purposes. If one takes into account that free movement within the EU/EEA raises the annual inflow of persons with settlement rights to some 54,000 in 2008. Thus, only one quarter of the annual inflow of settlers are third country citizens and two third are of another EU/EEA country. This is a major difference to traditional immigration countries, which tend not to have substantial inflows as a result of free movement between countries. The only exception is Australia relative to New Zealand; however, in Australia only some 15% of all inflows are due to this free movement. (Table 10)

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

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

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

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

A mid-year stock count (July 1, 2009) of the number of valid residence permits comes up with a figure of 446,500 (-7,400 or 1.6%), which is a slight decline versus the previous year (Figure 12 and Table 11). This may indicate that the economic downturn starts to be felt and immigrants tend not to have the means to the same extent as in the past to afford bringing in their partners. Thus, the introduction of a minimum income/earnings requirement for family reunification/creation (family sponsoring) has not only resulted in an immediate downward shift of the number of residence permits, but also in cyclical fluctuations. The gender composition remains very stable, however. Also in 2009, slightly more than half of the permit holders are male (51 percent). The share of youngsters is slowly declining, however. In 2009 only 20.6% were under the age of 19 compared to 24.5% in 2005. In contrast, older persons (60 +) make up an increasing share of immigrants of third countries. In 2009 they made up 10.3% of the stock compared to 7% in 2005. Thus, ageing makes itself felt also amongst the immigrants. Women are more than proportionately 20 to 40 years old, whereas men tend to be on average somewhat older than women.

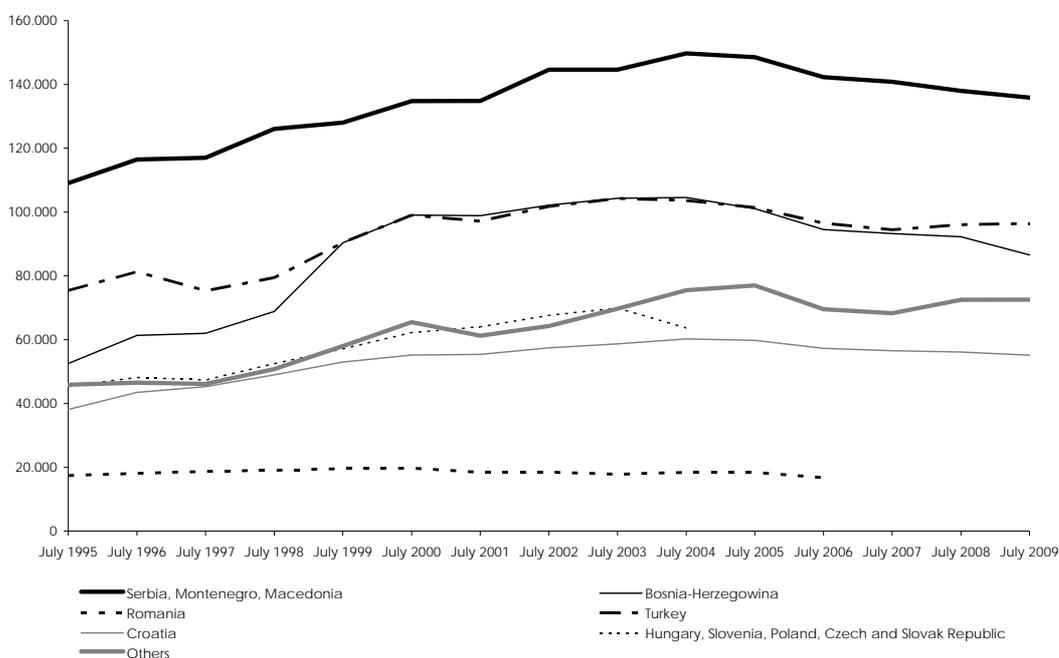
Table 11: Stock of valid residence permits of non-EU citizens by age and gender Count by 1 July

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

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

By mid 2009, the majority of the permits were settlement permits, namely 433,900 or 95 percent. Of these the majority are 'green card' holders, i.e., with unlimited access rights to work. People who originally came as settlers to join their family members, and who were barred from work for 5 years unless their skills were scarce and sought after (access to work subject to labour market testing) had their residence permit transformed to one with the option to take up work. Thus, the relatively small annual inflow of highly skilled workers does not mean that there is hardly any inflow of labour. It only shows that the target group of highly skilled migrants is small, but family reunion is a substantial source of labour, largely of an un- and semi-skilled nature.

Figure 12: Valid residence permits by countries of origin 1995 to 2009 (mid year count)



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

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

The foreign residence law (NAG 2005) specifies further that university graduates may have their temporary residence permit transferred to one of a highly skilled worker (Schlüssel-

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

The structure of valid residence permits (mid year count) by countries of origin has been comparatively stable since the mid 1990s. Currently, some 30 percent are from the regions Serbia, Montenegro and Macedonia; persons from Turkey and Bosnia-Herzegovina each make up some 20 percent of residence permits; 12 percent are from Croatia (Figure 12).

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

Also in certain central regions south of the Danube third country citizens hardly settle. In contrast, Styria and Vienna are the most important regions for temporary resident permit holders. The regional clusters are in context with the history of migration and eventual settlement of former foreign workers on the one hand, and economic integration with neighbouring countries in the east and South East after the fall of the iron curtain on the other. Burgenland and Vienna are examples of particularly successful regional integration, i.e., above all with Hungary and the Slovak Republic (Table 12).

Table 12: Structure of valid residence permits by region and type (Mid year count)

	2008					2009				
	Temporary Resident	Settler	Family Member	Permanent Resident	Total	Temporary Resident	Settler	Family Member	Permanent Resident	Total
Burgenland	108	1.328	456	2.697	4.589	95	1.184	473	2.677	4.429
Carinthia	377	2.500	1.337	12.597	16.811	366	2.190	1.304	12.262	16.122
Lower Austria	1.116	9.423	4.410	37.898	52.847	1.108	8.044	4.454	38.321	51.927
Upper Austria	1.285	15.538	6.473	39.719	63.015	1.319	13.797	6.041	40.521	61.678
Salzburg	952	6.204	2.419	24.759	34.334	668	4.532	2.140	23.682	31.022
Styria	2.716	7.711	3.867	18.139	32.433	2.736	7.286	3.806	18.896	32.724
Tyrol	799	7.563	3.498	20.937	32.797	678	6.608	3.324	21.297	31.907
Vorarlberg	277	7.417	3.022	13.506	24.222	221	6.146	2.922	14.770	24.059
Vienna	11.660	44.529	16.934	119.789	192.912	12.338	43.332	16.732	120.250	192.652
Austria	19.290	102.213	42.416	290.041	453.960	19.529	93.119	41.196	292.676	446.520
	In %									
Burgenland	2,4	28,9	9,9	58,8	100,0	2,1	26,7	10,7	60,4	100,0
Carinthia	2,2	14,9	8,0	74,9	100,0	2,3	13,6	8,1	76,1	100,0
Lower Austria	2,1	17,8	8,3	71,7	100,0	2,1	15,5	8,6	73,8	100,0
Upper Austria	2,0	24,7	10,3	63,0	100,0	2,1	22,4	9,8	65,7	100,0
Salzburg	2,8	18,1	7,0	72,1	100,0	2,2	14,6	6,9	76,3	100,0
Styria	8,4	23,8	11,9	55,9	100,0	8,4	22,3	11,6	57,7	100,0
Tyrol	2,4	23,1	10,7	63,8	100,0	2,1	20,7	10,4	66,7	100,0
Vorarlberg	1,1	30,6	12,5	55,8	100,0	0,9	25,5	12,1	61,4	100,0
Vienna	6,0	23,1	8,8	62,1	100,0	6,4	22,5	8,7	62,4	100,0
Austria	4,2	22,5	9,3	63,9	100,0	4,4	20,9	9,2	65,5	100,0

Source: Federal Ministry of the Interior.

Table 13: Legal basis on which residence is granted to citizens of non-EU-member states
1 July 2008/09

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

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

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

iii) Stock-Flow analysis of resident permits 2003-2009

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

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

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

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

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

In Figure 11 we look at the dynamics of inflows (first issues) in the various categories of residence permits over the year. We do not look into extensions as little is known about administrative procedures and the duration of processing by categories of permits and region. According to flow data, the volatility of temporary residence permits is relatively high, and there is still a seasonal pattern even though temporary migrants with short-term contracts of less than 6 months (often seasonal workers) are no longer registered in the Alien Register of the Ministry of the Interior. Particularly high is the monthly inflow rate of internships, and trainee posts (Volontäre). Also the inflow rate of persons on the basis of services mobility mode 4 (GATS – Betriebsentsandter) is high and rising. Particularly volatile and at times very high is the inflow rate of artists. In contrast, green card holders and permanent residents have a very low and relatively stable inflow rate. The inflow rate to settler permits of family members has been declining significantly during the year of 2006, when the new regulations came into force but stabilised from 2007 onwards. On a continuous rise is the inflow rate of settler permits, as more and more family members acquire this status, which grants access rights to the labour market without labour market testing.

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

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

Citizens of the EEA, who have the right to free mobility and their family members may have their residence status documented (*Anmeldebescheinigung*). In addition, third country citizens who have a permanent residence status in another country of the EEA may choose to settle in Austria. They get a settlement permit (*Daueraufenthaltskarte*). By July 2009, 105,300 citizens of the EEA were registered under the first title in Austria (documentation of residence) and 3,400 under the second title (settlement). About half of the documented EEA citizens were working in Austria (51,100, one third of them women), in the main as wage and salary earners (32,500). Some 10 percent were students (6,700, two third of them female) and one third were family members or relatives (18,100 or 27 percent, 39% of them women). (Table 14) The annual inflow is growing, as can be seen in table 13. In the course of 2008 some 39,200 documentations of status were issued, the majority to employees and their family members.

Table 13: Documentation of the residence status of citizens of the EEA and third country settlers in another EU-MS (annual inflows)

Annual inflow	2006			2007			2008		
	Men	Woman	Total	Men	Woman	Total	Men	Woman	Total
Documentation of registry	8.146	7.739	15.845	17.062	16.837	33.899	19.396	19.836	39.232
Employee	4.678	2.678	7.356	10.063	6.255	16.318	11.570	7.350	18.920
Education	638	1.214	1.852	1.166	2.001	3.167	1.447	2.496	3.943
Family reunification	1.422	2.155	3537	3.619	5.547	9.166	3.898	5.826	9.724
Self-employed	410	193	603	822	649	1.471	953	1.930	2.883
Other family member/rel:	69	152	221	173	383	556	221	422	643
Others	402	537	939	950	1.566	2.516	1.057	1.447	2.504
Settler document	527	810	1.337	269.0	436	705	250	365	615

Source: BMI-BFIS.

Table 14: Documentation of the residence status of citizens of the EEA and third country settlers in another EU-MS (mid year stock count)

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

Source: BMI-BFIS.

D) *Labour market flows*

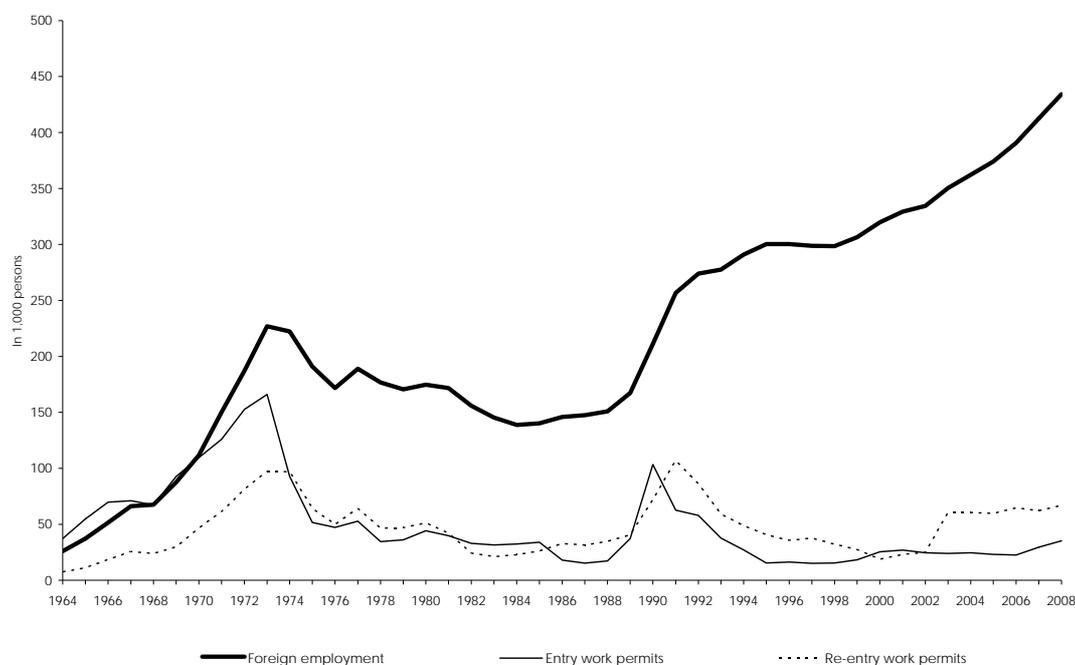
Austria has started out as a country targeting migrant workers rather than immigrant workers and their families. As a result, Austria has a long history of work permits; only relatively recently, i.e., in the 1990s, was this system complemented by regulations of family reunification and thus by a complex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

i) **Entries of foreigners for work**

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

Initial work permits are issued to foreign citizens (since 1994 only those from outside the EEA/EU), either if they are entering the labour market for the first time ("first" issue, Erstantrag) or if they re-enter the labour market after a period of unemployment/separation from work exceeding 6 months; in 2003, new procedures were put in place, which meant that only new entrants into the labour market get a first permit and every change of work place obliges a person to get a "new" permit (Neuantrag). The first work permit is issued to the firm and not the worker.

Figure 13: *Entry and re-entry work permits and total foreign employment 1964-2007*



Source: Austrian Labour Market Service.

After one year of work the status of the permit may be transformed into a permit issued to the foreign person (Arbeitserlaubnis), after five years of work to a permanent licence, which allows free mobility within the whole of Austria and marks the termination of firm/work control.

*Table 15: Initial work permits (first and re-entries) for foreign workers 1980-2008
Sum of permits over the year*

	Male	Of which: first entries	Female	Of which: first entries	Total	Of which: first entries
1980	58,535	-	36,886	-	95,421	-
1981	49,811	-	32,123	-	81,934	-
1982	34,699	-	22,535	-	57,234	-
1983	32,676	-	19,998	-	52,674	-
1984	34,249	-	20,990	-	55,239	-
1985	37,645	-	22,602	-	60,247	-
1986 ¹	31,087	11,231	19,731	6,803	50,818	18,034
1987	28,401	9,671	18,411	5,581	46,812	15,252
1988	31,931	10,701	20,158	6,689	52,089	17,390
1989	49,686	24,376	28,183	12,845	77,869	37,221
1990	123,052	74,503	52,202	28,892	175,254	103,395
1991	115,170	41,654	54,321	20,988	169,491	62,642
1992	94,963	35,904	49,206	21,962	144,169	57,866
1993	60,114	21,914	36,568	15,750	96,682	37,664
1994 ²	46,623	15,058	29,232	12,080	75,855	27,138
1995	35,264	9,138	20,863	6,275	56,127	15,413
1996	32,199	9,590	19,682	6,679	61,471	16,269
1997	32,839	9,185	19,900	5,998	61,924	15,183
1998	29,118	9,206	18,619	6,204	56,943	15,410
1999	27,269	10,719	18,421	7,589	45,690	18,308
2000	24,390	13,313	19,913	12,126	44,303	25,439
2001	28,549	15,231	21,580	11,741	50,129	26,972
2002	29,274	14,811	20,207	9,740	49,481	24,551
2003 ³	52,088	15,020	32,580	9,006	84,668	24,026
2004	53,274	15,428	31,920	9,277	85,194	24,525
2005	51,166	14,100	31,653	9,062	82,819	23,162
2006	54,037	13,689	33,376	8,867	87,414	22,557
2007	61,020	18,773	35,726	10,810	96,746	29,583
2008	67,949	22,466	39,750	12,695	107,699	35,161

Source: Federal Ministry of Economics and Labour; Austrian Labour Market Service. – ¹ Administrative practice not strictly comparable with year ahead. – ² Break in the series as a consequence of entry into the EEA; from 1994 onwards only non-EU-members need a work permit in Austria, thus reducing the number of total work permits. – ³ Break in the series as a result of change in administrative procedures.

The "first" issue permit (Erstantrag) is only a weak indicator of the inflow from abroad since family members of foreign workers residing in Austria are also amongst this group, if they enter the Austrian labour market for the first time and are not eligible for the "green card". The second type of short term initial permits (Neuantrag) indicates the degree of fluctuation of employment of foreign workers – a new, in contrast to a first, work permit is issued if the employing firm is changing or if employment with the same firm is interrupted for 6 months or more.

The administrative change in 2003 brought about a significant rise in the number of initial work permits, as employment turnover of migrant workers was captured. Thus, the number of new permits more than doubled (from 25,000 in 2002 to 61,000 in 2003). In contrast, the number of first permits, i.e., entry into the labour market, hardly changed at all. Turnover fluctuates cyclically while first are on a long-term rise. The inflow increased above all in 2007 and 2008, as the economic boom opened up job opportunities for migrants (Table 15).

A graph can better clarify the different aspects of the work permit system and its linkage to the stock of foreign employment. First entry permits used to have a high correlation with the development of total foreign employment until 1990. Only in periods of rising demand for foreign workers does the issue of first entry permits increase. As employment of foreign workers stabilises, other forms of permits take over and regulate continued employment. "New" or re-entry permits mirror voluntary and involuntary labour fluctuation of foreigners. Job fluctuation occurs in the wake of seasonal employment with intermittent unemployment phases in Austria or across the border (export of seasonal unemployment/inflow of seasonal labour) or in case of transfer possibilities of a permit from one firm to another in order to improve job aspects. There is a clear cyclical component to job fluctuation permits. In phases of economic upswing job fluctuation increases as better job opportunities arise, in recessionary phases job fluctuation declines (Figure 13).

Until 1997 severe restrictions on the recruitment of foreign workers prevented the activation of foreign employment through market forces. This was the result of substantial refugee inflows and the policy objective to promote integration by facilitating access to the labour market rather than allowing foreign workers from abroad to take the jobs.

Between 1998 and 2000, however, a stabilisation of employment, i.e., a decline in re-entry work permits, and a rise in first work permits, i.e., entry permits into the labour market, took place. The year 2000 marked a renewed increase in first entry permits, basically as a result of a renewed intake of foreign workers from abroad, in the main seasonal workers in tourism and agriculture. In the years 2003 to 2006 the number of first entry permits stagnated, but rose again in 2007 and 2008. Job fluctuation experienced a level shift in 2003 (break in the series) and stabilised at this higher level until 2005, whereupon job fluctuation increased again with increasing job opportunities due to economic growth. It is apparent from Figure 13 that the significant rise in foreign employment since 2003 did not show up in the first entry permits, since the majority of the foreign workers had resided in Austria for 5 years legally (green card) and had thus the right to access the labour market without a work permit. In 2007 and 2008, however, increased inflows from abroad, and thus first permits, rose in numbers.

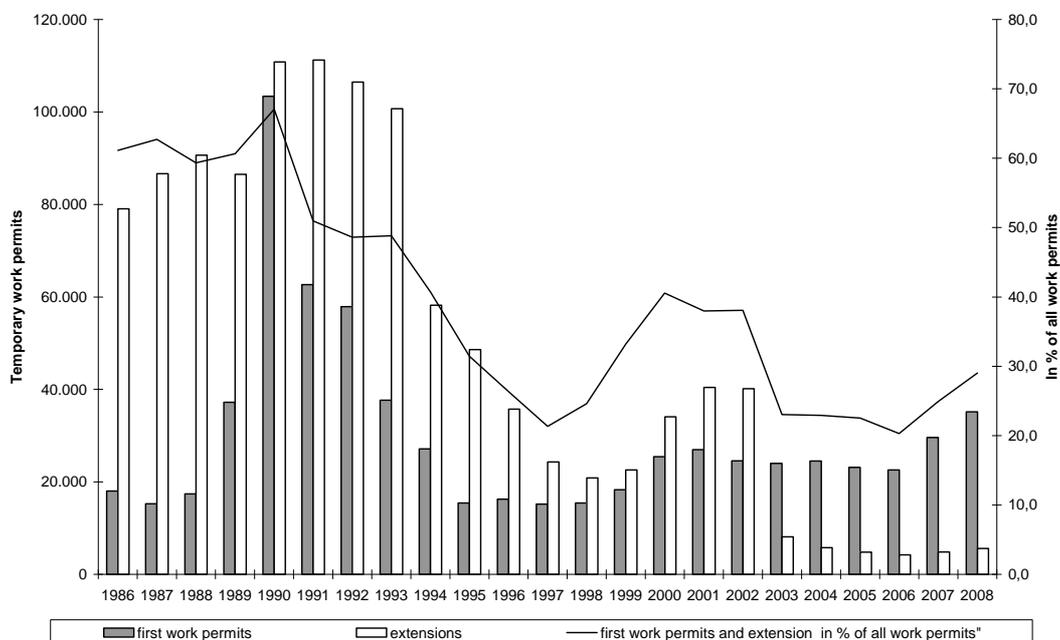
ii) Prolongation of stay – extension or transformation of initial work permits

The extension of work permits (Beschäftigungsbewilligung, always granted to the firm for a particular job) mirrors the cyclical and structural medium- to long-term labour market demand for foreign workers. In the 1960s and 1970s the extensions followed the first entry

permits with a lag of one year. In the early 1980s, as structural labour market problems led to a continued rise in unemployment, the number of extensions started to decline. Those foreigners, who could apply for Austrian citizenship or a "permanent" work permit, due to their long duration of work in Austria, did so increasingly. Others who were in firms with declining employment, could not count on an extension of their permit and had either to return home (export of unemployment in case of insufficient duration of work to allow long-term unemployment benefit) or consume unemployment in Austria. A graph clarifies the relationship between extensions, initial work permits and increased integration through permanent permits (issued to the person after 5 years of employment) and the rapid rise of work entitlements (issued to the person after 1 year of employment) since the introduction in 1990 (Figure 16). The increasing job stability of the second wave of foreign workers, who entered the labour market at the end of the 1980s and in the early 1990s, becomes evident in the transformation of work permits into work entitlements and eventually, after 1995, into permanent licences. In 2003, the introduction of the permanent residence certificate allowed the transformation of 'permanent' work permits into settlement (green) cards; this together with increasing naturalisation of settlers explains the drop in the number of 'permanent' work permits. At the same time procedures were changed which had the effect of reducing the number of extensions of work permits; in case of a change in job one gets a new permit rather than an extension of the first permit.

The statistical break in the series of extended work permits due to the lifting of the requirement of permits for citizens of the EEA/EU took place in 1994. Ever since then the number of extensions of work permits declined and reached the lowest level in 1998 with 20,900 extensions. After those years of decline, the consolidation of new inflows from abroad showed up in a renewed rise in the number of extensions. By 2001, their numbers had doubled versus 1998. Since then they continued to rise, albeit at a lower rate, until 2003. From 2003 onwards, extensions are only granted to those who remain with the same employer, while a change in employer implies the application for a 'new' permit. As a result, less and less work permits are extended; in 2008, only 5,600 were extended, after 40,200 before the administrative change. The decline between 2002 and 2003 by 32,000 extensions shows up in the almost equal rise in the number of 'new' permits (+35, 700) between 2002 and 2003 (Tables 14 and 15, Figure 14).

Figure 14: Temporary work permits (initial permits and extensions) as a proportion of all work permits
1986-2008



Source: Austrian Labour Market Service, own-calculations.

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

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

*Table 16: Extended work permits for foreign workers 1980-2007
Sum of permits over the year*

	Male	Female	Total
1980	69,628	47,739	117,367
1981	64,961	46,201	111,162
1982	53,843	37,959	91,802
1983	40,465	33,708	74,173
1984	40,586	31,596	72,182
1985	37,791	29,694	67,485
1986 ¹	47,118	31,948	79,066
1987	53,175	33,486	86,661
1988	56,234	34,438	90,672
1989	55,332	31,194	86,526
1990	75,730	35,098	110,828
1991	76,211	35,010	111,221
1992	70,726	35,751	106,477
1993	65,934	34,741	100,675
1994 ²	36,131	22,080	58,211
1995	29,425	19,179	48,604
1996	22,117	13,635	35,752
1997	14,931	9,385	24,316
1998	12,713	8,143	20,856
1999	13,667	8,893	22,560
2000	20,379	13,705	34,084
2001	23,446	17,003	40,449
2002	24,373	15,803	40,176
2003 ³	4,963	3,141	8,104
2004	3,603	2,192	5,795
2005	3,114	1,705	4,819
2006	2,559	1,681	4,240
2007	3,265	1,601	4,866
2008	3,863	1,748	5,611

Source: Federal Ministry of Economics and Labour; Austrian Labour Market Service. – ¹ Administrative practice not strictly comparable with year ahead. – ² Break in the series as a consequence of entry into the EEA; from 1994 onwards only non-EU-members need a work permit in Austria, thus reducing the number of total work permits. – ³ Break in the series as a result of change in administrative procedures, resulting in a new issue rather than prolongation of first issue in case of change of employer.

In 2008, a total of 107,700 temporary work permits were issued in the course of the year, a rise by 11,000 or 11.4 percent versus 2007. In addition to short-term work permits various other permits are granted to third country citizens. In Toto, in 2008 some 142,300 permissions to work were issued (-5,700 or 3.8 percent versus 2007). Of these various certificates which are issued by the Labour Market Service, the largest are temporary work permits, followed by permanent licenses, which are on the decline (33,100 in 2008, -14,800 or 31% versus 2007).

It is helpful to put the flow data, i.e., permits granted over the year by category, in the context of stocks of persons/permits on an annual average. It can be seen from Table 17 that the Austrian labour authorities are endeavouring to document the various forms of influx to the labour market as a result of eastern enlargement of the EU and increased mobility of persons within the EU, including services mobility. The latter differentiates between the

liberalised services (no labour market testing) and non-liberalised services. There is a difference between a services provision acknowledgement (Entsendebestätigung) and a services provision permit (Entsendebewilligung): for the latter labour market testing is required as it is in occupations which are not liberalised in the context of free services provision between new and old EU member states. The first is issued for a period of 6 months and may be extended, while the latter may not be extended after the period of 6 months has expired.

Table 17: Various types of work permits for third country citizens 1999-2008

Stocks, Annual average

	2002	2003	2004	2005	2006	2007	2008
Temporary work permits (BB)	27.192	26.296	25.211	22.826	21.401	23.636	29.313
Work entitlements (AE)	18.974	17.008	11.856	8.451	6.067	3.417	1.495
Permanent licences (BS)	169.710	147.330	115.029	87.146	64.688	44.750	30.582
Provisional permit	9	5	86	12	10	14	25
Cross-border services (GATS)	635	623	648	447	466	391	361
§4c permanent licences	10.433	8.755	6.206	4.831	3.793	3.069	2.526
Bilateral agreements	1.926	2.499	2.196	850	774	916	1.011
Free mobility of labour to new EU-MS			2.848	9.909	17.808	27.058	34.839
Highly skilled permits		226	589	156	581	880	1.181
Settlement certificate (NN)		17.693	56.072	76.128	91.228	95.147	91.783
Employed based on valid permit	228.878	220.436	220.741	211.227	214.908	226.526	237.835

Source: Austrian Labour Market Service, own-calculations.

iii) Work entitlements and long-term work permits

The evolving pattern of work permits demonstrates the changing legal status of foreigners as their duration of employment in Austria is extended. The residence status is linked to the work status of the foreigner. In the course of the 1970s the yearly increase of persons with a "permanent" licence⁷ amounted to 1,400 on average. The growth rate picked up to an average yearly increase of 4,600 in the 1980s and gained momentum in the early 1990s. In 1994 a statistical break due to Austria's membership in the EEA took place, resulting in a slight decline of permanent licence holders. The decline in the number of "permanent licence holders" was not significant, as only 7 percent of the foreign work force were citizens of the EEA in 1994. From the low of 1994 the number of permanent licence holders increased again continuously until 2000. In 2001 the number started to decline and came down to 115,000 in 2004, as more and more foreigners, who had entered Austria in the early 1990s, became eligible for Austrian citizenship.

⁷ A permanent licence allows free movement on the labour market; such a permit is valid for 5 years and makes a foreigner eligible for a residence permit valid for 5 years.

Table 18: "Permanent" licences (excluding §4c permits) and work entitlements, provisional work permits

Annual average

	Permanent licences		Work entitlements		Provisional work permit ¹
		Of which: male ²		Of which: male	
1980	23,352	17,405			
1981	28,387	20,871			
1982	36,628	26,811			
1983	4,206	29,424			
1984	44,407	30,303			
1985	46,986	3,139			
1986	49,954	3,254			
1987	52,764	34,002			
1988	5,692	37,177			
1989	65,406	40,983			
1990	72,763	45,293	0,174	0,152	0,056
1991	8,886	55,878	7,238	5,594	0,431
1992	94,578	59,627	34,726	26,564	0,223
1993	<u>97,085</u>	<u>6,077</u>	<u>68,005</u>	<u>50,899</u>	<u>0,259</u>
1994	92,562	58,328	9,787	7,184	0,355
1995	101,855	65,334	109,051	7,777	0,202
1996	121,179	80,912	92,327	62,881	0,920
1997	143,387	97,722	67,318	43,563	4,471
1998	166,052	11,312	45,472	27,351	4,058
1999	186,312	125,346	29,524	16,889	1,053
2000	187,990	126,512	20,399	11,233	1,558
2001	181,879	120,972	17,685	9,051	2,239
2002	169,710	112,283	18,974	8,852	2,568
2003	147,330	97,633	17,009	8,211	21,050
2004	115,029	76,512	11,856	6,536	-
2005	87,146	58,047	8,451	5,120	-
2006	64,688	42,513	6,067	3,884	-
2007	44,750	28,840	3,417	2,193	-
2008	30,582	19,405	1,495	916	-

Source: Federal Ministry of Economics and Labour; Austrian Labour Market Service. – ¹ If the procedure for the issue of a permit surpasses 4 weeks a provisional permit is given. – ² 1980 till 1988 (inclusive) data collected by middle of September, starting with 1989 annual average. – ³ Break in the series as a consequence of entry into the EEA; from 1994 onwards only non-EU-members need a work permit in Austria, thus reducing the number of total work permits.

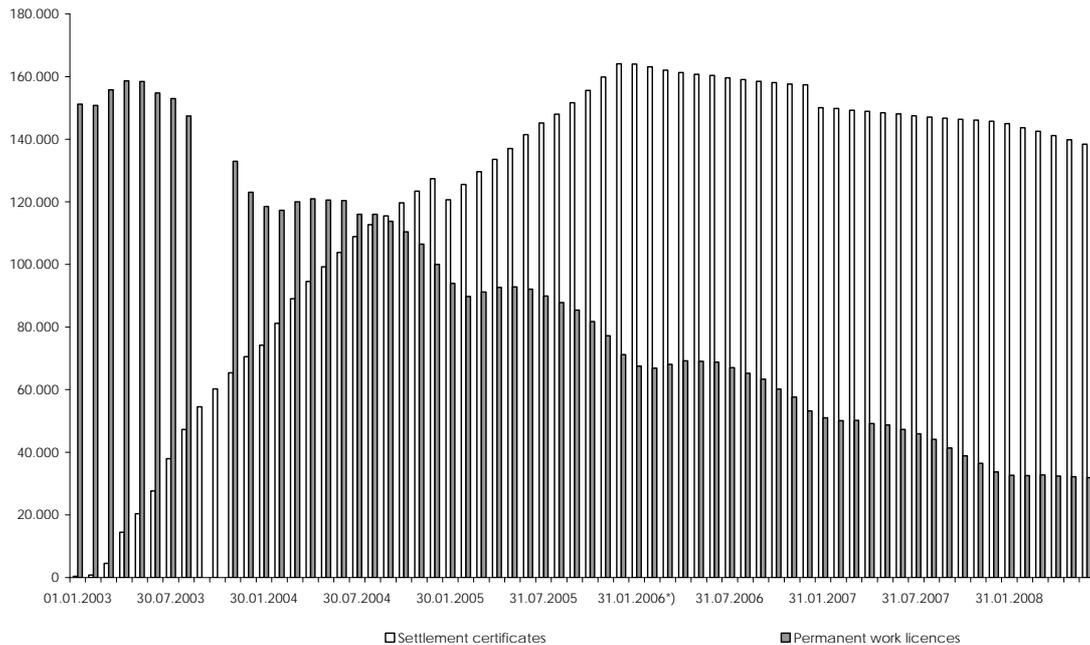
In addition, in 2003 large numbers of permanent licence holders converted their permit into a 'green card'⁸, as green card holders no longer require a work permit to take up employment. By 2008, the number of permanent work licence holders had declined to 30,600, i.e., by 82% versus 2002⁹. The decline in permanent licences had its counterpart in a rising number of settlement certificates until 2005. (Figure 15 and Tables 17 and 18) Thereafter, the reformed

⁸ This meant that those 'permanent' licence holders, who applied for the new type of identity card ("green card") with the authorities of the Ministry of Domestic Affairs, dropped out of the licence system of the Labour Market Service/Ministry of Economic Affairs and Labour.

⁹ For an in-depth analysis of the probability of continued employment on the basis of longitudinal social security data see *Biffi* (2000).

immigration legislation promoted the shift away from migrants of third countries to migrants from EU-MS. Preferential treatment is given to persons from Turkey, though (§4c AuslBG), but a fairly small number of permanent licences is granted on the basis of this legislation (2008: 2,500).

Figure 15: Decline in permanent work permits and concomitant rise in number of settlement certificates 2003-2008



Source: Federal Ministry of Economics and Labour; Austrian Labour Market Service, Federation of Austrian Social Security Institutions.

Apart from permanent licences another type of permit is issued to the person (rather than the firm for a particular job), i.e., the work entitlement (Arbeitserlaubnis) – a permit obtainable after one year of work in a particular firm (Beschäftigungsbewilligung). It allows free movement of labour within federal state boundaries (Bundesländer). The number of work entitlements peaked in 1995 with 109,100 permit holders. Ever since then the number declined, as more and more people became eligible for a transfer to a permanent licence which allows free labour movement within the whole of Austria or a 'green card'. As a result of the consolidation of foreign residence and employment, the inflow into work entitlements is losing momentum. In 2008, an annual average of 1,500 work entitlements was issued, half the amount of the year ahead. Two thirds of all entitlements go to men, hardly any change relative to the 1990s.

In order to speed up procedures, provisional permits were introduced in the early 1990s. Ever since 2004, administrative slack has been amended such that hardly any backlogs are reported since then.

In 2008, of all permanent licence holders 63 percent were men, about the same as with short-term work permit holders and work entitlements. The proportion of citizens of Central and Eastern European countries had been rising from the early 1990s to 1998; ever since then a slight decline set in – 1995: 5.4 percent of all permanent licenses, 1998: 14.3 percent, and remaining there more or less until 2004, the time of entry into the EU.

Figure 16: First permits, extensions, work entitlements permanent permits and permanent residence certificate 1964-2007



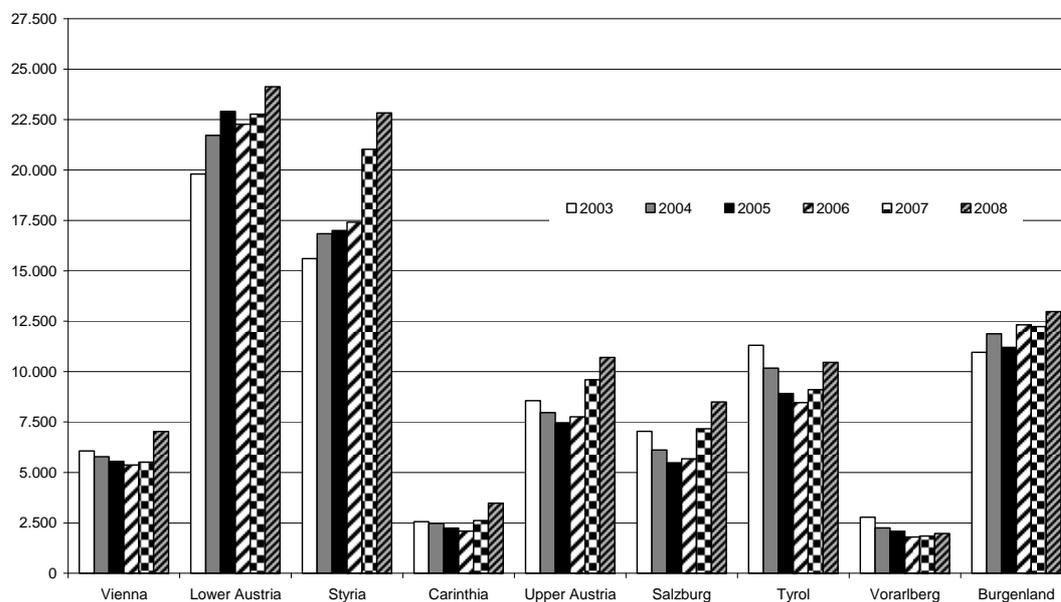
Source: Austrian Labour Market Service.

Starting 1997 the number of permanent licence holders was affected by the association agreement of Turkey with the EU. This EU-legislation has been introduced into the Austrian body of the foreign worker legislation (article 4c/2 AuslBG).

iv) The geographic distribution of temporary work permits

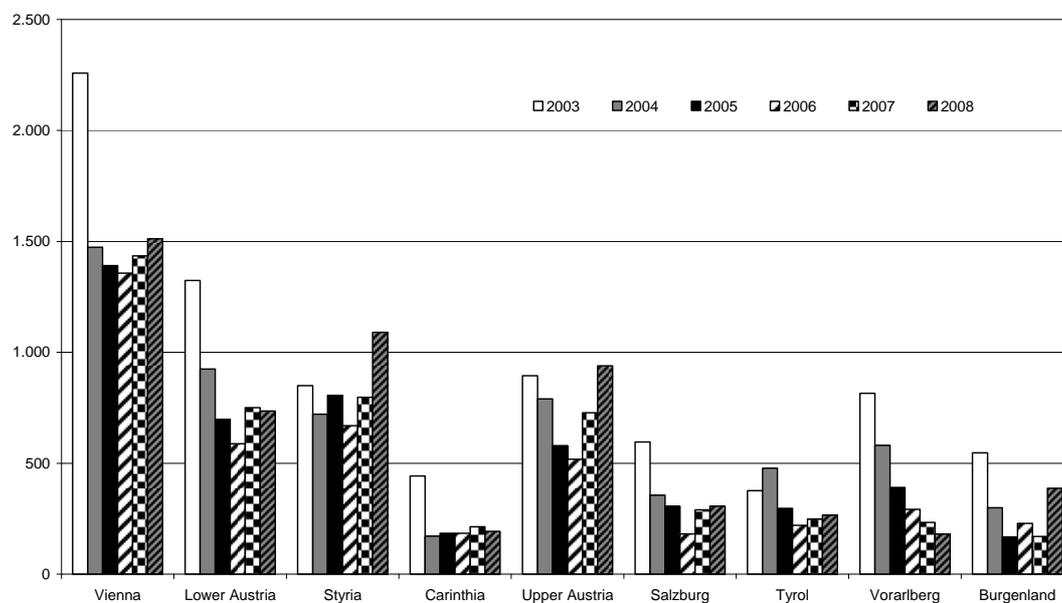
The regional distribution of initial work permits is fairly stable over time, with significant differences between regions. The number of initial work permits (a total of 102,100 in 2008) is particularly high in border regions in the South and East, above all in Lower Austria, Styria and Burgenland. It is lowest in Vienna, Carinthia and Vorarlberg.

Figure 17: Geographic distribution of initial work permits for foreign workers
Sum over the year



Source: Austrian Labour Market Service.

Figure 18: Geographical distribution of extended work permits for foreign workers
Sum over the year



Source: Austrian Labour Market Service.

This is the result of cross-border commuting, which shows up in employment data but not in residence data, as long as transition regulations relative to the new EU-MS continue to apply (Figure 15).

As to the prolongation of work permits by region, Vienna, the region with the smallest number of initial work permits, heads the league of provinces. This is an indicator of the different character of initial work permits in the city of Vienna compared to the border regions. Vienna tends to offer longer term jobs, while jobs in the border regions tend to be of a seasonal nature, not having the intention of permanent settlement (Figure 18).

3. Emigration and return of nationals

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

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

In Germany, the number of Austrian wage and salary earners continues to be surveyed once a year. In mid 2008 some 56,800 Austrian wage and salary earners were counted, slightly more than a year ago. Thus the declining trend of employment of Austrians in Germany came to an end in 2006. The number of Austrians employed in Germany had started to decline in 1993 for the first time since the recession of the early 1980s. Ever since then the employment of Austrians had continued to shrink. The major share of Austrians is working in Bavaria. In 2007, some 30,300 or 54 percent of all Austrians employed in Germany were working in Bavaria as wage and salary earners, this is more or less the same number as a year ahead. At the same time the number of Germans coming to work in Austria has increased to such an extent that by now more Germans are working in Austria than Austrians in Germany, namely 72,300 in 2008. This goes to show that as employment conditions in Germany deteriorated relative to Austria and partly also as a result of a reform of the social security benefit system (Hartz reform) and increased coordination of labour market services across borders, Germans started to flow in larger numbers into Austria than in the past.

Table 19: Austrian workers and salaried employees in the Federal Republic of Germany

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

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

II. Foreign residents and residents abroad: stocks

1. Foreign residents in Austria

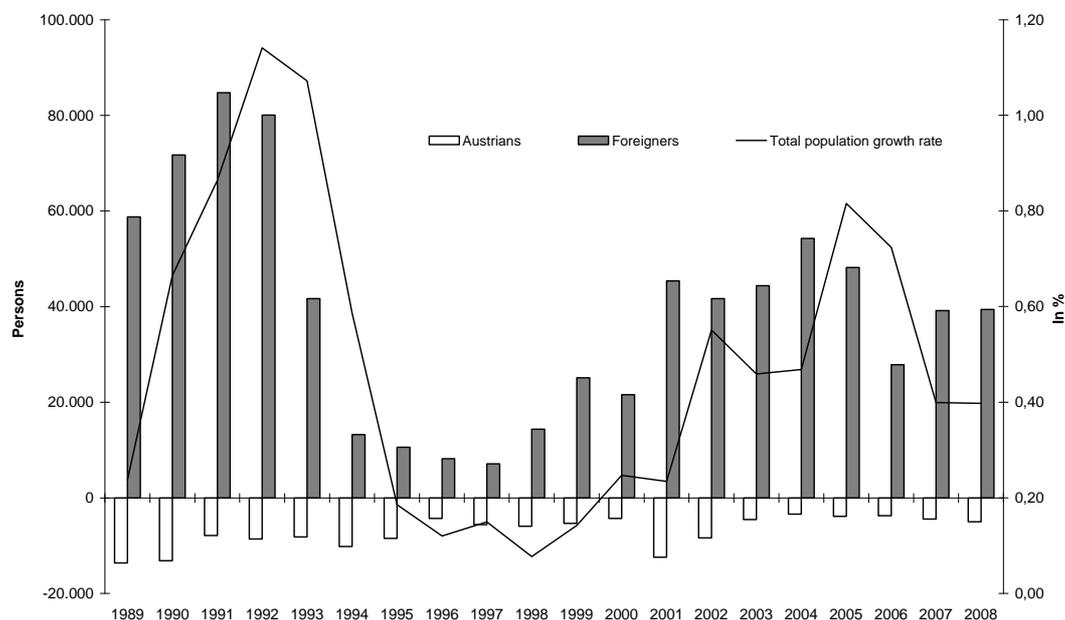
According to the central population register, Austria counted 8,336,500 residents in the year 2008, 35,600 or 0.4 percent more than in 2007. Thus, population growth continues to slow down since 2005, after a steady increase between 2001 and 2005. Between 2007 and 2008, population growth is significantly slower than between 2006 and 2007. The recent population growth is the result of a marked increase in immigration, the extent of which took policy advisors and researchers by surprise. Population growth is, however, still below the peak years

of 1991–1993, when the civil war in Yugoslavia had resulted in unprecedented refugee inflows into Austria (1 percent of total population annually).

The positive migration balance between the beginning and end of year has started to pick up in 2001, as it increased from 17,300 to 33,000; it continued to rise slightly in 2002 but expanded rapidly thereafter, as a runner up to Eastern enlargement of the EU, reaching 50,600 in 2004 and stabilising in 2005 on this high level. While the figures for 2004 may have been somewhat biased upwards by procedural changes in asylum processing, the data for 2005 corroborate the stability of high immigration. In 2006, immigration growth slowed down somewhat to 27,500 as a result of restrictions in the right to family reunion affecting above all poor migrants from guest worker source regions. Immigration remains high from old (particularly Germany) and new EU member states as well as more distant regions of the world. As a result net immigration picked up again in 2007 and reached 34,700. In 2008, net immigration stabilised on the level of 2007.

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 well into 2006 with 3,600. In 2007 the positive balance halved versus 2006, but gained momentum again in 2008. (Table 20, Figure 19))

Figure 19: Net-migration of Austrians and foreigners and total population growth rate 1989-2008



Source: Statistics Austria.

Table 20: Foreign residents in Austria

	Population		Population change between beginning and end of year				Statistical Correction
	Yearly average	Changes absolute	Total change	Birth-death	Migration	Naturalisation	
	Total						
1990	7.677.850	58.284	66.064	7.502	58.562	0	
1991	7.754.891	77.041	88.017	11.201	76.816	0	
1992	7.840.709	85.818	83.620	12.140	71.480	0	
1993	7.905.632	64.923	46.227	12.710	33.517	0	
1994	7.936.118	30.486	14.743	11.731	3.012	0	
1995	7.948.278	12.160	9.578	7.498	2.080	0	
1996	7.959.016	10.738	11.899	8.019	3.880	0	
1997	7.968.041	9.025	6.150	4.613	1.537	0	
1998	7.976.789	8.748	11.345	2.894	8.451	0	
1999	7.992.323	15.534	19.725	-62	19.787	0	
2.000	8.011.566	19.243	18.760	1.488	17.272	0	
2001 ¹⁾	8.042.293	30.727	42.694	691	32.964	0	9.039
2002 ²⁾	8.082.121	39.828	36.633	2.268	33.294	0	1.071
2003 ²⁾	8.118.245	36.124	42.300	-265	39.873	0	2.692
2004 ³⁾	8.169.441	51.196	58.786	4.676	50.826	0	3.284
2.005	8.225.278	55.837	52.939	3.001	44.332	0	5.606
2.006	8.267.948	42.670	28.686	3.619	24.103	0	964
2.007	8.300.954	33.006	35.608	1.625	34.731	0	-748
2008	8.336.549	35.595	36.668	2.669	34.436	0	-437
	Austrians						
1990	7.244.177	-3.380	-1.714	2.439	-13.133	8.980	
1991	7.246.952	2.775	7.264	4.017	-7.890	11.137	
1992	7.253.276	6.324	5.385	2.320	-8.591	11.656	
1993	7.259.800	6.524	7.663	1.707	-8.175	14.131	
1994	7.266.665	6.865	6.065	987	-10.197	15.275	
1995	7.271.217	4.552	3.040	-2.823	-8.503	14.366	
1996	7.277.307	6.090	9.140	-2.181	-4.306	15.627	
1997	7.284.647	7.340	5.539	-4.650	-5.603	15.792	
1998	7.290.308	5.661	5.784	-6.089	-5.913	17.786	
1999	7.298.368	8.060	10.337	-9.028	-5.313	24.678	
2.000	7.309.798	11.430	12.522	-7.483	-4.315	24.320	
2.001	7.324.719	14.921	17.320	-7.505	-12.408	31.731	5.502
2.002	7.343.758	19.039	20.141	-5.911	-8.372	36.011	-1.587
2.003	7.368.318	24.560	34.837	-7.521	-4.528	44.694	2.192
2.004	7.406.950	38.632	38.601	-2.571	-3.402	41.645	2.929
2.005	7.439.407	32.457	30.674	-4.333	-3.863	34.876	3.994
2.006	7.469.723	30.316	20.573	-3.861	-3.751	25.746	2.439
2.007	7.481.154	11.431	5.205	-5.883	-4.413	14.010	1.491
2.008	7.484.145	2.991	1.146	-5.620	-4.976	10.258	1.484
	Foreigners						
1990	433.673	61.664	67.778	5.063	71.695	-8.980	
1991	507.939	74.266	80.753	7.184	84.706	-11.137	
1992	587.433	79.494	78.235	9.820	80.071	-11.656	
1993	645.832	58.399	38.564	11.003	41.692	-14.131	
1994	669.453	23.621	8.678	10.744	13.209	-15.275	
1995	677.061	7.608	6.538	10.321	10.583	-14.366	
1996	681.709	4.648	2.759	10.200	8.186	-15.627	
1997	683.394	1.685	611	9.263	7.140	-15.792	
1998	686.481	3.087	5.561	8.983	14.364	-17.786	
1999	693.955	7.474	9.388	8.966	25.100	-24.678	
2000	701.768	7.813	6.238	8.971	21.587	-24.320	
2001 ¹⁾	717.574	15.806	25.374	8.196	45.372	-31.731	3.537
2002 ²⁾	738.363	20.789	16.492	8.179	41.666	-36.011	2.658
2003 ²⁾	749.927	11.564	7.463	7.256	44.401	-44.694	500
2004 ³⁾	762.491	12.564	20.185	7.247	54.228	-41.645	355
2005	785.871	23.380	22.265	7.334	48.195	-34.876	1.612
2006	798.225	12.354	8.113	7.480	27.854	-25.746	-1.475
2007	819.800	21.575	30.403	7.508	39.144	-14.010	-2.239
2008	852.404	32.604	35.522	8.289	39.412	-10.258	-1.921
1) Statistical correction of Census 2001 data by 10,545 for annual average. 2) Statistical correction: elimination of inconsistencies of balance of birth according to natural population development in the central population register (POPREG) and stock-flow							

The number of naturalisations is declining rapidly since 2003. In the course of the year 2007, 14,000 foreigners adopted the Austrian citizenship, i.e., 1.7 percent of all foreigners of the year 2007 – half the rate of 2006. In 2008 a further significant decline to a total number of 10,268 naturalisations took place (or 1.3% of all foreigners in Austria). The decline is propelled by two forces – the reform of the citizenship law (2005) and the end of the echo effect of the immigration wave of the early 1990s. To acquire Austrian citizenship has become very difficult for immigrants because of the requirement, in case of marriage with an Austrian, of 5 years of marriage, a minimum period of residence in Austria (6 years) as well as financial means to support oneself.

Net migration of Austrians has been negative for a long period of time, whereby net outflows of Austrians had increased in the second half of the 1980s, slowed down again in the second half of the 1990s. In 2001, the net outflow of Austrians took a steep rise (from –4,300 in 2000 to –8,400 in 2002). In 2002 net migration of Austrians peaked with 21,981, but slowed down again thereafter and stabilised at some 5,500 until 2007, stagnating at a similar rate in 2008 (-4,976). In contrast, net immigration of foreigners exhibits two waves, the first in the early years of the 1990s and the second in the years 2000 until 2007. Net immigration of foreigners stabilised at 55,349 in 2008.

The net effect of the diverging developments of migration, balance of births over deaths and naturalisations, on the number of Austrian citizens continues to be positive. In 2008, the number of Austrians increased by 2,991 to 7,484,100. Also the number of foreigners rose, i.e., by 32,604 to 852,404; thus the reduction due to naturalisations was more than compensated by the positive balance of births over deaths and continued immigration. The proportion of foreigners in the total population has as a consequence increased to 10.2 percent after 9.9 percent in 2007.

2. Live births of Austrian and foreign women

The number of births of Austrians 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 is on the decline again. In contrast, the decline in the number of births to foreign women, which had set in in 1993, came to a halt in 2005, giving rise to a slight upturn till 2007 and a stabilisation at that level in 2008 (Figure 20).

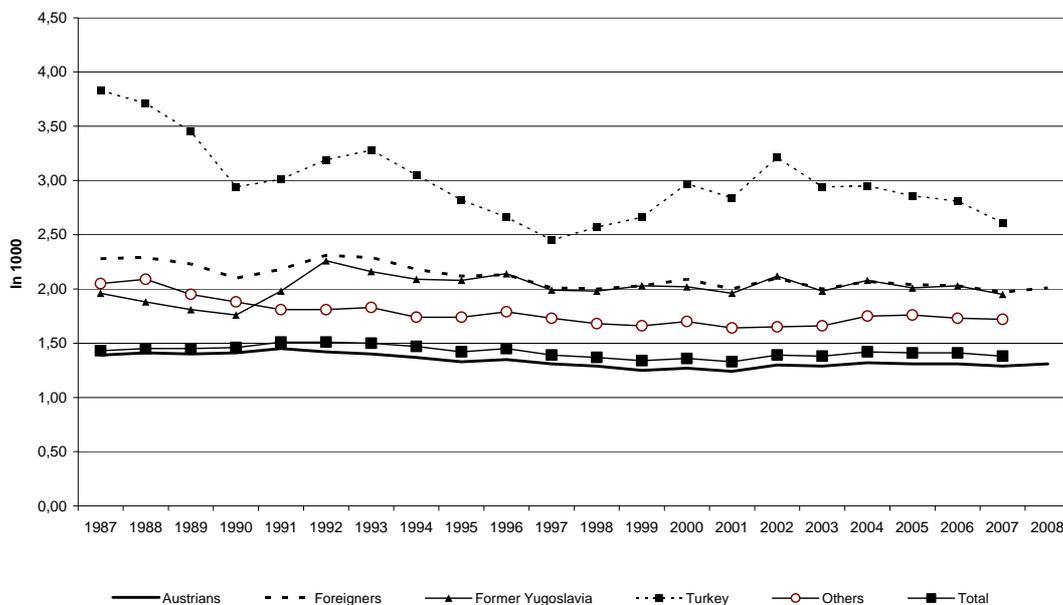
The total number of live births has been declining from a peak of 95,300 in 1992 to 88,700 in 1995. It remained at this level in the following year but took a dip again in 1997. The number of births declined between 1997 and 2001. In 2002 the number of live births increased again to 78,400, and remained more or less on that level since then. In 2008, the number of live births was 77,800, slightly below the figure of 2006.

Figure 20: Live births of native and foreign women 1981-2007



Source: Statistics Austria.

Figure 21: Total fertility rate of Austrian and foreign women
Average number of children per woman (1987-2007)



Source: Statistics Austria.

The total number of births to Austrian mothers amounted to 67,300 in 2008, and the number of births to foreign women amounted to 10,400. 13.7 percent of all live births are to a foreign mother, about the same proportion as in 1994.

The increase in the number of live births between 1988 and 1992 had thus been short-lived; it had been the consequence of an above average inflow of young migrants who had at the same time an above average fertility compared to Austrians. The declining number of births since then has to be seen as a result of the declining fertility rate of Austrian and foreign women. The fertility rate of Austrian women has stabilised in 1999 at 1.25, while it declined slightly in the case of foreign women from 2.10 1998 to 1.99 in 2001. In 2002 the fertility rate of both, Austrian and foreign women, increased slightly, which may be a result of the reform of the benefit scheme for childcare in 2002. On a national average the fertility rate increased slightly from 1.33 in 2001 to 1.39 in 2002. The impact of the reform was short-lived, however. In the year 2003 fertility fell back to the pre-reform level and remained there more or less unbroken until 2008. Figure 21 indicates that the fertility rate of foreign women is around the reproduction rate of 2.0, coinciding with the rate of women from former Yugoslavia, while the rate of Austrian women is clearly below the reproduction rate and for Turkish women somewhat above.

The increasing number of foreign births between 1992 and 1995 was solely the result of a rising number of young and medium aged foreign women and not the consequence of a rise in the fertility rate of foreign women in Austria. The fertility rate of foreign women decreased over this time span (1992-2001) from 2.37 children per woman to 1.99, i.e., by 13.9 percent. The fertility rate of Austrian women has decreased between 1992 and 2001 by 12.7 percent to 1.24 children per woman. The slight increase in the fertility rate of both native and foreign women in 2002 was short lived and may have been motivated by the new regulation of parental leave and the increased family allowance. Migrant women had to realise that the eligibility criteria were difficult, particularly in the context of increased labour market competition and thus job insecurity. In 2003, their fertility rate declined from 2.1 to 2., i.e., by 5 percent, while it declined only slightly from 1.3 to 1.29 in the case of native women. In 2008, the fertility rate of Austrian women increased again slightly to 1.31 and to 2.02 with foreign women.

3. Number of naturalisations

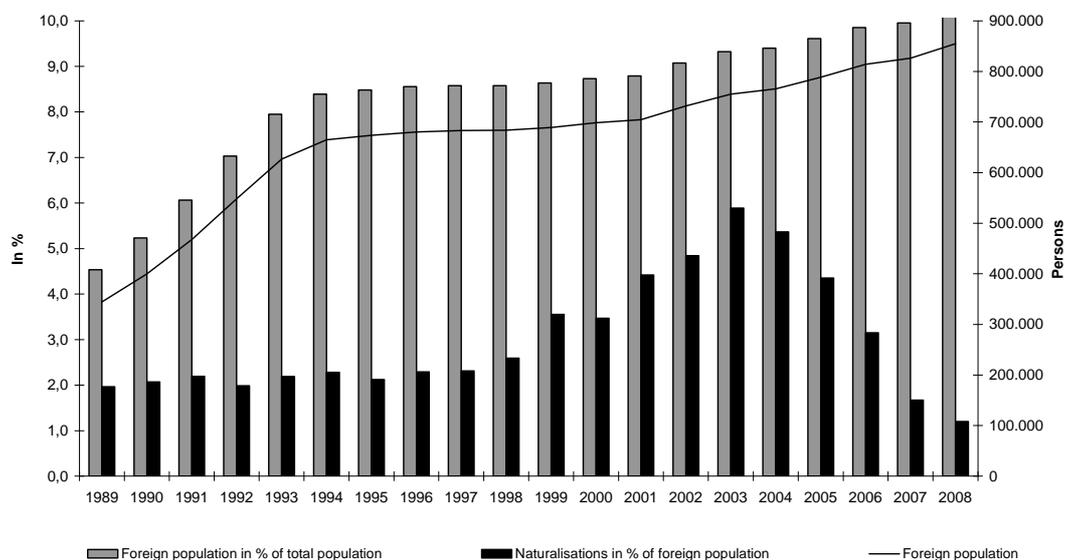
The rate of naturalisations follows with a certain time lag the waves of immigration. It increased in the course of the 1970s, in the wake of the consolidation of foreign worker employment, family reunion and eventual settlement; it declined in the early 1980s and fluctuated at a relatively low level of 2.2 percent of the foreign population between 1987 and 1995. Ever since then the naturalisation rate rose, reaching the peak in 2003 with 5.9 percent of the foreign population and declining since then to 3.1 percent in 2006 and 1.1 in 2008 (Table 21 and Figure 22).

Table 21: Naturalisations in Austria

	Former Yugoslavia	Central and Eastern European Countries	Former nationality		Total	Women
			FRG	Turkey		
1960	0,252	0,419	0,879	.	3,749	1,131
1961	0,215	0,685	0,808	.	3,597	1,045
1962	0,204	0,621	0,758	.	2,977	0,855
1963	0,220	0,552	0,656	.	2,624	0,729
1964	0,181	0,566	0,585	.	2,451	0,651
1965	0,193	0,581	0,475	.	2,242	0,608
1966	0,417	0,764	0,743	.	2,975	1,294
1967	0,721	1,261	1,818	.	5,409	3,380
1968	0,833	1,153	1,895	.	5,485	3,556
1969	0,946	1,126	1,834	.	5,460	3,628
1970	0,978	1,159	1,828	.	5,565	3,711
1971	0,978	1,117	1,756	.	5,521	3,708
1972	0,941	1,087	2,114	.	6,017	4,049
1973	0,952	1,496	1,876	.	6,183	4,025
1974	0,967	1,423	2,215	.	6,648	4,391
1975	1,039	1,297	2,546	.	7,139	4,581
1976	1,103	1,262	2,563	.	7,545	4,666
1977	1,369	1,042	2,374	.	7,405	4,294
1978	1,217	1,107	2,106	.	6,942	4,129
1979	1,432	1,327	2,103	.	7,754	4,555
1980	1,839	1,453	2,210	.	8,602	4,995
1981	1,517	1,555	1,960	.	7,980	4,822
1982	1,204	1,591	1,946	0,301	7,752	4,835
1983	2,262	1,777	2,804	0,306	10,904	6,404
1984	1,428	1,129	2,589	0,323	8,876	4,006
1985	1,449	1,368	2,091	0,296	8,491	4,025
1986	1,463	2,191	2,299	0,334	10,015	4,752
1987	1,416	1,847	1,381	0,392	8,114	3,955
1988	1,731	1,985	1,125	0,509	8,233	4,012
1989	2,323	1,664	0,886	0,723	8,470	4,305
1990	2,641	2,118	0,517	1,106	9,199	4,704
1991	3,221	2,413	0,455	1,809	11,394	5,685
1992	4,337	1,839	0,410	1,994	11,920	6,033
1993	5,791	1,858	0,406	2,688	14,402	7,490
1994	5,623	2,672	0,328	3,379	16,270	8,394
1995	4,538	2,588	0,202	3,209	15,309	7,965
1996	3,133	2,083	0,140	7,499	16,243	8,604
1997	3,671	2,898	0,164	5,068	16,274	8,600
1998	4,151	3,850	0,157	5,683	18,321	9,532
1999	6,745	3,515	0,91	10,350	25,032	12,649
2000	7,576	4,758	0,102	6,732	24,645	12,415
2001	10,760	5,155	0,108	10,068	32,080	15,872
2002	14,018	4,062	0,091	12,649	36,382	17,898
2003	21,615	4,098	0,107	13,680	45,112	22,567
2004	19,068	3,523	0,137	13,024	41,645	20,990
2005	17,064	2,666	0,139	9,562	35,417	17,848
2006	12,886	2,165	0,128	7,549	26,259	13,430
2007	9,362	1,141	0,113	2,077	14,041	7,600
2008	6,031	0,948	0,067	1,664	10,268	5,455

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

Figure 22: Share of foreign population in total population, naturalisations in percent of total population (naturalisation arte) and number of foreign residents over time 1989-2008



Source: Statistics Austria, own calculations.

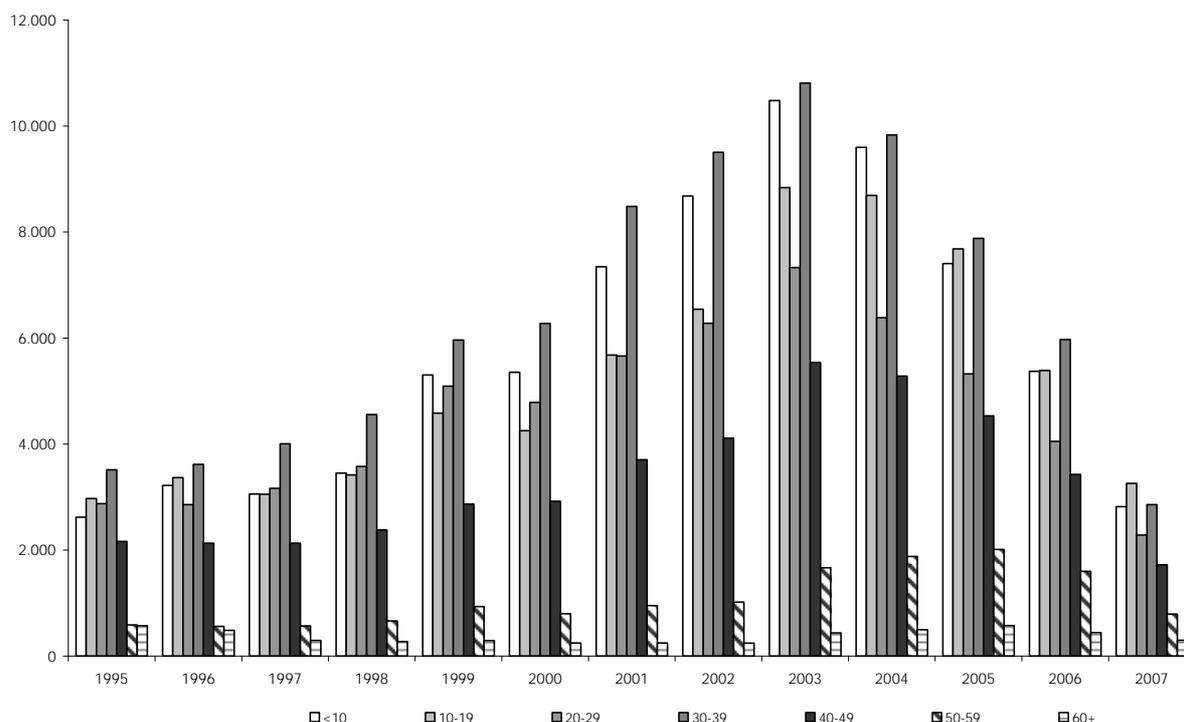
The law regulating naturalisation specifies that foreigners may apply for citizenship after 10 years of legal residence. The communities have a certain discretionary power in granting citizenship, i.e., under certain conditions a foreigner may be naturalised after less than 10 years. Citizens of the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

It is on average easier to be naturalised in Eastern regions than in Western and Southern regions of Austria. The population of Vienna augments only due to the influx of foreigners. In spite of the increasingly narrow interpretation of the law on naturalisation the number of naturalisations augmented significantly since 1991. The increasing propensity of third country citizens to take up the Austrian citizenship is an indicator of the permanent character of a large proportion of migration to Austria. The increasing difficulties of citizens of a non-member country of the EU to access the labour market tend to boost the propensity to apply for Austrian citizenship. The significant boost to naturalisations since 1999 is a result of the eligibility to citizenship of the large wave of immigrants of the late 1980s and early 1990s.

In 2008 10,300 foreigners adopted the Austrian citizenship, 3,800 or 26.8 percent less than a year earlier. The gender distribution is somewhat in favour of women with 53.2 percent of all

naturalisations. A rising proportion of the naturalised Austrians are young people under the age of 18; in 2008 they made up 43 percent of all naturalised citizens, compared to 35 percent in 1998.

Figure 23: Composition of naturalisations by age group 1995-2007



A major part of the new Austrian citizens are from the traditional source countries of migrant workers. One group is from Turkey. They made up 1,700 or 16.2 percent of the naturalisations of 2008. The large number of persons from former Yugoslavia (6,031, 58.9 percent) is the result of the naturalisation of former refugees as well as former foreign workers and their descendants. The third group are citizens from Central and Eastern Europe (948, 9.1 percent), many of whom from new EU-MS (Table 21).

Between 1991 and 2008 411,500 foreigners took up Austrian citizenship, about two third from the traditional recruitment areas of migrant workers, the region of former Yugoslavia (154,700, 37.6 percent) and Turkey (118,700, 29 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

In 2001 (census) Statistics Austria provides information on the population with migrant background (foreign born) for the first time in Austria and thereafter regularly in January (source: Central Population Register). Accordingly, in January 2009, 15.3 percent of the Austrian population were first generation migrants (1.277 million of a total of 8.355 million inhabitants), (Figure 21 and Table 22).

Table 22: Foreign born at the beginning of the year 2007/2008/2009

Country of birth	2007	2008	2009
Total	8.282.984	8.318.592	8.355.260
Austria	7.067.289	7.072.276	7.078.162
Foreign	1.215.695	1.246.316	1.277.098
Foreign born in %	14,7	15,0	15,3
of Whom			
EU-MS/EEA	483.121	502.906	522.288
MS before 1995 (EU-14)	233.482	243.828	254.378
MS 2004 (EU-10)	176.705	179.594	182.802
MS 2007 (EU-2)	58.528	64.891	70.298
Non-EU-MS	732.574	743.410	754.810
By continents			
Europe	889.633	917.458	951.742
Germany	169.830	178.386	187.023
Former Yugoslavia	373.301	374.154	375.278
Turkey	154.088	155.941	157.750
Others	188.279	191.952	196.101
Africa	38.082	38.817	39.657
America	26.669	27.885	29.083
Asia	95.940	99.818	103.302
Oceania	2.434	2.514	2.649
Unknown	7.869	8.270	8.740

Source: Statistics Austria.

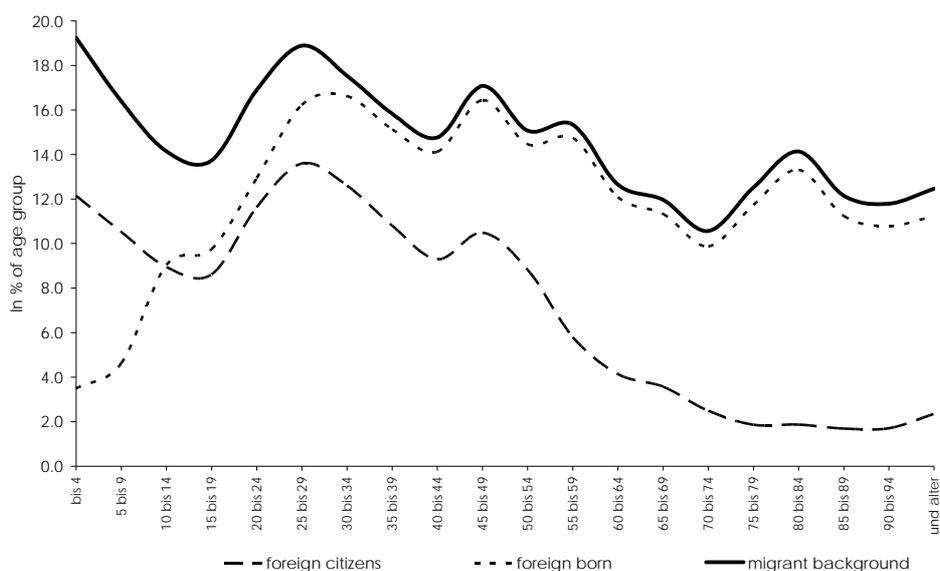
The combination of foreign born with citizenship allows a further differentiation of persons with migrant background, namely second generation migrants who were born in Austria to first generation migrants and who continue to be foreign citizens. This number amounted to 123,600 or 14.2 percent of the total foreign resident population in January 2009 (after 118,900 or 14.2 percent in January 2008). Thus, the proportion of first generation migrants and second generation migrants with foreign citizenship is 16.8 percent in the total population (1.4 million) in January 2009.

In the census data of 2001 one may identify a larger number of second generation migrants, by adding those who speak another language than German at home and who are either born abroad or whose parents are born abroad – This procedure is still an underestimation, as Germans are excluded from that data (we also excluded French, English and Spanish speaking people). Given that estimation method, the proportion of persons with migrant background rises to 15.4 percent in 2001, compared to 11.2 percent foreign born. Figure 24

shows that the proportion of persons with migrant background so defined is not spread evenly across age groups, as immigrants tended to enter in waves¹⁰. The situation of the first and second generation migrants is increasingly the focus of policy, making integration a key policy issue in regions with a long tradition of immigration, above all Vienna, Vorarlberg. Differentiated analyses of the situation of immigrants are being undertaken, e.g., for Vienna (Biffi *et al.*, 2008)

At the time of the census in 2001, the rate of foreign born in the Austrian population was one of the highest in Europe. Another source of information on foreign born is the Labour Force Survey. According to it, the share of foreign born in the population has consistently been some 2 percentage points higher than the proportion of foreigners in the population between 1997 and 2002. In 2002, the proportion of foreign born has risen to 11.6 percent while the share of foreigners in the population was 8.8 percent. In 2007, the share of foreign born rose to 14.2 percent (1,180,600) and is thus somewhat smaller than according to the population register.

Figure 24: Foreign citizens, foreign born and persons with migration background in percent of total population in Austria in 2001



Source: Statistics Austria, Own calculations.

According to the *OECD* (2008), Austria has a somewhat higher proportion of foreign born in the population than USA (14.1 percent versus 13% in 2006) and Sweden (12.9 percent), while

¹⁰ For a detailed analysis and methodological issues see *Biffi et al.* (2008).

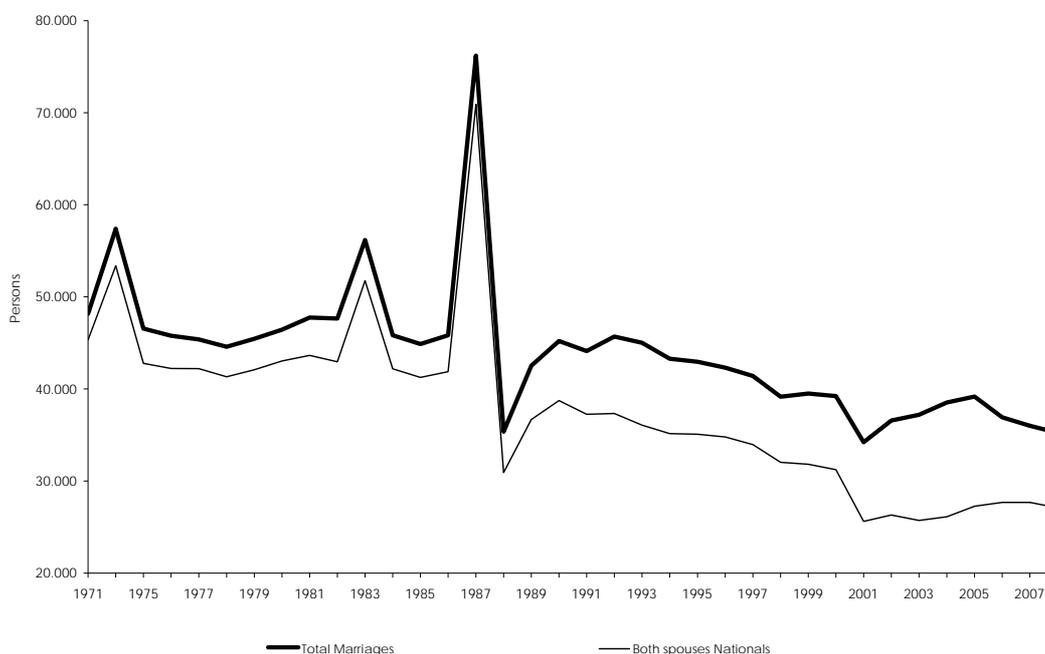
countries like the Netherlands (10.6 percent) and the UK (10.1 percent) are somewhat below, and countries like Denmark (6.6 percent) and France (8.3%) are clearly below; significantly higher rates are found in Australia (24.1 percent) and Canada (19.8 percent).

The difference between the proportion of foreign born and foreign population is lower in Austria than in countries like the Netherlands, Sweden and the United Kingdom, because in the latter countries it is easier to become a citizen.¹¹

5. Development of mixed marriages

The number of total marriages in Austria has been stable for a long time – apart from some temporary increases as a result of marriage bonus. The introduction of a bonus system never had any long run impact on marriage behaviour, it did, however, have a significant effect upon the number of first marriages in the period, in which tax benefits were granted or a marriage bonus, i.e., in the 1970s and 1980s (see Figures 25 and 26). 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 25: Total marriages and marriages of nationals
1972-2008



Source: Statistics Austria.

¹¹ For some of the explanations of the differences see *Biffi* (2005).

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

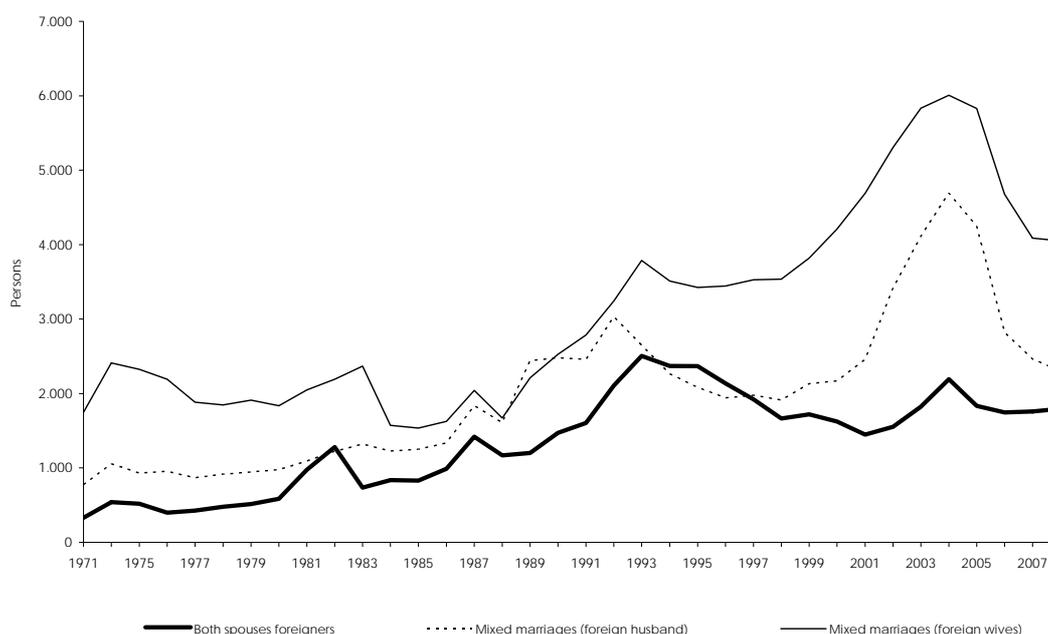
Source: Statistics Austria.

With the ageing of the population, marriages follow a long-term declining trend, which set in in the early 1990s. It affects Austrians as well as foreigners. In 2008, the number of marriages remained more or less stable versus a year ago (at 35,200), whereby Austrians (both spouses) married somewhat less often and foreigners (both spouses) somewhat more often. In contrast, the number of mixed marriages declines continuously since 2004. This may be taken as an indication that it becomes more difficult for poor Austrians to marry a third country citizen (legislative reform of family formation and reunification). Above all Austrian women who marry a foreign spouse are experiencing significant declines in marriage rates (-2,400 or

51 percent between 2004 and 2008). But also Austrian men marrying a foreign spouse experienced significant declines over that time span (-2,000 or 33 percent).

The proportion of marriages with both spouses nationals has declined significantly over the last 33 years. In 1971 94 percent of all marriages were between nationals. In 2005, their share had come down to 69.6 percent but increased again to 77 percent in 2007/08. The share of foreign marriages (with both spouses foreigners) increased from 0.7 percent 1971 to 5.1 percent 2008. While in 1971 only 5.2 percent of all marriages were with an Austrian spouse and foreign partner, their share rose to 27.8 percent in 2004 but declined thereafter to 18 percent in 2008. Traditionally the propensity to marry a foreigner is higher with Austrian men. Their share in total marriages amounted to 3.6 percent 1971 and rose to 15.7 percent 2003, and declined thereafter to 11.5 percent in 2008. In contrast only 1.6 percent of all marriages in 1971 were mixed, with the wife being Austrian and the husband foreign. This share has increased over time as well, particularly in the early years of 2000, reaching 12.2 percent in 2004. Since then the share of marriages of Austrian women with a foreign spouse has halved to 6.5 percent in 2008.

Figure 26: Mixed marriages and marriages of foreigners
1971-2008



Source: Statistics Austria.

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

countries of origin, often also third generation immigrants. In 1999 the Citizenship Law was amended to the extent that in the case of mixed marriages the partner of third country origin is eligible for Austrian citizenship after 5 years of marriage with the same partner and 6 years of legal residence. In the most recent legislative reform of 2005, it has been made even more difficult for the partner to obtain Austrian citizenship. The major hurdle is the need for regular income of one's own. In addition, the earnings/income requirement for the Austrian partner who wants to marry a third country citizen will make it harder for poor Austrians (often with a migrant background) or foreign residents to bring in a partner with low earnings capacity. 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.

III. Employment and unemployment of foreign workers

1. Employment of foreign workers

According to social security data, Austria counted 436,100 foreign wage and salary earners in 2008, i.e., about 23,500 or 6 percent more than a year ago. Accordingly, the foreign worker share in total employment rose to 13.2 percent after 12.8 percent on average in 2007. This dynamic growth development will come to an end in the current year of 2009 as a result of the economic recession. The decline will be more than proportional such that the share of foreign workers in total employment will decline somewhat.

Of the total number of foreign employees 169,800 are citizens from the EEA/EU 27, of whom 90,700 from the old member states (EU 15) and 79,000 from the new MS. Thus, 39 percent of foreign workers are EU 27 citizens, and not quite two thirds are of third country origin (266,000) (Tables 24 and 25).

The share of EU citizens amongst foreign wage and salary earners in Austria is rising for every EU MS: In 2000, only 10% of foreign wage and salary earners were EU 15 citizens compared to more than 20% today. Also the share of EU 25 and EU 27 citizens has risen since EU enlargement; accordingly, employees from the 12 new EU MS constitute another 20% of the foreign work force. In reality the numbers and the share may be somewhat lower, however, since naturalisations of foreigners become known to the social security department only with a certain time lag.

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

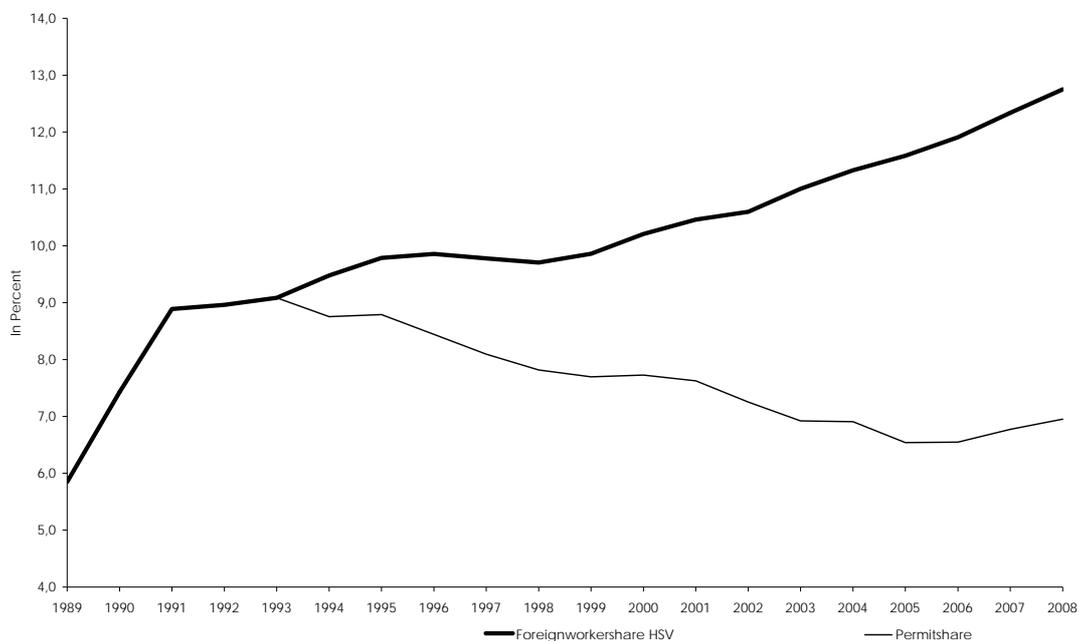
Table 24: Foreign wage and salary earners in Austria from 1961-2007

Annual average

	Foreign ¹ workers	Changes		Share in total
		Absolute	Percent	active employment In percent
1963	21,500	3,800	21.5	0.9
1964	26,100	4,600	21.4	1.1
1965	37,300	11,200	42.9	1.6
1966	51,500	14,200	38.1	2.2
1967	66,200	14,700	28.5	2.8
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	50	0.0	10.2
1997	298,775	-1,578	-0.5	10.1
1998	298,582	-193	-0.1	10.0
1999	306,401	7,819	2.6	10.1
2000	319,850	13,449	4.4	10.5
2001	329,314	9,464	3.0	10.7
2002	334,432	5,118	1.6	11.0
2003	350,361	15,929	4.8	11.5
2004	362,299	11,938	3.4	11.8
2005	374,187	11,888	3.3	12.0
2006	390,695	16,508	4.4	12.4
2007	412,578	21,883	5.6	12.8
2008	436,062	23,485	6.0	13.2

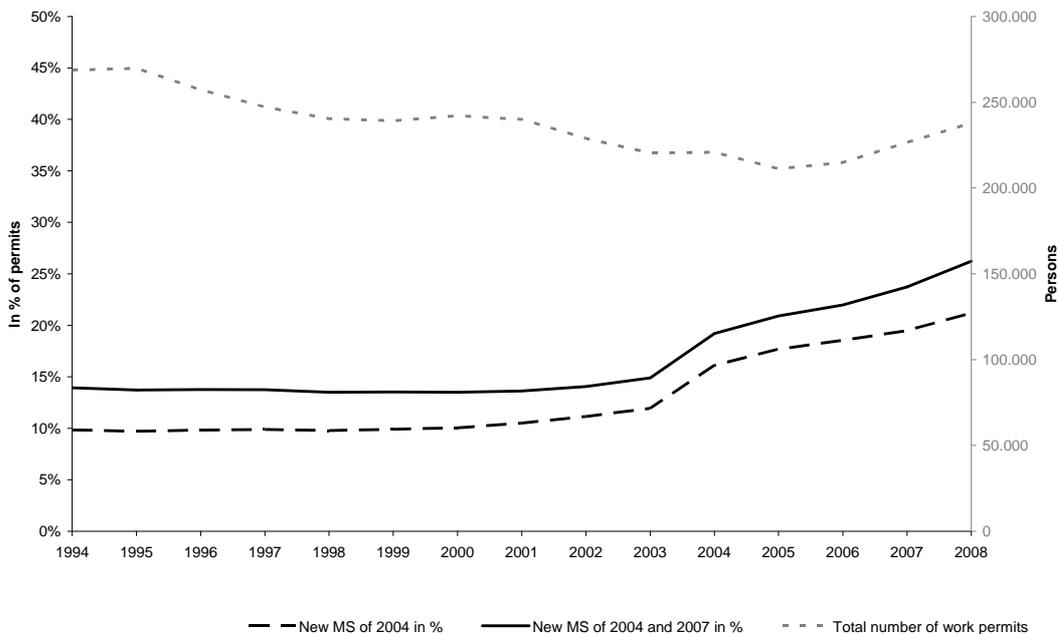
Source: Federal Ministry of Economics and Labour; Federation of Austrian Social Security Institutions. - ¹ Corrected series (permanent licences and persons on parental leave included). - ¹³ Since 1994 foreign employment according to social security data.

Figure 27A: Increasing discrepancy between foreign worker share and work permit share in total employment



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

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



Source: LMS. Own

While in 1994, 268,800 work permits were registered with the Labour Market Service, this number has come down to 211,200 by 2005. Since then the numbers have been on the rise again, reaching a level of 237,800 in 2008 (Figures 27A/B). The more recent upswing is to a certain extent due to the rising numbers of immigrants from the new EU member states who continue to need permits due to transition regulations which limit access rights to the labour market (labour market testing). In fact, immigrants from the new EU member states take up a rising number of employment permits, with more than 25% of all employment permits issued in 2008 (yearly average).

The first steps towards the promotion of labour market integration of migrants have been taken in 1997. Then new legislation on residence and settlement of foreigners came into effect (Fremdengesetz 1997). This legislation was intended to promote the integration of foreigners, who have resided in Austria legally for a longer period of time. It was in particular meant to facilitate access to the labour market of family members, who had arrived in Austria before 1992.

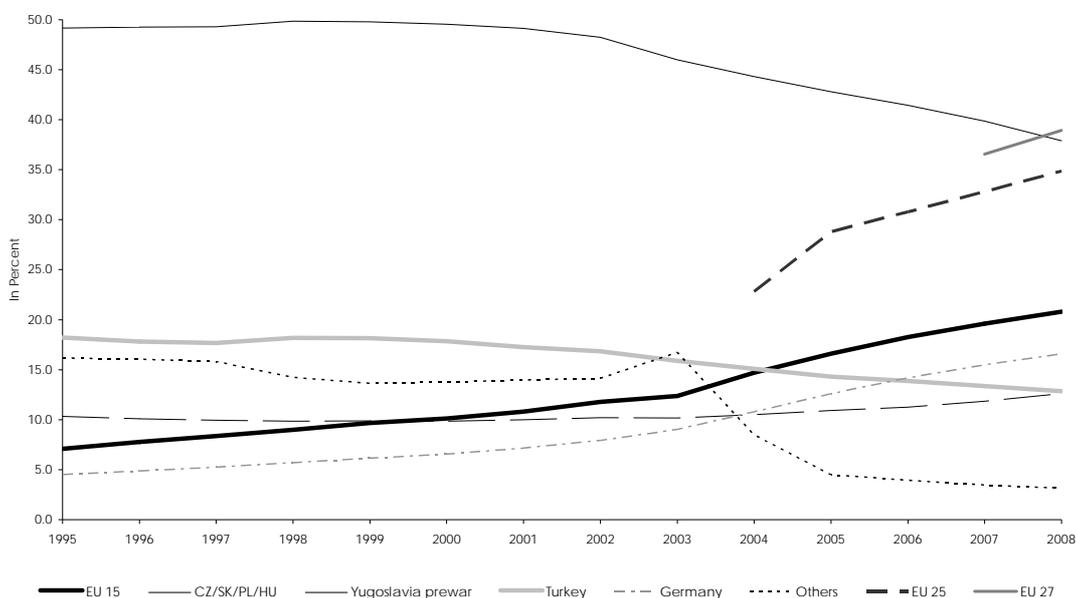
At the same time, enterprises were increasingly controlled for abiding by the law in case of the employment of a foreign worker where labour market testing is called for. As a result, the 'habit' of some firms to employ a foreigner of a third country (who had a residence permit which would in principle allow employment) without applying for a work permit, had to be discontinued. Before a firm is granted a first work permit for a foreigner, four unemployed, who could in principle fill the post (unemployment benefit recipients), have to be rejected by the firm in question, before getting a permit for the aforesaid migrant worker. This is an effective entry barrier to foreigners. 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, has significantly improved the employment opportunities of unskilled migrants.

The enforcement of labour market testing and the concomitant raising of the inflow quotas of seasonal workers from abroad tended to reduce clandestine work but reduced the chances for labour market integration of un- and semiskilled migrants already in the country. This situation lasted until 2003, when the green card system was introduced and the quota for seasonal workers from abroad was reduced (with a time lag of 1 year, as unemployment rose as a result of the ensuing substantial supply increases), as seasonal work represents also an 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.

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

The composition of foreign labour by nationality is changing. The most pronounced development of the past few years is the rising share of EU citizens in the foreign workforce. In the wake of EU enlargement in 2004 it rose to almost 35%, and after EU enlargement of 2007 to almost 39%. In 2008, the share of EU-27 citizens in the foreign work force exceeds the share of workers from the region of pre-war Yugoslavia for the first time (38%). This shift marks a historic transition, especially in light of the fact that citizens from (former) Yugoslavia accounted for more than three quarters of foreign labour in Austria in 1970 and amounted to almost half of foreign workers up until 2002. Most of the foreign workers from the new EU MS are citizens from the Czech Republic, Slovakia, Poland and Hungary, i.e., nationalities that made up a sizable proportion of the foreign workforce in Austria even before EU-enlargement. But the data indicate that the absolute number of workers from EU 27 countries follows a clear and steep rising trend (+12.3% from 2007 to 2008), while the absolute number of workers from the region of pre-war Yugoslavia and from Turkey is almost stagnating (+0.5 and +1.7%, respectively). Thus, the proportion of EU citizens working in Austria can be expected to continue to rise at the detriment of the source regions of the former foreign workers.

Figure 28: *Composition of foreign labour by region of origin: 1995-2008*



Source: Federation of Austrian Social Security Institutions.

Accordingly, the share of EU 15 citizens has been rising from 7.1 percent of the foreign workforce in 1995 to more than 20 percent in 2008. The major influx is from Germany –

Germans account for more than 80% of all EU 15 citizens in the Austrian workforce. But increasingly also Italians, French, Dutch, and British citizens take up work in Austria.

Table 25: Foreign workers by nationality 1971-2008¹

Annual average

	Foreign workers total	EU-15	of which: Germany	EFTA	EU-25	Yugoslavia (1)	Yugoslavia (2)	Croatia	Bosnia	Turkey	Others
						In percent					
1971	150,200	.	3.0	.		76.0	.	.	.	13.1	7.0
1972	187,100	.	2.8	.		77.7	.	.	.	11.4	7.2
1973	226,800	.	2.5	.		78.5	.	.	.	11.8	6.4
1974	222,300	.	2.6	.		76.2	.	.	.	13.5	7.0
1975	191,000	.	3.1	.		73.9	.	.	.	14.1	8.0
1976	171,700	.	6.2	.		70.2	.	.	.	14.3	8.3
1977	188,900	.	6.3	.		69.7	.	.	.	14.3	8.7
1978	176,700	.	6.6	.		68.5	.	.	.	14.8	8.9
1979	170,600	.	6.8	.		67.2	.	.	.	15.6	9.2
1980	174,700	.	6.9	.		65.9	.	.	.	16.2	9.8
1981	171,800	.	7.1	.		64.5	.	.	.	16.9	10.3
1982	156,000	.	7.6	.		62.0	.	.	.	18.3	10.6
1983	145,300	.	7.8	.		61.4	.	.	.	19.0	10.5
1984	138,700	.	8.0	.		59.9	.	.	.	20.0	10.7
1985	140,200	.	8.0	.		58.5	.	.	.	20.8	11.4
1986	146,000	.	7.8	.		57.3	.	.	.	21.4	12.1
1987	147,400	.	7.8	.		56.0	.	.	.	22.2	12.6
1988	150,900	.	7.9	.		55.1	.	.	.	22.7	14.3 2)
1989	167,400	.	7.4	.		54.3	.	.	.	23.4	14.9 2)
1990 2)	217,600	.	6.0	.		50.8	.	.	.	23.2	20.0 2)
1991 3)	266,500	7.2	5.1	0.7		48.5	.	.	.	21.6	22.0 2)
1992	273,900	6.9	5.0	0.7		48.8 4)		0.4	.	20.3	22.4
1993	277,500	6.9	5.0	0.7		45.6		2.3	1.2	19.6	22.1
1994 4)	291,000	6.3	4.2	0.3		44.4		1.3	2.3	18.6	26.7
1995	300,300	7.1	4.5	0.1		43.1	49.2	1.6	3.6	18.2	25.5
1996	300,400	7.8	4.9	0.1		42.0	49.3	1.8	4.5	17.8	25.1
1997	298,800	8.3	5.2	0.1		41.3	49.3	1.9	5.0	17.7	24.6
1998	298,600	9.0	5.7	0.1		41.0	49.8	2.1	5.5	18.2	22.9
1999	306,400	9.7	6.1	0.1		40.1	49.8	2.3	6.0	18.2	22.3
2000	319,900	10.1	6.5	0.1		38.8	49.5	2.6	6.6	17.9	22.4
2001	329,300	10.8	7.1	0.1		37.3	49.1	3.0	7.3	17.3	22.7
2002	334,400	11.8	7.9	0.1		35.8	48.2	3.2	7.6	16.8	23.1
2003	350,400	12.4	9.0	0.1		33.4	46.0	3.2	7.6	15.9	25.7
2004	362,300	14.7	10.8	0.1	22.8	31.3	44.3	3.3	7.6	15.1	25.8
2005	374,200	16.6	12.6	0.1	28.8	29.1	42.8	3.4	7.6	14.3	26.3
2006	390,700	18.3	14.2	0.1	30.8	26.9	41.4	3.5	7.5	13.8	26.4
2007	412,578	19.6	15.5	0.1	32.8	24.8	39.9	3.5	7.5	13.4	27.1
2008	436,062	20.8	16.6	0.1	34.8	22.6	37.9	3.5	7.3	12.9	28.4

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

In contrast, the share of persons from the region of pre-war Yugoslavia has been declining from 49 percent in 1995 to 38 percent 2008. Within that group, the share of persons from Croatia is rather small (3.5 percent of all foreign workers in 2007). The proportion of Bosnians has increased rather more rapidly, as they received preferential treatment on humanitarian grounds when applying for work permits in the early 1990s and are now having their family members join them. In 2008, they accounted for 7.3 percent of all foreign workers. The Slovenes, now a new EU-MS, account for 1.3 percent of all foreign workers. More than half of all workers from prewar Yugoslavia continue to have the "old" Yugoslavian citizenship. This indicates that they are immigrants who have been in Austria for a long time. They accounted for 22% of all foreign workers in 2008 (out of the 38% that include all the immigrants from the region of pre-war Yugoslavia).

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

After 1999, the decline picked up again such that the share of Turks in foreign employment reached 12.9 percent in 2008; this is their lowest share in foreign employment since the late 1970s. This is both the result of a reduction in inflows and of increases in the naturalisation rate.

Ever since 1993, the employment opportunities of foreign women improved relative to foreign men. The share of women in foreign employment rose from 33.5 percent in 1992 to 40.1 percent in 2008. The proportion of women in foreign employment remained clearly below the Austrian average of 46.4 percent in 2008 (Table 26).

The share of women in foreign employment differs greatly by country of origin. Women from the Federation of Yugoslavia have the highest share of foreign female employment, and continued to do so in 2008 (45.7 percent). Next in line are Croatians (42.5 percent) and Bosnians (41.7 percent). The lowest proportion of women in total employment is amongst Macedonians (31.4 percent) but rising, and Turks (30.6 percent). The lifting of labour market entry barriers to Turkish citizens as a result of the implementation of agreements of the EU with Turkey in 1997 tended to raise the share of women in the employment of Turks in Austria from 24.8 percent in 1997 to 30.6 percent in 2008; the rise slowed down over time, partly due to limited work opportunities in their major skill segments. Women from CEECs have low proportions, largely because of a high degree of clandestine work, in particular in domestic and care services; but signs are for the better as female employment shares are rising, reaching 34.9 percent in 2008, after 28.6 percent in 2001.

Table 26: Foreign workers by gender 1971-2008 and female employment share in total economy (salaried employment)

	Male	Female Percent	Female employment share in total employment
September 1971	70.9	29.1	
September 1972	68.5	31.5	
September 1973	69.0	31.0	
September 1974	67.3	32.7	
September 1975	63.8	36.2	
September 1976	61.3	38.7	
September 1977	61.3	38.7	
September 1978	61.5	38.5	
September 1979	61.6	38.4	
September 1980	60.9	39.1	
September 1981	61.0	39.0	
September 1982	60.4	39.6	
September 1983	60.4	39.6	
September 1984	61.1	38.9	
September 1985	60.9	39.1	
September 1986	60.4	39.6	
September 1987	61.3	38.7	
September 1988	62.1	37.9	
September 1989	62.6	37.4	
Annual average 1989	61.6	38.4	41.2
Annual average 1990	64.9	35.1	41.3
Annual average 1991	66.1	33.9	41.5
Annual average 1992	66.5	33.5	42.2
Annual average 1993	66.3	33.7	42.5
Annual average 1994 ¹	63.8	36.2	42.6
Annual average 1995	63.2	36.8	42.7
Annual average 1996	62.6	37.4	42.9
Annual average 1997	62.5	37.5	43.1
Annual average 1998	62.8	37.2	43.3
Annual average 1999	62.7	37.3	43.5
Annual average 2000	62.2	37.8	43.9
Annual average 2001	61.3	38.7	44.5
Annual average 2002	61.1	38.9	45.1
Annual average 2003	60.6	39.4	45.7
Annual average 2004	60.4	39.6	45.9
Annual average 2005	60.3	39.7	46.1
Annual average 2006	60.1	39.9	46.2
Annual average 2007	60.0	40.0	46.2
Annual average 2008	59.9	40.1	46.4

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

Table 27: Foreign workers of third countries by gender and selected nationalities
Annual average

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

Source: Austrian Labour Market Service.

B) Industrial structure of foreign employment

The industrial structure of employment before and after 2007 can not be compared without a significant margin of error due to the introduction of a new industrial classification (statistical break). Accordingly, we compare the employment structure by industries between June 2008 and June 2009 (ÖNACE 2008). The industrial structure of employment in the middle of the year provides a relatively good estimate of the average annual employment development. As a result of the economic downturn in 2008 which turned into a deep recession in 2009, total employment declined by 62,000 or 1.8% versus a year ago to 3.394,000 in June 2009. The employment of foreign workers declined as well, namely by 5,900 or 1.3% to 442,400. Thus, the share of foreign workers in total employment remained about at the same level as in 2008 (13.5%).

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

In contrast, the employment situation in the financial services sector expanded, notwithstanding the severe financial crisis. Also education, health and social services experienced continued employment growth, just as the arts and the entertainment business.

In all those services, foreign workers had substantial employment growth, thus explaining the comparatively limited employment decline of migrants. (Table 28)

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

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

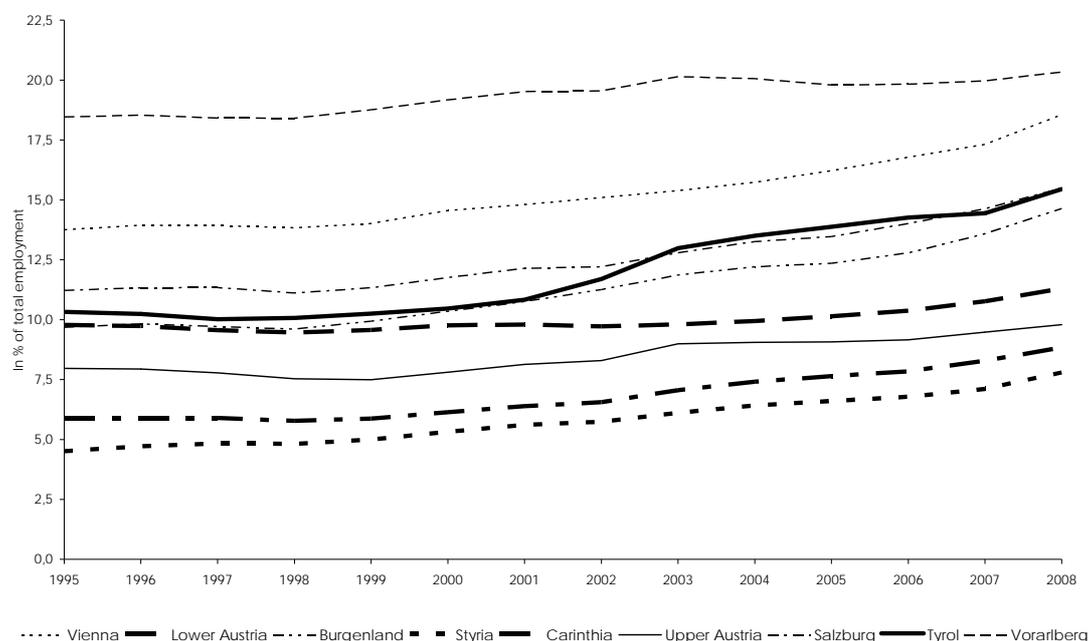
Source: Federation of Austrian Social Security Institutions (HSV).

C) Regional distribution of foreign employment

The regional distribution of foreigners in terms of the proportion of foreign workers in total employment has remained very stable in the second half of the 1990s but is changing slowly since 2000. Every federal state started to increase the share of foreign workers in total employment from 1999 onwards, but the rank order changed little. The region with the highest share of migrant workers is Vorarlberg, the westernmost province, followed by Vienna. Until 2003, Salzburg was number three in terms of foreign workers shares in the employment. This changed in 2004, when Tyrol, a region with an important tourism sector, moved up one rank, as seasonal workers are increasingly coming from abroad. Since then, the situation of Salzburg and Tyrol converged with a foreign worker share of about 15% in 2008.

In 2004, particularly Germans started to move in, taking advantage of free mobility of labour within the EU in view of the depressed labour market at home. At the bottom end of foreign worker intake are Styria and Carinthia. Thus, the rank order was affected by a differing regional mix of temporary workers and settlers, and the regionally differing propensity to grant citizenship to foreigners (Figure and Table 29).

Figure 29: Foreign worker share by region/Bundesland in Austria (foreigners in percent of total employment): 1995-2008



Source: Federation of Austrian Social Security Institutions.

Table 29: Regional distribution of foreign labour in Austria
Annual average

	Total active employment			Foreigners			Foreigners in %		
	2000	2004	2008	2000	2004	2008	2000	2004	2008
Vienna	756,632	728,600	764,817	110,117	114,603	141,848	14.6%	15.7%	18.5%
Lower Austria	507,108	508,192	546,427	49,513	50,526	61,736	9.8%	9.9%	11.3%
Burgenland	78,016	81,691	87,606	8,074	9,971	12,825	10.3%	12.2%	14.6%
Styria	417,810	425,198	461,112	22,245	27,315	35,958	5.3%	6.4%	7.8%
Carinthia	186,846	188,657	201,659	11,464	13,984	17,834	6.1%	7.4%	8.8%
Upper Austria	517,447	537,366	584,476	40,427	48,673	57,253	7.8%	9.1%	9.8%
Salzburg	208,175	212,357	228,834	24,483	28,161	35,452	11.8%	13.3%	15.5%
Tyrol	253,518	264,678	288,671	26,526	35,746	44,581	10.5%	13.5%	15.4%
Vorarlberg	128,890	131,805	140,527	24,710	26,433	28,573	19.2%	20.1%	20.3%
Austria	3,054,440	3,078,544	3,304,128	319,850	362,299	436,064	10.5%	11.8%	13.2%

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

The geographical distribution of all foreign workers in Austria has changed only marginally over time. Vienna, Vorarlberg and Lower Austria's share of total foreign workers in Austria declined by a few percent between 2000 and 2008, but these three states alone still account

for more than half of all foreign workers in Austria (Figure 29). Vienna is home to a third of all foreign workers, followed by Lower Austria (14 percent) and Upper Austria (13 percent). Even though Vorarlberg has the highest foreign worker density, it houses only 6.7 percent of all foreign workers.

Figure 30: Regional distribution of foreign labour in Austria (total foreign employment = 100): 2000-2008

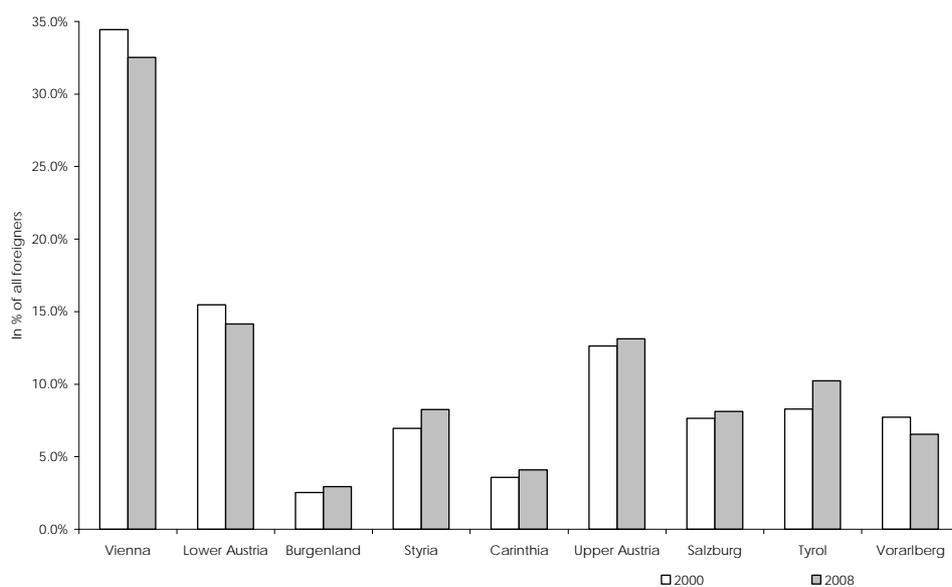
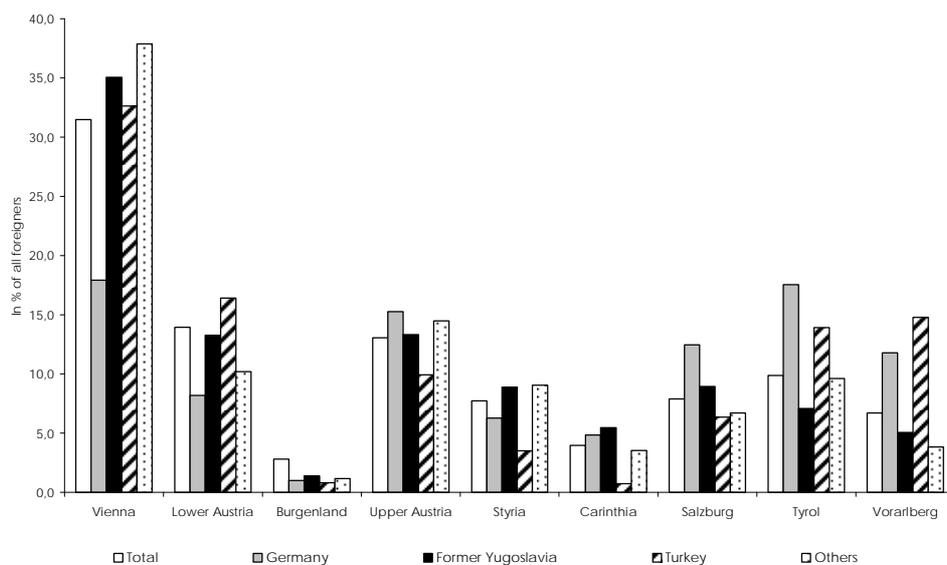


Figure 31: Foreign workers by region and selected nationalities 2008



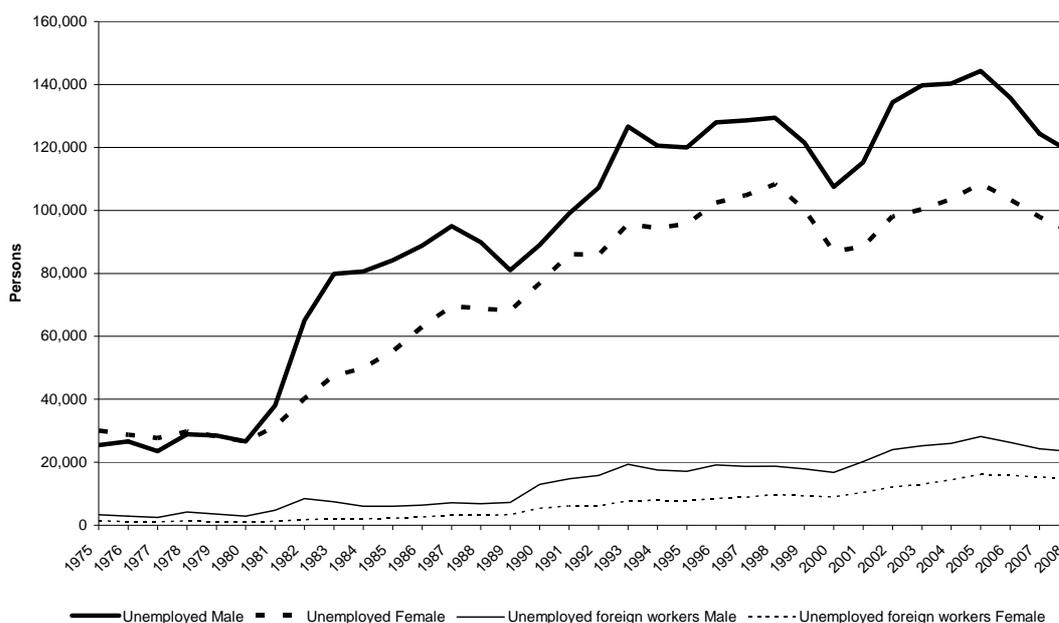
Source: Federation of Austrian Social Security Institutions.

The regional concentration of foreign workers differs somewhat by the nationality of foreigners. While Yugoslavs, Turks and the multicultural conglomerate of 'Others' are to a larger extent than the average foreign worker concentrated upon Vienna, Germans tend to be concentrated upon the western regions, Tyrol, Vorarlberg, Upper Austria and Salzburg. Yugoslavs tend to concentrate, apart from Vienna, in Lower and Upper Austria. Turks, given their occupational specialisation in textiles, clothing and leather, are, apart from Vienna, more than proportionally represented in Vorarlberg, Lower Austria and Tyrol. (Figure 31)

2. Unemployment of foreign workers

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

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



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

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 and 2007 unemployment declined for the first time in 5 years again, and continued to do so in 2008. However, that recent fall in unemployment is rather weak in relation to the strong employment growth, as hardly any inroads in reducing

structural unemployment have been made. The recession of 2009 is raising the unemployment level to unprecedented heights.

Table 30: Total unemployment rates and unemployment rates of foreigners

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

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

The share of foreigners in total unemployment has continually increased over time, from 8 percent in the mid 1970s to 18 percent in 2008. Foreign men constitute a somewhat larger fraction of total male unemployment, namely 19.7 percent, compared to a share of foreign women in total female unemployment of 15.9 percent. While women on average make up 44 percent of all unemployed, the proportion of women in foreign unemployment is significantly lower with 38.8 percent (Figure 32).

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; the cyclical

pattern for foreign workers follows the national pattern¹². However, due to the employment concentration of migrant workers upon unskilled labour in combination with cyclically sensitive industries, the rise of unemployment rates of foreign workers has been more pronounced, i.e., by 3.1 percentage points to 10.6 percent in the recession. In the recent economic upswing the differential to Austrians could be decreased from 3.3 percentage points in 2005 to 2.2 percentage points in 2008.

The differential in unemployment rates between men and women in the total economy, which had been growing in the second half of the 1990s, has declined in the last couple of years. In 2001, the unemployment rate of men exceeded that of women for the first time since the cyclical and structural economic crisis in the early 1980s. In the year 2005, the unemployment rate of men surpassed the rate of women by 0.9 percentage points (7.7 percent versus 6.8 percent). In the upswing of 2006 and 2008, the gender differential declined to 0.2 percentage points. In contrast, the unemployment rate of foreign men has always been higher than for foreign women – with the exception of one year (1987/88). The differential between foreign men and women was 1.3 percentage points in 2005, and 0.4 percentage points in 2008.

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

Turkish workers have traditionally had the highest unemployment rates of any foreign worker group. Their unemployment rates had risen between 2001 and 2005 to 14.1 percent, but declined thereafter and reached a low of 10.8 percent in 2008. The unemployment rate of Yugoslavs declined to 8.8 percent (after 11.4 percent 2005 (Table 30)).

A) Unemployment by occupation and industry

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

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

¹² The unemployment rate is biased downwards due to double counting of women on maternity leave who have been working before the birth of their child(ren). As to the extent of underestimation of the unemployment rate see Table 1.

More recently the unemployment rate of foreign workers is falling behind the unemployment rate of nationals in other than seasonal occupations. This has to be seen in the context of an increasing tendency on the part of foreigners to take up Austrian citizenship. Since the migrants tend to remain in their traditional occupations, their unemployment remains linked with job opportunities in those industries and occupations. In consequence, Austrian workers have a higher unemployment rate than foreign workers in the clothing industry and in retail trade, since 2005 also in wood processing. (Table 31)

Table 31A: Unemployment rates of Austrian and foreign active labour according to selected occupations

1997-2007

Selected occupations	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<i>Nationals</i>											
Agriculture and forestry	14.2	15.0	14.7	14.0	14.2	15.0	15.7	16.3	16.9	16.6	15.8
Stone- and mineralworkers	4.4	4.3	4.0	3.8	3.9	4.2	4.5	4.4	4.3	4.0	3.5
Construction	8.3	8.4	8.2	7.9	8.9	9.5	9.7	9.7	9.9	9.3	8.1
Metalworkers, electricians	8.2	7.8	7.2	5.9	6.1	7.4	7.5	7.2	7.4	6.7	5.5
Wood processing	5.3	5.4	5.4	4.6	5.1	6.3	6.2	5.8	5.8	5.2	4.4
Textile workers	6.2	5.4	5.1	4.2	4.5	5.7	5.8	5.9	6.5	5.9	4.8
Clothing, shoe industry	15.9	15.7	14.6	12.8	12.0	13.3	13.6	13.9	13.8	12.5	11.3
Retail trade	4.8	5.0	4.7	3.9	3.9	4.5	4.8	4.8	4.9	4.7	4.4
Tourism	18.5	18.5	17.1	15.3	15.4	16.2	16.6	17.5	17.8	17.4	17.0
Total	7.2	7.2	6.7	5.8	6.0	6.7	6.9	7.9	8.1	7.6	6.9
<i>Foreigners</i>											
Agriculture and forestry	12.8	12.4	11.7	10.5	11.0	10.3	9.3	8.5	8.7	8.5	6.8
Stone- and mineralworkers	5.4	5.4	5.8	5.1	4.9	5.9	5.6	5.7	5.4	4.9	3.9
Construction	10.9	11.2	11.2	11.1	13.3	14.2	13.8	14.0	14.5	13.1	11.9
Metalworkers, electricians	9.7	9.6	8.7	7.2	8.2	10.8	10.7	10.3	10.3	8.8	7.0
Wood processing	6.5	6.3	6.0	5.2	5.5	6.5	5.9	5.4	5.4	4.9	3.9
Textile workers	5.8	4.9	5.3	4.2	3.8	4.6	5.4	5.9	7.0	6.1	4.7
Clothing, shoe industry	8.6	8.9	8.2	7.6	8.1	9.2	9.8	10.1	9.9	8.9	7.2
Retail trade	2.3	2.6	2.4	2.1	2.6	3.3	3.7	3.9	4.3	4.0	3.8
Tourism	11.3	11.7	10.9	10.0	9.8	10.2	10.2	10.5	10.9	10.1	9.4
Total	8.4	8.7	8.2	7.5	8.5	9.8	9.8	9.2	9.5	8.6	7.7

Source: Federal Ministry of Economics and Labour; Austrian Labour Market Service; Social Security Department, WIFO calculations. HSV = social security base of employment, BMWA/AMS = registered unemployment.

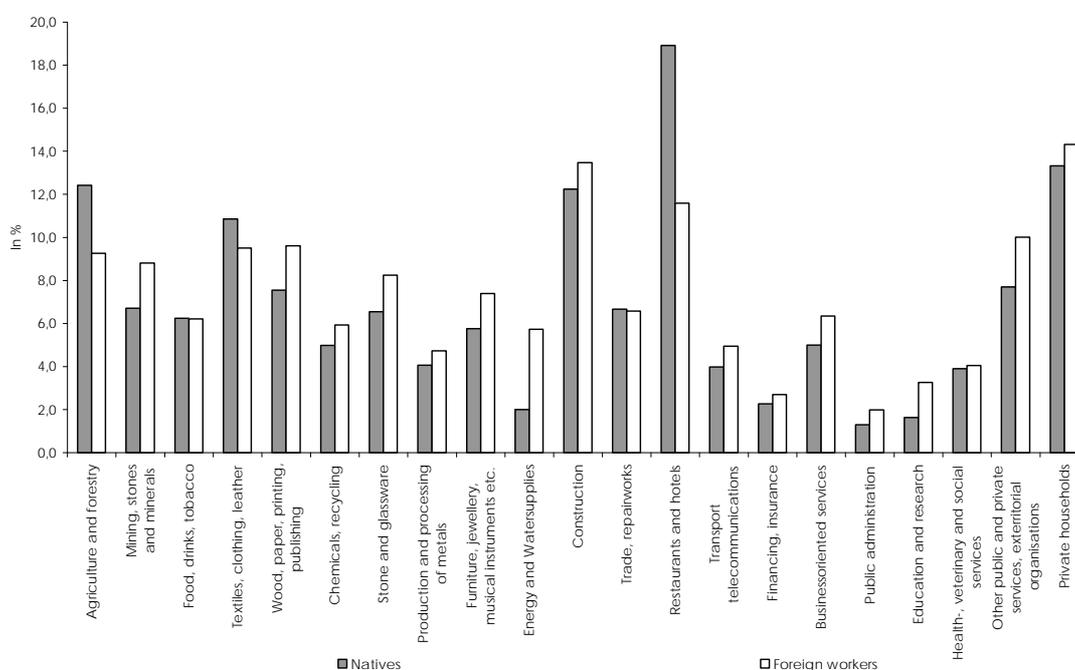
The ranking of unemployment rates by occupation differs therefore between Austrians and foreigners. In 2007, Austrians had the highest unemployment rates in tourism (17 percent), followed by agricultural occupations (15.8 percent) and in the clothing and leather industry (11.3 percent). Foreign workers, in contrast, had the highest rates in construction (11.9 percent), followed by tourism (9.4 percent), metal and electricians' work (7.0 percent), and work in the leather, clothing and shoe industry (7.2 percent).

A slightly different picture emerges, if one calculates unemployment rates by industry. One aspect remains the same, i.e., industries which have a strong seasonal employment

component have the highest unemployment rates. Tourism industries take the lead with 16.5 percent, followed by domestic workers (13.6 percent), and construction (12.5 percent); agriculture is number 4 in this industry ranking of unemployment rates (11.5 percent) in 2007 (Figure 33).

While the average unemployment rate of foreigners is higher than for Austrian workers, this is not the case in the seasonal industries – tourism and agriculture – as well as in textile and clothing industries. In all other industries foreign workers tend to have higher unemployment rates. This is to a large extent due to the type of jobs foreigners tend to have, i.e., the less skilled, low wage and low adjustment cost jobs. These types of jobs tend to have a higher turnover than higher skilled, higher wage jobs of nationals.

Figure 33A: Unemployment rates by industry of Austrians and foreigners 2007



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

According to the new industrial categorisation, which differentiates more within services than the former more manufacturing centred classification system, a somewhat more complex picture emerges. The highest unemployment rates of native as well as foreign workers are in administrative and support service activities followed by tourism. Also mining, the entertainment sector, construction and domestic services have above average unemployment rates. With the exception of construction, where foreign workers have higher unemployment rates, natives have at times significantly higher rates than foreigners.

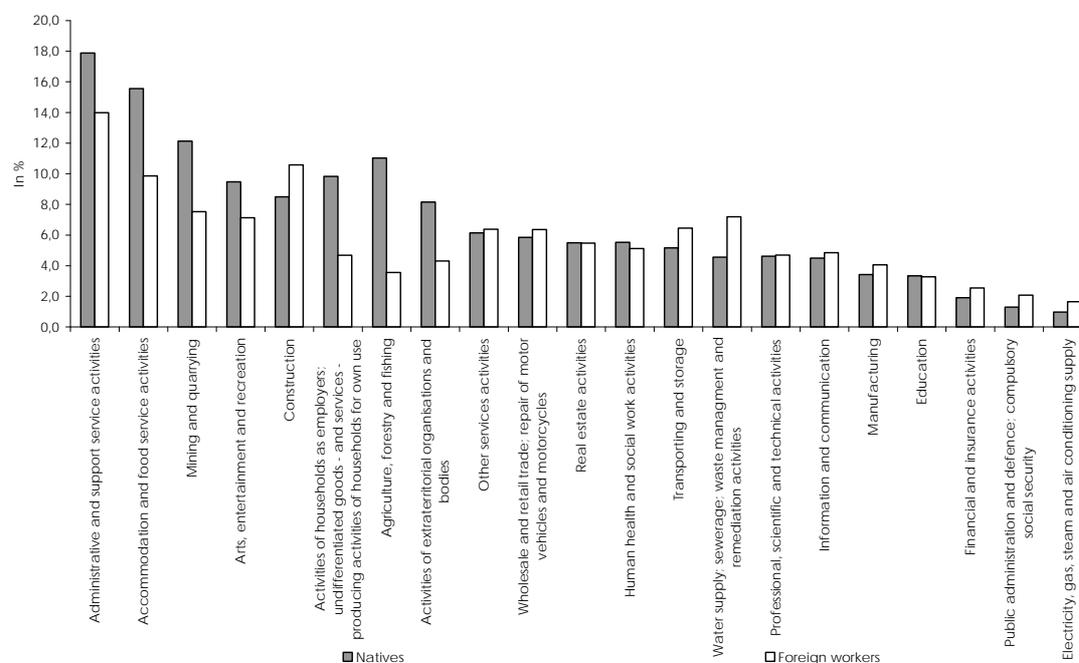
The lowest unemployment rates are in the high skilled occupations of the electricity supplies , public sector administration and financial services.

Table 31B: Unemployment rates of Austrian and foreign active labour according to economic activities: 2008

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

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

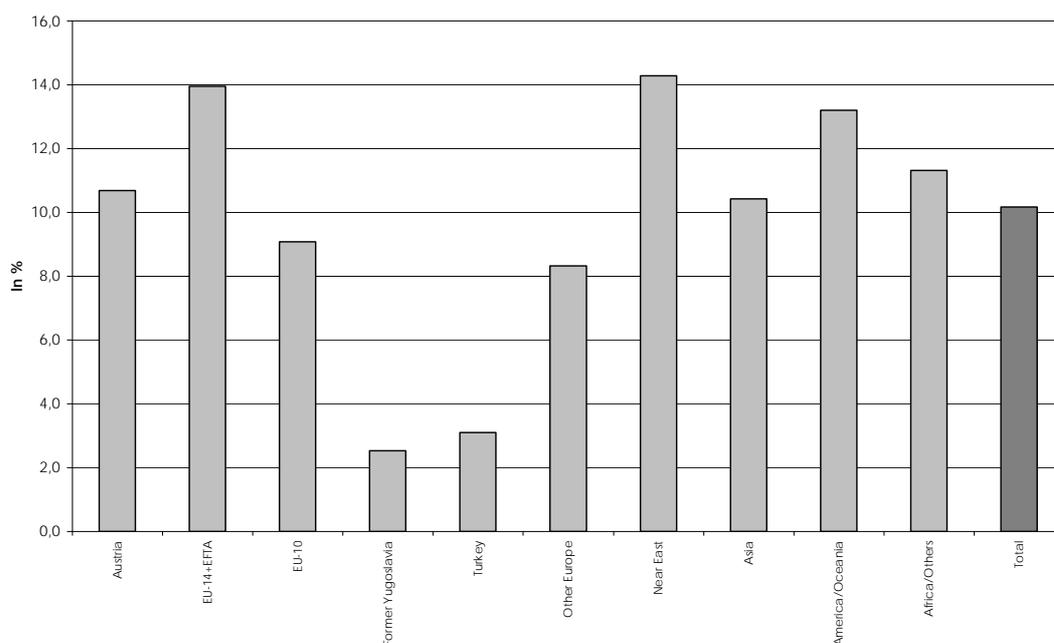
Figure 33B: Unemployment rates by industry of Austrians and foreigners 2008



3. Entrepreneurship

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

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



Source: Statistics Austria (Census), own calculations.

Figure 34 indicates that there are significant differences in the propensity to become self-employed by country of birth. Migrants from the Near East, from other EU-MS, America and Africa are more often self-employed than native Austrians. Asians are about as often self-employed as native Austrians, while persons from the traditional migrant worker source countries, i.e., Turkey and former Yugoslavia, are relatively seldom self-employed.

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

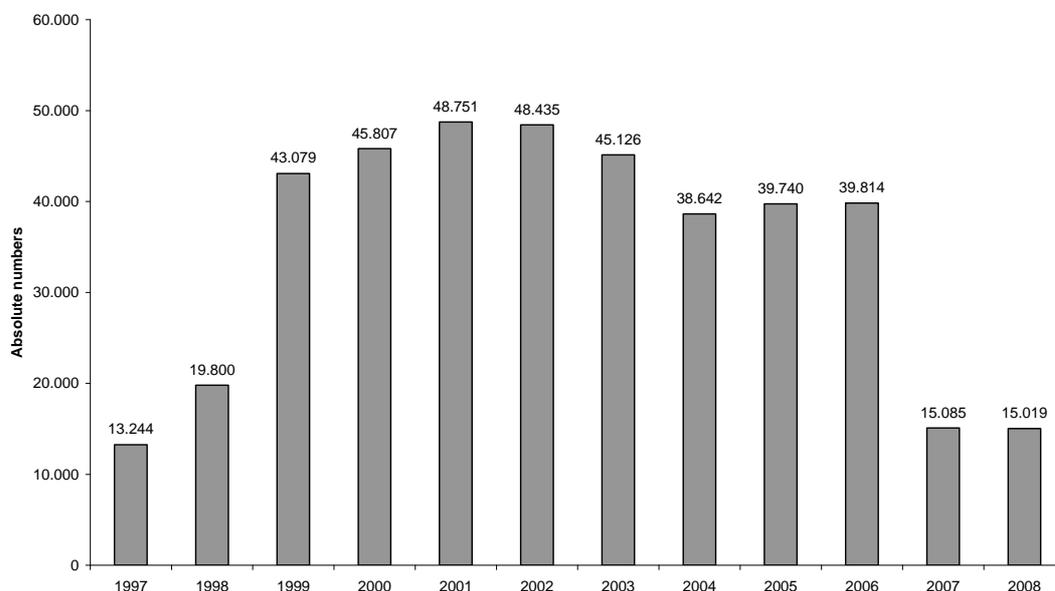
IV. Irregular migration

Illegally residing third country nationals are a heterogeneous group of people, depending partly on the legal framework of a country. The Austrian legal system does not make mention of rights of illegal residents. However, human rights apply to all persons on the territory irrespective of legal status. Persons residing illegally in Austria have, in addition, access to public health care in case of emergencies, they have also access to education services such as language courses, but they have no access to the formal labour and housing market. Furthermore, the possibility of issuing a residence permit on humanitarian grounds offers routes of legalisation of residence. The current law on humanitarian residence (NAG 2005) is very vague relative to residence permits on humanitarian grounds, leaving too much discretionary power to the Ministry of the Interior. As the current government has been rather restrictive in 2007, applications to the constitutional courts resulted in referrals to the Ministry, to amend two paragraphs relating to procedures on the one hand and to criteria on the other as far as granting residence permits to asylum seekers who have been rejected and who continue to stay illegally. The Ministry has therefore requested that the expertise, which is written annually by Biffi/Bock-Schappelwein, include information on normal procedures and criteria in the EU-MS. The new government (elections took place on September 2008) will be expected to make decisions on this issue.

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

The 'illegal migration' report of the Ministry of the Interior provides information on the numbers of persons illegally residing in Austria, or rather the number of apprehensions at the border and/or inland between 1997 and 2008. These numbers have risen between 1997 and 2001/2002, where they reached a peak with 48,800. The numbers declined thereafter somewhat to 39,800 in 2006. In 2007 the number of apprehensions took a deep dip to 15,100, where it remained until 2008 (*BMI*, 2005/06/07/08/09). According to the 'illegal migration' and human trafficking reports of the Ministry of the Interior, the numbers of apprehended persons (smuggled persons, illegally entering and/or residing persons) halved in 2007 versus 2006 and remained at that level in 2008 (Figure 35). This recent abrupt decline is in the main the result of a decline in the number of persons from Romania, who since EU-membership of Romania (in January 2007) have the right to stay in Austria. Accordingly, not only the number of apprehensions declined but also the composition changed. It was above all the number of illegal residents, which declined, reducing the share to 39 percent of all persons apprehended. In contrast, the decline in the number of victims of trafficking in humans has been smaller (from 12,600 in 2006 to 8,700 in 2008), thereby raising their proportion to 58 percent of all apprehended persons in 2008, a decrease of -8 percent versus 2007 (66%). Also the number of traffickers in humans has declined to 371 in 2008 such that the share of this group of apprehensions has declined to 2.5 percent of all apprehensions in 2008. (Figure 36)

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



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

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

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

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

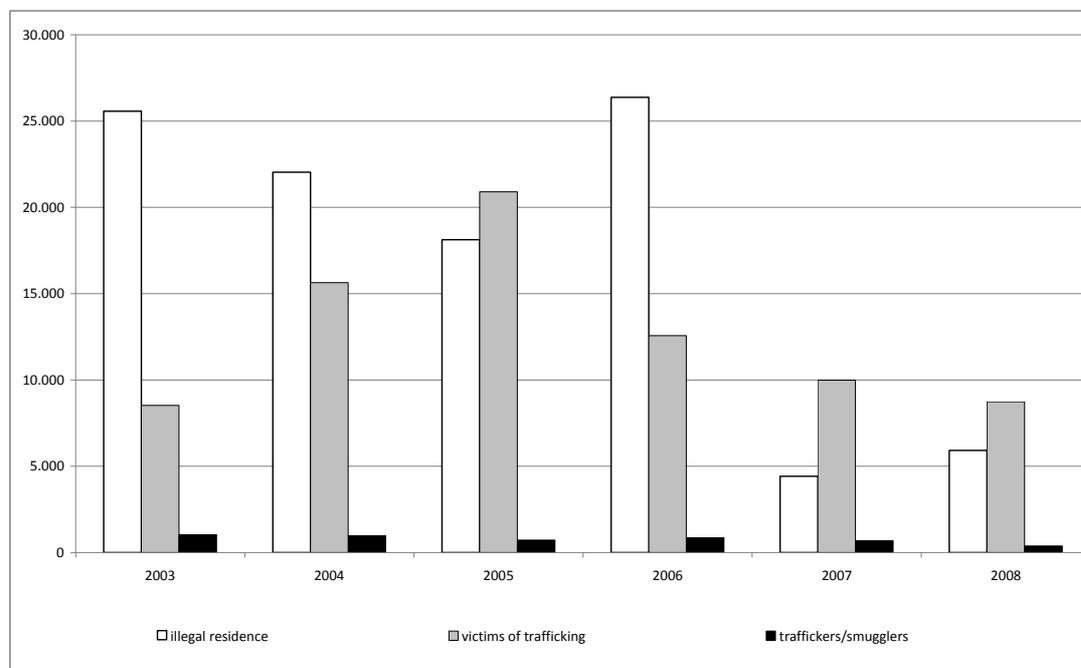
The major nationalities of traffickers are Serbs, followed by Austrians, Germans, Romanians and citizens of the Russian Federation. 39 percent of smugglers are between 31 and 40 years of age and male. (Figure 36:). As human trafficking is a well organised crime business, cooperation between old and new EU-MS on the one hand and source countries/countries of transit on the other is increasing. The outward movement of the Schengen-border at the end of 2007 has important consequences for the system of security controls both within Austria and across the enlarged region¹³.

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

¹³ The system of data exchange (finger prints) of asylum seekers and illegal residents 'eurodac' is an element of the documentation of illegal cross-border flows, which has been implemented in 2003. <http://europa.eu/scadplus/leg/en/lvb/l33081.htm>; in addition, **Frontex**, the EU agency based in Warsaw, coordinates the operational cooperation between Member States in the field of border security.

some 20,000, thereby contributing to the slow-down in measured productivity growth, which was as a result of legalisation not real but rather an artefact.

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



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

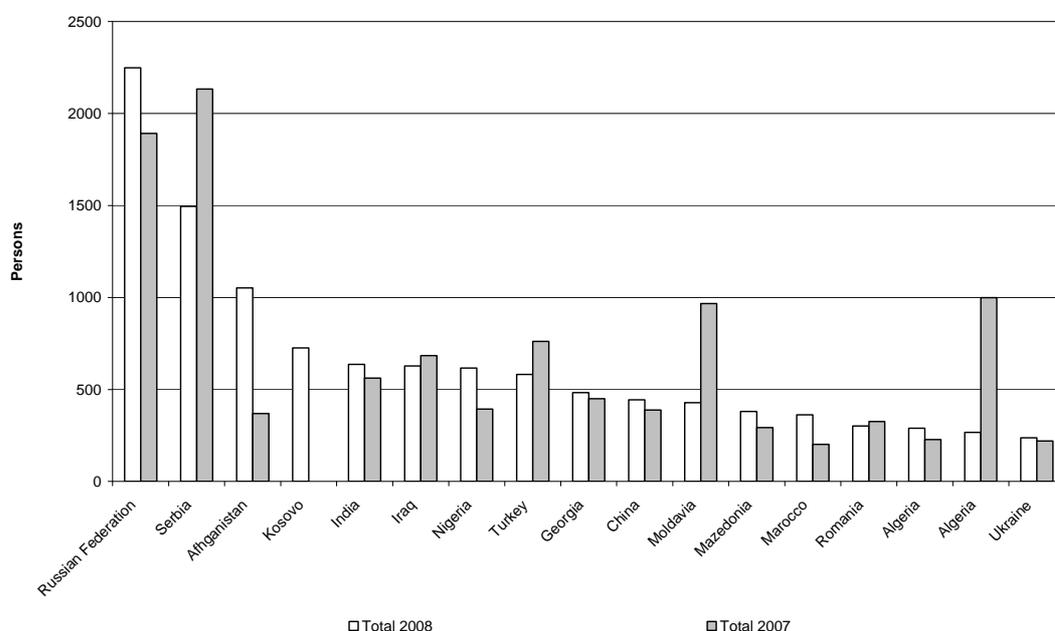
The few data collected on illegal foreign employment reveal that, apart from care work, the industries most affected are construction, catering, agriculture and small-scale industry. Until 2002 (Biffi *et al.*, 2002), the majority of illegally working immigrants came from Poland or Slovakia on the one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

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

makes sure that every **seasonal worker** has social security coverage during the period of work in Austria.

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

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



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

Austria implements different policies in order to prevent or control for illegal migration. The most obvious and most frequently applied approach is prevention and exertion of domestic control, followed by a policy of expulsion and deportation (Table 31).

Trafficking in and smuggling of human beings play an important role in Austria; Austria is considered to be both, a destination country as well as a transit country for illegal migrants on their way to other EU member states. According to the Austrian Criminal Intelligence Service,

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

A) Alien police measures

Alien police measures entail a number of measures which may impact on migrants. The measures include expulsions, rejections at the border, refoulement cases, denial of residence etc. In 2008, all in all 23,224 such police actions were registered, About 7,000 less than in 2007. Thus, the downward trend, which had been interrupted in 2005 and 2006, found its continuation in 2008. The decline was basically the result of a massive reduction of actions at the border. They used to constitute half of the police actions. They could be reduced from 31,200 in 2006 to 7,600 in 2007, and further to 2,695 by 2008. . The largest share of police measures were detentions (23 percent). Expulsion by paragraph 53 continued to increase marginally, despite a decrease between 2004 and 2006. However, many major actions declined, above all deportations, detentions and denials of residence. In contrast, the refoulement cases remained fairly stable (1,652 in 2008).

Table 32: Statistic of alien police measures (Sum over the year/period)

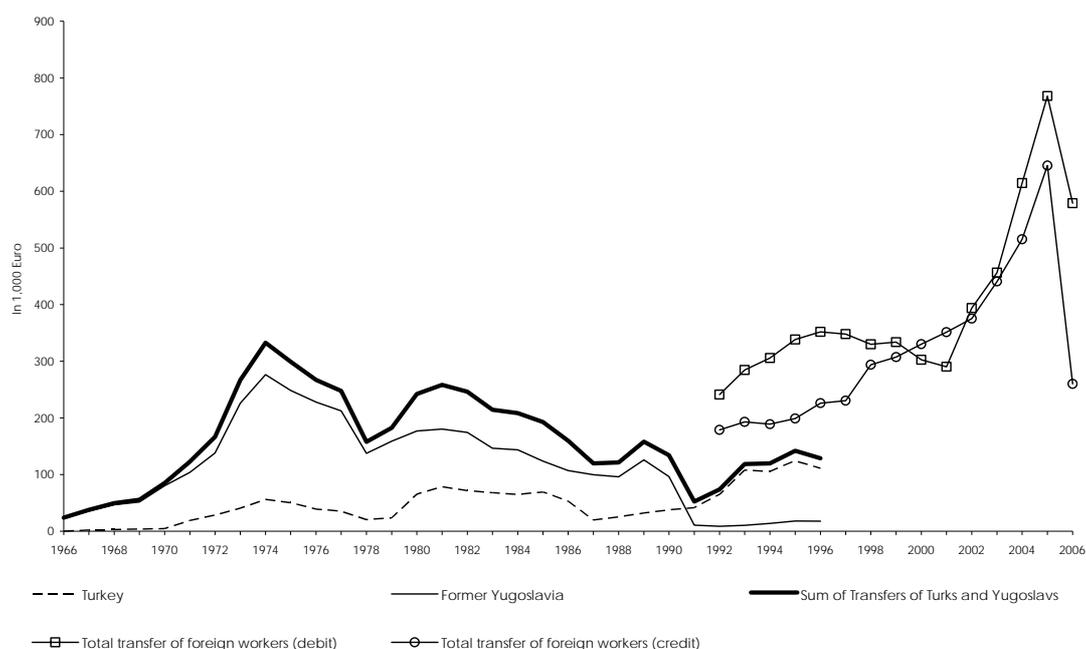
	2004	2005	2006	2007	2008	01-05 2005	01-05 2006	1-5 2007	1-5 2008	01-05 2009
Rejections at the border	26.280	27.043	31.189	7612	2695	11.056	13	268	1.214	337
Refoulement	4.132	1.895	1.685	1700	1652	817	14	268	618	658
Expulsion §33/§53	6.104	4.306	3.574	1843	2113	1.995	536	431	900	1.093
Expulsions §34/54	274	439	163	430	178	203	1.700	2.020	85	108
Denial of residence	9.132	7.194	5.294	4542	3903	3.188	3.945	2.957	1.761	1.552
Denial to return to Austria			975	629	493		0	0	217	175
Detention	9.041	7.463	8.694	6960	5398	3.170	0	0	2.497	2.370
Lesser measures	362	285	927	1158	1809	88	0	0	759	758
Forced measures	391	20				0	0	0		
Voluntary return to country of origin §	5.510	4.791	5.655	2443	2957	-19	86	-54		
Administrative order to leave the country									676	670
Deportation	5.274	4.277	4.090	2838	2026	1.761	0	0	906	984
	66.500	57.713	62.246	30.155	23.224	22.259	6.294	5.890	9.633	8.705

Source: Federal Ministry of the Interior.

V. Remittances of foreign workers

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

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



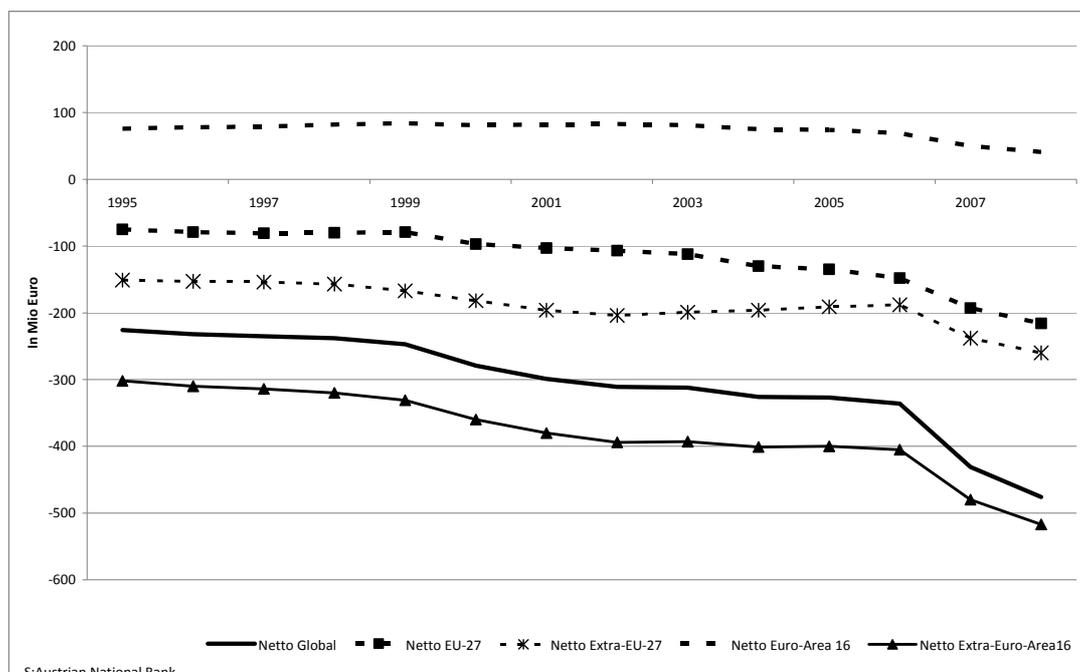
Source: Austrian National Bank (OeNB).

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

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

In the light of the relatively small amount of money which is being transferred home annually by foreign workers via registration by the Austrian National Bank, often no differentiation by country of destination or nationality is reasonable. One may, however, differentiate between large destination regions of remittances. The Austrian National Bank has completely revised the data base and provides time series for period 1995 to 2008. According to this data set, Austria has seen a total net outflow of money as a result of remittances over the whole period, amounting to 227 million € in 1995 and rising to 431 mill € in 2007 and to 476 mill € in 2008. While remittances between countries of the Euro area and Austria are positive with 41 million € in 2008 (50 million € in 2007), they are negative with the world outside the euro-area (-517 million € in 2008). Remittances between Austria and the EU-27 countries constitute net outflows in the order of 193 million € in 2007, and 216 in 2008 while they are less pronounced in the case of outflows to countries outside the EU-MS, namely 238 mill € in 2007 (Figure 39) and 260 in 2008. In 2007, as can be seen in the figure below, all financial flows have declined drastically – an indication of the onset of the financial crisis.

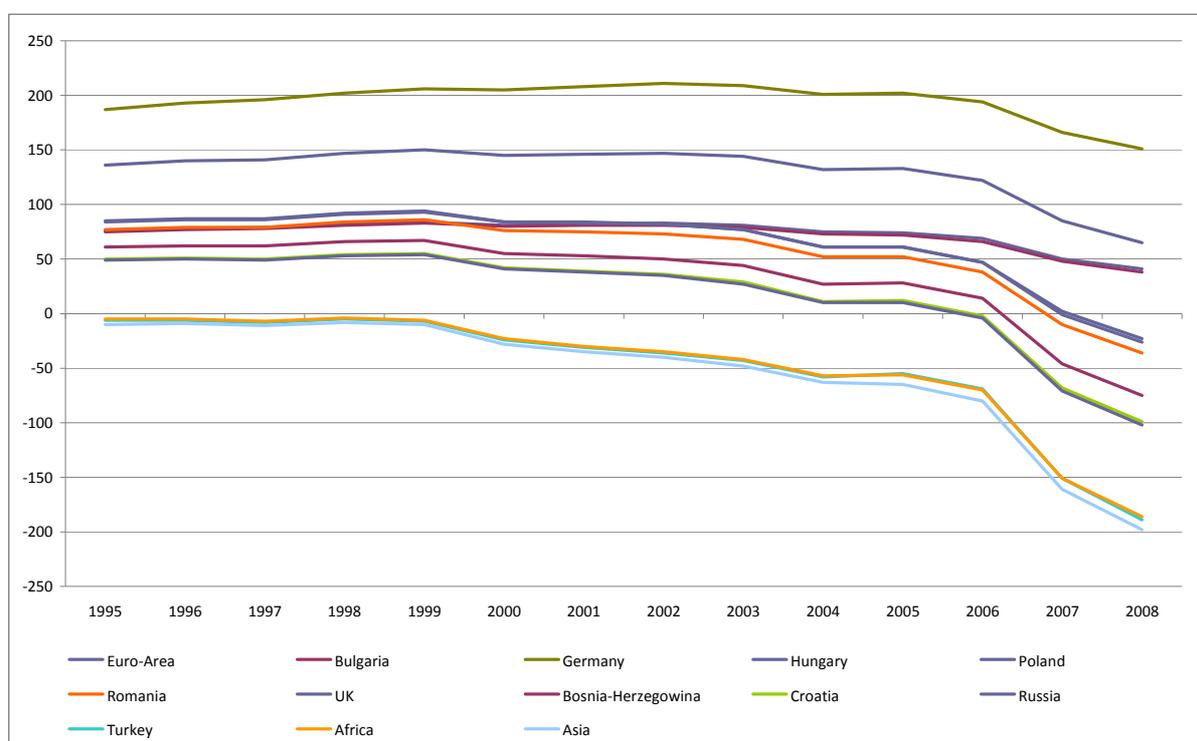
Figure 39: Net financial flows of migrants in Austria to their home countries in million € 1995-2008



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-Herzegowina, Romania and Poland as well as Asia and Africa. The money transfers constitute a major source of income for the families back home. (Figure 40)

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



VI. Integration of migrants

The integration of immigrants is facilitated by a governance system which has a broad national strategy of socio-economic, cultural and political inclusion, while at the same time being complemented by a complex system of regional institutions and integration measures. 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 by 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.

Austria is a country with a long tradition of immigration, but a short history of structured and comprehensive integration. Only recently, the outgoing government has decided upon a national integration platform, which is to coordinate all aspects of integration policy and to help combat discrimination. A website has been put in place (<http://www.integration.at/forum/viewforum.php?f=3>) which informs about the activities in the area of coordination of integration policies, provides factual information on immigration, the living and working conditions of the migrants relative to natives, and invites comments by the general public. This is the beginning of coordinated integration policies at federal level, complementing the long tradition of integration on a regional and state level.

Apart from the integration platform, the Austrian Integration Fund (Österreichischer Integrationsfonds, <http://www.integrationsfonds.org>) has been instilled with new life¹⁴ (and resources). The funding of the first chair on migration, integration, and security in 2008 is also flowing from the understanding that there is need for more research and understanding of the complex processes involved in these areas, and for policy advice.

But the major bulk of action in the area of migration and 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 effectiveness¹⁵.

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 pacts¹⁶. 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

¹⁴ The ÖIF was founded in 1960 by the UNHCR and the Ministry of the Interior; it has been established as a result of the experiences with the processing of the Hungarian refugees in 1956 and the eventual integration of many of them in Austria. While the ÖIJ is still focusing on the integration of refugees, it is increasingly enlarging the scope of its agenda, by taking up various responsibilities in the field of integration of migrants in general.

¹⁵ For a first attempt to collect information about integration measures in the various regions see *IOM – BMI* (2005).

¹⁶ 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>.

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.

Good practice examples of integration in Tyrol, Vorarlberg and Vienna

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

Vorarlberg in contrast is a highly industrialised but largely rural province of Austria, bordering on Switzerland, with small communities and only a few larger conurbations. It is the Austrian province with the second highest proportion of foreigners after the federal capital Vienna. 13 percent of its inhabitants hold a foreign passport. Approximately 21 percent of the secondary school students in Vorarlberg's 96 local authorities do not speak German as their mother tongue. This figure can rise to 40 percent in the cities and larger towns. As immigrants are spread over the whole province more or less evenly, as are the industrial production sites, integration policy has to embrace the whole area.

Vienna on the other hand is the only large conurbation. It is the region in Austria which has seen the largest influx and settlement of migrants of diverse ethnic, cultural and religious backgrounds. Vienna has actively promoted the inflow of immigrants as a strategy to stabilise population size and to combat ageing since the 1960s. Until the late 1980s, easy access to citizenship was the major instrument to attract immigrants¹⁷. As a result, more than 30 percent of the population of Vienna has a migration background (in terms of the proportion of people living in families with at least one member of the family having been born abroad) compared to 19 percent in Austria on average. The proportion of the population that does not speak any language other than German at home was 87.5 percent compared to 95.5 percent in Austria on average – in 1971 the proportion was higher and equally high as the Austrian average (close to 99 percent).

Also religious diversity has increased dramatically: only half the population of Vienna is Roman Catholic, compared to 74 percent on average in Austria. Viennese have become increasingly secular (27 percent of all inhabitants of Vienna), but also large numbers of

¹⁷ The provinces have considerable discretionary power to grant citizenship. While the general rule for eligibility is 10 years of residence in Austria, four to 5 years of legal residence in combination with a valid work contract sufficed in the city of Vienna.

Muslims (8 percent of the Viennese population) and orthodox Christians (6 percent of the Viennese population) settled in Vienna. Accordingly, instruments and procedures to create a sense of belonging and establishing common values have been developed. Vienna has addressed the issue of integration earlier than other federal states, combining targeting and mainstreaming, as both approaches seem to be necessary in a society under constant flux. Cities face different challenges than regions like Tyrol. Also, a large city like Vienna plays a different role in globalisation than other regions in Austria. In addition, ethnically based social networks may also be a causal factor for the concentration of migrants in Vienna.

The case of Tyrol

In 2002, Tyrol established an agency within the State government (Integrationsreferat der Landesregierung)¹⁸, with the mission to mainstream integration policies and measures for migrants in all relevant portfolios of the State government and the communities, reaching out to and including civil society and social partners. Integration is seen as an essential part of a 'harmonious social development'. In order to be able to effectively mainstream integration, a think-tank, i.e., a consultancy body, has been created as a first step. This body advises the agency on how to go about mainstreaming integration. This body comprises consultants of various kinds, experts with and without migration background in a variety of specialty fields in the various departments and regions, as well as NGOs and the scientific community. A university institute (University Innsbruck) follows the development steps of integration mainstreaming and analyses and evaluates the process and progress.

One of the first steps was to draw up guiding lines/principles of integration for migrants in Tyrol (Leitbild zur Integration von Zuwanderern in Tirol). These guidelines represent the idea of mainstream integration of migrants as an integral part of social development in Tyrol. They are to ensure the sustainability of the socio-economic integration of migrants. The guidelines are modelled after the model developed in Basel, Switzerland, with a planning horizon of 10 years, and an operational concept of the road to take.

To facilitate a comprehensive coverage of integration mainstreaming, a participatory approach was applied in the development phase of the guidelines by including a variety of institutions, actors and interest groups as well as migrant associations. A strategic steering committee ensures that all regions and portfolios are included in the development of integration mainstreaming. One of the aims of the agency is to persuade migrants and the host communities that integration makes sense and is necessary. Emotional, social and legal barriers to successful integration are to be made visible so that they may be addressed and eliminated in due course.

¹⁸ For details see the multilingual website www.integrationsportal.at.

The website is already an important source of information for migrants. It provides links to German courses for migrants and institutions engaged in mainstreaming activities. The agency is also the major source of funding of institutions, associations and initiatives of individuals and groups of persons in support of activities which promote the integration of migrants and the peaceful co-existence of natives and immigrants¹⁹.

The case of Vorarlberg

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

- making the Vorarlberg society aware of the significance of immigration and integration issues as key questions for the future,
- running an information and advice centre on these inter-related themes,
- developing, guiding and supporting concrete integration measures for migrants in Vorarlberg,
- involving the province in an international exchange of experiences and knowledge,
- networking people and organisations involved in integration and

¹⁹ See <http://www.tirol.gv.at/themen/gesellschaftundsoziales/integration/downloads/foerderungsrichtlinien.pdf>.

- establishing a platform for exchanging experiences between the decision makers, people and organisations involved in integration in Vorarlberg.

A detailed description of the project centre's programmes, projects and activities can be downloaded from the website. The media are given a prominent role as a multidimensional communication channel between the parties involved – "okay-News" newsletter(quarterly), "okay-Events" (monthly), Specialist integration advice for actors in integration (politics, administration, social institutions, migrant organisations, campaigns etc.), Talks and publicity work, Community-wide learning support projects, Building bridges ("Brückenbauerinnen") whereby migrants promote integration (interpreters for parent involvement in nurseries and schools), a theatre for young people on the issue of living together in a diverse society (listen = "zuhören")etc.

One good example of the complex approach to solving problems is the way decisions on the foundation of a Muslim cemetery (which is involving 93 communities) were arrived at. The process "Islamischer Friedhof" started in autumn 2003, integrated research in order to have sound basic information, involved all local communities and interest groups as well as the provincial government. September 2007 work on the cemetery started, whereby the media were important communication channels all along, promoting cultural diversity and understanding. For details see the website:

www.okay-line.at/php/ausgabe/index.php?urlid=3&ebene2_aktiv=429

The case of Vienna

While Vienna has been striving to develop a consistent model of integration based on the concept of diversity (as against multiculturalism), the institutional actors, be they schools or the labour market service engaged in promoting integration hands on, i.e., by generating a better understanding about differences in behaviour patterns and values of the various ethnic and cultural groups, and by spending active labour market policy measures, in particular education and training, on migrants to promote their employability.

I concentrate here on actions schools have taken to promote social cohesion in schools. One aspect is the concept of multilingualism which is increasingly being taken up in the various schools within the framework of school autonomy as an important instrument to promote common understanding and respect for other cultures, thereby promoting a feeling of belonging and togetherness. As the mix of cultures and languages differs by district or community, a different combination of languages may be called for. Language is understood as a symbolic system of reference of ones own culture which structures thinking (*Moore, 1997*). By offering education in the mother tongue, in addition to German as the host country language, the cultural and linguistic identity of the child is addressed. This helps to raise their self-confidence. In addition, the systematic and structured learning provides a better foundation for learning German as it goes beyond private colloquialism in the mother tongue. It is possible to integrate the mother tongue in class teachings where German is the

main language spoken by having an adjunct teacher, who speaks the mother tongue, or in separate language classes. The latter is often the only way to go when the pupils have a diverse language background. Also, the use of multilingual teaching material is a valid means to speed up understanding of concepts in more than one language. A case in Vienna (*Fillitz, 2002*), where trilingual teaching material (Serbo-Croatian, Turkish and German) was used in teaching, indicates that this practice contributes to building a common knowledge base which promotes intercultural understanding. It is a basis for mutual respect and the development of a sense of 'us' as against 'us and them'. While intercultural studies are increasingly included in the school curricula, the pilot schools/classes offering Multilanguage teaching in the languages of our major immigrant groups are not becoming more widespread. This is all the more surprising, as the success in terms of educational and social outcomes is easily established. In contrast, German-English or German-French bilingual schools are receiving more attention and are growing in numbers.

Another aspect schools have to cope with, namely the increasing diversity of religious beliefs. The diversity of religious beliefs calls for mutual understanding and respect: this can be promoted by sharing the knowledge about religious symbols and rituals; it can also be through the teaching of ethics and the history and content of comparative religious beliefs, i.e., a subject in addition to religious education, the latter being an established subject in the Austrian public school system.

Since 1997, ethics has been taught as a pilot in 52 schools in Austria, several of them in Vienna. These pilots have been put in place as a response to the growing secularism of the Austrian society on the one hand and the increasing diversity of religious beliefs on the other. The curriculum is based on establishing knowledge of human rights, the European social Charta, comparative religious studies and discourse and dialogue on basic values which are topics of the day. In Austria, the teaching of ethics is generally welcomed by teachers of the various religious beliefs as a complement to religious education and as a bridging institution which promotes dialogue between religions, believers and non-believers alike. But also students are generally in support of this subject.

An evaluation of the teaching of ethics in Austria (*Bucher, 2001*) shows that respect for religious beliefs can be nurtured by information on the content of religious teachings and beliefs, by promoting dialogue and reflective discourse between religions and cultures. Teaching ethics does not only raise the capacity of people for dialogue among religious beliefs but increases also their capacity as active participants in civic society. The latter is promoted by the curricula, which are firmly based on teaching human rights and the basic values a democratic Europe stands for.

VII. Statistical commentary

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

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

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