Danube University Krems
Department for Migration and Globalisation

Migration and Labour Integration in Austria

SOPEMI Report on Labour Migration Austria 2011-12

Gudrun Biffl

December 2012

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

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SOPEMI Report on Labour Migration

Austria 2011-12

Gudrun Biffl

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Austria – Country Note

In 2011, the total inflow of foreign nationals to Austria increased to 114,900 (+16,700 or 17% versus 2010). Also outflows increased somewhat (+7,200 or 10.8%) to 73,400, raising net immigration of foreign nationals to 11,400, 30% beyond the level of 2010. The increased net-inflow of migrants was on the one hand the consequence of the economic boom of 2011, on the other of the lifting of transition regulations to the new EU-Member States of 2004.

59% of the inflows to Austria came from the EU/EEA/CH countries - of which 24% from the EU-15, 20% from the EU-10 and 13% from the EU-2 countries - and 41% from third countries, i.e. countries outside the EEA and Switzerland. Germany remained the main origin country, making up 15% of total inflows. Immigration of Germans has remained fairly stable over the last couple of years, while inflows from the new EU-MS gained weight. In 2011 it was above all citizens from Poland and Hungary with above average increases. In contrast, the rise in inflows of third country citizens was rather small, except in the case of citizens from Bosnia-Herzegovina. Also the inflow of citizens of more distant regions, in particular from USA, Africa and Asia gained momentum. In contrast, the inflow of Turkish citizens slows down while outflows gain momentum, reducing net inflows from Turkey to a mere trickle.

Family migration accounted for the bulk of permanent migration from outside the EU, with a large share of third country nationals entering outside the quota system, that is, as family members of Austrian or EEA-citizens. Of a total of 20,500 third country settler inflows, about one fifth (4,400) was issued on the basis of a quota, i.e., as a family member of a third country citizen, who is a settler in Austria within a quota, and 78% outside a quota. The new third country settlers are either family members of Austrian or EEA-citizens, or are holders of a red-white-red card, mostly university graduates or settlers on humanitarian grounds. The red-white-red card (for work in the first year of settlement) and the red-white-red card plus (for family members and work beyond 1 year) was introduced in July 2011, based on a point system of immigration.

In addition to settlement permits, the Federal Ministry of the Interior issues temporary residence permits to persons who have obtained the right to enter for study, for temporary work and business purposes including services mobility (GATS mode 4) or on humanitarian grounds. In the course of 2011, all in all 7,500 temporary residence permits were issued for the first time – 21% more than a year ago, and 15,000 were extended – about as many as 2010.

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

After several years of steady decline, the number of asylum seekers had started to rise again in 2008 and reached 15 800 in 2009. In 2010 the numbers declined again but rose again in 2011 to 14,900 asylum seekers, i.e. 31% more than 2010. In 2012 the applications for asylum continued to rise, reaching 12,500 at the end of September 2012, i.e. some 2,000 or 20% more than a year ago. The largest single country of origin of asylum seekers is the Russian Federation, followed by Afghanistan, Pakistan, Kosovo and Serbia.

On July 1, 2011 an amendment of the Residence Law (NAG) came into effect, introducing the so called '"Red-White-Red-Card" (r-w-r-card). It replaces the quota-system for highly skilled third country citizens by a point system, modelled after the Canadian immigration model. It has three pillars, one for the highly skilled, another for scarce medium skills and the third for unskilled workers. Persons who obtain a R-W-R card have the right to settle and choose their work freely. Graduates from Austrian universities are granted job search visa to look for a job in Austria. If they find adequate employment, obtaining at least 45% of the social security contributions ceiling which amounts to monthly gross earnings of EUR 1,900€ in 2011, they get the R-W-R card. Also family members of such a card holder have the right to access the labour market freely. The uptake of the r-w-r card by skilled migrants from abroad was low, as the administrative procedures were cumbersome as they had to be carried out by the potential migrant from abroad. An adaptation of the law to the former procedures, namely that the processing can be carried out by the employer within Austria, is expected for early 2013.

Introduction: The economy and the labour market 2011/2012

After the severe slump in economic development in 2009, the Austrian economy picked up in 2010 with a real growth rate of 2.1% and expanded in 2011 by 2.7% versus a year ago. Austria profited from the positive economic growth position of Germany (+3.0%) and major trading partners in Central and Eastern European countries.

The Austrian growth rate was clearly better than in the EU 27 (+1.5 percent) and the euro-area (1.5 percent). A differentiation of core-periphery economic growth in Europe developed in 2010 and became even more prominent in 2011. Fiscal problems and the debt crisis resulted in an opening of the economic growth gap relative to the Southern European countries, affecting Austria to some extent as Italy is a major trading partner. But a comparatively strong economic growth performance of the Eastern European EU-MS and the important trade linkages with them as well as the Near and Far East stabilised Austrian economic growth.

In the course of 2011 economic growth in Austria slowed down, however, and the downward slide continued in 2012, together with its major trading partners; accordingly, it is expected that economic growth will not rise beyond 0.6% in 2012.

In Austria in 2011, economic growth was driven by rising exports of goods as well as domestic demand. The value of exports increased by 7.5% in real terms, after 12.8% in 2010. A further slowdown to 3.5% is expected in 2012.

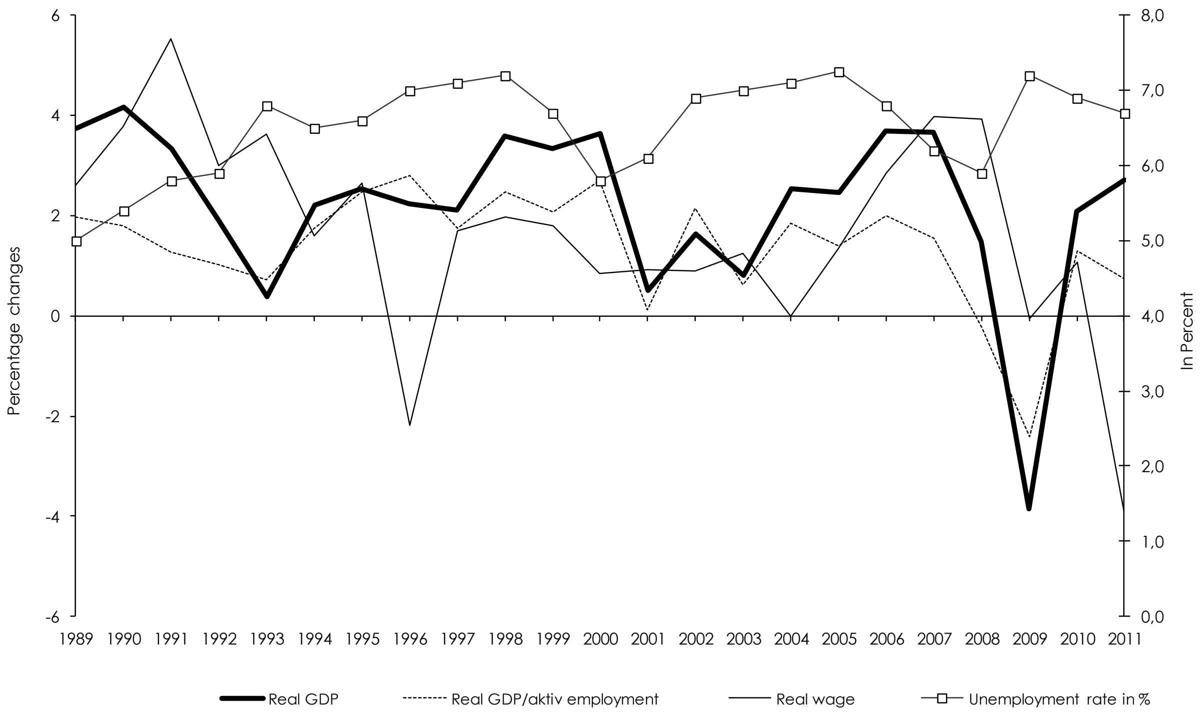
The slow down in international economic growth in the course of 2011 made itself felt in Austrian tourism, as tourism has a pronounced pro-cyclicality. Tourism turnover increased slightly (+0.9%) but the duration of stay continued to decline as it is city tourism which dominates the picture. Tourism revenue continues to decline albeit at a reduced rate, i.e. by 0.2%. However, tourism continues to be a very important contributor to GDP; in 2011 it made up 7.5% of GDP, about the same as in 2010.

Domestic demand stabilised economic growth. Investment picked up again and grew by 5.4% in real terms, after 0.1% in 2010. This was a result of renewed investment growth in plants and equipment (+10.5 percent in 2011) and in construction (2011: 2.4 percent). In the construction sector, investment in housing recovered while investment in public sector infrastructure, above all road construction, remained stable. Consumer demand of private households expanded only slightly, by 0.5% after 2.2% in 2010. Thus, consumer demand, which represents 70% of GDP, remained strong and was a major stabiliser of economic growth.

The inflation rate started to pick up in 2010 and exhibited a steep rise in 2011 to 3.3%. This was the highest inflation rate since 1993. The major reason was the rise in energy costs, partly linked to the rise in the euro-US$ exchange rate in the wake of the deepening euro-crisis. Unions were pressing for a real wage increase but the high inflation rate did not allow a real income growth beyond 0.2%. In order to stabilise household consumption, people reduced their savings, reducing the savings rate further. As employment increased by 1.9%, real wages declined by 3.9%. Accordingly, real income declined in real terms the second year in a row.

The public sector budget deficit could be reduced below the Maastricht ceiling, reaching -2.6 percent of GDP in 2011, after -4.5% in 2010.

Figure 1: Macro-economic indicators
1989-2011



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

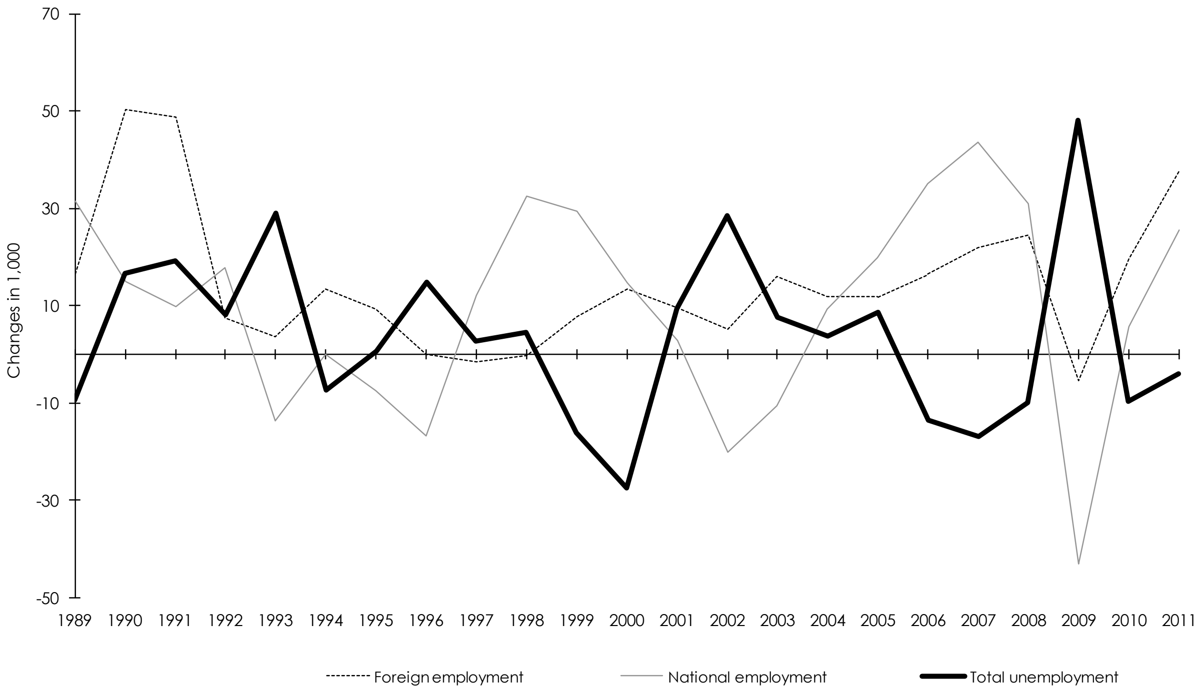
The labour market was very dynamic in 2011, similar to the boom year of 2007. Total labour demand (including self-employed) rose by 68,400 or 1.8 percent. Unemployment declined by 4,100 or -1.6%. Labour supply growth picked up again, reaching a plus of 64,400 or 1.6% after a slow down to +21,000 (+0.6%) in 2010.

The major bulk of the employed are wage and salary earners; their numbers rose by 63,300 or +1.9 percent to 3.323 million (excluding persons on parental leave, conscripts and unemployed on training measures) in 2011. In the current year of 2012, the number of wage and salary earners is expected to rise further by some 42,000 (+1.3%).

Unemployment declined by 4,100 to 246,700 in 2011. Thus the unemployment rate fell to 6.9 percent of the total active labour force excluding self-employed (after 7.1% in 2010), 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 3.757 million in 2011. Labour productivity growth (real GDP/active employment) slowed down in 2011, reaching 0.8% after +1.3% in 2010. In the current year, productivity growth is expected to slow down further.

Figure 2: National and foreign labour[1]
1989-2011



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

The employment of foreign workers has increased continuously between 1999 and 2008, took a slight dip in 2009 (-5,500, -1.3%) and expanded again in 2010 and was experiencing a boom in 2011 with +37,600 or +8.3%. In contrast, the native work force has seen transitory employment declines in 2002, 2003 and 2009. In 2010 employment of Austrian citizens increased again, albeit slightly, but got a boost in 2011 (+25,700, +0.9%). As economic growth started to lose momentum in 2011, continuing well into 2012, employment growth of foreign workers is expected to slow down in 2012, albeit only slightly to 31,000 or 6.3% vs. 2011.

The recent rise in the employment of foreigners is in the main the result of the end of transition regulations for the EU-8 enlargement countries in spring 2011 (Malta and Cyprus never had transition regulations imposed). Accordingly, the number of employees of the EU-10 MS increased by 19,500 or 28% to 88,500; in contrast, the inflow of the remaining 2 EU-MS for whom transition regulations continue to apply (Bulgaria and Romania) was somewhat subdued but still quite dynamic with +16% or 3,200. The inflow of workers from other EU15 countries continued, but at a somewhat reduced pace, raising the number of employees from the EU15/EEA to 108,300. But also employment of third country citizens was very dynamic in 2011, mainly as a result of the introduction of the point system for highly skilled migrants in midyear, replacing the quota system for skilled migrants (Schlüsselkraftverfahren). As a result, the number of third country migrant workers rose by 10,500, double the rate of the year ahead, to reach a level of 268,500. Given the structural change in inflow dynamics by region of origin, the composition of foreign workers changed somewhat. In 2011, the number of workers from the EU15 including EFTA was somewhat lower than from the EU12 (108,300 versus 112,100). Together they account for 45% of all foreign employees. The 'rest' are third country citizens, i.e. 268,500 or 55% of all foreign employees. (Figure 2, Table 1, Table 2). In 2012 the rise in foreign employment will remain substantial, basically due to the dynamics flowing from the point system for third country skilled migrants, their family members and university graduates.

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

	Annual average		Change 2009/2010		Change 2010/2011	
	2010	2011	Absolute	Percent	Absolute	Percent
Total labour force1	3.510.795	3.570.000	15.999	0,5	59.205	1,7
National labour force	3.011.352	3.030.545	-3.000	-0,1	19.193	0,6
Foreign labour force	499.443	539.455	18.999	4,0	40.012	8,0
Total employment1	3.260.013	3.323.300	25.526	0,8	63.287	1,9
National employment	2.808.737	2.834.400	5.802	0,2	25.663	0,9
Foreign employment	451.276	488.900	19.724	4,6	37.624	8,3
Total unemployment	250.782	246.700	-9.527	-3,7	-4.082	-1,6
National unemployment	202.615	196.145	-8.802	-4,2	-6.470	-3,2
Foreign unemployment	48.167	50.555	-725	-1,5	2.388	5,0
	2006	2007	2008	2009	2010	2011
Total unemployment rate	7,0	6,4	6,1	7,4	7,1	6,9
National unemployment rate	6,6	6,1	5,8	7,0	6,7	6,5
Foreign unemployment rate	9,7	8,8	8,0	10,2	9,6	9,4

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.

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

	Foreign workers Total	EU15/EEA +CH	EU-12	Third Country Citizens	EU15/EEA+ CH	EU-12	Third Country Citizens
					In % of total		
1994	291.018	19.954	44.681	226.384	6,9	15,4	77,8
1995	300.303	22.472	44.834	232.998	7,5	14,9	77,6
1996	300.353	24.455	44.001	231.898	8,1	14,6	77,2
1997	298.775	26.094	43.325	229.357	8,7	14,5	76,8
1998	298.582	28.078	43.170	227.334	9,4	14,5	76,1
1999	306.401	30.902	44.431	231.068	10,1	14,5	75,4
2000	319.850	33.694	46.327	239.829	10,5	14,5	75,0
2001	329.314	37.022	48.221	244.071	11,2	14,6	74,1
2002	334.432	40.830	49.985	243.617	12,2	14,9	72,8
2003	350.361	44.856	52.275	253.231	12,8	14,9	72,3
2004	362.299	54.934	55.533	251.832	15,2	15,3	69,5
2005	374.187	63.829	59.339	251.018	17,1	15,9	67,1
2006	390.695	73.282	63.016	254.397	18,8	16,1	65,1
2007	412.578	82.962	69.877	259.740	20,1	16,9	63,0
2008	437.055	94.150	78.863	264.041	21,5	18,0	60,4
2009	431.552	96.851	81.847	252.854	22,4	19,0	58,6
2010	451.276	103.743	89.477	258.056	23,0	19,8	57,2
2011	488.934	108.271	112.129	268.534	22,1	22,9	54,9

Source: BALIweb.

The share of foreign workers in total employment (excluding persons on parental leave) is thus constantly growing – from 11 percent 2002 to 13.3 percent in 2008. After a stagnation in 2009 the proportion of foreign workers in total employment (of wage and salary earners) increased to 14.7% in 2011.

In 2011, 246,700 unemployed were registered with the labour market service, 4,100 or 1.6 percent less than 2010. 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 6.9 percent. This represents a slight decline by 0.2 percentage points versus 2010. In the current year, unemployment is expected to rise again in the wake of the slow down of economic growth and a continued rise in labour supply. Unemployment numbers will, as a consequence, rise to 264,700 (+7.3%); the unemployment rate of wage and salary earners is expected to rise to 7.2%.

The labour supply of foreign workers increased during 2011 by 40,000 (+8%) to reach an annual average of 539,500. The unemployment rate declined for both native and foreign workers, to 6.5 percent and 9.4 percent respectively. In the current year, unemployment of foreigners and of natives is expected to rise versus 2011 (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, foreign workers or family members. Flow data are the result of institutional procedures linked to the planning and monitoring of various categories of migrants, mainly asylum seekers, foreign workers and, since the early 1990s, family members (family reunification). With the introduction of a more universal legislation on aliens (since mid 1993, revised 1997, amended 2002/2003/2005 and again 2011), flow data on family reunification of third country citizens (non-EU/EEA-citizens) is becoming available.

Annual quotas are imposed upon certain groups of third country migrants, depending on the residence status, determined 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) Third country workers (between 2003 and mid 2011 only highly skilled workers on the basis of a cap, thereafter without a quota for various skills on the basis of points);

c) Family reunification;

d) Foreign students;

e) Asylum seekers;

f) Others.

1. Legal framework and policy reforms

Administrative procedures in the migration field are guided by two regulatory institutions – the Federal Ministry of the Interior and the Federal Ministry of Economic Affairs and Labour. While the former regulates the inflow and resident status of third country 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.

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

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

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

Family reunification of third country origin citizens who are partners of or are dependent children of an Austrian or EU/EEA citizen (core family) has always been uncapped[1]. Also third country citizens with the settlement right in another EU country (after 5 years of legal residence), may settle in Austria outside any quota.

Until 2011, the inflow of settlers from third countries and of their third country family members was regulated by quotas. It affected highly skilled third country settlers based on work contracts and family reunification with third country citizens. The new residence and settlement law (NAG 2005) introduced a minimum income requirement for family reunification (family sponsoring[2]), in line with regulations in other immigration countries

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

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

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

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

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

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

1. Third country citizens with permanent settlement rights in another EU country (Daueraufenthalt-EU) who want to come to Austria for the purpose of work (§8/1/3 NAG) or who want to settle in Austria without accessing the labour market (§49/1 NAG). This is a new quota in the revised residence law of 2005 and has been applied for the first time in 2006. The quota was set at 165 in 2011; due to the limited uptake the cap has been reduced to 113 in 2012.
2. Family members of third country citizens (§46/4 NAG), where the sponsor has the permanent residence rights in Austria (the age of dependent children was raised from 15 to 18 years); the inflow quota for 2011 was 4,905, i.e., the same as in the two preceding years. In 2012 it was somewhat reduced to 4,660. This continues to be a rather tight cap for family reunification but does not seem to lead to queuing, i.e. a build up of open requests abroad.
3. Transfer of residence title (Zweckänderung): Third country citizens, who have a permanent residence permit as family members without access to work and no right to the red-white-

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

4. Third country citizens and their family members who settle in Austria without wanting to enter the labour market (§§ 42 and 46 NAG); the regulations were amended in the new residence law of 2005, requiring the proof of regular monthly income (double the minimum of unemployment benefits as regulated in § 293 ASVG). The quota was raised to 240 in 2011 (after 235 in 2010 and 230 in 2009). In this category the cap tends to be rather tight; it was therefore raised in 2012 to 265.
5. Highly skilled workers (**until mid 2011** §§2/5 and 12/8 AuslBG and § 41 NAG), their partners and dependent children (§46/3 NAG); for 2010 the inflow quota was fixed at 2,645, more or less the same level as in the last couple of years and the same as for 2011. The cap has never been reached on a national level; but some regions have set the cap too tightly and have had to raise the cap in the last couple of years. The actual inflows of highly skilled workers of third countries was low and fairly stable over time, rising between 2006 and 2010 from 548 to 610. Thus, highly skilled migration is not affected by cyclical economic fluctuations of demand but follows an autonomous trend in line with international economic integration. In addition to the highly skilled workers their family members enter under the cap. Their numbers amounted to 416 in 2010, which is also only slightly more than in 2006 (302) – they were allowed to access work on the basis of labour market testing.

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

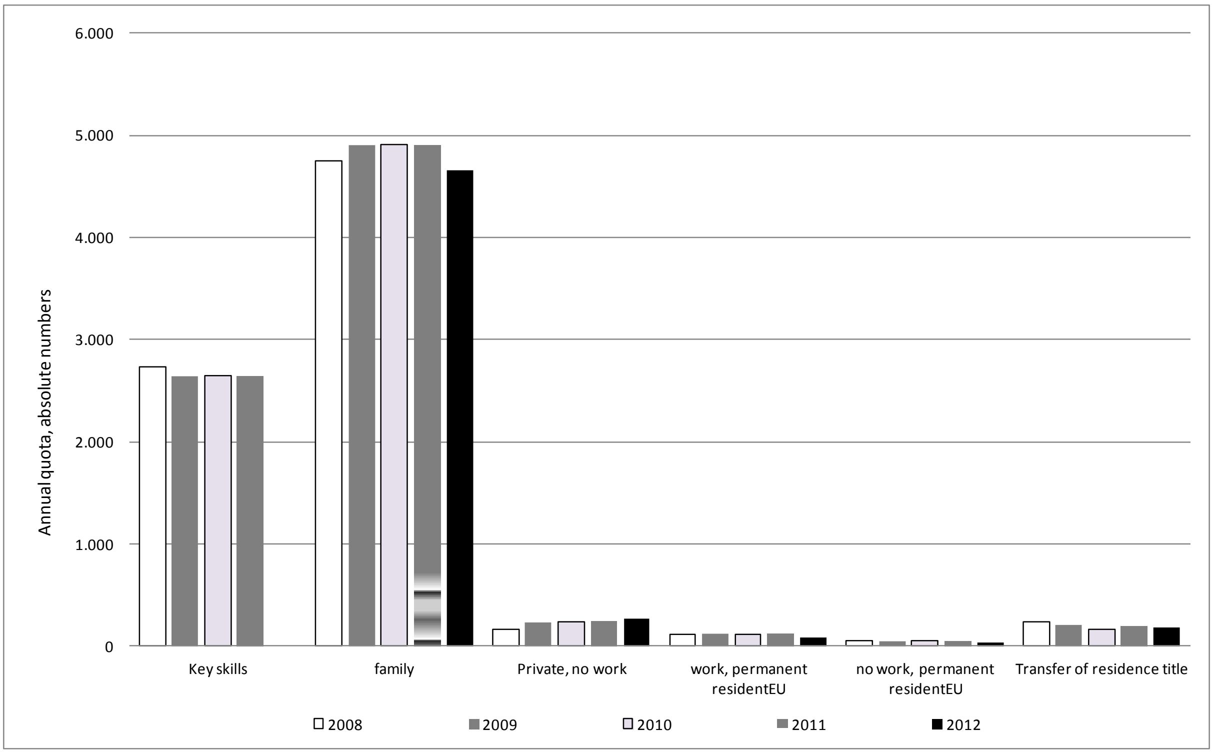
The inflow of third country citizens for work had been curtailed by regulatory reforms from the early 1990s until 2011, when the point system and has been introduced. The restrictions have to be seen in the context of Austria joining the EU in 1995, thereby raising the potential inflows of EU-migrants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

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

migrants was reduced to highly skilled migrants[4] (Schlüsselkraftverfahren) on the one hand and migrants who came in the wake of family reunification or on humanitarian grounds.

In 2011 a point system of immigration has been introduced, referred to as "Rot-Weiss-Rot-Karte" (red-white-red card)[5], which replaces the key-skills quota and widens the scope for third country workers to access the Austrian labour market. The system differentiates between 4 types of skills, namely highly skilled persons, persons with scarce occupational skills, persons with other (medium to higher) skills and third country graduates of Austrian universities. Highly skilled third country citizens wanting to work in Austria have to obtain al least 70 points out of 100 possible points. Points are given in four domains, for educational qualifications and honorary recognition of competences, for occupational experience, for language skills and age. An additional advantage in terms of points are successful university studies in Austria. In the area of scarce occupational skills and other skills 50 points out of a maximum of 75 have to be reached.

Figure 3: Quota system and annual cap by category, 2007-2012



Source: Ministry of the Interior.

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

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

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

In addition, third country citizens who do not yet have an employer who nominates them may turn to the Austrian embassy/Consulate for a job search visa. The Austrian embassy issues the visa if the required points are achieved. The Labour Market Service (LMS) informs the Embassy and is the gatekeeper for immigration of potential third country job seekers. The required forms can be downloaded from the website of the Ministry of the Interior[6], the Ministry of European and Foreign Affairs[7] as well as a special website for potential third country immigrants (www.migration.gv.at).

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

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

For the above permits, access to the labour market is issued together with the residence permit in a so called "one stop shop procedure", which means that the settlement and the work permit are issued in a single procedure. In addition, third country nationals who have a residence permit without the explicit right to enter the labour market may obtain a work permit on the basis of an employer nomination scheme, i.e. after labour market testing.[8]

The quota of work permits (bewilligungspflichtige Beschäftigung) is set by the Ministry of Labour such that the sum of employed and unemployed third country foreigners, who work on the basis of a work permit, does not exceed 7% of the total dependent labour supply (§14 AuslBG, BGBl 28 April 2011). In some special cases a work permit can be granted by the governor beyond this quota up to a limit of 8% of the labour supply.

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[6] http://www.bmi.gv.at/cms/BMI_Niederlassung/formulare/Antragsformulare.aspx

[7] http://www.bmeia.gv.at/aussenministerium/buergerservice/pass-und-visum.html

8 Art. 4b Aliens' Employment Act

The point system brought about major changes. While third country 'key workers' did not have to prove university education until mid 2011 but instead a certain minimum income[9], thereby effectively excluding young third country university graduates, this is no longer the case. It is also no longer necessary to prove prior work. In 2010, the numbers of third country employees allowed to settle as key workers with fairly high income was somewhat lower than in 2009, at some 600 persons in the course of the year; in addition their partners and dependent children settled, adding 420 settlement permits. Thus a sum of some 1,000 'key worker' plus family members entered in 2010.

The average age of skilled third country migrants ranges between 33 and 41. The oldest ones tend to be self-employed highly skilled workers.[10]

Depending on the length of stay intercompany transferees and persons on business assignment need a work permit if the duration of stay exceeds six months, or a job confirmation (for the work visa D[11], which is issued by the embassies for a duration of work of up to six months).[12]

According to the requirements of the Directive 2005/71/EC researchers have to provide a hosting agreement of a registered research institution. They do not need a work contract just as all other activities which are exempted in the Foreign Employment Act.[13]

Thus, persons with a residence permit on the basis of 'special cases of paid employment activity' are exempted from the foreign worker employment law and therefore do not need a work permit. Among the activities are inter alia diplomats, as well as their domestic service providers, representatives of religious groups, internationally renowned researchers, mariners/employees on cross border ships, top managers as well as their family members and household service providers.[14]

As immigration of workers to Austria is highly controlled and limited, the Federal Ministry of Labour and Social Affairs can admit seasonal workers in tourism and in agriculture and forestry in order to meet seasonal peak demands for workers.[15] The work permit is limited to six months but can be extended by a further six months if this is foreseen in the regulation, after

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

10 For more details see Biffl et al 2009.

11 Art. 24 Settlement and Residence Act.

12 Art. 18 Aliens' Employment Act

13 Art. 67 Settlement and Residence Act

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

15 Art. 2 Settlement Regulation

twelve months the seasonal worker is not allowed to apply for a further permit for two months in order to prohibit settlement via this channel. Annual quotas (Kontingente) are set by the Minister of Labour.

Family members of EEA nationals or Austrian nationals are granted free access to the labour market. As skill mismatch and labour scarcities surfaced increasingly in the second half of the 2000s, migration policy was reformed. The adaptation of the **migration model in favour of inflows of skilled labour** was part of the government programme 2008-2013 (Regierungsprogramm: 105-112)[16]. In October 2010 the social partners agreed on the **reform of migration policy, by introducing the so called 'Rot-Weiss-Rot-Karte'**. The implementation in July 2011 required amendments to the Foreign Worker Law (AuslBG) and the Settlement and Residence Law (NAG2005). This decision was backed up by research on the expected impact of this migration policy reform on economic and employment growth. (Biffl et al. 2010).

In December 2012 an amendment to the foreign worker law was proposed by the Ministry of Labour (consultation phase) allowing the employer to organise the paper work in Austria, thereby minimising the administrative work for prospective third country employees.

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 *Biffl,* 1996) The net inflow continued to be high for another year or so due to substantial refugee inflows from the civil war in former Yugoslavia and the inability of the outdated foreign worker legislation to control immigration. It was thus the unprecedented rise in population inflows of the late 1980s and early 1990s that triggered off the revision of alien laws in Austria. The legislative reform brought about the introduction of immigration legislation which was modelled after US-regulations.

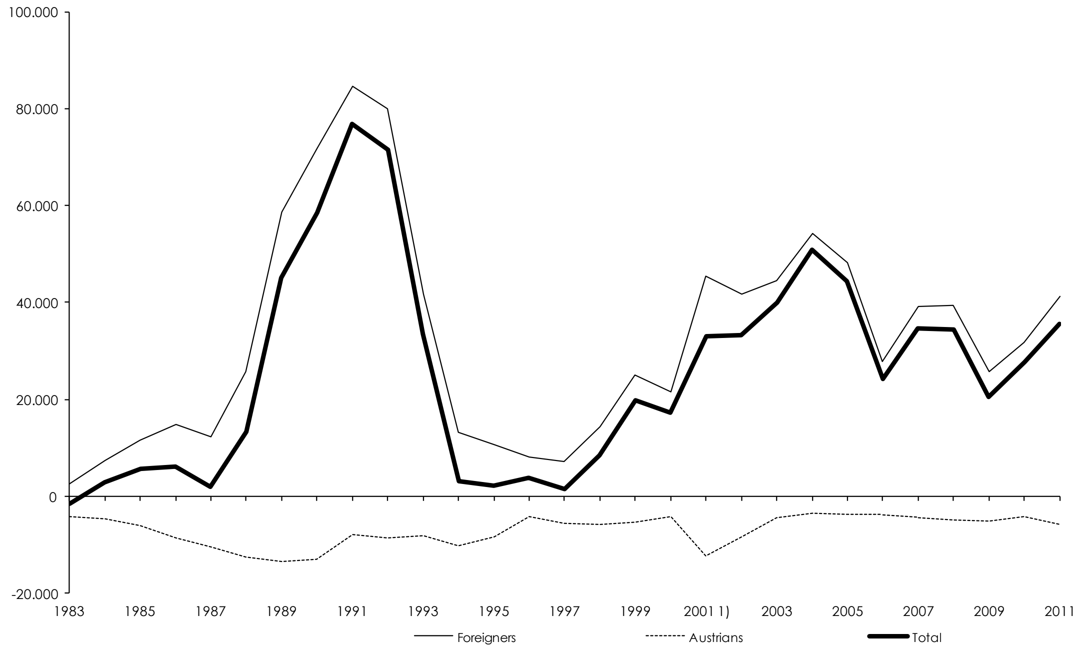
The second wave of immigration set in towards the end of the 1990s and reached its peak in 2004 with 50,800 net immigration. Since then the net population inflow declined to 20,600 in 2009, i.e. by 59% versus 2004. The slowdown in inflows was transitory and gave way to a renewed rise reaching 35,600 in 2011. The second inflow wave is on the one hand the echo-

[16] For more see the section on Migration and Integration: http://www.bka.gv.at/DocView.axd?CobId=32965

effect of the first one in the early 1990s – through the acquisition of Austrian citizenship; family reunification of an Austrian citizen with a third country national is possible outside quota restrictions – on the other the consequence of rising inflows from EU-MS flowing from free mobility.

The large inflow of third country nationals in the late 1990s and early years of 2000 fuelled another legislative reform (Alien Law 2005, see chapter on legal ramifications above). Thus, also Austrian citizens face barriers to family reunification/formation with third country citizens if they have no regular (minimum) income (dependent children face no entry barriers as they are covered by family allowance). The restrictions in combination with the declining echo effect resulted in a reduction of net inflows of migrants from 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. The ensuing economic downturn affected net inflows of foreigners in 2009, reducing them by one third to 25,700 (Figure 4). In 2010 immigration picked up again, raising net inflows to 27,700. The net inflows gained momentum in 2011 reaching 35,600.

Figure 4: Net migration of Austrians and Foreigners
1983-2011

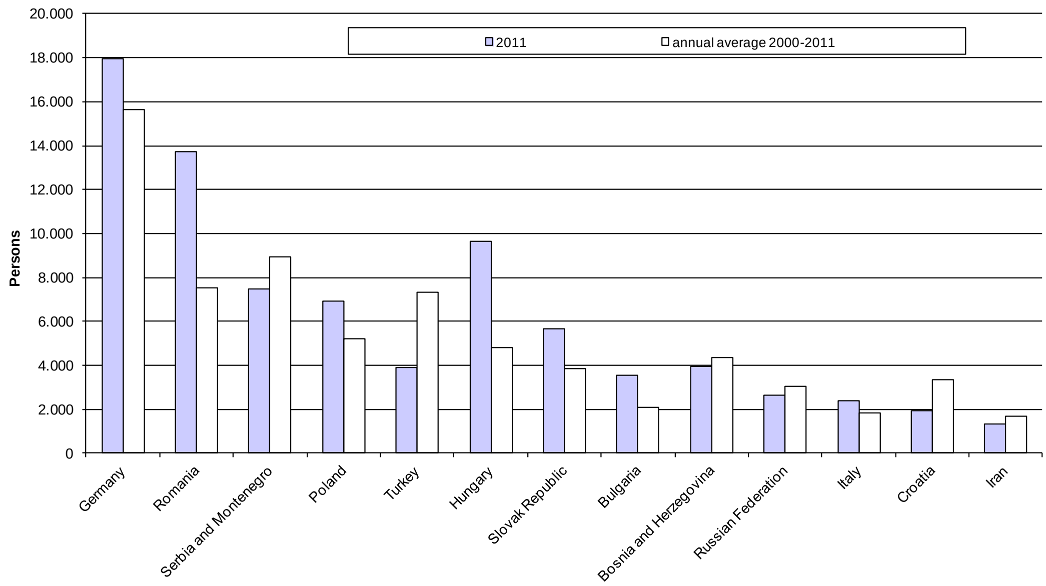


Source: Statistics Austria.

The change in paradigm of the immigration policy away from worker migration to family reunification and humanitarian intake in 1992 resulted in increasingly supply driven rather than demand driven immigration flows. Thus the mismatch between skills supplied and demanded increased. Accordingly, employers demanded reforms in immigration policy, basically the promotion of labour migration at the upper end of the skill level[17]. The government took the issue on and implemented the first tier of a three tiered point based labour immigration model in 2011. The second tier has been implemented in 2012.

Net immigration flows are the result of significant net-immigration of foreigners; Austrians, in contrast, are on balance emigrating. In 2011, the total net immigration of 35,600 was a result of a net inflow of foreigners of 41,400 and a net outflow of Austrians of 5,800.

Figure 5: Inflows of top 13 nationalities into Austria 2011



Source: Statistics Austria.

The net flow figures can be disaggregated into gross flows by gender and citizenship. Accordingly, in 2011, gross inflows amounted to 130,200 (of whom 114,900 foreigners) and outflows to 94,600 (of whom 73,600 foreigners). The inflow rate (inflows per 1,000 inhabitants) which has declined versus the peak of 15 in 2004 to 13.6 in 2010 rose again and reached 15.5 in 2011. The outflow rate has been less volatile, rising from a low of 7.7 in 2000 to an all-time high of 11.2 in 2011. The net migration rate per 1000 inhabitants reached 4.2 in 2011. **If we compare these migration flows with the number of settler resident permits granted to third country citizens in the course of 2011, it can be established that of the net inflow of foreigners of 41,400 one half were settlers of third countries, namely 20,500** (see **Fehler! Verweisquelle konnte nicht gefunden werden.** and Table 9).

[17] 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.

Table 3: Migration flows in Austria: 2001-2011

Total Population											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total											
Inflows	111.998	108.125	111.869	122.547	114.465	98.535	106.659	110.074	107.785	114.398	130.208
Outflows	79.034	74.831	71.996	71.721	70.133	74.432	71.928	75.638	87.189	86.703	94.604
Net migration	32.964	33.294	39.873	50.826	44.332	24.103	34.731	34.436	20.596	27.695	35.604
Men											
Inflows	49.036	62.674	61.690	69.789	65.000	55.637	58.197	59.455	59.136	62.519	72.295
Outflows	41.377	46.097	46.074	44.991	40.816	43.606	44.105	44.684	50.473	49.672	54.043
Net migration	7.659	16.577	15.616	24.798	24.184	12.031	14.092	14.771	8.663	12.847	18.252
Women											
Inflows	40.892	50.491	51.864	57.610	52.822	45.335	48.708	50.619	48.649	51.879	57.913
Outflows	31.277	33.561	31.183	31.826	27.834	29.889	30.086	30.954	36.716	37.031	40.561
Net migration	9.615	16.930	20.681	25.784	24.988	15.446	18.622	19.665	11.933	14.848	17.352
	Per 1000 inhabitants										
Total											
Inflows	13,9	13,4	13,8	15,0	13,9	11,9	12,8	13,2	12,9	13,6	15,5
Outflows	9,8	9,3	8,9	8,8	8,5	9,0	8,7	9,1	10,4	10,3	11,2
Net migration	4,1	4,1	4,9	6,2	5,4	2,9	4,2	4,1	2,5	3,3	4,2
Foreigners											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total											
Inflows	74.786	86.144	93.341	104.246	97.995	82.899	91.748	94.761	91.818	98.262	114.936
Outflows	51.010	44.478	48.940	50.018	49.800	55.045	52.604	55.349	66.122	66.404	73.573
Net migration	23.776	41.666	44.401	54.228	48.195	27.854	39.144	39.412	25.696	31.858	41.363
Men											
Inflows	39.955	50.091	51.119	57.906	53.968	45.213	48.306	49.332	48.810	52.107	62.324
Outflows	28.823	23.680	27.916	28.256	27.691	30.857	31.424	32.111	37.962	37.358	41.547
Net migration	11.132	26.411	23.203	29.650	26.277	14.356	16.882	17.221	10.848	14.749	20.777
Women											
Inflows	34.831	42.476	46.045	51.041	47.487	40.171	43.644	45.429	43.008	46.155	52.612
Outflows	22.187	15.097	18.149	20.070	19.789	22.047	22.303	23.238	28.160	29.046	32.026
Net migration	12.644	27.379	27.896	30.971	27.698	18.124	21.341	22.191	14.848	17.109	20.586
	Per 1000 inhabitants										
Total											
Inflows	9,3	10,7	11,5	12,8	11,9	10,0	11,1	11,4	11,0	11,7	13,6
Outflows	6,3	5,5	6,0	6,1	6,1	6,7	6,3	6,6	7,9	7,9	8,7
Net migration	3,0	5,2	5,5	6,6	5,9	3,4	4,7	4,7	3,1	3,8	4,9
Austrians											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total											
Inflows	15.142	21.981	18.528	18.301	16.470	15.636	14.911	15.313	15.967	16.136	15.272
Outflows	21.644	30.353	23.056	21.703	20.333	19.387	19.324	20.289	21.067	20.299	21.031
Net migration	-6.502	-8.372	-4.528	-3.402	-3.863	-3.751	-4.413	-4.976	-5.100	-4.163	-5.759
Men											
Inflows	9.081	12.583	10.571	11.883	11.032	10.424	9.891	10.123	10.326	10.412	9.971
Outflows	12.554	22.417	18.158	16.735	13.125	12.749	12.681	12.573	12.511	12.314	12.496
Net migration	-3.473	-9.834	-7.587	-4.852	-2.093	-2.325	-2.790	-2.450	-2.185	-1.902	-2.525
Women											
Inflows	6.061	8.015	5.819	6.569	5.335	5.164	5.064	5.190	5.641	5.724	5.301
Outflows	9.090	18.464	13.034	11.756	8.045	7.842	7.783	7.716	8.556	7.985	8.535
Net migration	-3.029	-10.449	-7.215	-5.187	-2.710	-2.678	-2.719	-2.526	-2.915	-2.261	-3.234
	Per 1000 inhabitants										
Inflows	1,9	2,7	2,3	2,2	2,0	1,9	1,8	1,8	1,9	1,9	1,8
Outflows	2,7	3,8	2,8	2,7	2,5	2,3	2,3	2,4	2,5	2,4	2,5
Net migration	-0,8	-1,0	-0,6	-0,4	-0,5	-0,5	-0,5	-0,6	-0,6	-0,5	-0,7
S: Statistics Austria.											

Table 4: International in- and outflows by selected source and destination countries 2008-2011

Source-/Destination country	Inflows				Outflows				Saldo			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
Abroad Total	**110.074**	**107.785**	**114.398**	**130.208**	**75.638**	**87.189**	**86.703**	**94.604**	**34.436**	**20.596**	**27.695**	**35.604**
EU-MS, EEA, CH	**60.830**	**58.634**	**64.209**	**76.629**	**38.129**	**44.628**	**43.974**	**50.620**	**22.701**	**14.006**	**20.235**	**26.009**
EU-MS till 1995 (14)	**30.335**	**28.605**	**29.868**	**31.383**	**18.464**	**21.299**	**20.486**	**23.224**	**11.871**	**7.306**	**9.382**	**8.159**
Belgium	308	299	312	381	223	242	260	285	85	57	52	96
Denmark	147	202	178	203	166	206	206	195	-19	-4	-28	8
Germany	21881	19.954	20.141	20.147	11889	13.626	13.187	14.921	9.992	6.328	6.954	5.226
Finland	269	267	330	339	242	251	227	313	27	16	103	26
France	1059	1004	987	1.115	748	1048	890	947	311	-44	97	168
Greece	395	449	574	940	368	421	357	420	27	28	217	520
UK	1438	1431	1450	1663	1337	1363	1313	1594	101	68	137	69
Ireland	154	164	218	276	161	120	165	180	-7	44	53	96
Italy	2.024	2.198	2.515	2.699	1295	1610	1589	1840	729	588	926	859
Luxemburg	95	81	101	91	67	82	82	56	28	-1	19	35
Netherlands	863	763	929	948	611	742	683	739	252	21	246	209
Portugal	352	362	459	586	237	355	308	316	115	7	151	270
Sweden	355	359	405	392	399	428	389	425	-44	-69	16	-33
Spain	995	1072	1269	1603	721	805	830	993	274	267	439	610
EU-MS 2004 (10)	**17.349**	**16.658**	**17.977**	**26.497**	**11.491**	**13.277**	**13.071**	**15.264**	**5.858**	**3.381**	**4.906**	**11.233**
Estonia	60	58	91	92	27	40	54	49	33	18	37	43
Latvia	107	173	206	317	50	76	104	136	57	97	102	181
Lithuania	195	225	268	323	130	157	155	168	65	68	113	155
Malta	23	21	19	23	17	30	22	21	6	-9	-3	2
Poland	4.459	3.944	4.341	7.010	3.414	3.806	3.337	3.740	1045	138	1004	3.270
Slovakia	4.999	4.091	4.139	5.657	2.834	3.123	3.196	3.506	2.165	968	943	2.151
Slovenia	764	788	869	1476	595	628	651	798	169	160	218	678
Czech Republic	1410	1363	1324	1782	1.166	1308	1.144	1319	244	55	180	463
Hungary	5.304	5.958	6.678	9.780	3.231	4.081	4.375	5.496	2.073	1877	2.303	4.284
Cyprus	28	37	42	37	27	28	33	31	1	9	9	6
EU-MS 2007 (2)	**11.635**	**11.902**	**14.723**	**17.184**	**5.800**	**7.786**	**8.263**	**9.768**	**5.835**	**4.116**	**6.460**	**7.416**
Bulgaria	2.431	2.640	3.198	3.563	1.111	1766	1874	2.167	1320	874	1324	1396
Romania	9.204	9.262	11.525	13.621	4.689	6.020	6.389	7.601	4.515	3.242	5.136	6.020
CH/EEA (incl. assoc.small states)	**1.511**	**1.469**	**1.641**	**1.565**	**2.374**	**2.266**	**2.154**	**2.364**	**-863**	**-797**	**-513**	**-799**
Liechtenstein	57	62	47	48	108	105	74	96	-51	-43	-27	-48
Norway	128	97	114	132	151	143	125	138	-23	-46	-11	-6
Switzerland	1276	1257	1403	1321	2.075	1978	1922	2.065	-799	-721	-519	-744
Third countries	**49.244**	**49.151**	**50.189**	**53.579**	**37.509**	**42.561**	**42.729**	**43.984**	**11.735**	**6.590**	**7.460**	**9.595**
Former Yugoslavia (excluding Sloven	**12.229**	**11.587**	**14.502**	**14.648**	**9.161**	**10.338**	**11.084**	**12.342**	**3.068**	**1.249**	**3.418**	**2.306**
Bosnia-Herzegovina	3.053	2.532	2.665	4.044	2.119	2.129	2.006	2.647	934	403	659	1397
Croatia	1872	1795	1790	1889	1795	1914	1768	1682	77	-119	22	207
Macedonia	1043	899	1424	1.152	484	603	846	949	559	296	578	203
Serbia, Montenegro, Kosovo	6.261	6.361	8.623	7.563	4.763	5.692	6.464	7.064	1498	669	2.159	499
Other European countries, of which:	**9.524**	**8.922**	**8.050**	**8.180**	**5.238**	**6.073**	**5.948**	**6.109**	**4.286**	**2.849**	**2.102**	**2.071**
Russian Federation	2.932	2.414	2.183	2.629	1083	1692	1514	1481	1849	722	669	1.148
Turkey	5.185	5.061	4.590	4.112	3.244	3.379	3.470	3.798	1941	1682	1.120	314
Ukraine	854	863	888	954	536	533	534	522	318	330	354	432
AFRICA, of which:	**3.585**	**3.827**	**3.581**	**4.145**	**2.783**	**3.154**	**3.342**	**3.035**	**802**	**673**	**239**	**1.110**
Egypt	647	634	566	757	505	561	524	561	142	73	42	196
Nigeria	803	956	812	751	899	1041	1.161	882	-96	-85	-349	-131
Somalia	284	254	191	479	46	45	58	34	238	209	133	445
Tunisia	218	177	233	286	142	156	127	166	76	21	106	120
AMERICA, of which:	**4.388**	**4.247**	**4.178**	**4.642**	**4.500**	**4.803**	**4.343**	**4.392**	**-112**	**-556**	**-165**	**250**
Brasil	602	508	499	465	398	520	437	458	204	-12	62	7
Canada	429	391	368	446	397	428	360	429	32	-37	8	17
USA	2.073	2.010	2.033	2.323	2.881	2.918	2.587	2.582	-808	-908	-554	-259
ASIA, of which:	**10.014**	**11.095**	**10.100**	**12.886**	**5.752**	**6.909**	**7.468**	**7.085**	**4.262**	**4.186**	**2.632**	**5.801**
Afghanistan	981	1430	1297	2.882	110	323	322	232	871	1.107	975	2.650
China (PR)	1.136	1320	1228	1378	945	1.185	1337	1.184	190	135	-109	194
Georgia	510	509	326	317	381	482	509	357	129	27	-183	-40
India	970	1034	991	1064	819	869	903	785	151	165	88	279
Irak	448	382	349	435	100	140	166	176	348	242	183	259
Iran	1751	1930	1665	1396	655	676	731	689	1096	1.254	934	707
Japan	363	335	313	394	276	322	321	309	87	13	-8	85
Korea, Rep. (South-)	319	349	344	359	217	303	335	311	102	46	9	48
Mongolia	265	355	214	319	201	226	318	281	64	129	-104	38
Pakistan	440	394	479	934	234	297	352	442	206	97	127	492
Philippines	384	364	283	351	171	186	198	207	213	178	85	144
Syria	227	344	263	482	90	107	108	83	137	237	155	399
Thailand	390	344	396	430	217	242	266	321	173	102	130	109
OCEANIA, of which:	**485**	**444**	**502**	**504**	**426**	**534**	**462**	**489**	**59**	**-90**	**40**	**15**
Australia	393	365	386	408	338	423	383	397	55	-58	3	11
Unknown	**8.818**	**9.029**	**9.276**	**8.574**	**9.314**	**10.750**	**10.082**	**10.532**	**-496**	**-1.721**	**-806**	**-1.958**

S: STATISTICS AUSTRIA.

Turnover, i.e., inflows and outflows, tends to rise over time; gross flows are higher for men than women. Inflows of men and women have increased more or less continuously until 2004, declined somewhat in 2005 and 2006, picked up again in 2007 and 2008, declined in 2009 again as a result of the economic crisis and picked up again with the economic upswing in 2010 and 2011. Outflows are smaller than inflows for both men and women.

The picture differs between Austrians and foreigners. While the inflow rate of Austrian men and women is lower than the outflow rate, the contrary is true for foreigners, i.e., the outflow rate is lower than the inflow rate, indicating that foreigners tend to come to settle in Austria. (Table 3)

Of all inflows in 2011, 24 percent came from the old EU-MS, in the main Germany; 43,700 or 34% came from the EU12 and 41% from third countries. This is a major shift towards inflows from CEECs. Inflows from South-East of Europe and from Turkey are slowing down. Accordingly, 11 percent came from the former region of Yugoslavia (with a majority share of citizens of Serbia and Montenegro), 3.2 percent from Turkey. Inflows from Asia are becoming more dynamic, largely a result of refugees from Afghanistan, but also from China reaching a share of 10% of all inflows. Inflows from Africa (3.2 percent) and America (3.6 percent) are rising but continue to be small in comparison. (Figure 5)

Of all outflows in 2011, 25% are towards the old EU-MS, in the main Germany, indicating that the German population in Austria is largely a floating population, a consequence of a high degree of integration of the economies, the labour market, the education system and the society at large. This holds also for persons from the new EU-MS (EU10&EU2), who are the destination regions of another 26 percent of all outflows. In contrast, fairly small numbers of persons from former Yugoslavia are among the outflows from Austria, in particular in relation to the numbers residing in Austria, indicating that citizens of those countries of origin often arrive to stay, a trend since the former 'guestworker' movements of the 1960s and 1970s. A fairly new feature emerges in the last couple of years, namely that Turkish migrants are increasingly returning to Turkey such that, in 2011, only a small net inflow of 314 Turks remained. Dynamic economic growth in Turkey increasingly motivates Turkish migrants to return.

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, 2005 and 2009 – all a consequence of EU-wide coordination of asylum legislation and procedures and thus harmonisation.

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

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

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

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

After a temporary slowdown in asylum inflows in the year 2000, inflows of asylum seekers rose rapidly until 2002, partly as a result of the crisis in Afghanistan. In 2002 the number of asylum seekers peaked at 39,400. Ever since then the numbers of applications for asylum declined steadily. In 2007 only 11,900 asylum applications were filed, 25,100 or 67.8 percent less than in 2002. However, in 2008, the number of asylum seekers increased for the first time since 2002 again to 12,841 and continued to rise in 2009 to 15,821. In 2010 the numbers declined to 11,000. This decline was, however, short lived. Inflows started to climb again from mid 2011 onwards. By the end of December 2011, Austria registered 14,900 asylum seekers, i.e. 31% more than a year ago. In 2012 the applications for asylum continued to rise, reaching 12,500 at the end of September 2012, i.e. some 2,000 or 20% more than a year ago. (Figure 6 and Table 5)

The main countries of origin continue to be Afghanistan and the Russian Federation, followed by Pakistan, Somalia, Iraq, India and Iran. The acceptance rate differs between source countries, amounting to some 80% in the case of Syria, Somalia, somewhat less in Iran (67%) and Afghanistan (46%) in 2011. In comparison with other EU-MS Austria is number seven in terms of absolute numbers of asylum seekers, in relation to is population size it is number 5 in Europe, after Malta, Luxembourg, Sweden and Belgium.

The sharp reduction in the numbers of asylum seekers between 2002 and 2007 was largely the result of Austria becoming a Schengen country within a larger Schengen region (Dublin Convention). It is therefore increasingly difficult to apply for asylum in Austria as one tends to have to pass through another Schengen country before reaching Austria. The neighbouring countries are considered 'safe havens', implying that asylum seekers crossing through one of these countries may rightfully be returned to these countries as first countries of asylum. It is increasingly recognised that some of the countries of transition of asylum seekers cannot be considered ‘safe havens’, however, e.g. Greece. Accordingly, public pressure was mounting in Austria in 2010 to revisit and adapt current Austrian practices of refoulement, triggered off by some spectacular cases which were caught by the media, where family members and children were being separated and deported to some of the countries concerned. As a result, refoulement cases were receiving more critical attention, practically abandoning the return to Greece.

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

In the course of the years of 2000 the share of men amongst asylum seekers has declined somewhat from 77.8 percent in 2001 to 66 percent in 2008; in 2009 the share of men was on the rise again reaching 74% in 2011.

The number of asylum seekers from Europe has reached a peak in 2003 with 16,500 applications. Since then the numbers declined by 76 percent to 3,900 in 2011. But until today, a large proportion of asylum seekers in Austria originate from Europe (27% in 2011).

The largest single country of origin of asylum seekers is the Russian Federation, followed by Afghanistan, Pakistan, Kosovo and Serbia. Between 2005 and 2008, applications by nationals of Serbia/Montenegro/Kosovo have dropped considerably, rose again in 2009 and declined since then.

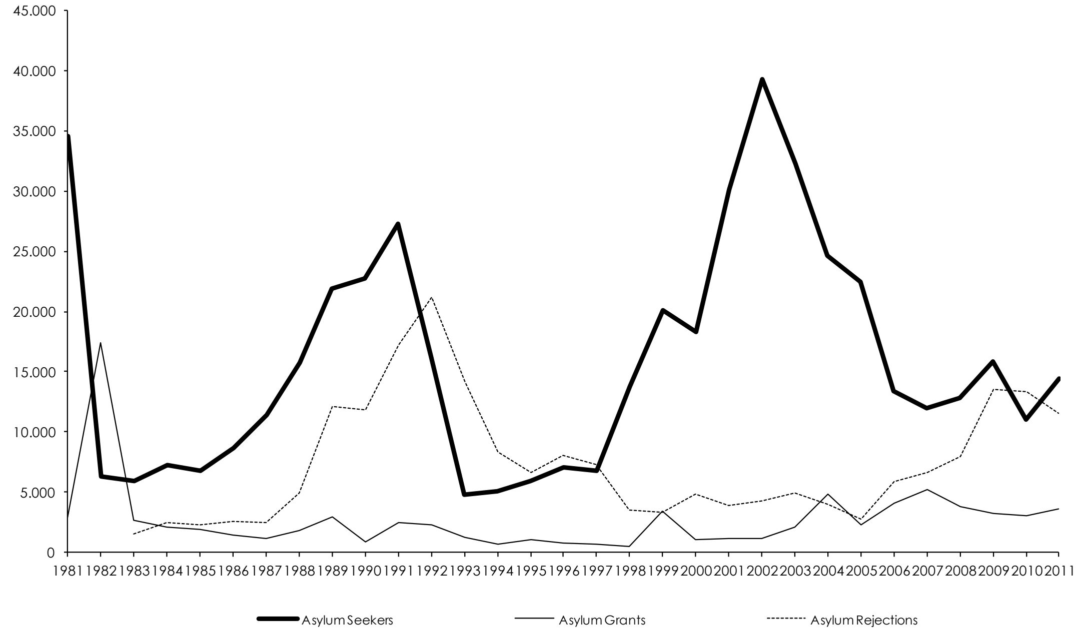
Table 5: Asylum seekers in Austria by the end of the year: 1952-2010

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

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

The single most important source region of asylum seekers is Asia with 53 percent of all asylum seekers in 2011. The largest numbers are originating from Afghanistan. The number of applications from Afghan nationals rose continuously until 2009 (2,237) and declined to 1,600 in 2010 but soared in 2011 to 3,609. The second source region in Asia is Pakistan, closely followed by Iraq, China, Iran and India.

Figure 6: Asylum procedures: Inflows, acceptances and rejections 1981-2011



Source: Statistics Austria, own calculations.

Table 6: Asylum seekers by gender and country/region of origin by 31 December: 2001-2011

												In % of asylum seekers									
Asylum seekers	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total	30.135	36.983	32.364	24.676	22.471	13.350	11.879	12.841	15.821	11.012	14.416										
Men	23.457	29.266	23.754	17.755	15.974	8.782	7.877	8.520	10.955	7.768	10.661	77,8	79,1	73,4	72,0	71,1	65,8	66,3	66,3	69,2	70,5
Women	6.678	7.717	8.610	6.921	6.497	4.568	4.002	4.321	4.866	3.244	3.755	22,2	20,9	26,6	28,0	28,9	34,2	33,7	33,7	30,8	29,5
Originating from Europe	6.339	15.364	16.479	14.813	13.709	8.152	6.726	6.740	6.440	4.604	3.876	21,0	41,5	50,9	60,0	61,0	61,1	56,6	52,5	40,7	41,8
of which:																					
Serbia, Montenegro,Kosovo	1.649	4.729	2.521	2.840	4.408	2.522	1.774	1.715	2.014	1.047	547	5,5	12,8	7,8	11,5	19,6	18,9	14,9	13,4	12,7	9,5
Macedonia	935	783	412	324	454	193	157	205	158	194	81	3,1	2,1	1,3	1,3	2,0	1,4	1,3	1,6	1,0	1,8
Russian Federation	365	2.221	6.713	6.184	4.359	2.444	2.673	3.435	3559	2.322	2.314	1,2	6,0	20,7	25,1	19,4	18,3	22,5	26,8	22,5	21,1
Moldova	166	819	1.175	1.350	1.210	902	545	225	217	127	79	0,6	2,2	3,6	5,5	5,4	6,8	4,6	1,8	1,4	1,2
Turkey	1.876	3.563	2.843	1.113	1.067	669	651	417	554	369	414	6,2	9,6	8,8	4,5	4,7	5,0	5,5	3,2	3,5	3,4
Originating from Asia	20.463	18.972	14.068	8.712	7.043	4.317	3.771	3.980	5.774	4.175	7.633	67,9	51,3	43,5	35,3	31,3	32,3	31,7	31,0	36,5	37,9
of which:																					
Afghanistan	12.957	4.322	2.360	757	928	697	762	1.382	2.237	1.582	3.609	43,0	11,7	7,3	3,1	4,1	5,2	6,4	10,8	14,1	14,4
Bangladesh	949	1.104	887	331	548	140	70	52	95	116	87	3,1	3,0	2,7	1,3	2,4	1,0	0,6	0,4	0,6	1,1
China Peoples Republic	95	666	569	565	460	194	205	236	398	217	238	0,3	1,8	1,8	2,3	2,0	1,5	1,7	1,8	2,5	2,0
India	1.804	3.366	2.823	1.842	1.530	479	385	355	427	433	476	6,0	9,1	8,7	7,5	6,8	3,6	3,2	2,8	2,7	3,9
Iraq	2.113	4.473	1.452	231	222	384	463	490	399	336	484	7,0	12,1	4,5	0,9	1,0	2,9	3,9	3,8	2,5	3,1
Iran	733	711	981	347	306	274	248	250	340	387	457	2,4	1,9	3,0	1,4	1,4	2,1	2,1	1,9	2,1	3,5
Georgia	597	1.921	1.517	1.743	953	563	399	511	975	370	261	2,0	5,2	4,7	7,1	4,2	4,2	3,4	4,0	6,2	3,4
Pakistan	487	358	508	575	498	110	103	106	183	276	949	1,6	1,0	1,6	2,3	2,2	0,8	0,9	0,8	1,2	2,5
Originating from Africa	2.398	1.794	3.543	3.246	2.126	1.366	1.480	1.724	1.235	796	2.700	8,0	4,9	10,9	13,2	9,5	10,2	12,5	13,4	7,8	7,2
of which:																					
Nigeria	1.037	1.431	1.846	1.829	881	420	395	535	837	573	414	3,4	3,9	5,7	7,4	3,9	3,1	3,3	4,2	5,3	5,2
Somalia	326	221	191	45	89	183	467	411	344	190	610	1,1	0,6	0,6	0,2	0,4	1,4	3,9	3,2	2,2	1,7
S: BMI; Statistics Austria.																					

As in previous years, a relatively small but rising number of asylum applications are filed by persons from Africa, but the numbers have increased significantly in 2011 to some 2,700. The largest single country of origin is Somalia (610), followed by Nigeria (414). (Table 6)

An increasing number of unaccompanied minors file asylum applications. In 2009 1,185 applied (compared to 900 in 2008). Their share in all applications increased thus to 7.5% in 2009 (after 4.4% in 2008). In 2011 the number of unaccompanied minors requesting asylum reached 1,346 or 9.3% of all asylum applications; the majority was between 15 and 18 years old.

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

In the year 2011, 3,600 asylum grants have been issued, somewhat more than in the previous year, and more than three times as many have been rejected (11,600). These negative cases may result in refoulement, unless a return to the country of origin is unfeasible on humanitarian grounds (Test according to §8 of Asylum Law). In the latter case subsidiary protection status is granted and thus temporary residence status. In 2007 several cases made the public media, and a decision of the constitutional courts requested the Ministry of the Interior to clarify procedures by which residence may be granted to rejected asylum seekers on humanitarian grounds[18]. **By April 1 2009, an amendment to the residence and asylum laws (2005) came into effect (Fremdenrechtsnovelle 2009, BGBl. I Nr. 29/2009).** As a result, residence status on humanitarian grounds is regulated separately in both laws, i.e. in the asylum act (§10 cites criteria on the basis of which permanent or temporary residence may be granted procedures and of the residence act (§§ 43 und 44 NAG 2005 have been extended). The catalogue of criteria is the same in asylum legislation (§ 10 Abs. 2 Z 2 AsylG), in the alien police law ((§66 Abs. 2 FPG) and the residence act ((§1 Abs. 3 NAG).[19] In 2010 spectacular cases became known to the public, e.g. 8 year old twins (Kosovo Albanians) were put into a detention centre with their father before being deported October 7, which put **the subject of humanitarian residence to 'integrated' asylum seekers back on the agenda**. The girls plus father were allowed to return after a couple of weeks while procedures were overhauled.

In 2011, positive asylum decisions were granted mostly to refugees from the Russian Federation (1,000), followed by citizens of Afghanistan (800), Syria (400), Iran (300) and Somalia (300).

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

[19] For more information see *Biffl et al.* (2009).

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 some 25% in 2011.

Over the whole period of 1981 till 2011, a total of 495,000 asylum applications were registered, of whom a total of 82,900 were accepted as refugees according to the Geneva Convention, i.e., 16.8 percent, and 213,300 got their case rejected, i.e., 43 percent. The remaining 199,000 or 40 percent of all asylum applicants moved on before the procedures were terminated in Austria, either moving with the help of IOM to another host country or going into hiding (Figure 6 and Figure 7).

Harmonisation of asylum legislation within the EU has brought about major changes in the treatment and deployment of asylum seekers in Austria. The legislative reform of 2005 had substantial financial implications for the state and regions. As of 2005, every applicant has the right to financial support by the state for the period of the asylum procedures. The financial burden is shared by all federal states according to their population size. This means that until 2004, large numbers of asylum seekers depended on the support of NGOs, in particular churches and affiliated institutions like Caritas. Since 2004 the states do not only have to provide shelter and other basic needs, but the local Labour Market Service is called upon to provide employment opportunities **for asylum seekers after a waiting period of 3 months. By order of the former Minister of Economic Affairs and Labour[20] in 2004 labour market access was, however, limited to seasonal work, thereby reducing the scope of employment the law would actually offer.** This order brought about a deterioration of employment and learning opportunities of asylum seekers versus earlier labour market practices.

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

While most migrants do not need any special integration support on the labour market, namely third country workers who have a work contract and who are free to enter, reside and work in Austria outside of any quota regulation, others are in need of special assistance beyond the right of free access to the labour market. This is particularly true for asylum seekers and refugees according to the Geneva Convention. Accordingly, a jobcentre was put in place, run by the Labour Market Service and the Integration Fund, to focus on the special needs of the target group.[21]

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

[21] http://www.integrationsfonds.at/habibi/habibi_jobcenter/

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

ii) Outflow of refugees

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

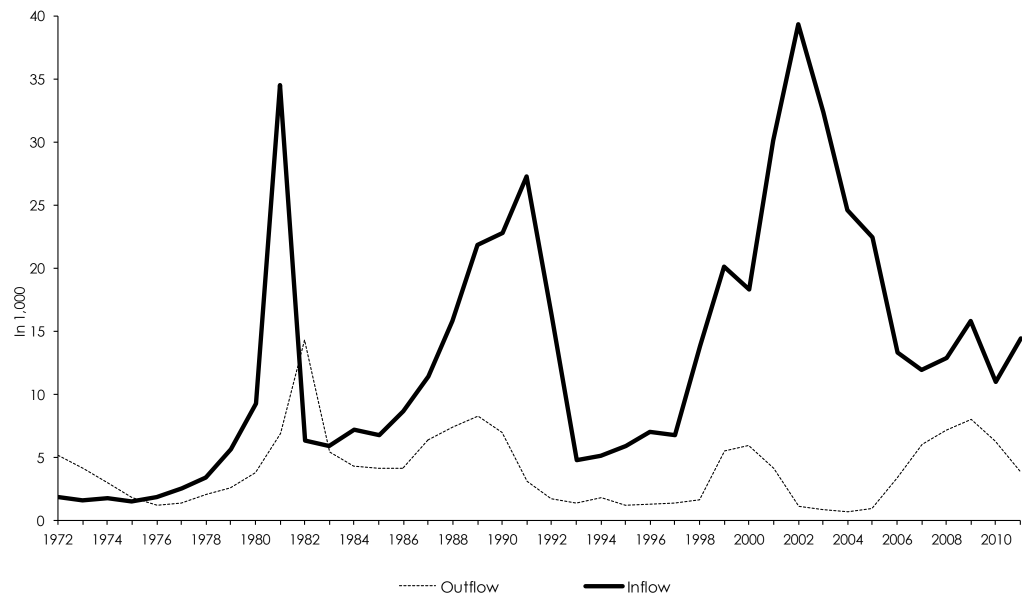
Table 7: Outflow of refugees[1] via Austria 1972-2009

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

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

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

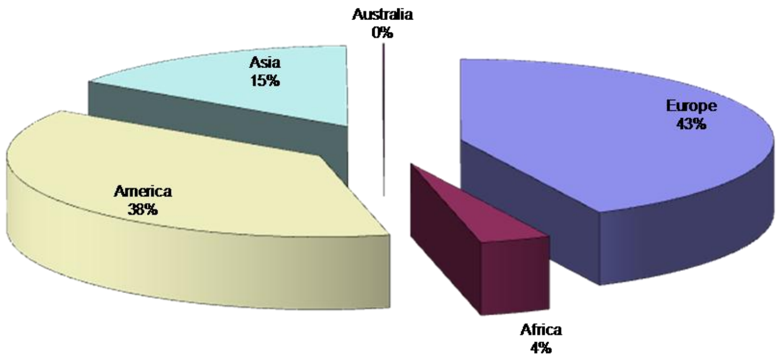
Figure 7: Inflow and outflow of asylum seekers and/or refugees via Austria 1972-2011



Source: Statistics Austria.

It has to be taken into account that not all outflows are registered, but only those figures which are the result of processing emigration through IOM (International Organisation of Migration). These figures show a sharp decline from 1989 until 1995, followed by an increase till 2000 and a swift decline thereafter. In the year 2005 the outflow came almost to a halt (967) but picked up again in 2006 and reached 8,000 in 2009, possibly due to the economic crisis and hopes for a better job market elsewhere. This interpretation is corroborated by the following decline of outflows, reaching a low of 3,900 in 2011, motivated by improved living and working conditions in Europe, often the original source countries. Accordingly, 43% of the outflow of 2010 was directed towards another country in Europe (2,700), 38% to America, largely the USA (2,400), and15% to Asia. (Figure 8)

Figure 8: Continents of destination of refugee outflows from Austria in 2010



S: Statistics Austria, IOM.

C) *Inflow of foreigners due to family reunification*

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

Until 1997, third country citizens residing in Austria received a residence permit (Aufenthaltsbewilligung). With the amendment of the Alien Law in 1997, the residence permit system became more differentiated. Residence could be granted on a temporary basis (temporary residence permit – Aufenthaltserlaubnis) or permanent basis (settlement permit – Niederlassungsbewilligung). In 2003, rights of longer term permanent residents were widened by introducing a settlement certificate (Niederlassungsnachweis, the de facto green card) (Table 8).

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

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

Table 8: Structure of valid residence permits in Austria (1994-2012, mid year count)

				Settlement Certificate (NN)										
		Temporary Residence Permit (AE)					Permanent residence (Daueraufenthalt)							
		Settlement Permit (NB)												
							Temporary Residence Permit (AB)							
esidence Permit (AB)							Family Member (FamAng)							
	Until 1997	1998-2003			2003-2005		2006 -							
					2004	2005		2006	2007	2008	2009	2010	2011	2012
				AB	25.624	19.022	AB	19.008	18.765	19.290	20.381	20.275	21.458	22.698
				AE	39.583	24.182	NB	85.617	84.764	84.590	82.376	90.279	90.302	96.827
				NB	482.318	359.175	Family Member	17.882	38.167	42.416	42.936	40.036	37.126	36.636
				NN	27.682	103.842	Perm. Residents	354.346	311.730	307.664	308.566	306.007	320.483	324.393
				Total	575.207	506.221	Total	476.853	453.426	453.960	454.259	456.597	469.369	480.554

Source: Federal Ministry of the Interior. Own calculations.

In 2006 (mid year count), 476,900 valid residence permits were counted, 29,400 less than a year ago. The decline was in the main the result of the reduction in the number of short term permits (AE/AB of less than 6 months of stay); short stays of that order are from January 2006 onwards granted through a visa rather than a residence permit. By 2008 (mid year count) the number of residence permits declined further to 454,000, 22,900 or 4.8 percent less than 2006. The number of residence permits remained more or less at this level until 2010 (456.600) and started to increase in 2011 (mid year count) to 469,400 (+12,800 or 2.8%). The rise is a result of a significant increase in permanent residence; the number of persons with a temporary residence status has increased only slightly and the number of family members other than partners and dependent children (Familienangehörige) has even declined somewhat. The number of settlement permits (NB) remained constant.

In July 2011 the quota system for skilled third country migrants was phased out and replaced by a point system. This basic reorientation of migration policy did not only result in a slight increase of residence permits (+11,200 or 2.4% to 480,554) but also in a change in composition of third country migrants. While the number of settler permits (+6,500 or 7.2%) and permanent residence permits (+3,900 or 1.2%) increased – together with temporary residence permits (+1,200 or 5.8%) – the number of residence permits for relatives of core family members (Angehörige) [22] declined by some 500 or 1.3% to 36,600. The option for this category to

[22] In this category also persons who have been living in the household of the sponsor in the origin country are included as well as persons with severe health problems who are in need of care by the sponsor.

transfer the title, in particular also to acquire the r-w-r-card plus, is the major reason for the decline.

Of the total number of permits (mid year count) 324,400 or 67.5 percent were permanent residents, some 20 percent (96,800) had a settlement permit (NB) and 36,600 or 7.6 percent were a third country relative of a partner of an Austrian or other EEA citizen. Only 22,700 or 5.8 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 already before 2011 a relatively small proportion of the annual inflows of settlers (NB = Niederlassungsbewilligung) was regulated by quotas; with the introduction of the point system (red-white-red-card) the residence permits within a quota declined even more.

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

Over the year 2011 a sum total of 27,400 residence permits were issued to newcomers from third countries, somewhat more than in 2010, the year of recovery after the economic crisis of 2009, which had slowed down migration. The economic upswing of 2011 allowed immigration to rise to unprecedented levels. Of all inflows of third country migrants 20,500 or 73 percent were settlers. The number of temporary resident permits granted to third country citizens increased also versus 2010 to 7,500 permits, a consequence of the improved economic situation, the rise in labour demand and the legal reforms promoting the inflow and settlement of third country migrants in 2011.

Of the 20,500 new settler permits in 2011, about one fifth of the permits (4,400) was issued on the basis of a quota, i.e., as a family member of a third country citizen, who is a settler in Austria within a quota. Thus, 78 percent of the new third country settlers are either family members of Austrian or EEA-citizens, or are holders of a red-white-red card, mostly university graduates or settlers on humanitarian grounds (Table 9 and **Fehler! Verweisquelle konnte nicht gefunden werden.**).

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 2011, 5,200 such transformations were taking place; 65% went to persons who were under no quota/cap, namely 3,400. The transformations of titles were evenly spread across men and women. (**Fehler! Verweisquelle konnte nicht gefunden werden.**)

As to the newly issued temporary resident permits: of the total of 7,500 issued to third country citizens in 2011, the majority are students and their family members, followed by persons working in Austria temporarily (and their family members), and 1 percent could stay on humanitarian grounds and special protection, many of them rejected asylum seekers who cannot be sent back as well as (non-refoulement) 'integrated' asylum seekers.

Table 9: Annual inflows of settlers and temporary residents of third countries

Residence Permits issued in the course of the Year 2005-2011							
Annual Sum by end of December							
	2005	2006	2007	2008	2009	2010	2011
First issue settler	32.166	16.353	15.888	15361	14.347	16.150	20.466
First Issue temporary resident	21.200	6.613	5.699	5.879	5.532	6.238	7.517
	53.366	22.966	21.587	21.240	19.879	22.388	27.983
Men							
First issue settler	**14.508**	**7.016**	**7.083**	**7.037**	**6.566**	**7.965**	**10.139**
of which within quota regulation	2.287	1.616	2.096	2.218	1.809	1.970	1907
outside quota	12.221	5.400	4.987	4.819	4.757	5.995	8232
Prolongation of settlement	**36.484**	**51.852**	**59.203**	**56.327**	**53.643**	**52.331**	**59.212**
Transfer of title to settler (no quota)		**362**	**614**	**1.057**	**1.181**	**1.357**	**1.668**
Transfer of title to settler (quota)		**144**	**280**	**279**	**286**	**250**	**901**
First issue temporary resident	**11.374**	**2.902**	**2.621**	**2.660**	**2.550**	**2.889**	**3.561**
Prolongation of temporary stay	**0**	**0**	**7.124**	**7.596**	**7.899**	**7.602**	**7.478**
transfer of title to temp.res.			0		188	229	246
Total	**62.366**	**61.770**	**76.031**	**73.620**	**72.125**	**72.394**	**80.390**
Women							
First issue settler	**17.658**	**9.337**	**8.805**	**8.324**	**7.781**	**8.185**	**10.327**
of which within quota regulation	3.971	2.453	3.159	5.183	2.601	2.419	2498
outside quota	13.687	6.884	5.646	3.141	5.180	5.766	7829
Prolongation of settlement	**41.883**	**55.778**	**62.174**	**63.067**	**61.096**	**60.501**	**65.510**
Transfer of title to settler (no quota)		**450**	**619**	**951**	**1.129**	**567**	**1.719**
Transfer of title to settler (quota)		**229**	**292**	**289**	**251**	**261**	**927**
First issue temporary resident	**9.826**	**3.711**	**3.078**	**3.219**	**2.982**	**3.349**	**3.956**
Prolongation of temporary stay	**12.508**	**8.008**	**7.085**	**7.422**	**7.841**	**7.664**	**7.534**
transfer of other resident title			0		402	479	511
Total	**81.875**	**76.834**	**81.142**	**82.032**	**81.080**	**80.527**	**87.327**
Total							
First issue settler	**32.166**	**16.353**	**15.888**	**15.361**	**14.347**	**16.150**	**20.466**
of which within quota regulation	6.258	4.069	5.255	7.401	4.410	4.389	4.405
outside quota	25.908	12.284	10.633	7.960	9.937	11.761	16.061
Prolongation of settlement	**78.367**	**107.630**	**121.377**	**119.394**	**114.739**	**112.832**	**124.722**
Transfer of title to settler (no quota)		**812**	**1.233**	**2.008**	**2.310**	**1.924**	3.387
Transfer of title to settler (quota)		**373**	**572**	**568**	**537**	**511**	1.828
First issue temporary resident	**21.200**	**6.613**	**5.699**	**5.879**	**5.532**	**6.238**	**7.517**
Prolongation of temporary stay	**12.508**	**8.008**	**14.209**	**15.018**	**15.740**	**15.266**	**15.012**
transfer of title					590	708	757
Total	**144.241**	**139.789**	**158.978**	**158.228**	**153.205**	**152.921**	**167.717**
Source: Ministry of the Interior.							

Temporary residence may be granted on the basis of various regulations, e.g., a temporary employment permit granted by the Federal Ministry of Economic Affairs and Labour in the case of seasonal work. These temporary work contracts are linked to employment contracts, which have a ceiling, e.g., in the case of seasonal workers and cross-border commuters. In these cases the residence in Austria is an integral part of the work contract and does not need processing by the Ministry of the Interior. Consequently, they are not included in the third country citizenship residence register.

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

	2009			2010			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
							- until 30.6.2011		
Sum of all first settlement permits with quota regulation	*1.809*	*2.601*	*4.410*	*1.970*	*2.419*	*4.389*	***1.264***	***1.578***	***2.842***
	46	45	91	46	45	91			
No access to work	101	110	211	102	92	194	107	118	225
Limited (Family reunion)	1.178	2.076	3.254	1.251	1.890	3.141	673	1.104	1.777
Limited (Family reunion with self-employed high skilled settler	8	18	26	7	12	19	3	12	15
Limited (Family reunion with salaried high skilled settler)	102	261	363	129	268	397	73	147	220
Limited (mobility of self-employed)	1		1	3	2	5	2	1	3
Limited (mobility of salaried worker)	7	3	10	17	6	23	13		13
High skilled settler (self-employed)	14	9	23	17	9	26	13	2	15
High skilled settler (salaried worker)	398	124	522	444	140	584	380	194	574
							from 1.7.2011 onwards		
Sum of all first settlement permits with quota regulation(from 1.7.2011)							**643**	**920**	**1563**
First permit: r-w-r card (plus): §46/1/2); access to work							561	822	1.383
First settler permit:									0
No access to work							12	13	25
Limited (Family reunion)							8	8	16
access to work							50	74	124
Access to work (European agreement)							12	3	15
							- until 30.6.2011		
Sum of all first settlement permits outside the quota regulation	*2.502*	*2.434*	*4.936*	*3.709*	*3.117*	*6.826*	*2.943*	*2.661*	*5.604*
Family member	111	193	304	134	215	349	192	320	512
No access to work	9	13	22	14	10	24	13	11	24
access to work	381	311	692	1.175	733	1.908	1.510	1.210	2.720
Limited access to work (Family reunion)	1.772	1.713	3.485	2.000	1.825	3.825	898	822	1.720
Limited access to work	212	186	398	23	34	57	11	13	24
Limited access to work (European agreement)	2	8	10	1	1	2	3	2	5
Limited access to work (humanitarian)	15	10	25	362	299	661	316	283	599
							from 1.7.2011 onwards		
Sum of all first settlement permits, no quota							**2.994**	**2.509**	**5.503**
Blue card EU							30	6	36
r-w-r-card (§41/1) highly skilled							15	5	20
r-w-r-card (§41/2/1) shortage list, skilled							1		1
r-w-r-card (§41/2/2) shortage list, other skilled							225	98	323
r-w-r-card (§41/2/3) university graduate							11	6	17
r-w-r-card (§41/2/4) self-employed skilled							11	3	14
r-w-r-card plus							757	726	1.483
r-w-r-card plus (§41a/1-10)							1.528	1.197	2.725
r-w-r-card plus, family EU-mobility								1	1
Family member/relative							70	124	194
no access to work							6	5	11
Family reunion (labour market testing for access to labour market)							3	2	5
Settler (§43...)							337	336	673
First settlement permits: Family member outside a quota	*2.255*	*2.746*	*5.001*	*2.286*	*2.649*	*4.935*	*2.295*	*2.659*	*4.954*
Family reunion (labour market testing for access to labour mark	6	7	13	2	1	3	5	6	11
Family reunion with Austrian/EEA (free access to labour market	2.249	2.739	4.988	2.284	2.648	4.932	2290	2653	4943
Sum of all first settlement permits	**6.566**	**7.781**	**14.347**	**7.965**	**8.185**	**16.150**	**10.139**	**10.327**	**20.466**

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

All other temporary residence cases which exceed a stay of 6 months are documented by the Ministry of the Interior, e.g., students, training and work experience schemes, sports and entertainment schemes etc. (Table 9 and Table 12). The temporary residence status may be extended. The total number of extensions is double the number of first issues, namely 15,000 in 2011.

The capped categories are in sum 4,400 cases and may include third country citizens, who come for work, their family members and persons on private means with no wish to engage in gainful employment. The figures have been rising between 2006 and 2011 by almost 3,500.

Table 11: Sum of settlement permits granted to citizens of third countries (Non-EU) by residence status and gender (prolongations)
1 January to end of December

	2009			2010			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
							- until 30.6.2011		
Prolongation of settlement permits	*30.335*	*32.965*	*63.300*	*27.320*	*30.786*	*58.106*	*19.013*	*21.846*	*40.859*
Family member	1.087	2.142	3.229	940	1.914	2.854	1.210	2.543	3.753
No access to work	363	469	832	362	466	828	525	622	1.147
Limited access to work (LM-testing)	8.942	8.957	17.899	6.600	6.670	13.270	3.250	3.279	6.529
High skilled settler (self-employed)	10	5	15	5	1	6	3		3
High skilled settler (salaried worker)	61	33	94	48	20	68	34	8	42
Unrestricted access to labour market	19.872	21.359	41.231	19.365	21.715	41.080	13.991	15.394	29.385
Prolongation of other settlement permits	*23.308*	*28.131*	*51.439*	*25.011*	*29.715*	*54.726*	*29.625*	*32.238*	*61.863*
Permanent residence- EU mobility	11.610	11.719	23.329	13.569	13.186	26.755	17.937	15.758	33.695
Permanent residence- family member EEA	1.839	2.614	4.453	2.830	4.325	7.155	3.122	4.483	7.605
Family member of perm. resident (LM-Testing)	22	18	40	9	14	23	8	12	20
Family member of Austrian/EEA (free access to LM)	9.837	13.780	23.617	8.603	12.190	20.793	8.558	11.985	20.543
Prolongation of other settlement permits (from 1.7.2011 onwards)							from 1.7.2011 onwards		
							10.574	**17.810**	**28.384**
r-w-r card (§41/1) highly skilled								2	2
r-w-r card (§41/2/2) other skilled							18	11	29
r-w-r-card (§41/2/3) university graduate							1		1
r-w-r-card (§41/2/4) self-employed skilled							4	3	7
r-w-r-card plus							6.045	6.384	12.429
r-w-r-card plus (§41a/1-10)							4.506	11.410	15.916
Sum of all prolongations of settlement permits	**53.643**	**61.096**	**114.739**	**52.331**	**60.501**	**112.832**	**59.212**	**71.894**	**131.106**
Sum of all settlement permits excl.transformations	**60.209**	**68.877**	**129.086**	**60.296**	**68.686**	**128.982**	68.489	81.347	149.836
Sum of all settlement permits including transformations	**61.441**	**69.910**	**131.351**	**61.903**	**69.514**	**131.417**	**69.351**	**82.221**	**151.572**

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. In 2011 1,700 resident titles were transferred into a settlement title with better access rights to work. The majority of acquired titles are uncapped, largely family members who acquire the right to work anywhere in Austria. Adding extensions and transformations into the picture of settlement permits, Austria issued a total of some 151,600 settlement permits in 2011, 20,200 or 15% more than in 2010. (Table 10 and Table 11)

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

In addition to settlement permits, the Federal Ministry of the Interior issues temporary residence permits to persons who have obtained the right to enter for study, for temporary work and business purposes including services mobility (GATS mode 4) or on humanitarian grounds. In the course of 2011, all in all 7,500 temporary residence permits were issued for the first time – 21% more than a year ago, and 15,000 were extended – about as many as 2010.

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

		2009			2010			2011		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
First temporary residence permits		2.550	2.975	5.525	2.889	3.349	6.238	3.561	3.956	7.517
Employed persons on basis of GATS (mode 4)		85	22	107	72	32	104	66	9	75
Special protection/humanitarian		23	28	51	13	34	47	16	25	41
Family member of researcher		23	36	59	24	44	68	30	56	86
Family member of intercompany transfers		32	62	94	27	88	115	47	118	165
Family member of special employment-artist,scientist		105	163	268	106	148	254	103	143	246
Family member of students		52	72	124	66	96	162	68	105	173
Family member of scientist/artist		7	17	24	12	31	43	19	32	51
Researcher		92	44	136	127	82	209	107	65	172
Artist (on the basis of work contract)		23	14	37	28	12	40	30	24	54
Artist (self-employed)		18	12	30	20	8	28	17	12	29
Intercompany transfers		66	18	84	135	22	157	154	49	203
Pupil		232	328	560	254	379	633	313	454	767
Self-employed		7	1	8	6	3	9	11	8	19
Special cases of salaried employees		474	1.096	1.570	470	1.065	1.535	477	1.105	1.582
Social worker			2	2		1	1	2	2	4
Students of higher education		1.311	1.060	2.371	1.529	1.304	2.833	2.101	1.749	3.850
Extensions of temporary residence permits		*7.711*	*7.439*	*15.150*	*7.602*	*7.664*	*15.266*	*7.478*	*7.534*	*15.012*
Employed persons on basis of GATS (mode 4)		104	39	143	36	41	77	58	33	91
Special protection/humanitarian		23	29	52	15	8	23	3	11	14
Family member of researcher		16	53	69	19	50	69	13	29	42
Family member of intercompany transfers		72	163	235	60	127	187	51	122	173
Family member of special employment-artist,scientist		354	566	920	332	577	909	303	487	790
Family member of students		136	191	327	158	237	395	152	219	371
Family member of scientist/artist		24	50	74	31	54	85	57	101	158
Researcher		164	104	268	138	64	202	77	39	116
Artist (on the basis of work contract)		131	93	224	120	87	207	117	78	195
Artist (self-employed)		131	80	211	116	72	188	106	56	162
Intercompany transfers		179	49	228	131	37	168	159	39	198
Pupil		418	768	1.186	422	769	1.191	431	814	1.245
Self-employed		21	7	28	15	4	19	9	6	15
Special cases of salaried employees		1.132	656	1.788	1.053	671	1.724	999	620	1.619
Social worker										
Students of higher education		4.806	4.591	9.397	4.956	4.866	9.822	4.943	4.880	9.823
Sum of all temporary residence permits	**0**	**10.261**	**10.414**	**20.675**	**10.491**	**11.013**	**21.504**	**11.039**	**11.490**	**22.529**

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

The largest number of first temporary residence permits goes to students of higher education, namely 3,900 or 51.2 percent of all first temporary resident permits in 2011. They do not only make up the largest numbers but their numbers are also on the rise, particularly in 2011. In addition, students are the largest group to get their temporary stay extended namely 9,800 or 65% of all extensions. (Table 12) Temporary residence status does not envisage the possibility of access to welfare payments, in particular unemployment benefits. This is no deterrent for family members to join, in 2011 some 2,300 or 10% of all temporary residence permits.

Stock-Flow analysis by residence title

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

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

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

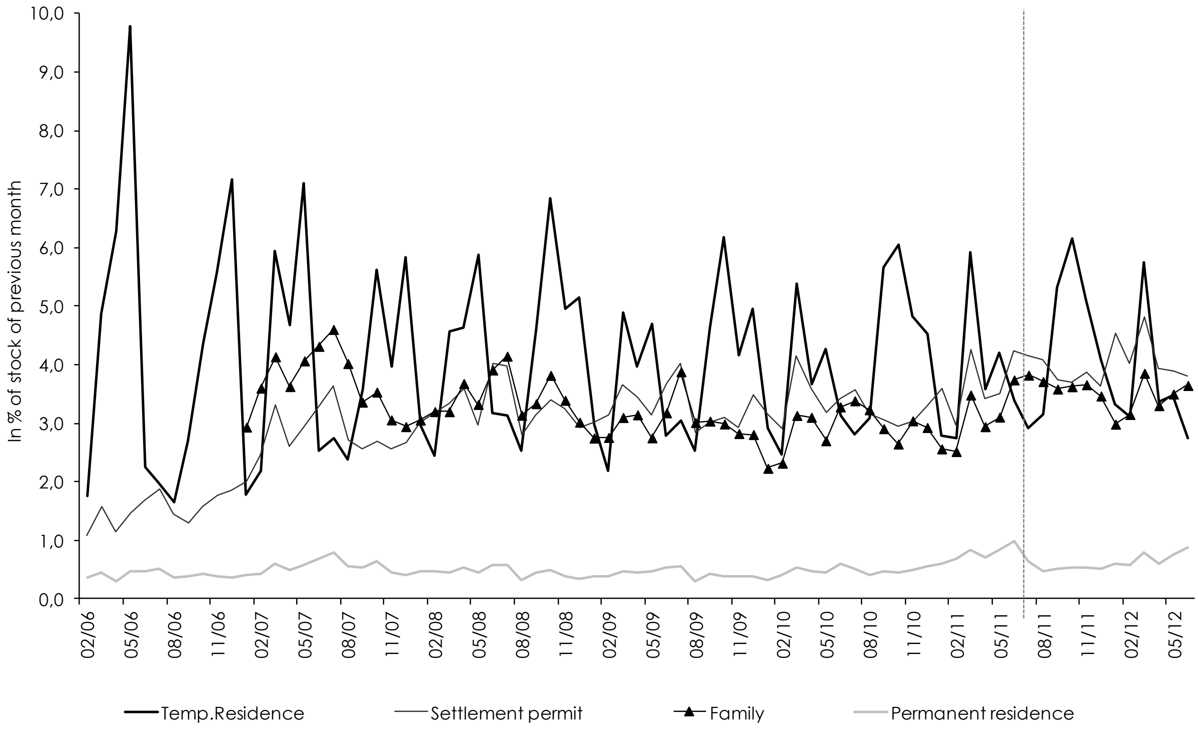
While inflows are clearly defined, some questions remain unresolved relative to the composition of outflows. Flows in and out of categories which are the result of transfers or prolongations of titles do not have an effect on the total stock, but they are considerable, thus indicating substantial administrative 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 9 and Figure 10 we look at the dynamics of inflows (first issues) and outflows in the various categories of residence permits over the year from 2006 onwards. We do not look into extensions as little is known about administrative procedures and the duration of processing by categories of permits and region. According to flow data, the volatility of temporary residence permits is relatively high, and there is still a seasonal pattern even though temporary migrants with short-term contracts of less than 6 months (often seasonal workers) are no longer registered in the Alien Register of the Ministry of the Interior. (Figure 9) Administrative procedures may account for the small inflows at the turn of the year, both for settlers and temporary residents, but there seems to be a strong connection to work, accounting for the seasonal pattern of the inflow rate of temporary residents – it is fairly high in relation to the stock in spring and autumn and low in the winter and summer months.

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

The inflow rate of persons on the basis of services mobility mode 4 (GATS – Betriebsentsandter) is high and rising. Particularly volatile and at times very high is the inflow rate of artists. In contrast, green card holders and permanent residents have a very low and relatively stable inflow rate. On a continuous rise is the inflow rate of settler permits, as more and more family members acquire this status, which grants access rights to the labour market without labour market testing.

Figure 9: Monthly inflows of third country citizens by residence status (2006-2012)

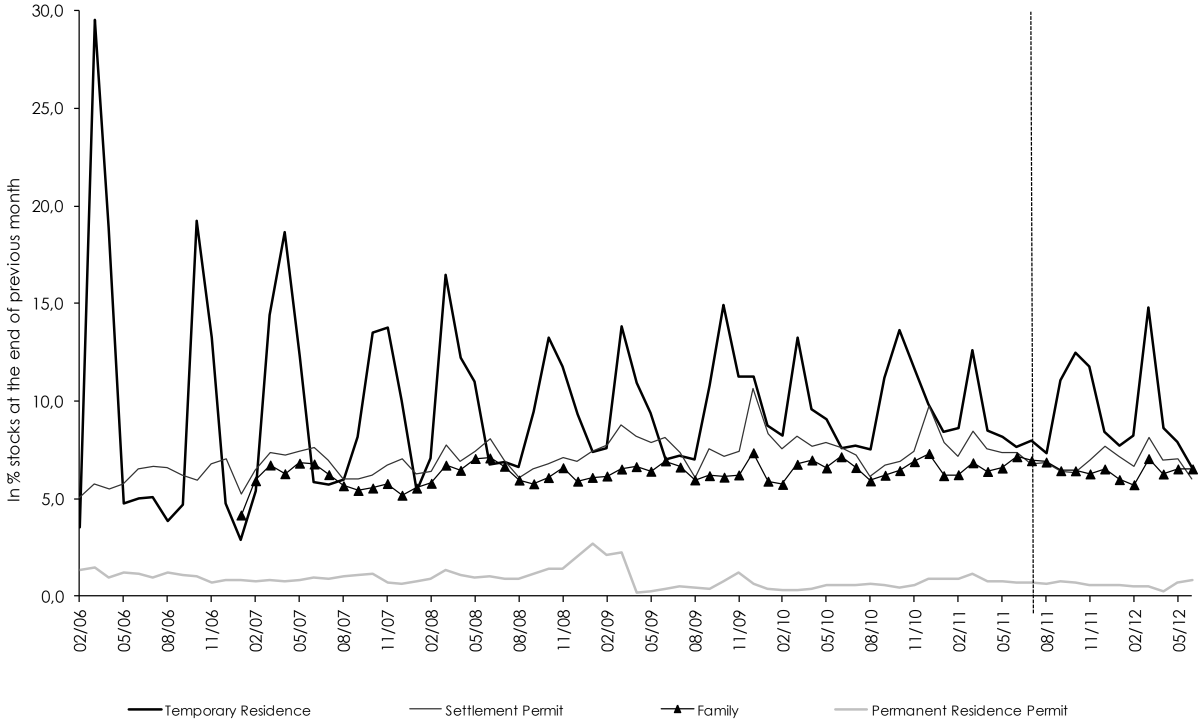


Source: Federal Ministry of the Interior, Own-calculations.

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

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

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



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

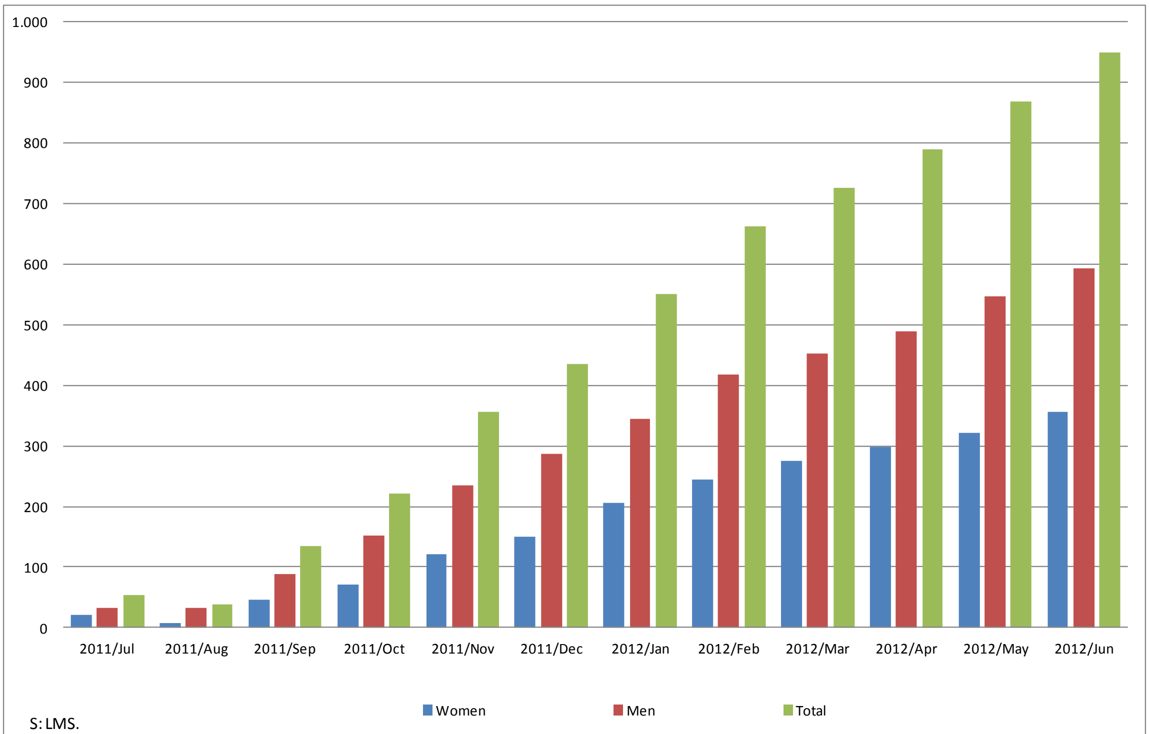
Experiences with the point system from mid 2011 to mid 2012

As mentioned in section I.1 (Legal ramifications) migration policy is changing in Austria, strengthening the focus on work and facilitating access to work. In July 2011 the first pillar of the point system was introduced, namely skilled and highly skilled migrants – with the red-white-red-card, together with the promotion of a transfer of resident title of third country migrants which allows to access the labour market immediately without labour market testing (red-white-red card plus), addressing not only graduates of Austrian universities but also of refugees and persons under special protection on humanitarian grounds.

While the r-w-r-card has to be applied for from abroad, the r-w-r-plus card can be obtained when residing in Austria. The r-w-r card is issued for one year for a particular employer and can be transferred to an r-w-r card plus after one year of residence and 10 months of work in Austria. A major distinguishing feature of the two cards is that the r-w-r card is issued for work with a particular employer while the r-w-r-plus card allows free choice of employer across Austria. It is up to the Labour Market Service to establish if the eligibility is given, on the basis of the criteria spelled out in the law.

In the course of the first year of establishment the numbers of r-w-r-card holders rose to 1,233 in July 2012. (Figure 11) Two thirds of the cards went to skilled workers (949) and 90 to highly skilled wage and salary earners. Further, 163 or 13% of all r-w-r card issues went to third country graduates of Austrian universities. The university graduates are the only category with an even gender balance. A fairly small number were self-employed (29). By mid year 2012 the second pillar, namely skilled workers in listed occupations, was opened up and is slowly being filled.

Figure 11: Development of the number of red-white-red-card holders (dependent employment) in Austria

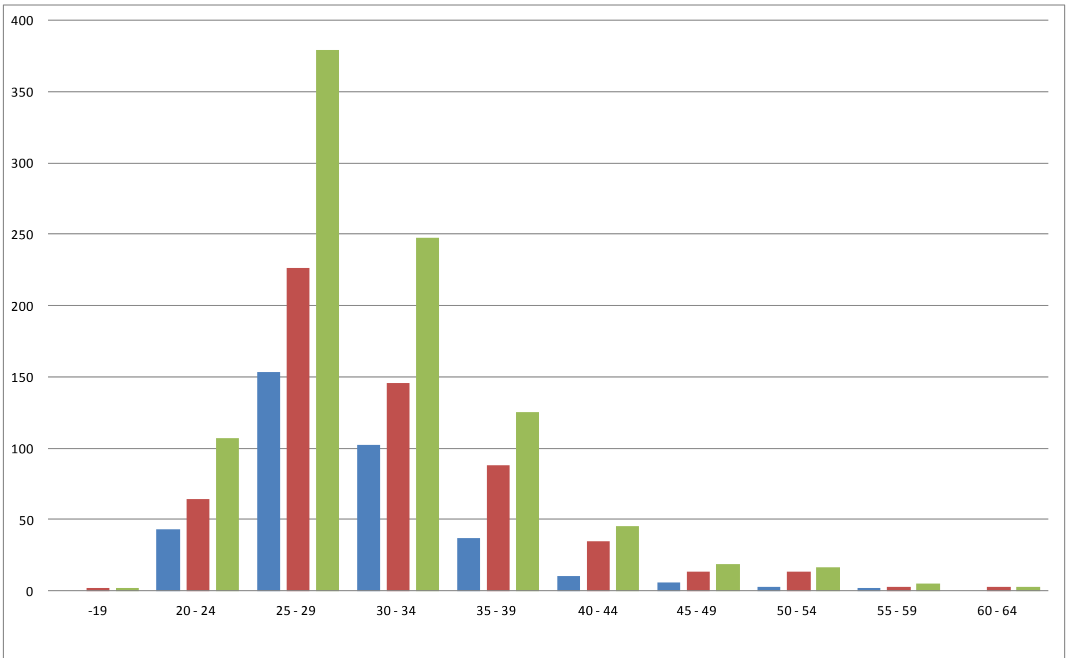


S: LMS.

It can be taken from Figure 12 that 43% of women and 38% of men are in the age group 25-29 and a further 29% (women) and 25% (men) between 30 and 35. Older r-w-r-card holders tend to be more male centered while there is hardly any gender difference amongst youth.

The occupations r-w-r-card holders are in are varied: 27% are executives and top managers, about 35% are engineers, 13% are in education/culture/sports. Only 2% are skilled workers in the industrial sector and in services, not least because this pillar has just been opened up in mid 2012.

Figure 12: Composition of r-w-r card holders by age and sex in Austria, end of June 2012



S: LMS.

The majority of the r-w-r-card holders are concentrated on Vienna (47% of all cards). This is a somewhat stronger concentration on Vienna than on average with migrant workers (40%). (Figure 13) The focus of the r-w-r-cards is on regions with strong managerial and administrative centres as well as innovative production sites.

Somewhat more than one third of the cards were issued to persons from former Yugoslavia, particularly from Bosnia-Herzegovina. Further, 20% went to citizens from CEECS, particularly from Russia and Ukraine. In addition some 15% went to persons who originated from Central and East Asia, somewhat less from the Near East. But also citizens from Canada and the USA are amongst the r-w-r-card holders (around 11%), followed by South-Asia (70). Only few come from Middle- and South America (46), Africa (28) and Oceania (11).

A comparison of the number of r-w-r-card holders with the former key-skills-category indicates no major change in numbers so far. Neither has the composition by gender changed – the share of women remained at about one third. The main explanation given by the chamber of commerce is the implementation, as, contrary to the original objectives, the processing of the applications is tedious as it has to be done by the applicant rather than the employer in

Austria. Initiatives to change the procedures are underway and an amendment to the law is underway, expected to come into effect early 2013.

Figure 13: Distribution of r-w-r card holders and foreign worker in Austria by province (Bundesland), end of June 2012

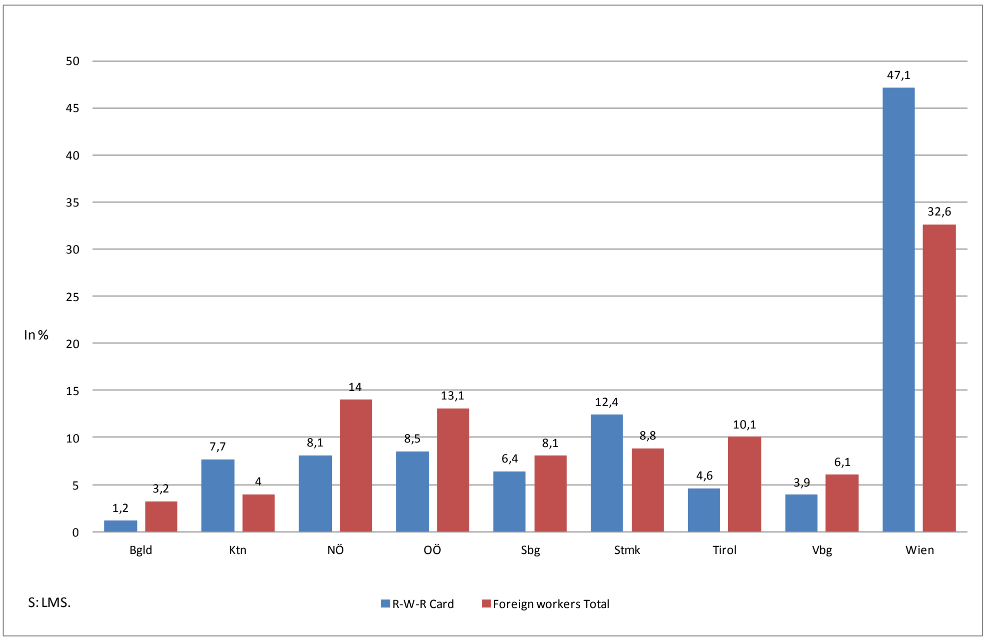
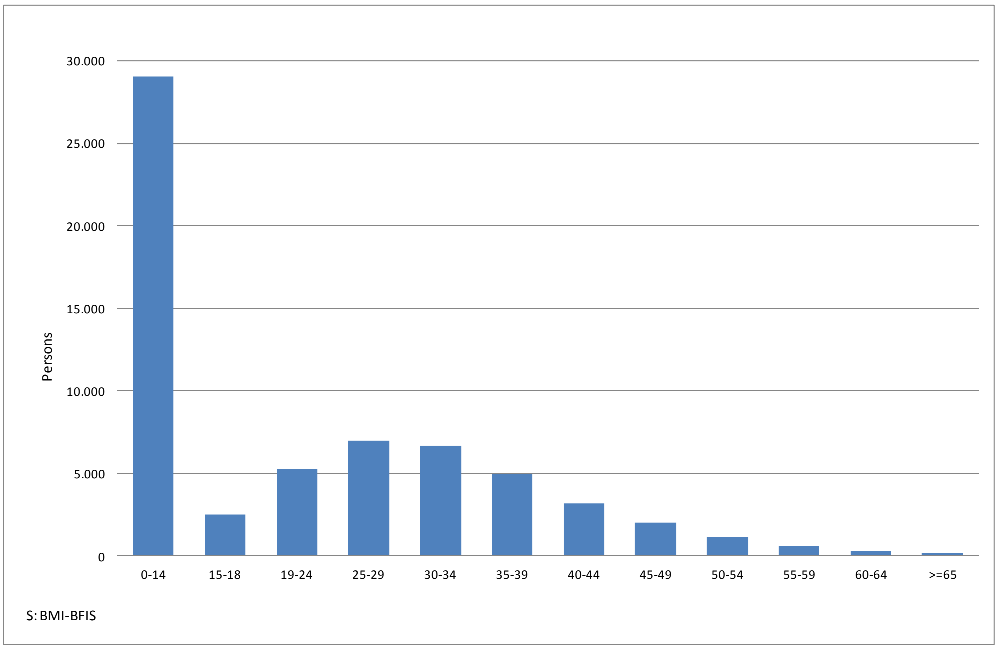


Figure 14: Age composition of r-w-r card plus holders in Austria, end of June 2012



While the r-w-r-card did not raise inflows from abroad, the option for improved access to the labour market by applying for the r-w-r-card plus has been a positive move and well accepted by third country migrants residing in Austria. As a result, the number of r-w-r-card plus holders has reached 63,000 by the end of June 2012. It has to be borne in mind that this card is not only issued to family members of r-w-r-card holders but also to persons who want to have their former key-skill permit (532) or their researcher permit (147 extended), or blue card holders and their family members, or relatives of permanent residence permit holders. Also persons residing in Austria under temporary protection may have their status transferred to this card (709).

The majority of r-w-r-card-plus went, however, to partners and the dependent children, with an even gender distribution.

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

The Alien register of the Ministry of the Interior informs also about the number of citizens of another EU/EEA country who settle in Austria. In the course of the year 2011 45,800 EU/EEA citizens entered Austria and registered as 'settlers', i.e. 10,000 or 28% more than a year ago. About 51% entered for work, and some 10% (4,600) for study purposes. (Table 13) If one takes free movement within the EU/EEA into account, the annual inflow of persons with settlement rights amounted to 69,800 in 2011. Thus, only one third of the annual inflows of settlers are third country citizens and two thirds are of another EU/EEA country. This is a major difference to traditional immigration countries, which tend not to have substantial inflows as a result of free movement between countries. The only exception is Australia relative to New Zealand; however, in Australia only some 15% of all inflows are due to free movement. (Table 13)

Table 13: Annual inflow of EEA-Citizens due to free movement by category
1 January to end of December 2011

	2009			2010			2011		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Documentation of registry	**18.019**	**18.419**	**36.438**	**17.681**	**18.144**	**35.825**	**22.718**	**23.080**	**45.798**
Employee	10.451	7.297	17.748	9.691	7.105	16.796	13.387	9.883	23.270
Education	1.548	2.373	3.921	1.589	2.277	3.866	1.829	2.745	4.574
Family reunification	3.798	5.492	9.290	4.050	5.457	9.507	4.794	6.849	11.643
Self-employed	953	1.320	2.273	1.014	1.249	2.263	1.184	1.386	2.570
Other family member/relativ	158	401	559	231	454	685	217	524	741
Others	1.111	1.536	2.647	1.106	1.602	2.708	1.307	1.693	3.000
Permanent resident document	**646**	**684**	**1.330**	**547**	**527**	**1.074**	**677**	**665**	**1.342**

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

In addition to settlers, another 15,900 enter on a temporary basis. About half of the inflows are seasonal workers; some 29% are third country international students (4,600) in 2011. (Table 14)

Table 14: Annual inflow of settlers and temporary residents by category

Annual inflow of settlers (permit data)							
	2005	2006	2007	2008	2009	2010	2011
Work	1.500	548	733	836	1.237	2.518	10.168
Family	29.400	15.628	14.939	14.175	12.433	12.666	9.408
Humanitarian	5.900	4.234	5.440	3.649	3.247	2.977	3.572
Free Movement	19.400	17.182	34.604	39.847	37.768	36.899	45.798
Others	700	177	216	141	677	966	890
Total	**56.900**	**37.769**	**55.932**	**58.648**	**55.362**	**56.026**	**69.836**
Annual inflow of temporary migrants	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
international students	3.200	4.448	2.854	2.861	2.931	3.466	4.617
Seasonal workers	11.356	10.894	11.536	12.135	11.714	10.459	8.150
Intra-company transfers	200	186	147	150	84	157	203
Others	6.300	3831	2683	2868	2.517	2.615	2.900
Total	**21.056**	**19.359**	**17.220**	**18.014**	**17.246**	**16.697**	**15.870**
S. Ministry of the Interior, LMS.							

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

A mid-year stock count (July 1, 2012) of the number of valid residence permits comes up with a figure of 480,500, 11,200 or 2.4% more than in the previous year (Table 15). The development of the number of permit holders is following a steady upward trend, with hardly any cyclical component. The gender composition remains fairly stable, raising the number of women slightly to 238,800. Thus the share of women remains stable at close to 50%. The share of children and youth under 19 is slowly declining since 2005 and reached 19.8% in 2012, after 24.5% in 2005. In contrast, older persons (60+) make up an increasing share of immigrants of third countries. In 2012 they made up 12.6% of the stock compared to 7% in 2005. Thus, ageing makes itself felt also amongst immigrants. Women are more than proportionately 20 to 40 years old, whereas men tend to be on average somewhat older than women.

By mid 2012, the largest single group of third country residence permit holders were citizens of Serbia/Montenegro/Kosovo. Their numbers amounted to 127,200, i.e. 26.5% of all residence permits. The second largest group were Turks with 104,500 permits (21.8% of all permits), followed by citizens of Bosnia-Herzegovina (85,600 or 17.8%), Croatia (55,300 or 11.5%), and Macedonia (17,500 or 3.6%). (Figure 15) 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.

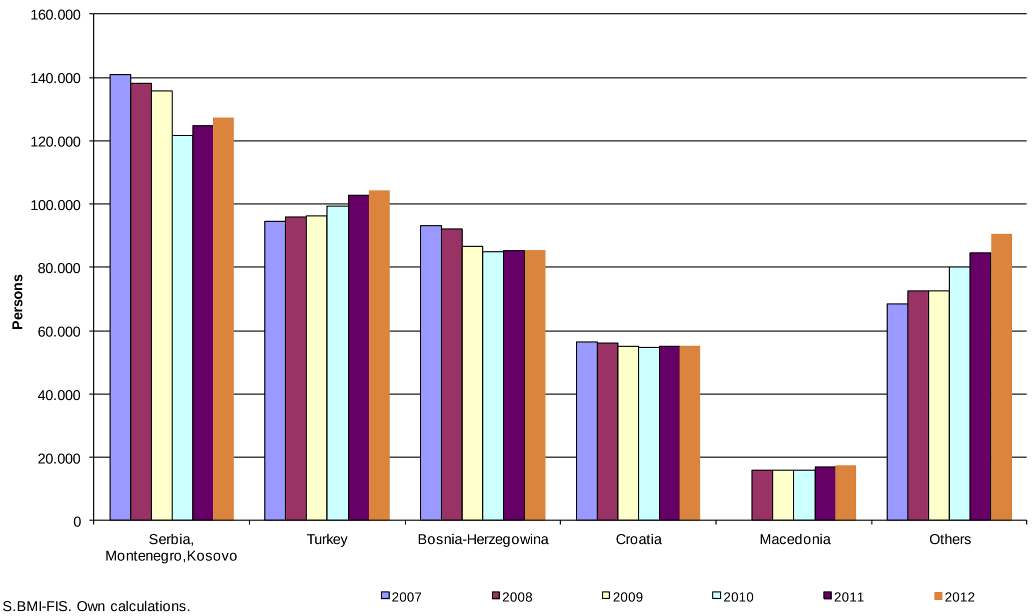
In contrast to third country citizens who come from traditional guest worker regions, the newcomers from further afield, like citizens from the Russian Federation or from China, tend to have temporary residence permits. (Figure 16)

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

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

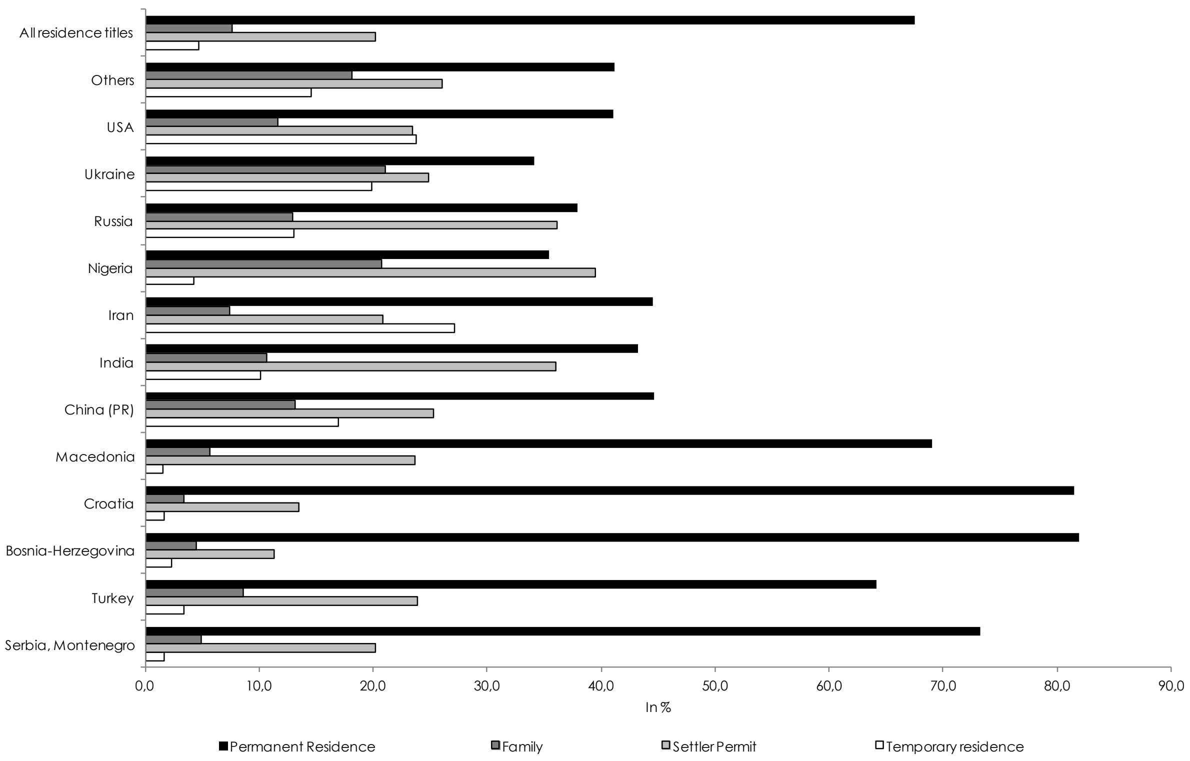
Source: Federal Ministry of the Interior, Central Alien Register.

Figure 15: Valid residence permits by major countries of origin 2007 to 2012 (mid year count)



S.BMI-FIS. Own calculations.

Figure 16: Valid residence permits by major countries of origin and resident title 2012 (mid year count)



Among the US-citizens are not only highly skilled managers but also special groups exempted from the foreign worker law (AuslBG), in particular au-pair workers. Among persons from Nigeria and Ukraine family members are an important residence category, quite in contrast to citizens from India and Russia who have fairly large proportions of settler permits. As far as r-w-r cards are concerned: the largest single nationalities were the Russian Federation (largely highly skilled), Bosnia-Herzegovina, Croatia, USA, Serbia and Ukraine. Cards for citizens of these countries make up more than half of the r-w-r cards in July 2012 (54.4% of the 1,232 r-w-r cards).

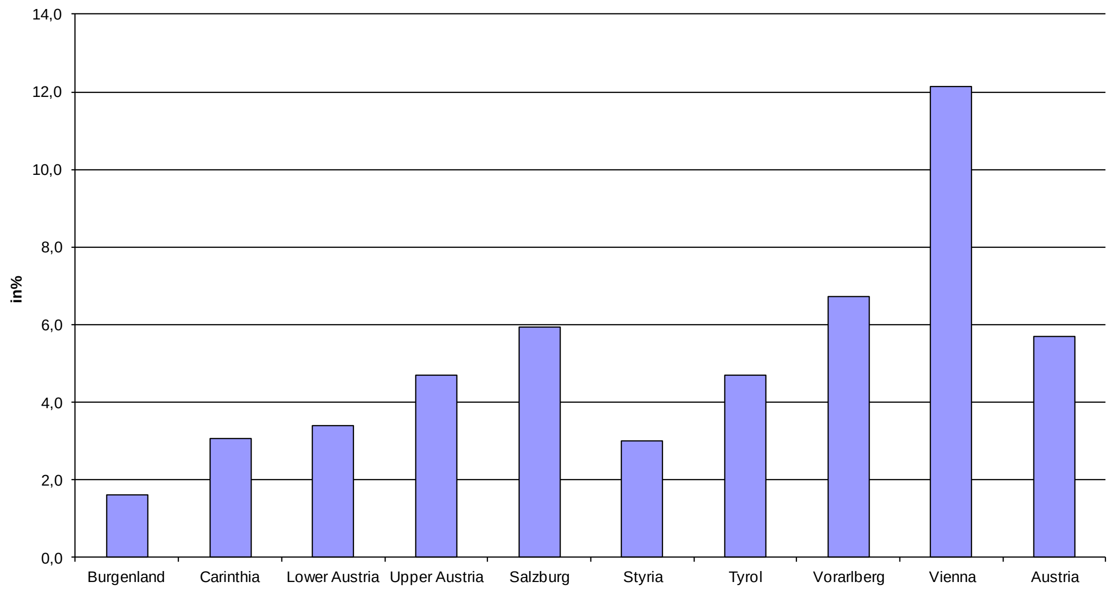
The Labour Market Service has the discretionary power to grant access to the labour market to family members who have not yet resided the required length of time in Austria to access the labour market without prior labour market testing. Explicitly excluded from access to the labour market are pensioners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

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

arbeitskraft) outside any quota. This was not easily achieved until mid 2011, when the r-w-r-card was introduced, because a minimum wage had been required to become eligible for a skilled worker title; this wage was often too high for entrants into the labour market[23]. By July 2012 163 or 13% of all r-w-r cards went to university graduates; one third was from Bosnia-Herzegovina, followed by Chinese, Russian and Turkish graduates from Austrian universities.

The geographic distribution of third country resident permit holders follows the pattern of the average migrant distribution. In 2012, on average, 5.7% of the total population in Austria were third country migrants who held a resident permit. The proportion was highest in Vienna with 12.2% of the total population followed by Vorarlberg with 6.7% and Salzburg with 5.9%.

Figure 17: Valid residence permits in % of total population by region (permits mid year count 2012, population annual average 2011)



Source: Federal Ministry of the Interior, Statistics Austria.

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

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

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

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

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

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

Table 16: Documentation of the residence status of citizens of the EEA and third country settlers in another EU-MS (mid year stock count)

	2009	2010	2011	2012	Change 2011/12	
					Numbers	In %
Documentation of registry	105.261	144.838	177.734	232.793	55.059	31,0
Employee	51.119	68.626	83.672	111.944	28.272	33,8
Education	11.163	16.356	19.517	25.469	5.952	30,5
Family reunification	26.738	37.155	46.221	59.896	13.675	29,6
Self-employed	5.970	8.421	10.556	13.224	2.668	25,3
Other family member/relativ	1.706	2.358	2.991	3.765	774	25,9
Others	7.118	10.032	12.584	15.749	3.165	25,2
ID-Card	1.447	1.890	2.193	2.746	553	25,2
Settler document	3.439	4.080	4.036	3.959	-77	-1,9

Source: BMI-BFIS.

Citizens of the EEA, who have the right to free mobility and their family members may have their residence status registered (*Anmeldebescheinigung*). In addition, third country citizens who have a permanent residence status in another country of the EEA may choose to settle in Austria. They get a settlement document (*Daueraufenthaltskarte*). By July 2012, 232,800 citizens of the EEA were registered under the first title in Austria (documentation of residence) and 4,000 under the second title (settler document). About half of the registered EEA citizens were working in Austria (125,200, 54%), in the main as wage and salary earners (111,900). Some 11 percent were students (25,900, two third of them female) and some 27% were family members or relatives (63,700, 60% of them women). (Table 16)

D) Labour market flows

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

i) Entries of foreigners for work

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

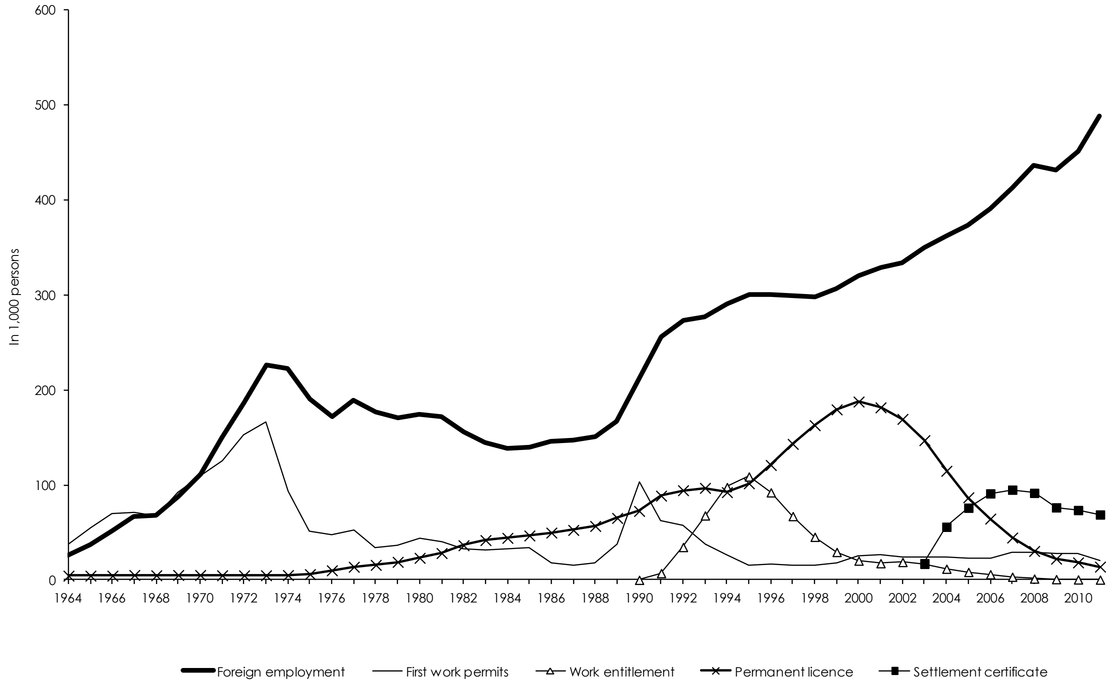
Initial work permits are issued to foreign citizens (since 1994 only those from outside the EEA/EU), i.e. third country citizens, when they are entering the labour market for the first time ("first" issue, Erstantrag). The first work permit is issued to the firm and not the worker. After one year of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

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" yet.

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

Between 1990 and today severe restrictions on the recruitment of third country foreign workers prevent the inflow of foreign employment through market forces. The restrictions were introduced in the main as a result of substantial refugee inflows, the echo effect of family reunion which raised potential labour supply and of EU Membership with the concomitant free mobility of labour within the EU. The objective of the restrictive migration policy relative to third country worker inflows was to promote integration of migrants who were already residing in Austria and to put a break on labour market competition, which increased due to inflows of EU citizens.

Figure 18: First work permits and total foreign employment
1964-2011



Source: Austrian Labour Market Service.

The year 2000 marked a renewed slight increase in first employment permits (Beschäftigungsbewilligung), basically as a result of a rising intake of foreign workers from abroad, largely seasonal workers in tourism and agriculture. It is apparent from Figure 18 that the significant rise in foreign employment since 2003 did not show up in the numbers of first employment permits, since the majority of the foreign workers had resided in Austria for 5 years legally (green card) and had thus the right to access the labour market without a work permit. In 2011, the number of first employment permits issued over the year amounted to 20,300, clearly less than in 2010.

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

First work permits for up to one year are issued to the firm in order to allow the labour inspectorate to control the working and living conditions of foreigners when they first enter the labour market[24] – 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 and work site controls are abandoned.

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

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

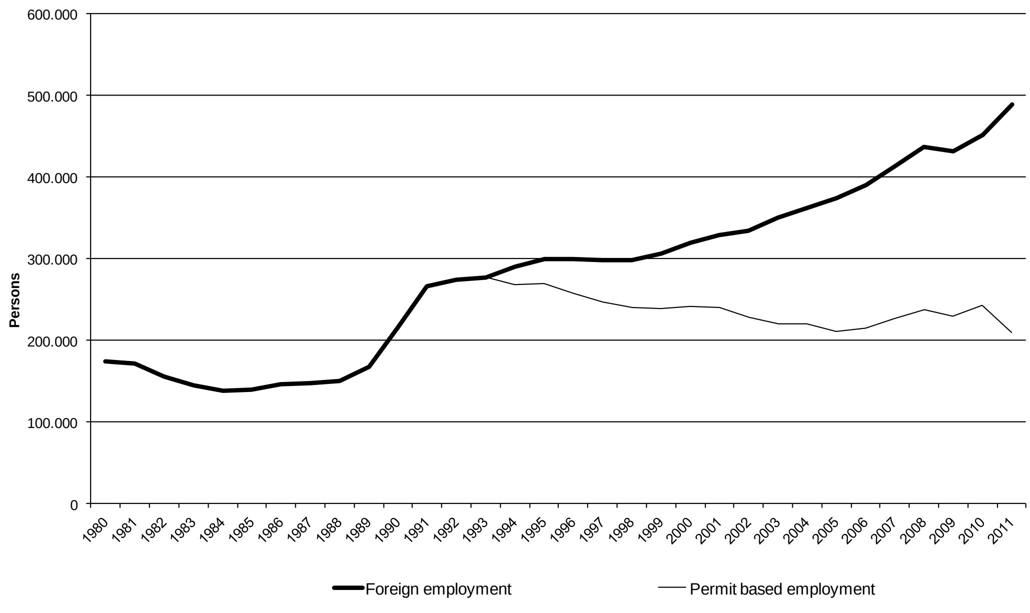
[24] This is a remnant of the implementation of foreign worker employment in the early beginnings when employers had to supply their workers with adequate housing, i.e. conforming to the normal regional standards.

Table 17: Various types of work permits for third country citizens 1999-2011
Stocks, Annual average

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

Source: Austrian Labour Market Service.

Figure 19: Foreign employment and permit based foreign employment (annual average) 1980-2011



Source: Austrian Labour Market Service.

In 2011 205,800 foreign workers needed some sort of a permit to be able to work in Austria. The size of the permit based workforce depends on institutional regulations, in particular EU-membership of Austria and the free mobility of labour granted. The end of transition regulations for citizens of the EU-8 countries, for example, shows up in a clear decline in the number of permit work (-37,000 or 15%). With increasing labour mobility within the EU, the difference between permit based foreign employment and total foreign employment opened up. In 2011 less than half of total foreign employment (43%) was working on the basis of a permit. (Figure 19) One third of all permits were settlement certificates, i.e. third country permanent residents (69,000), a further 30% were third country citizens who had settlement rights in the EEA; furthermore, 7% were permanent license holders. A fairly small number are employed on the basis of GATS (mode 4 services mobility), namely 345 permit based foreign employment.

II. Posted workers

Given the complexity of employment relationships involved in services mobility involving cross-border movement of persons, it is hard to establish the exact numbers of foreign persons and working hours involved. However, Austria, a country with comparatively good data on migration and cross-border services provision, has a reasonably good basis for assessing the effect of services mobility on economic and employment growth. In addition, Austria is a small open economy which owes much of its prosperity to its openness to international trade and migration. Today (2011), more than 50% of GDP derive from the production of goods and services for exports. At the same time, some 19 percent of the work force are migrants. This puts Austria amongst the leading European countries in terms of dependence on international trade of goods and services and migrant labour.

Austria is also an interesting case, as, in 2004, it made transition agreements with 8 of the new EU-10-MS, to control the access of migrants from the new EU-MS to the labour market as well as limiting cross-border services provision for certain occupations and industries. In spite of that, both the number of migrants and service providers from these regions increased between 2004 and 2010, largely because labour market testing and proof for economic advantage meant that inflows were restricted but open for negotiation. Thus, the number of migrants (wage and salary earners) from the new EU-10 MS almost doubled between 2003 and 2010 to 69,000. In 2011 their numbers soared to 88,500 (+19,500 or +28%) in the wake of the lifting of transition regulations. In contrast, the number of EU-2 migrants increased by 6,600 or 48% between 2007 and 2010 to 20,500, and in 2011 by 3,200 or 13% to 23,600. The share of EU12 citizens in total foreign employment increased from 15% to 20% between 2003 and 2010 and further to 23% in 2011. They constituted 3.4% of the wage and salary earners in 2011.

Its monitoring system and market testing process enabled Austria to derive interesting information about the occupations into which the service providers entered including sheltered occupations[25]. Between 2004 and 2010 some 22.000 persons from the new EU-MS

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

took advantage of the opportunity to set up a business as independent contractors/self-employed, largely self-employed homecare service providers and to a lesser extent, building services and consulting. In addition, the annual inflow of service providers increased from 3,070 in 2000 to 3,718 in 2003; in 2004 the inflow increased to 5,887 and continued to rise to 7,465 in 2007. From 2007 onwards the annual inflow subsided and returned to the level of 2004 (with 5,538). In 2010 the number of cross border service providers (mode 4) increased to 7,150, about the same number as in the economic boom year of 2005 and 2011.

The bulk of the inflow is in the so called liberalised services, which get only registered but do not require an explicit acceptance (Entsendebestätigung versus Entsendebewilligung). In 2004 about half of all inflows for the purpose of services provision were in liberalised services, and thus merely registrations, and the other half were explicit authorisations for activities in sheltered occupations. In 2010, the proportion of service provision in the liberalised services reached even 81%, namely 5,764. But also service provision in the non-liberalised services was on the rise, affecting 1,386 persons, a rise of 44% versus 2009. In 2011 the

All in all, the number of service providers who entered legally, either as self-employed or posted workers, has increased by some 40.000 between 2004 and 2011 and therefore somewhat less than the number of migrant wage and salary earners from the new EU-MS (+60,000).

Given the increasing role of services in employment creation, the numbers of posted workers relative to migrant workers can be exp0ected to increase. In view of strict wage regulations and control of working conditions in the case of migrants and the limited controls and controllability of wage and working conditions of posted workers, the posting of workers may actually take precedence over immigration as a strategy of companies to satisfy their labour demands in a flexible way.

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

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Authorisation	EU -12	2118	2530	2905	2786	1827	1474	1535	779	328	216		
	Other states	735	633	652	614	1148	919	900	999	1254	744		
	Sum	*2853*	*3163*	*3557*	*3400*	*2975*	*2393*	*2435*	*1778*	*1582*	*960*	*1386*	*1502*
Registration	EU -12	112	136	70	79	2561	4250	3891	5337	4628	3896		
	Other states	105	114	152	239	351	867	419	350	645	682		
	Sum	*217*	*250*	*222*	*318*	*2912*	*5117*	*4310*	*5687*	*5273*	*4578*	*5764*	
	Total	**3070**	**3413**	**3779**	**3718**	**5887**	**7510**	**6745**	**7465**	**6855**	**5538**	**7150**	

Source: LMS.

Distinction between migration and services mobility

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

The recent ECJ rulings indicate the line EU-policy may be expected to take, namely promoting the unrestricted movement of services[26], i.e. short-term labour migration regulated by the Services Directive[27]. This may be one result of the *Viking* and *Laval* judgments, which refer to Article 28 and thus the employers' entitlement to free movement.

In the case of mode 4 temporary migration/services mobility, it is argued by some (Winters et al. 2003) that the economic advantages are more straightforward and similar to the trade in goods[28] and therefore less costly than permanent immigration. In the former, goods come into the country, in the latter, services. According to WTO (2004), the main advantage is derived from the temporary character of posted work, thus avoiding additional costs in terms of infrastructure and social and cultural integration associated with permanent immigration. This judgement is based on the assumption that posted workers, as a special case of temporary migrants, will return to their country of origin. But as we are dealing with human beings in democratic societies, it may not be so easy to enforce return-migration. Posted workers may take advantage of the opportunities of work in the receiving country and become permanent immigrants. Apart from the difficulty of enforcement of return-migration the question remains to what extent the preference of institutions like WTO to services mobility is the result of an underestimation or neglect of the social costs of trade.

In this connection, the most contentious issue will be the imposition of wage parity between local workers and foreign service providers following the argument of Chanda (2001)[29] that wage parity "negates the very basis of cross-country labour flows which stems from endowment-based cost differentials between countries." To deal with the problem, Chanda argues that the country of service provision could levy a tax on the service provider who is undercutting local wages, the proceeds of the tax being directed to a compensation fund to finance the retraining of local workers who may be adversely affected by the services provision.

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

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

[28] See A. Winters, T. Walmsley, ZK. Wang, R. Grynberg, 2003

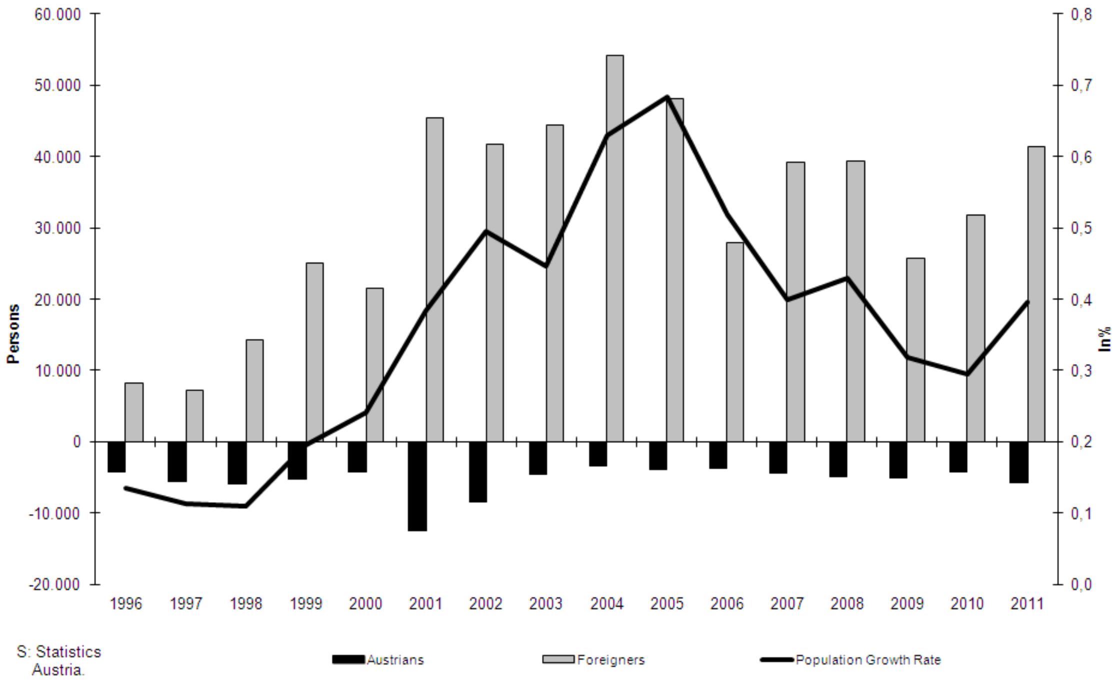
[29] See R. Chanda, 2001; similarly S. Chaudhuri, A. Mattoo and R. Self, 2004

III. Foreign residents and residents abroad: stocks

1. Foreign residents in Austria

According to the central population register, Austria counted 8,420,900 residents in the year 2011, 33,200 or 0.4 percent more than in 2010. Thus, population growth started to pick up again, partly due to the end of transition regulations for the new EU-MS (EU-8) and partly due to the recovery from the economic recession and increased inflows of third country migrants. The cyclicality of population growth, and thus the role of migration for population growth, for the period 2006 till 2011 becomes apparent: between 2008 and 2010, population growth was significantly slower than between 2006 and 2008 (+51,200 versus +68,600) and after 2010.

Figure 20: Net-migration of Austrians and foreigners and total population growth rate 1996-2011



Source: Statistics Austria. Own calculations.

The rise in population growth after 2009 is almost completely the result of immigration, given a balance of births over deaths of 3,200 persons between 2009 and 2011. The positive migration balance between the beginning and end of year has started to pick up in 2001 from 17,300 and peaked in 2005 with 50,800; ever since then net immigration slowed down and reached a low of 26,500 in 2009, a result of the international economic crisis which slowed down international migration flows. With the economic upswing in 2010 migration gained momentum again, peaking in 2011 with net immigration of 35,600.

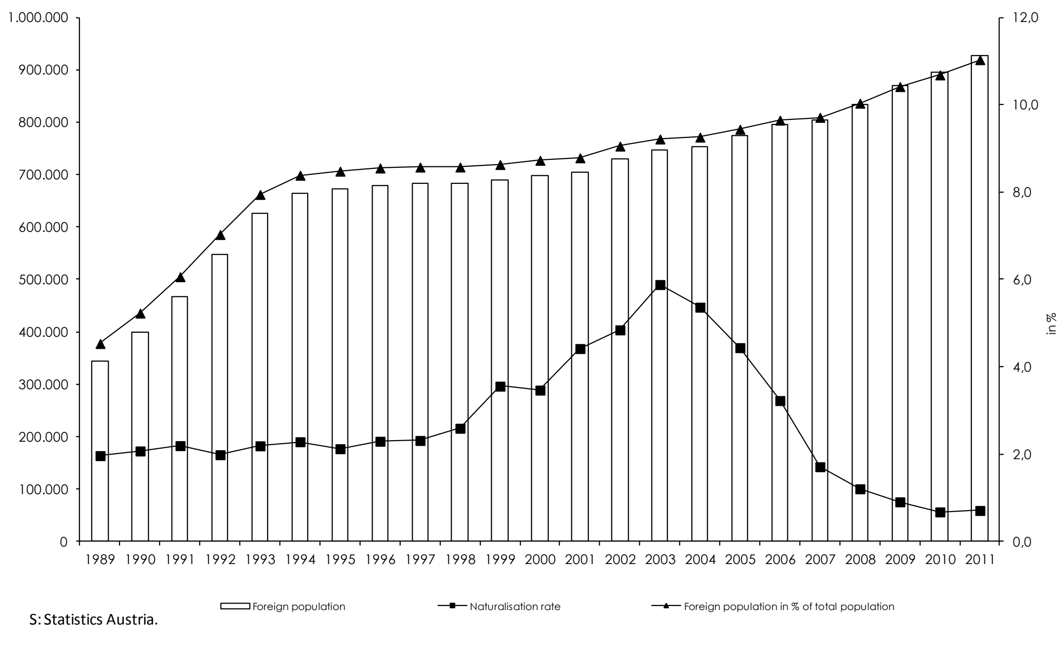
Apart from economic growth, the migration flows of the years of 2000 are on the one hand driven by Eastern enlargement of the EU (rising to +50,600 in 2004), on the other by the migration policy reforms of 2005, which dampened family reunification inflows in 2006. Immigration remains high from old (particularly Germany) and new EU member states as well as more distant regions of the world.

Natural population growth, i.e., the balance of births and deaths, has picked up in 2004, partly linked to immigration, and remained at that relatively high level till 2006 with 3,600. In 2007 the positive balance halved versus 2006 and turned into a negative balance in 2009 (-1,000). This was, however, only a transitory negative balance. In 2010 and 2011 births surpassed deaths (by 1,630). (Table 19)

The number of naturalisations is declining rapidly since 2003. In the course of the year 2011, 6,700 foreigners adopted the Austrian citizenship, i.e., 0.7 percent of all foreigners of the year 2011. This is almost the same value as 2010 and the lowest rate since the late 1970s. The decline is propelled by two forces – the reform of the citizenship law (2005) and the end of the echo effect of the immigration wave of the early 1990s. To acquire Austrian citizenship has become very difficult for immigrants because of the requirement, in case of marriage with an Austrian, of 5 years of marriage, a minimum period of residence in Austria (6 years) as well as financial means to support oneself.

Figure 21: Foreign population share and naturalisations in % of foreign population

1989-2011



S: Statistics Austria.

Table 19: Foreign residents in Austria

	Population		Population change between beginning and end of year				
	Yearly average	Changes absolute	Total change	Birth-death	Migration	Naturalisation	tat. Correctior
			Total				
1995	7.948.278	12.160	9.578	7.498	2.080	0	
1996	7.959.016	10.738	11.899	8.019	3.880	0	
1997	7.968.041	9.025	6.150	4.613	1.537	0	
1998	7.976.789	8.748	11.345	2.894	8.451	0	
1999	7.992.323	15.534	19.725	-62	19.787	0	
2000	8.011.566	19.243	18.760	1.488	17.272	0	
2001[1)]	8.042.293	30.727	42.694	691	32.964	0	9.039
2002[2)]	8.082.121	39.828	36.633	2.268	33.294	0	1.071
2003[2)]	8.118.245	36.124	42.300	-265	39.873	0	2.692
2004[3)]	8.169.441	51.196	58.786	4.676	50.826	0	3.284
2005	8.225.278	55.837	52.939	3.001	44.332	0	5.606
2006	8.267.948	42.670	28.686	3.619	24.103	0	964
2007	8.300.954	33.006	35.608	1.625	34.731	0	-748
2008	8.336.549	35.595	36.668	2.669	34.436	0	-437
2009	8.363.040	26.491	20.030	-1.037	20.596	0	471
2010	8.387.742	24.702	28.962	1.543	27.695		-276
2011	8.420.900	33.158	38.766	1.630	35.604	-	1.532
			Austrians				
1995	7.271.217	4.552	3.040	-2.823	-8.503	14.366	
1996	7.277.307	6.090	9.140	-2.181	-4.306	15.627	
1997	7.284.647	7.340	5.539	-4.650	-5.603	15.792	
1998	7.290.308	5.661	5.784	-6.089	-5.913	17.786	
1999	7.298.368	8.060	10.337	-9.028	-5.313	24.678	
2000	7.309.798	11.430	12.522	-7.483	-4.315	24.320	
2001	7.324.719	14.921	17.320	-7.505	-12.408	31.731	5.502
2002	7.343.758	19.039	20.141	-5.911	-8.372	36.011	-1.587
2003	7.368.318	24.560	34.837	-7.521	-4.528	44.694	2.192
2004	7.406.950	38.632	38.601	-2.571	-3.402	41.645	2.929
2005	7.439.407	32.457	30.674	-4.333	-3.863	34.876	3.994
2006	7.469.723	30.316	20.573	-3.861	-3.751	25.746	2.439
2007	7.481.154	11.431	5.205	-5.883	-4.413	14.010	1.491
2008	7.484.145	2.991	1.146	-5.620	-4.976	10.258	1.484
2009	7.481.201	-2.944	-4.410	-9.198	-5.100	7.978	1.910
2010	7.477.725	-3.476	-3.506	-7.374	-4.163	6.135	1.896
2011	7.474.313	-3.412	-4.163	-7.591	-5.759	6.690	2.497
			Foreigners				
1995	677.061	7.608	6.538	10.321	10.583	-14.366	
1996	681.709	4.648	2.759	10.200	8.186	-15.627	
1997	683.394	1.685	611	9.263	7.140	-15.792	
1998	686.481	3.087	5.561	8.983	14.364	-17.786	
1999	693.955	7.474	9.388	8.966	25.100	-24.678	
2000	701.768	7.813	6.238	8.971	21.587	-24.320	
2001[1)]	717.574	15.806	25.374	8.196	45.372	-31.731	3.537
2002[2)]	738.363	20.789	16.492	8.179	41.666	-36.011	2.658
2003[2)]	749.927	11.564	7.463	7.256	44.401	-44.694	500
2004[3)]	762.491	12.564	20.185	7.247	54.228	-41.645	355
2005	785.871	23.380	22.265	7.334	48.195	-34.876	1.612
2006	798.225	12.354	8.113	7.480	27.854	-25.746	-1.475
2007	819.800	21.575	30.403	7.508	39.144	-14.010	-2.239
2008	852.404	32.604	35.522	8.289	39.412	-10.258	-1.921
2009	881.839	29.435	24.440	8.161	25.696	-7.978	-1.439
2010	910.017	28.178	32.468	8.917	31.858	-6.135	-2.172
2011	946.587	36.570	42.929	9.221	41.363	-6.690	-965

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

Currently the Expert Council on Integration to the Ministry of the Interior is proposing to promote take-up of Austrian citizenship by making naturalisation more accessible under certain conditions. The political debate is heated on this issue but the majority of political parties appear to be in favour.

The net effect of the diverging developments of migration, balance of births over deaths and naturalisations, on the number of citizens in Austria continues to be positive (+33,200). However, the number of Austrian citizens started to decline in 2009, in the main because of restrictions on the acquisition of citizenship. In 2011, the number of Austrians declined by 3,400 to 7,474,300. In contrast, the number of foreigners continues to rise. In 2011, the foreign population increased by 36,600 to 946,600. The proportion of foreigners in the total population has as a consequence risen to 11.2 % in 2011, after 10.8 percent a year ago. (Figure 21)

2. Live births of Austrian and foreign women

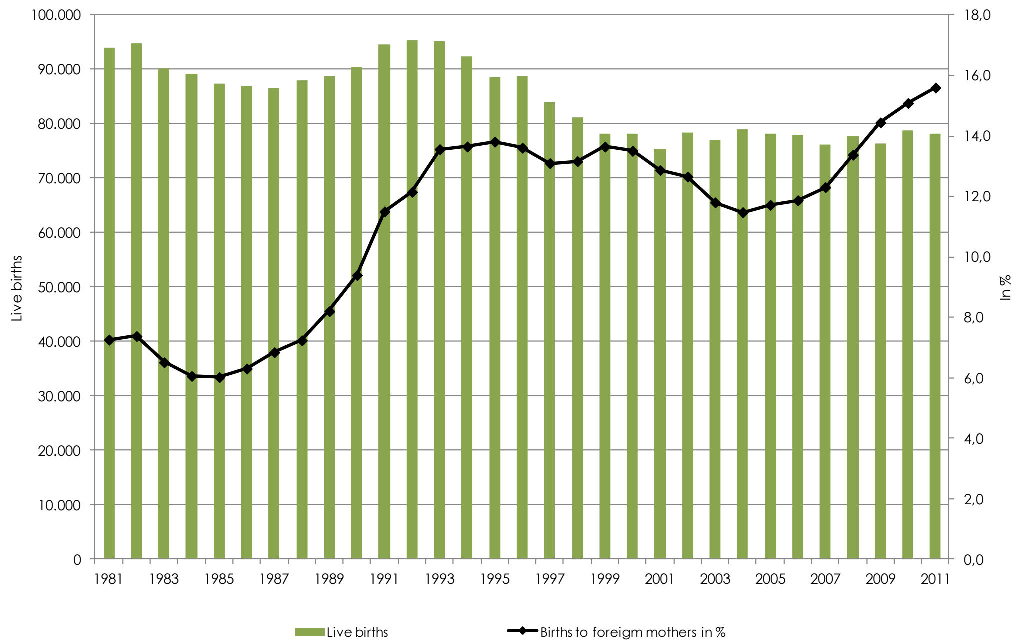
The number of births in Austria has been declining more or less continuously between 1992 and 2001, when a turning point was reached and births started to rise again until 2004. Ever since then the number of live births to Austrian women resumed the declining trend which continued until today. In contrast, the number of births to foreign women followed a rising trend between 1983 and 1993, declined between 1993 and 3003 and resumed the rising trend thereafter. (Figure 22)

The total number of live births has been declining from a peak of 95,300 in 1992 to 88,700 in 1995. It remained at this level in the following year but took a further dip in 1997 which lasted until 2001. In 2002 the number of live births increased again to 78,400, and remained more or less at this level until today. In 2011, the number of live births was 78,100.

The total number of births to Austrian mothers amounted to 65,900 in 2011, and the number of births to foreign women amounted to 12,200. 15.6 percent of all live births are to a foreign mother, the highest proportion so far in Austria.

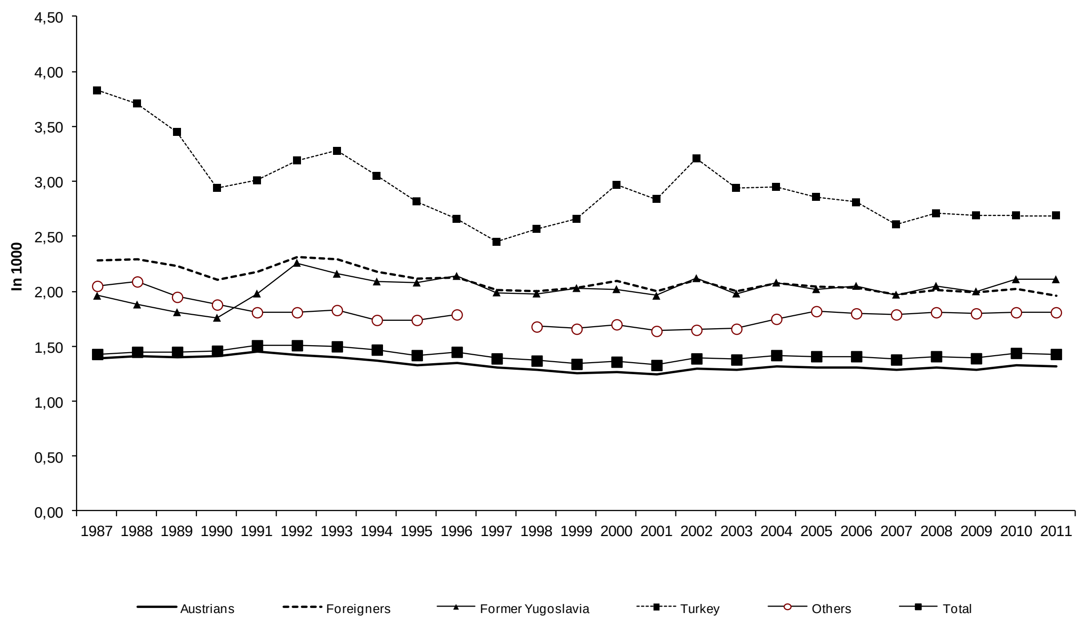
The increase in the number of live births between 1988 and 1992 had thus been short-lived; it had been the consequence of an above average inflow of young migrants who had at the same time an above average fertility compared to Austrians. The declining number of births since then has to be seen as a result of the declining fertility rate of Austrian and foreign women. The fertility rate of Austrian women has stabilised in 1999 at 1.25, while it declined slightly in the case of foreign women from 2.10 1998 to 1.99 in 2001. In 2002 the fertility rate of both, Austrian and foreign women, increased slightly. Since then the rates remained more or less the same for native (2011: 1.32) and foreign (2011: 1.96) women.

Figure 22: Live births of native and foreign women 1981-2011



Source: Statistics Austria.

Figure 23: Total fertility rate of Austrian and foreign women
Average number of children per woman (1987-2011)



Source: Statistics Austria.

Figure 23 indicates that the fertility rate of foreign women is around the reproduction rate with 1.96 in 2011, somewhat lower than the rate of women from former Yugoslavia (2.11 in 2011), while the rate of Austrian women is clearly below the reproduction rate (2011: 1.32); the fertility rate of Turkish women is above the reproduction rate; it is somewhat unstable over time but more or less stagnating since 2007 at 2.69, after a declining trend.

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

3. Naturalisations and their composition

The rate of naturalisations follows with a certain time lag the waves of immigration. It increased in the course of the 1970s, in the wake of the consolidation of foreign worker employment, family reunion and eventual settlement; it declined in the early 1980s and fluctuated at a relatively low level of 2.2 percent of the foreign population between 1987 and 1995. Thereafter, the naturalisation rate rose, reaching the peak in 2003 with 5.9 percent of the foreign population; after that peak the naturalisation rate declined again, reaching a low of 0.7 percent in 2011. (Table 20 and Figure 21)

The largest nationality group which takes up Austrian citizenship is from former Yugoslavia. With 2,800 naturalisations it constitutes 42% of all naturalisations. The largest nationality group amongst them are from Bosnia-Herzegovina. Next in line are persons from Turkey (17.5% of all naturalisations). The major source countries of the 'new' Austrians continue to be in Europe. However, more and more persons from outside Europe take up Austrian citizenship. In 2011, 23.3% of all naturalisations (1,600) relate to someone outside of Europe.

In 2011, 35% of all naturalisation go to a person born in Austria, in the main second generation migrants. This conforms well to the age composition of the naturalised persons of 2011: 38% were under the age of 18, 61% in the main working age (19-59) and a small number was over 60 (1.5%). Somewhat more than half of all naturalised persons were women in 2011. 15% of all naturalisations went to refugees (Geneva Convention).

The law regulating naturalisation specifies that foreigners may apply for citizenship after 10 years of legal residence. The communities have a certain discretionary power in granting citizenship, i.e., under certain conditions a foreigner may be naturalised after less than 10 years residence.

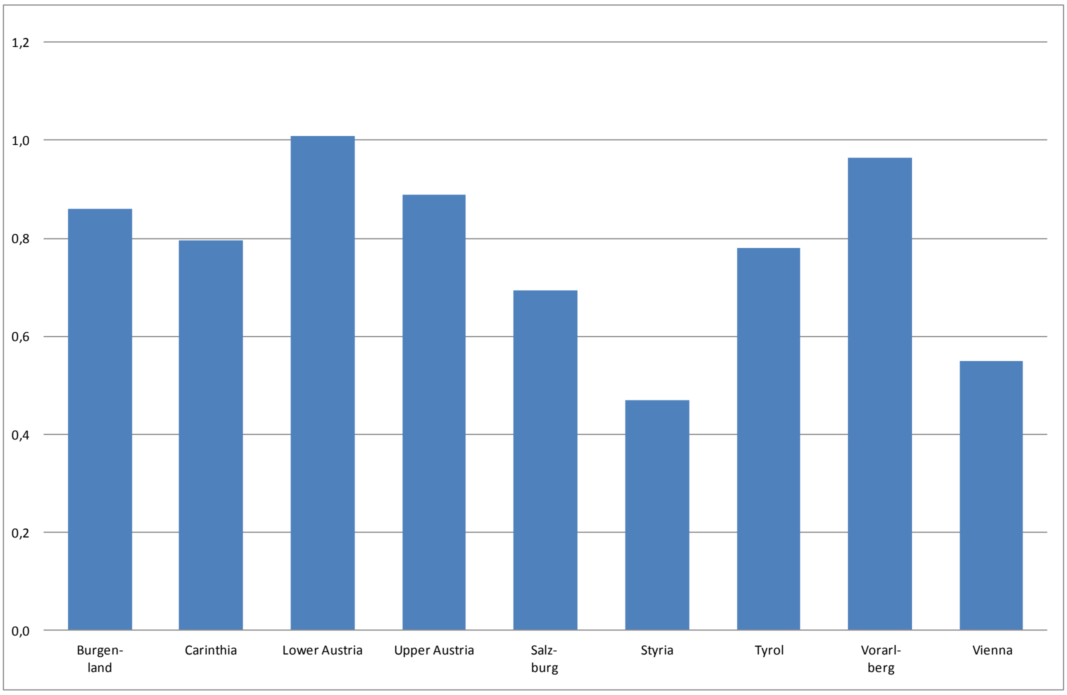
Table 20: Naturalisations in Austria

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

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

Citizens of the EU/EEA may apply for Austrian citizenship after 4 years of residence, in contrast to citizens of third countries who have to prove 10 years of residence. Exceptions are cases of special service to the country or special talent, e.g., artists, high achievers in sports, science, business, etc.

Figure 24: Naturalisation rate in the 9 Bundesländer (in %) 2011



Source: Statistics Austria.

In 2011, 30% of all naturalisations went to Vienna, even though only 20% of the Austrian population live in Vienna, while 14% of the Austrian population live in Styria and only 6% of the newly naturalised persons. The differences in the regional structure reflect on the one hand differences in the shares of migrants and their composition by country of origin, on the other procedural differences. The naturalisation rate is highest in Lower Austria and Vorarlberg with 1% of the foreign population each, followed by Upper Austria and Burgenland (0.9% each), and lowest in Styria with 0.5%.

Between 1991 and 2011 432,500 foreigners took up Austrian citizenship, about two third from the traditional recruitment areas of migrant workers, the region of former Yugoslavia (165,000, 38 percent) and Turkey (122,100, 28 percent). In contrast – over the period 1980 to 1990, 96,600 foreigners were naturalised, of whom 25 percent from the above countries of origin. Then Germans and citizens of the former 'Eastern Block' were the main contenders.

4. Foreign born population

Since 2001 (census) Statistics Austria provides information on the population with migrant background (foreign born). In January 2012, 16 percent of the Austrian population were first generation migrants (1.349 million of a total of 8.443 million inhabitants), compared to 14.7% in 2007 and 12.5% in 2001. (Table 21)

Table 21: Foreign born at the beginning of the year 2007 to 2012

Country of birth	2007	2008	2009	2010	2011	2012
Total	**8.282.984**	**8.318.592**	**8.355.260**	**8.375.290**	**8.404.252**	**8.443.018**
Austria	7.067.289	7.072.276	7.078.162	7.082.440	7.088.740	7.094.012
Foreign	1215.695	1246.316	1277.098	1292.850	1315.512	1349.006
Foreign born in %	14,7	15,0	15,3	15,4	15,7	16,0
of Whom						
EU-MS/EEA	**483.121**	**502.906**	**522.288**	**532.625**	**549.134**	**572.337**
MS before 1995 (EU-14)	233.482	243.828	254.378	260.382	268.340	276.051
Germany	169.830	178.386	187.023	192.470	198.525	203.846
MS 2004 (EU-10)	176.705	179.594	182.802	183.304	185.535	193.808
MS 2007 (EU-2)	58.528	64.891	70.298	73.993	79.990	86.960
CH +others EEA	14.406	14.593	14.810	14.946	15.269	15.518
Non-EU-MS	**732.574**	**743.410**	**754.810**	**760.225**	**766.378**	**776.669**
By continents						
Other Europe	561580	566.106	571379	573.143	576.438	579.266
Former Yugoslavia	373.301	374.154	375.278	374.704	376.149	376.841
Turkey	154.088	155.941	157.750	159.038	159.891	160.145
Others	34.191	36.011	38.351	39.401	40.398	42.280
Africa	38.082	38.817	39.657	40.371	40.715	41938
America	26.669	27.885	29.083	29.720	30.560	31702
Asia	95.940	99.818	103.302	106.820	109.123	114.736
Oceania	2.434	2.514	2.649	2.660	2.726	2.857
Unknown	7.869	8.270	8.740	7.511	6.816	6.170

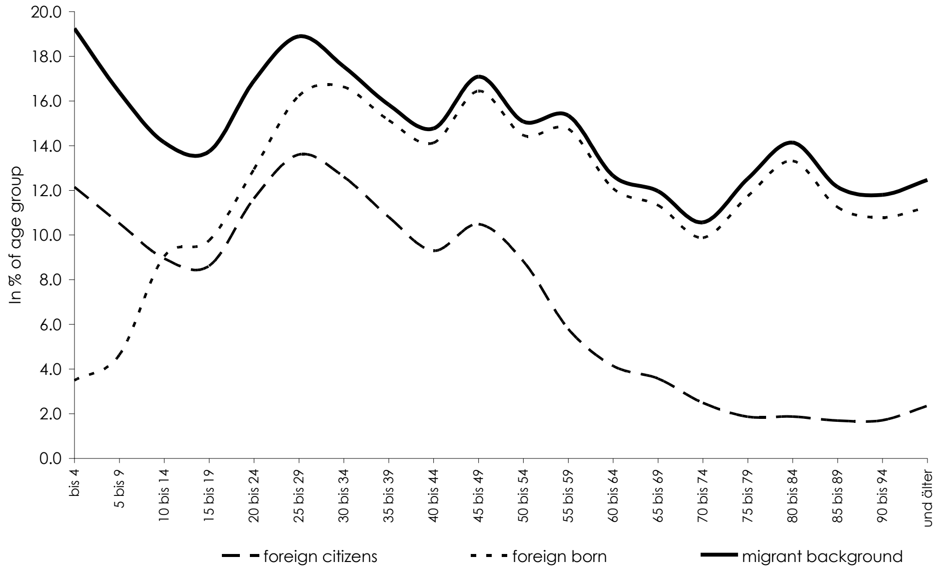
Source: Statistics Austria.

The most important source regions of migrants to Austria are from third countries (58% of the foreign born in January 2012), above all from former Yugoslavia (28% of the foreign born), followed by the EU-14 (20.5% of foreign born), in particular from Germany (15% of foreign born). People from Turkey constitute 12% of all foreign born in 2012 in Austria.

The combination of foreign born with citizenship allows a further differentiation of persons with migrant background, namely second generation migrants who were born in Austria to first generation migrants and who continue to be foreign citizens. This number amounted to 144,400 or 14.9 percent of the total foreign resident population in January 2012 (after 137,100 or 14.8 percent in January 2011). Thus, the proportion of first generation migrants plus second generation migrants born in Austria with foreign citizenship is 17.7 percent in the total population (1.493 million) in January 2012.

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 at that time. Figure 25 shows that the proportion of persons with migrant background so defined is not spread evenly across age groups, as immigrants tended to enter in waves[30]. The situation of the first and second generation migrants is increasingly the focus of policy, making integration a key policy issue in regions with a long tradition of immigration, above all Vienna, Vorarlberg, Upper Austria and Lower Austria. Differentiated analyses of the situation of immigrants are being undertaken, e.g., for Vienna, Lower Austria and Burgenland (*Biffl et al.*, 2008/ 2009)

Figure 25: Foreign citizens, foreign born and persons with migration background in percent of total population in Austria in 2001



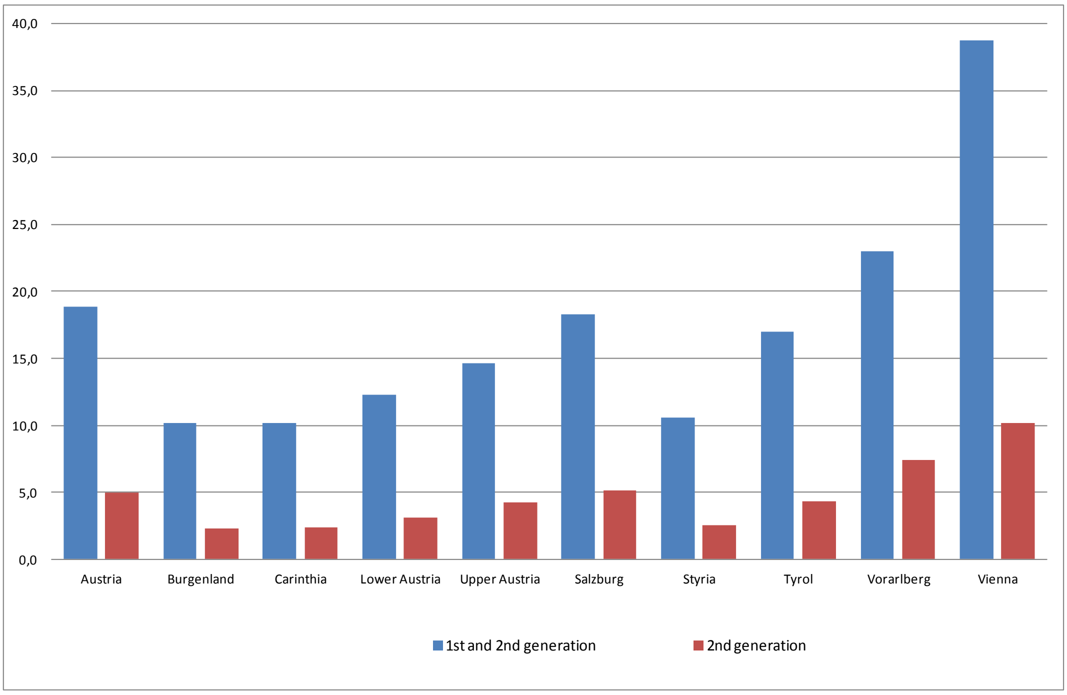
Source: Statistics Austria, Own calculations.

Another source of information on foreign born is the Labour Force Survey. According to this data source, the share of foreign born in the population has consistently been some 2 percentage points lower than the proportion of foreigners or the foreign born in the population according to the population register. In 2011 (annual average), the share of foreign born according to the LFS amounted to 13.9% (compared to 15.7% of the population register). The numbers amounted to 1.1 million (rather than 1.3 million in the population register of January 2011). The number of second generation migrants (both parents born abroad) amounted to 415,400 or 5% of the population. Thus, according to the LFS, the

30 For a detailed analysis and methodological issues see *Biffl et al.* (2008).

proportion of first and second generation migrants taken together amounted to 18.9% of the Austrian population in 2011. (Figure 26)

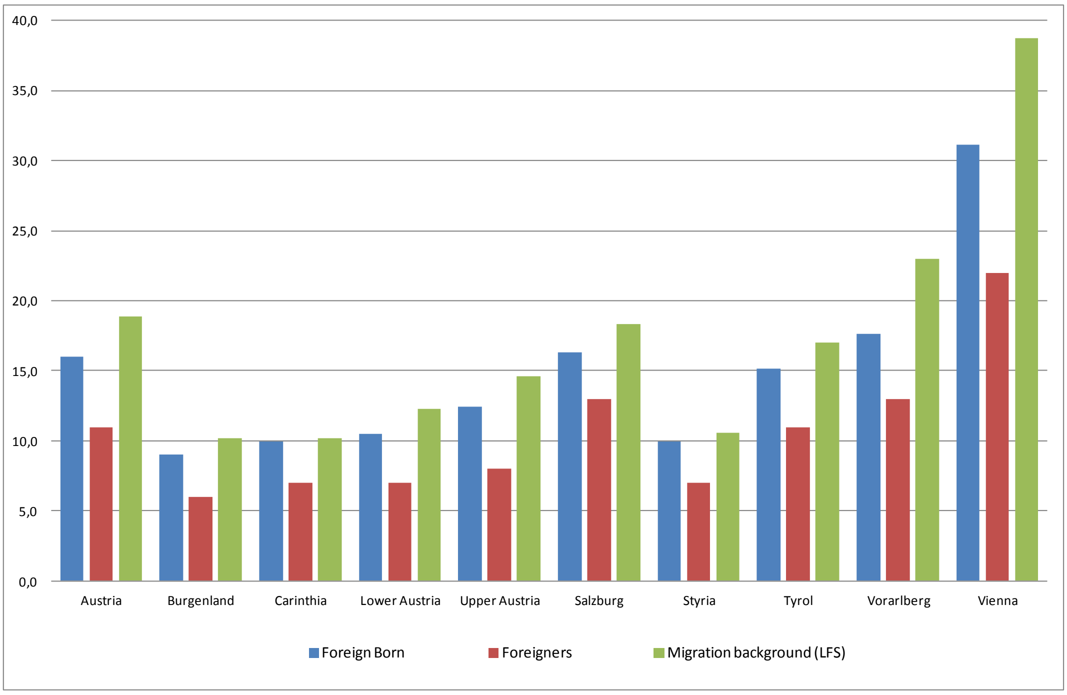
Figure 26: First and second generation migrants as a proportion of total population by region in Austria in %: 2011



Source: Statistics Austria, LFS. Own calculations.

If one combines the information of the various sources, i.e. the population register (foreign born and foreign citizenship) and the Labour Force Survey (migrant background), one can see the impact of naturalisations and thus of the duration of stay of migrants respectively the differing behaviour pattern of migrants of various source regions. The share of foreigners in total population is lower than the share of first generation migrants in total population (foreign born), which in turn is surpassed by persons with migrant background, i.e. first plus second generation migrants. In Austria, the city of Vienna has a long tradition of immigration with on average 38.8% of the population having a migration background (first and second generation migrants). In contrast, Burgenland, the easternmost region, and Styria in the South have relatively small numbers of migrants as immigration is a relatively recent phenomenon. (Figure 27)

Figure 27: Foreign born, foreign citizens and persons with migrant background (first and second generation migrants) in % of total population by region (2011)



Source: Statistics Austria, LFS. Own calculations.

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

According to the LFS of 2011, about one third of the foreign born migrants are from another EU-MS and two thirds are from third countries, quite the opposite of the flow data. This is the consequence of a long history of migration from third countries. It is going to take some time until the composition of stocks will tip in favour of EU-citizens, who are dominating the more recent inflows.

The single largest third country group is born in former Yugoslavia, namely 354,600, followed by Turkey (167,000). As Table 22 indicates, only a fairly small proportion of the foreign born has come to Austria before 1980 – mainly as guest workers, namely 189,500 or 12.5%. Thus the majority of the foreign born have come after 1989, either as refugees (largely from former Yugoslavia), as family members in the wake of family reunification and formation or as economic migrants, largely from the EU. The development indicates that the rise of immigrant flows from EU-MS is a relatively recent phenomenon, linked to free mobility of labour which acts as a facilitator of mobility.

Table 22: Migrant Population in Austria: 2011

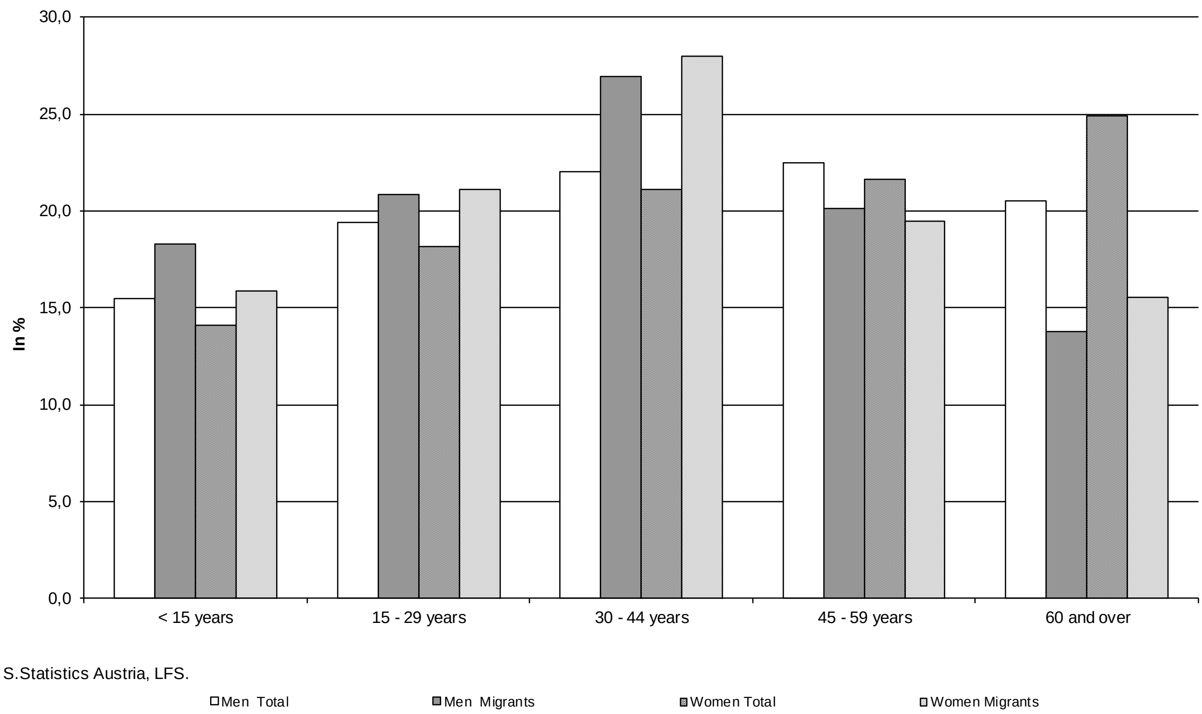
Characteristics	Population in private households	Migrants		
		Total	1 Generation	2. Generation
	in 1000			
Total	**8.315,9**	**1.568,6**	**1.153,3**	**415,4**
		Country of birth of parents [1)]		
Austria	6.747,2	.	.	.
EU-Member State (excluding Austria)	522,8	522,8	425,2	97,5
Non EU-Member State	1045,8	1045,8	728,0	317,8
of wich: Ex-Yugoslavia	513,0	513,0	360,5	152,5
Turkey	280,4	280,4	168,0	112,4
		Citizenship		
Austria	7.399,7	700,8	410,2	290,6
EU-Member State (excluding Austria)	364,1	339,8	310,1	29,7
Non EU-Member State	552,1	528,0	432,9	95,0
of wich: Ex-Yugoslavia	291,7	280,3	223,1	57,3
Turkey	113,2	110,8	87,9	22,9
		Country of birth		
Austria	7.064,0	415,4	.	415,4
EU-Member State (excluding Austria)	501,3	432,4	432,4	.
Non EU-Member State	750,6	720,9	720,9	.
of wich: Ex-Yugoslavia	359,5	354,6	354,6	.
Turkey	168,1	167,0	167,0	.
		Year of immigration		
Born in Austria	7.064,0	415,4	.	415,4
before 1980	238,5	189,5	189,5	.
1980 - 1989	167,3	158,7	158,7	.
1990 - 1999	356,7	345,1	345,1	.
after 1999	489,4	459,9	459,9	.
after 2002	384,6	361,0	361,0	.
		Age, Gender		
Men	**4.066,8**	**752,5**	**538,4**	**214,1**
< 15 years	629,3	137,6	26,7	110,9
15 - 29 years	790,8	156,9	105,0	51,9
30 - 44 years	896,3	202,7	177,0	25,7
45 - 59 years	914,2	151,5	141,1	10,4
60 years and over	836,2	103,9	88,6	15,2
Frauen	**4.249,1**	**816,1**	**614,9**	**201,3**
< 15 years	598,9	129,7	25,2	104,5
15 - 29 years	772,5	172,2	125,2	47,0
30 - 44 years	897,3	228,7	203,4	25,3
45 - 59 years	920,6	158,8	149,3	9,5
60 years and over	1059,7	126,7	111,7	15,0

S: STATISTICS AUSTRIA, Microcensus-Labour Force Survey 2011.

Definition of migration background according to "Recommendations for the 2010 censuses of population and housing", p. 90, United Nations Economic Commission for Europe (UNECE; see www.unece.org/stats/documents/2010.00.census.htm). - Persons of migrant background are those where both parents are foreign born; first generation migrants are foreign born, second generation migrants are born in Austria to first generation migrants. - 1) "Austria" means that at least one parent is born in Austria; if both parents are born abroad but in different coumntries, the country of birth of the mother is taken.

As Figure 28 indicates, migrants are on average younger than natives. The share of youth of less than 15 years is larger among the immigrants than among natives, just as the share of 15-44 year olds. In contrast, natives are to a much larger extent than migrants 60 years or older.

Figure 28: Migrants and total population by age and gender: 2011



S.Statistics Austria, LFS.

The gender distribution is not quite balanced. In 2011, 752,500 male migrants (first and second generation) were registered, 18.5% of the total male population, compared to 816,100 female migrants, 19.2% of the total female population in Austria. The number of migrant women surpasses the number of male migrants in all age groups except the under15 year olds, where the boys make up 52% of all migrants.

5. Development of mixed marriages

The number of total marriages in Austria has been stable for a long time – apart from some temporary increases as a result of a marriage bonus. The introduction of a bonus system never had any long run impact on marriage behaviour, it did, however, have a significant effect upon the number of first marriages in the period, in which tax benefits were granted or a marriage bonus, i.e., in the 1970s and 1980s (see Figure 29 and Table 23). Also foreigners had access to the marriage bonus. In the 1990s one discontinued with the policy to provide incentives to marry, as these incentives did not have the effect hoped for, namely an increase in the fertility rate.

Figure 29: Total marriages and marriages of nationals
1972-2011

Source: Statistics Austria.

With the ageing of the population, marriages follow a long-term declining trend, which set in in the early 1990s. It affects Austrians as well as foreigners. In 2008, the declining trend in the number of marriages came to a halt at 35,200. Since then the numbers increase again and reached 37,500 in 2010; this rise was short-lived, however; in 2011 the number of first marriages declined to 36,400. The decline affected only Austrians. While the number of Austrians (both spouses) marrying declined from 28,700 to 27,500, the number of foreigners (both spouses) increased from 1,900 to 2,100. The number of mixed marriages declined continuously from 2004 till 2009 to 6,300. In 2010 their numbers increased only slightly to 6,900 and remained constant in 2011. This may be taken as an indication that it becomes more difficult for poor Austrians (often with migrant background) to marry a third country citizen (legislative reform of family formation and reunification). Above all Austrian women who marry a foreign spouse are experiencing significant declines in marriage rates (–2,200 or 46 percent between 2004 and 2011). But also Austrian men marrying a foreign spouse experienced significant declines over that time span (–1,700 or 28 percent).

The proportion of marriages with both spouses nationals has declined significantly over the last 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 75.5 percent in 2011. The share of foreign marriages (with both spouses foreigners) increased from 0.7 percent 1971 to 5.7 percent 2011. 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 18.9 percent in 2011. 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

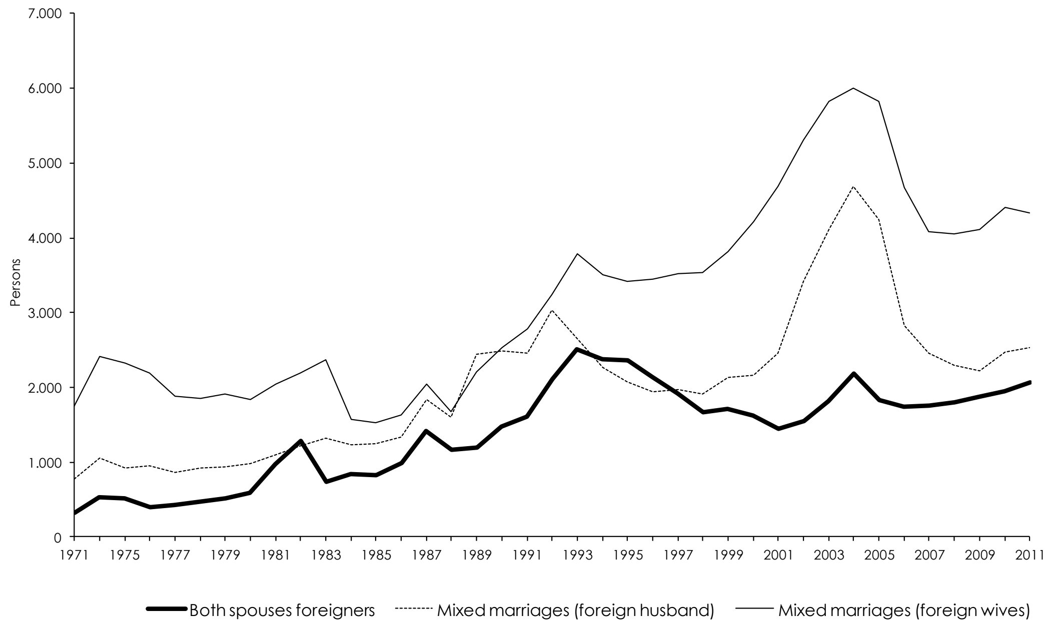
2003, and declined thereafter to 11.9 percent in 2011. In contrast, only 1.6 percent of all marriages in 1971 were mixed, with the wife being Austrian and the husband foreign. This share has increased over time as well, particularly in the early years of 2000, reaching 12.2 percent in 2004. Since then the share of marriages of Austrian women with a foreign spouse has almost halved to 7 percent in 2011.

Table 23: Marriages of Nationals and Foreigners

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

Source: Statistics Austria.

Figure 30: Mixed marriages and marriages of foreigners
1971-2011



Source: Statistics Austria.

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

IV. Employment and unemployment of foreign workers

1. Employment of foreign workers

According to social security data, Austria counted 488,900 foreign wage and salary earners in 2011, i.e., 37,700 or 8.3 percent more than a year ago. This meant that more than half of the total employment increase in 2011 accrued to migrants. Accordingly, the foreign worker share in total employment rose to 14.3 percent.

Of the total number of foreign employees 222,700 are citizens from the EEA/EU 27, of whom 110,500 from the old member states (EU 14/EEA/CH) and 112,100 from the new MS (EU 12). Thus, 45.5 percent of foreign workers are EU 27/EEA citizens and 54.5% of third country origin (266,300) (Table 24).

The share of EU citizens amongst foreign wage and salary earners in Austria is rising for every single EU-MS: In 2000, only 10% of foreign wage and salary earners were EU 14/EEA/CH citizens compared to 23% today. Also the share of EU-10 and EU-2 citizens has risen since EU enlargement; accordingly, employees from the 12 new EU MS constitute another 23% of the foreign work force.

In contrast, third country citizens are making up a continuously smaller share of foreign workers. Their numbers continue to rise, however, just not to the same extent as the numbers of EU/EEA citizens. Thus, in 2011 they made up 54.5% of the foreign workforce compared to 70% in 2004, their numbers had, however, risen from 251,800 to 266,300 over that time span.

Table 24: Foreign employment by major source regions

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

Table 25: Foreign wage and salary earners in Austria from 1961-2010
Annual average

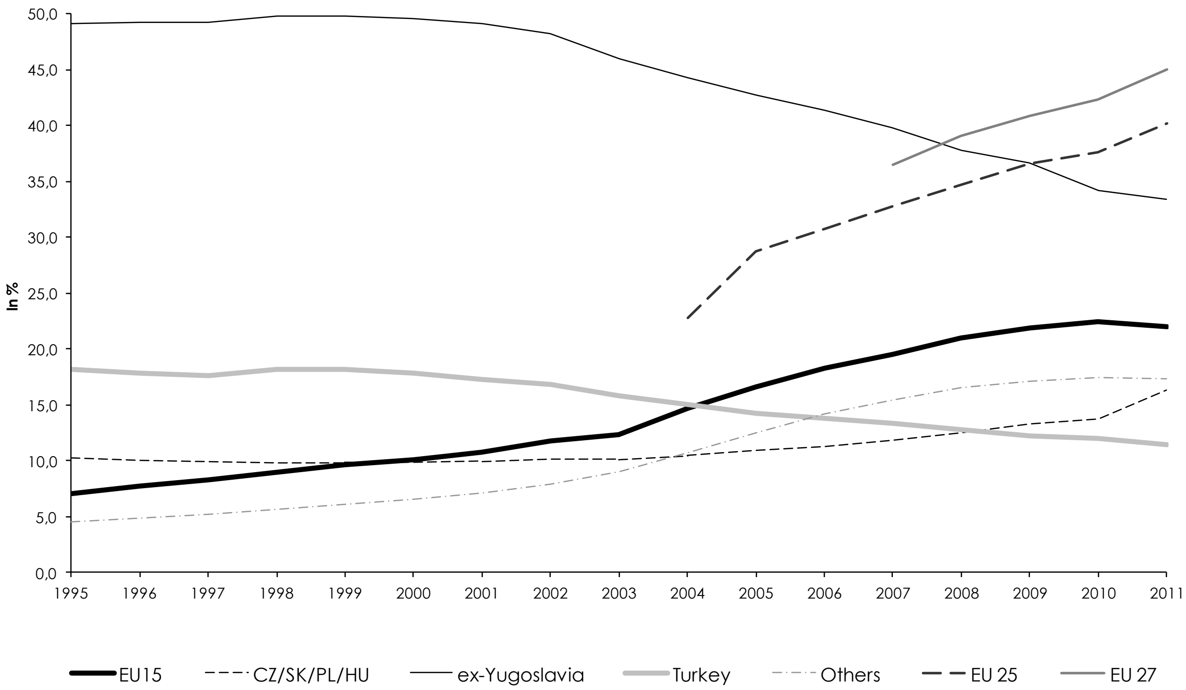
	Foreign[1] workers	Changes		Share in total active employment
		Absolute	Percent	In percent
1968	67,500	1,300	2.0	2.9
1969	87,700	20,200	29.9	3.7
1970	111,715	24,015	27.4	4.7
1971	150,216	38,501	34.5	6.1
1972	187,065	36,849	24.5	7.4
1973	226,801	39,736	21.2	8.7
1974	222,327	-4,474	-2.0	8.4
1975	191,011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

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.

A) The composition of foreign labour by nationality and gender

The composition of foreign labour by nationality is changing. The most pronounced development of the past few years is the rising share of EU citizens in the foreign workforce. In the wake of EU enlargement in 2004 it rose to almost 35%, and after EU enlargement of 2007 to almost 39%. In 2008, the share of EU-27 citizens in the foreign work force exceeds the share of workers from the region of pre-war Yugoslavia for the first time (38%). This shift marks a historic transition, especially in light of the fact that citizens from (former) Yugoslavia accounted for more than three quarters of foreign labour in Austria in 1970 and amounted to almost half of foreign workers up until 2002. Most of the foreign workers from the new EU MS are citizens from the Czech Republic, Slovakia, Poland and Hungary, i.e., nationalities that made up a sizable proportion of the foreign workforce in Austria even before EU-enlargement. (Figure 31)

Figure 31: Composition of foreign labour by region/country of origin: 1995-2010



Source: Federation of Austrian Social Security Institutions.

The data indicate that the absolute number of workers from EU 27 countries follows a clear and steep rising trend (+70,000, +46% from 2007 to 2011), while the absolute number of workers from the region of pre-war Yugoslavia remains rather stable between 2007 and 2011, the proportion of migrant workers is on a steep decline. The same holds for Turkey, apart from cyclical fluctuations. Thus, the proportion of EU citizens working in Austria can be expected to continue to rise at the detriment of the source regions of the former foreign workers.

Table 26: Foreign workers by nationality 1971-2011[1]
Annual average

	Foreign workers	EU-15	of which:	EFTA	EU-25	Yugoslavia (1)	Yugoslavia (2)	Croatia	Bosnia	Turkey	Others
	Total		Germany								
		In percent									
1971	150.200	.	3.0	.		76.0		.	.	13.1	7.0
1972	187.100	.	2.8	.		77.7		.	.	11.4	7.2
1973	226.800	.	2.5	.		78.5		.	.	11.8	6.4
1974	222.300	.	2.6	.		76.2		.	.	13.5	7.0
1975	191.000	.	3.1	.		73.9		.	.	14.1	8.0
1976	171.700	.	6.2	.		70.2		.	.	14.3	8.3
1977	188.900	.	6.3	.		69.7		.	.	14.3	8.7
1978	176.700	.	6.6	.		68.5		.	.	14.8	8.9
1979	170.600	.	6.8	.		67.2		.	.	15.6	9.2
1980	174.700	.	6.9	.		65.9		.	.	16.2	9.8
1981	171.800	.	7.1	.		64.5		.	.	16.9	10.3
1982	156.000	.	7.6	.		62.0		.	.	18.3	10.6
1983	145.300	.	7.8	.		61.4		.	.	19.0	10.5
1984	138.700	.	8.0	.		59.9		.	.	20.0	10.7
1985	140.200	.	8.0	.		58.5		.	.	20.8	11.4
1986	146.000	.	7.8	.		57.3		.	.	21.4	12.1
1987	147.400	.	7.8	.		56.0		.	.	22.2	12.6
1988	150.900	.	7.9	.		55.1		.	.	22.7	14.3 2)
1989	167.400	.	7.4	.		54.3		.	.	23.4	14.9 2)
1990 2)	217.600	.	6.0	.		50.8		.	.	23.2	20.0 2)
1991 3)	266.500	7.2	5.1	0.7		48.5		.	.	21.6	22.0 2)
1992	273.900	6.9	5.0	0.7		48.8 4)		0.4	.	20.3	22.4
1993	277.500	6.9	5.0	0.7		45.6		2.3	1.2	19.6	22.1
1994 4)	291.000	6,3	4,2	0,3		44,4		1,3	2,3	18,6	26,7
1995	300.300	7,1	4,5	0,1		43,1	49,2	1,6	3,6	18,2	25,5
1996	300.400	7,8	4,9	0,1		42,0	49,3	1,8	4,5	17,8	25,1
1997	298.800	8,3	5,2	0,1		41,3	49,3	1,9	5,0	17,7	24,6
1998	298.600	9,0	5,7	0,1		41,0	49,8	2,1	5,5	18,2	22,9
1999	306.400	9,7	6,1	0,1		40,1	49,8	2,3	6,0	18,2	22,3
2000	319.900	10,1	6,5	0,1		38,8	49,5	2,6	6,6	17,9	22,4
2001	329.300	10,8	7,1	0,1		37,3	49,1	3,0	7,3	17,3	22,7
2002	334.400	11,8	7,9	0,1		35,8	48,2	3,2	7,6	16,8	23,1
2003	350.400	12,4	9,0	0,1		33,4	46,0	3,2	7,6	15,9	25,7
2004	362.300	14,7	10,8	0,1	22,8	31,3	44,3	3,3	7,6	15,1	25,8
2005	374.200	16,6	12,6	0,1	28,8	29,1	42,8	3,4	7,6	14,3	26,3
2006	390.700	18,3	14,2	0,1	30,8	26,9	41,4	3,5	7,5	13,8	26,4
2007	412.578	19,6	15,5	0,1	32,8	24,8	39,9	3,5	7,5	13,4	27,1
2008	437.055	21,0	16,5	0,1	14,0	22,5	37,8	3,5	7,3	12,8	28,3
2009	431.552	21,9	17,2	0,1	14,7	21,0	36,6	3,5	7,3	12,2	29,1
2010	451.276	22,4	17,4	0,1	15,3	19,1	34,2	3,5	7,1	12,0	31,3
2011	488.934	22,1		0,1	18,1	17,1	33,4	3,5	6,9	11,5	33,0

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.

Accordingly, the share of EU 15 citizens has been rising from 7.1 percent of the foreign workforce in 1995 to more than 22 percent in 2011. The major influx is from Germany –

Germans account for 79% of all EU 15 citizens in the Austrian workforce. But increasingly also Italians, French, Dutch, and British citizens take up work in Austria.

In contrast, the share of persons from the region of pre-war Yugoslavia has been declining from 49 percent in 1995 to 33.4 percent 2011. Within that group, the share of persons from Croatia is rather small (3.5 percent of all foreign workers in 2011). 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 2011, they accounted for 6.9 percent of all foreign workers. The Slovenes, now a new EU-MS, account for 1.6 percent of all foreign workers. More than half of all workers from pre-war Yugoslavia continue to have the "old" Yugoslavian citizenship. This indicates that they are immigrants who have been in Austria for a long time. They accounted for 17% of all foreign workers in 2011 (a subgroup of the 33.4% that include all the immigrants from the region of pre-war Yugoslavia).

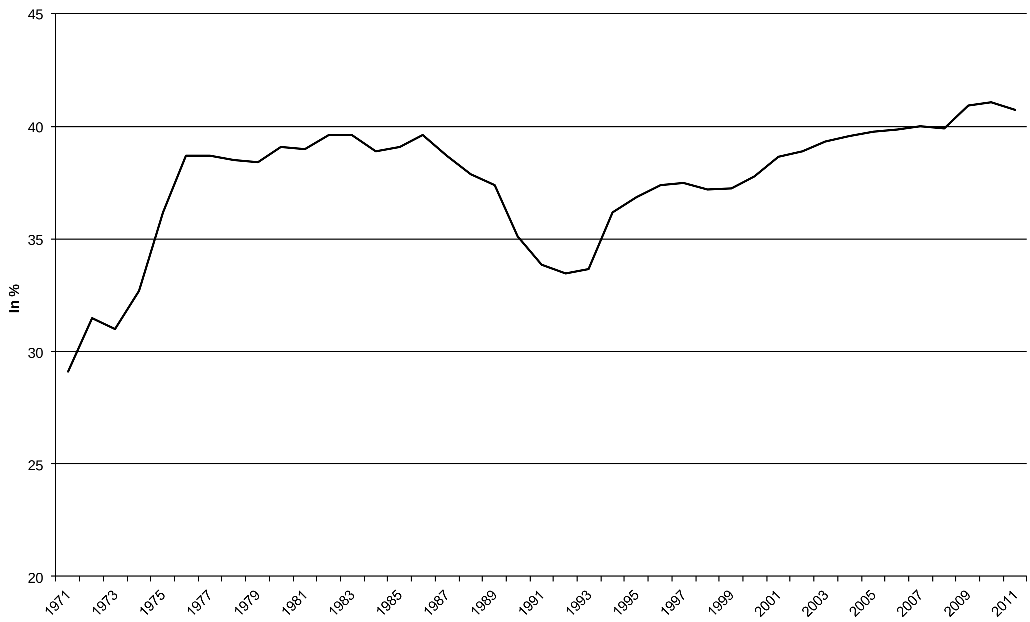
The share of Turks in foreign employment has declined between 1989 and 1997 from 23.4 percent to 17.7 percent. In 1998 their numbers increased again more than proportionately to a share of 18.2 percent of all foreign workers – basically as a result of the implementation of the association agreement of 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 11.5 percent in 2011; this is their lowest share in foreign employment since the late 1970s. This is the result of a reduction in inflows, of naturalisations and the beginning of return migration to Turkey (Biffl 2012).

Ever since 1993, the employment opportunities of foreign women improved relative to foreign men. The share of women in foreign employment rose from 33.5 percent in 1992 to 40.8 percent in 2011. Over that time span the proportion of women in foreign employment remained clearly below the Austrian average (2011: 46.7 percent). (Figure 32)

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 2011 (46.4 percent). Next in line are Croatians (43.7 percent) and Bosnians (42.1 percent). The lowest proportion of women in total employment is amongst Macedonians (35.5 percent) but rising, and Turks (33 percent) but declining.

Figure 32: Female employment share in total foreign employment (salaried employment) 1971-2011



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

	2001				2011			
	Male	Female	Total	Female	Male	Female	Total	Female
Nationalities				In %				In %
Yugoslavia	39.536	31.286	70.822	44,2	17.984	15.583	33.567	46,4
Croatia	15.587	10.299	25.886	39,8	13.991	10.866	24.858	43,7
Bosnia	23.968	17.013	40.981	41,5	22.057	16.041	38.099	42,1
Macedonia	3.403	936	4.339	21,6	4.217	2.318	6.535	35,5
Turkey	31.727	11.932	43.659	27,3	20.058	9.859	29.917	33,0
Others	34.356	14.013	48.369	29,0	45.742	31.564	77.306	40,8
Total	152.980	87.081	240.061	36,3	124.049	86.232	210.281	41,0

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

The lifting of labour market entry barriers to Turkish citizens as a result of the implementation of agreements of the EU with Turkey in 1997 tended to raise the share of women in the employment of Turks in Austria from 24.8 percent in 1997 to 33 percent in 2011; the rise slowed down over time and declined in the most recent past, partly due to limited work opportunities in their major skill segments, partly due to marriage of Turkish men in Austria who look for wives in Turkey, who tend to stay at home. Women from other countries, largely from CEECs, have low proportions, largely because of a high degree of clandestine work, in particular in domestic and care services; but signs are for the better as female employment shares are rising, reaching 41 percent in 2011, after 36 percent in 2001. (Table 27)

B) Industrial structure of foreign employment

The industrial structure of employment before and after 2007 can not be compared without a significant margin of error due to the introduction of a new industrial classification (statistical break). Accordingly, we do not take a longer term perspective but compare the employment structure by industries between June 2008 and June 2011 (ÖNACE 2008). The industrial structure of employment in the middle of the year provides a relatively good estimate of the average annual employment development.

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

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

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

The construction sector exhibited a similar cyclical employment pattern as manufacturing. Accordingly, the number of wage and salary earners in June 2011 remained below the values of June 2008 (-1,200 or -0.5%). The share of foreign workers is higher than in manufacturing with 21.8% in June 2011 and the employment decline in the crisis year of 2009 affected migrants proportionately, keeping their employment share constant between 2008 and 2009. In 2010 and 2011 it was above all foreign workers who found employment such that their employment levels in June 2011 clearly surpassed those of 2008 (+4,300 or 8.3%). T

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

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

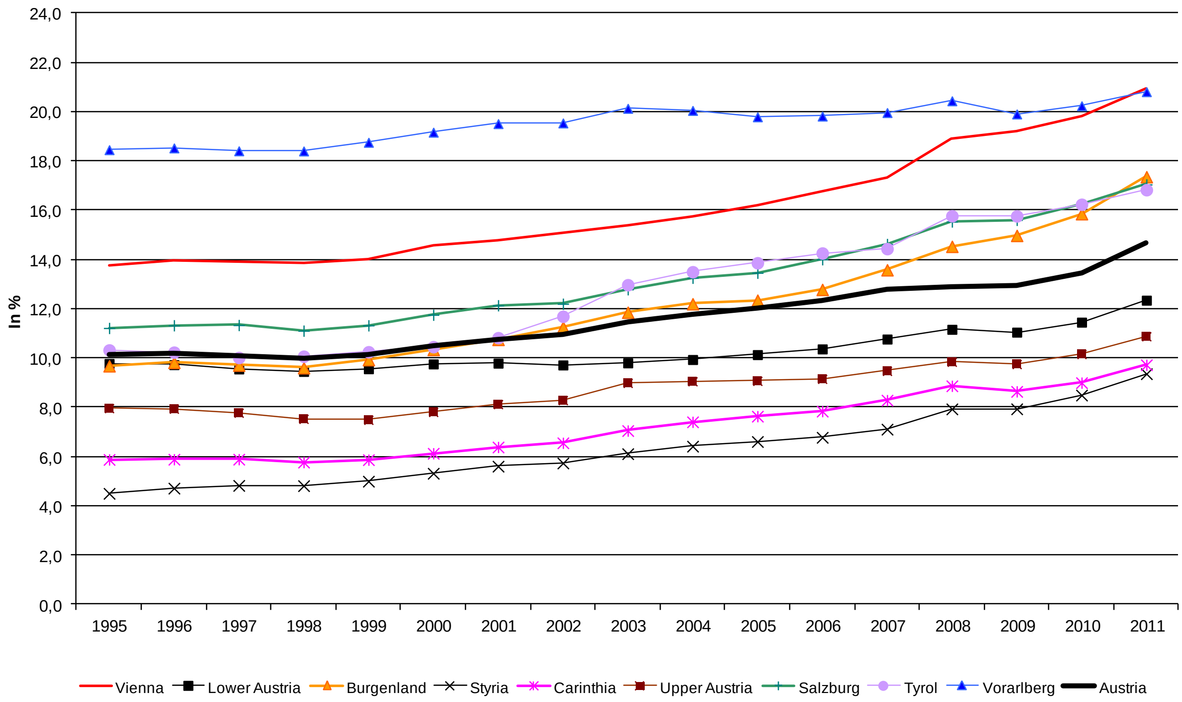
		Total				Change versus a year ago 2010/2011		Foreign workers				Change versus a year ago 2010/11		rs in % of total 2011
	Industries(ÖNACE 2008)	June 2008	June 2009	June 2010	June 2011	Numbers	In %	June 2008	June 2009	June 2010	June 2011	Numbers	In %	In %
A	Agriculture and Forestry	23.734	23.152	24.512	26.441	1.929	7,9	10.893	11.486	12.783	14.159	1.376	10,8	53,5
B	Mining, stones and minerals	6.359	6.149	6.120	6.012	-108	-1,8	537	509	523	502	-21	-4,0	8,3
C	Production of Commodities	605.036	568.537	561.525	571.697	10.172	1,8	81.325	74.585	75.350	80.534	5.184	6,9	14,1
D	Energy Supply	26.828	26.554	26.611	25.214	-1.397	-5,2	489	567	612	633	21	3,4	2,5
E	Watersupply and environmental clean u	13.989	13.954	14.069	14.486	417	3,0	1.697	1.598	1.783	1.961	178	10,0	13,5
F	Construction	260.808	257.771	257.151	259.596	2.445	1,0	52.329	51.927	52.847	56.673	3.826	7,2	21,8
G	Trade, repairworks	509.487	502.402	503.661	515.479	11.818	2,3	61.224	61.560	62.171	68.054	5.883	9,5	13,2
H	Transport and Storage	193.322	186.407	182.982	182.187	-795	-0,4	27.798	26.725	26.726	28.551	1.825	6,8	15,7
I	Tourism	185.823	182.936	187.096	193.406	6.310	3,4	62.581	62.893	65.508	71.880	6.372	9,7	37,2
J	Information and Communication	70.677	70.490	70.303	73.512	3.209	4,6	5.217	5.468	6.295	7.035	740	11,8	9,6
K	Financial Services, Insurance	119.848	119.499	118.228	117.059	-1.169	-1,0	6.241	6.582	6.343	6.757	414	6,5	5,8
L	Real estate and housing	40.949	40.312	39.661	39.819	158	0,4	8.509	8.500	7.227	7.211	-16	-0,2	18,1
M	Services of Professionals	140.458	141.568	143.337	153.031	9.694	6,8	15.015	14.967	16.634	18.657	2.023	12,2	12,2
N	Other business services	181.016	161.018	175.648	189.258	13.610	7,7	51.369	46.322	53.014	60.436	7.422	14,0	31,9
O	Public administration, social security	521.858	523.513	529.000	530.501	1.501	0,3	15.677	16.201	17.455	18.189	734	4,2	3,4
P	Education and research	80.268	84.630	90.928	92.520	1.592	1,8	9.060	10.781	13.529	14.662	1.133	8,4	15,8
Q	Health-, veterinary and social services	214.078	221.140	228.648	233.328	4.680	2,0	19.855	21.995	24.961	26.505	1.544	6,2	11,4
R	Arts, entertainment and recreation	32.276	32.712	33.386	34.566	1.180	3,5	5.955	6.330	6.432	7.095	663	10,3	20,5
S	Other Services	85.057	85.458	85.966	87.728	1.762	2,0	10.536	11.362	10.506	11.488	982	9,3	13,1
T	Private Households	3.150	3.210	3.188	3.235	47	1,5	857	941	916	1.029	113	12,3	31,8
U	Exterritorial organisations	663	640	647	661	14	2,2	221	228	242	253	11	4,5	38,3
	Unknown	2.803	2.129	2.462	1.573	-889	-36,1	953	876	1.094	361	-733	-67,0	22,9
	Sum of all industries	3.318.487	3.254.181	3.285.129	3.351.309	66.180	2,0	448.338	442.403	462.951	502.625	39.674	8,6	15,0
	Conscripts	9.634	9.375	9.445	9.052	-393	-4,2							
	Maternity/Paternal Leave	97.279	98.028	92.492	91.025	-1.467	-1,6							
	Sum	3.425.400	3.361.584	3.387.066	3.451.386	64.320	1,9							14,6

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

C) *Regional distribution of foreign employment*

The regional distribution of foreigners in terms of the proportion of foreign workers in total employment has remained very stable in the second half of the 1990s but is changing slowly since 2000. Every federal state started to increase the share of foreign workers in total employment from 1999 onwards and the rank order changed little. The region with the highest share of foreign workers continues to be Vorarlberg, the westernmost province, closely followed by Vienna until 2011. In 2011, the proportion of foreign workers in total employment of Vienna converged with the rate of Vorarlberg at 20.9%.

Figure 33: Foreign worker share by region/Bundesland in Austria (foreigners in percent of total dependent employment): 1995-2011



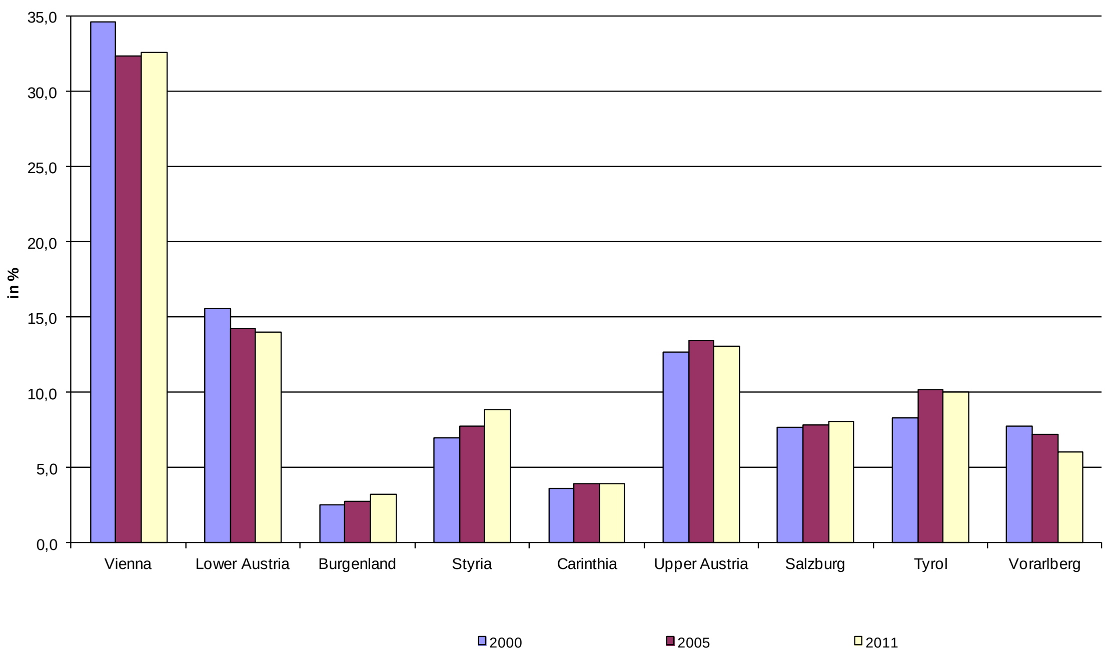
Source: Federation of Austrian Social Security Institutions.

Until 2003, Salzburg was number three in terms of foreign workers shares in the employment. This changed in 2004, when Tyrol, a region with an important tourism sector, moved up one rank, as seasonal workers are increasingly coming from abroad. Since then, the situation of Salzburg and Tyrol converged with a foreign worker share of 17.1% for both in 2011. 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. But also Burgenland is quickly joining the upper ranks of foreign employment as citizens of neighbouring Hungary and Slovakia are increasingly working in this easternmost province. At the bottom end of foreign worker intake are Styria (9.4% foreign worker share in 2011) and Carinthia (9.7%) in the South of Austria.

Thus, the rank order was affected by a differing regional mix of temporary workers and settlers, and the regionally differing propensity to take up citizenship (**Fehler! Verweisquelle konnte nicht gefunden werden.**).

The distribution of foreign workers across Austria is unequal. In Vienna alone we find 33% of all foreign workers, a further 14% are employed in Lower Austria and 13% in Upper Austria. 60% of all foreign workers in Austria were working in these 3 regions in 2011. (Figure 34 and Table 29)

Figure 34: Regional distribution of foreign labour in Austria (total foreign employment = 100): 2000-2011



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.

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

	Total active employment				Foreigners				Foreigners in %			
	2000	2005	2010	2011	2000	2005	2010	2011	2000	2005	2010	2011
Vienna	756.632	731.277	747.644	761.452	110.117	118.629	148.243	159.516	14,6	16,2	19,8	20,9
Lower Austria	507.108	515.016	544.392	553.976	49.513	52.229	62.383	68.425	9,8	10,1	11,5	12,4
Burgenland	78.016	82.530	89.233	91.236	8.074	10.194	14.153	15.841	10,3	12,4	15,9	17,4
Styria	417.810	431.026	451.359	461.778	22.245	28.506	38.361	43.251	5,3	6,6	8,5	9,4
Carinthia	186.846	190.626	196.822	199.522	11.464	14.568	17.719	19.411	6,1	7,6	9,0	9,7
Upper Austria	517.447	543.489	575.980	588.940	40.427	49.325	58.535	64.103	7,8	9,1	10,2	10,9
Salzburg	208.175	214.054	227.693	231.568	24.483	28.823	36.956	39.484	11,8	13,5	16,2	17,1
Tyrol	253.518	269.346	287.268	291.886	26.526	37.357	46.663	49.141	10,5	13,9	16,2	16,8
Vorarlberg	128.890	133.044	139.621	142.966	24.710	26.337	28.264	29.760	19,2	19,8	20,2	20,8
Austria	3.054.440	3.110.408	3.260.012	3.323.325	317.559	365.968	451.277	488.932	10,4	11,8	13,8	14,7

Source: Federation of Austrian Social Security Institutions.

D) Employment of migrants by major occupational groups[31]

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

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

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

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

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

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

Source: Labour Force Survey 2009.

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

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

Source: Labour Force Survey 2009.

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

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

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

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

Researchers[32] are to a significant extent migrants. In 2009, 11.1% of a total of 431,400 researchers were migrants, the majority from another EU-15 country (7.1% of all researchers). But also persons from EU-10, EU-2 and third countries are increasingly satisfying the demand for researchers. In 2009, 2.7% of all researchers were from third countries, 1.1% from EU-10 and 0.2% from EU-2 countries.

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

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

monthly contingents averaged over a year) to some 21,000 in 2004. The actual number of seasonal workers has been fluctuating around an annual average of some 12,000 ever since then. About two thirds of the seasonal foreign workers are working in agriculture and forestry and one third in tourism.

Seasonal foreign workers make up a fairly high proportion of foreign wage and salary earners in agriculture and forestry, namely some 80% to 90%. In contrast, only some 8% of all foreign workers in tourism are working on the basis of a seasonal work permit. The seasonal worker regulation is an important means to reduce clandestine work of third country migrants[33]. (Biffl et al. 2009)

Skills composition by sex

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

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

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

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

Source: Labour Force Survey 2009.

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

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

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

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

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

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

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

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

Some major occupations of economic migrants:

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

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

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

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

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

E) Migrants by educational attainment level

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

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

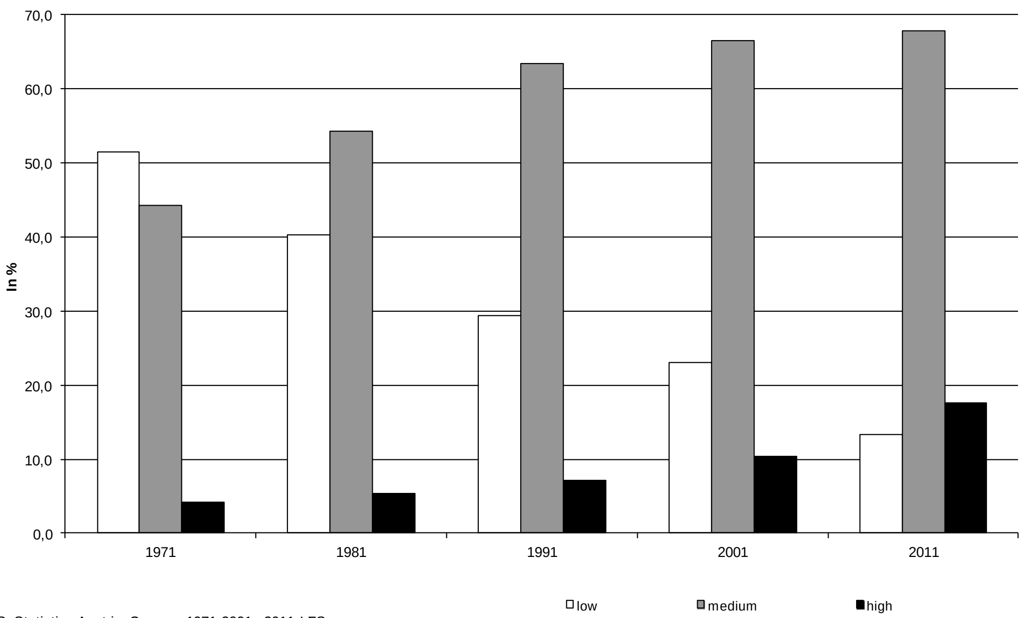
In international comparison, Austria has a pronounced gender gap of the educational attainment level. While the gender gap in the low skill segment amounts to less than one percentage point in the EU 15/27 it amounts to 8.4 percentage points in Austria. Consequently, more men than women are university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

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

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

As Figure 35 indicates, the long-term improvement of the skill composition of the labour force features above all in a rapidly declining trend of unskilled labourers (ISCED 0-2), a slow rise in the share of university graduates (ISCED 5-6) and a massive rise in the medium to upper medium skill bracket (ISCED 3-4) between 1971 and 2001. Ever since then the proportion of workers with medium skills more or less stagnates while the diverging trends at the upper and lower end of the skills' spectrum continue well into 2011. However, a slowdown in the decline of the share of unskilled workers can be discerned since the 1990s, and an acceleration in the rising trend of workers with university education.

Figure 35: Skill composition of employment over time: Austria 1971 -2011



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

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

In 2011[34], of the 3.5 million employees (15-64 year olds) 430.100 or 12% were foreign citizens. Of this number 160.000 or 37% were EU-27 citizens and 63% of third countries. Between 2004 and 2011 the number of employees increased by 9% (+313.200); the bulk of the employment increase accrued to Austrian citizens, followed by EU citizens, while the number of third country citizens rose fairly little. This development is largely due to a significant increase in the number of 'new' Austrians, i.e. third country citizens who acquired Austrian citizenship[35]. Citizens of another EU-MS see little reason for acquiring the Austrian citizenship.

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

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

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

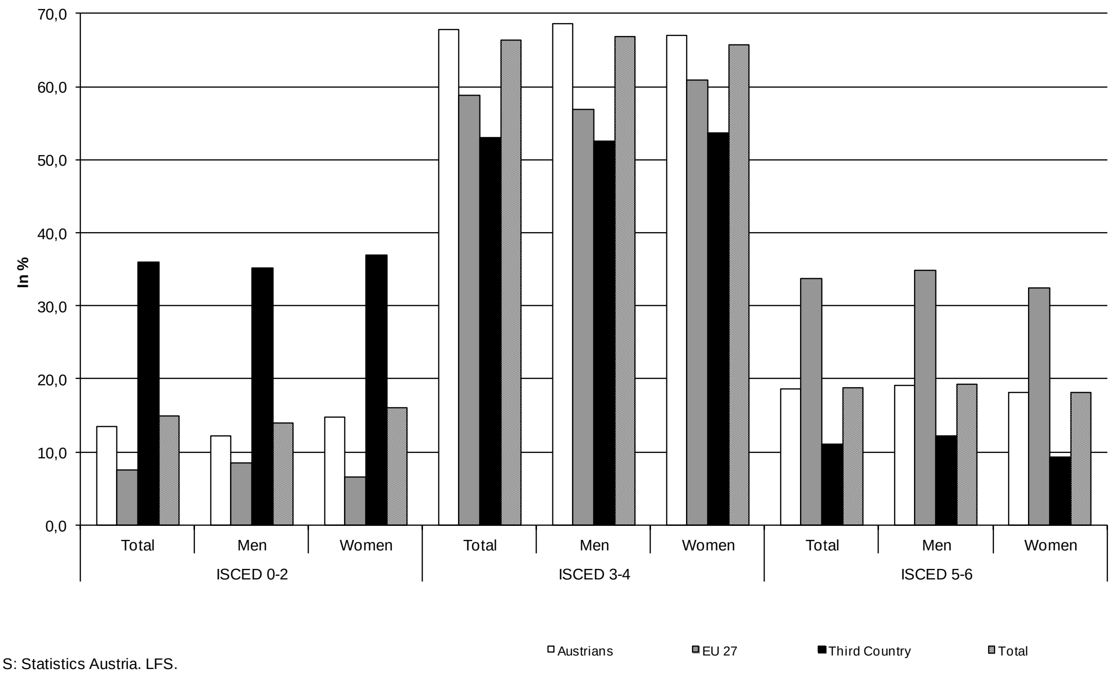
Research into overqualification (Biffl et al 2008, Bock-Schappelwein et al 2009) indicates that education and training obtained in Austria is key to employment which is commensurate with the educational attainment level acquired. The duration of stay and employment is another important factor ensuring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

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

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

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

Figure 36: Composition of employment by educational attainment level and citizenship: 2011



S: Statistics Austria. LFS.

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

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

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

S: Statistics Austria. LFS. Own calculations.

F Employees in non-standard employment

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

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

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

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

2. Unemployment of foreign workers

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

The year 2000 marks the end of an economic boom which had entailed significant declines in unemployment. In the ensuing slowdown in economic growth, unemployment rose again to reach a peak in 2005. In 2006 unemployment declined again, for the first time in 5 years, and continued to do so until 2008 (212,300), when the economic crisis set in. In 2009, unemployment levels rose to unprecedented heights, reaching 260,300. In 2010 and 2011 unemployment declined again in the wake of economic recovery, did not return to pre-crisis levels, however. With 246,700 unemployed on an annual average in 2011 the level of 2008 was surpassed by 34,400 or 16%. The unemployment situation of foreign workers was even less favourable. Their numbers of unemployed surpassed the 2008-level by 12,300 or 32%.

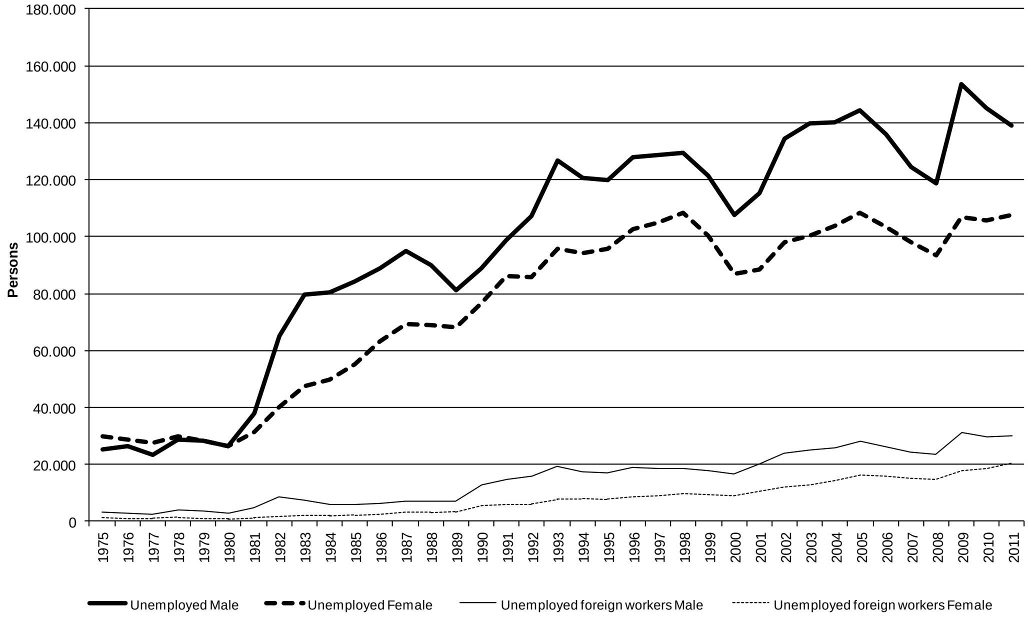
The rise in unemployment affected men more so than women, and above all natives. (Figure 37) In 2011 the number of unemployed men surpassed the unemployment level of 2008 by 20,300 (17.1%), in the case of male foreign workers by 6,500 or 27.9%. The unemployment situation of women is on average more stable; the rise versus 2008 amounted to 14,200 (+15.2%); in the case of foreign women the situation was, however, worse with a plus of 5,800 or 38.8% versus 2008.

The share of foreigners in total unemployment has continually increased over time, from 8 percent in the mid 1970s to 20.5 percent in 2011. Foreign men constitute a somewhat larger fraction of total male unemployment, namely 21.5 percent, compared to a share of foreign women in total female unemployment of 19.2 percent. While women made up 44 percent of all unemployed in 2011, the proportion of women in foreign unemployment is somewhat lower with 41 percent in 2011.

The total unemployment rate has been rising from 2000 till 2005 by 1.5 percentage points to 7.3 percent and declined until 2008 by 1.4 percentage points to 5.9 percent. In 2009, the unemployment rate rose at an unprecedented rate to 7.2% (1.3 percentage points versus

2008) and declined again in the wake of the economic upswing to 6.7% in 2011. The cyclical pattern for foreign workers follows the national pattern[36].

Figure 37: Total unemployed and unemployed foreigners 1975-2011
Annual average



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

Due to the employment concentration of migrant workers upon unskilled labour in combination with cyclically sensitive industries, the rise of unemployment rates of foreign workers has been more pronounced, i.e., by 2.1 percentage points to 10.2 percent in 2009. In the economic upswing of 2010 and 2011 the decline in unemployment was somewhat more pronounced - with the exception of foreign women, where the unemployment rate continued to rise - than in the national average leading to 9.4% in 2011, i.e. -0.8 percentage points (compared to the national average of -0.5 percentage points).

The differential in unemployment rates between men and women in the total economy, which had been growing in the second half of the 1990s, has declined in the last couple of 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 per-cent versus 6.8 percent). In the upswing of 2006 to 2008, the gender gap in the

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

unemployment rate declined to 0.2 percentage points. In the year of 2009 the gender gap in the unemployment rate increased again to 1.6 percentage points and declined thereafter to 0.8 percentage points in 2011.

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

Table 35: Total unemployment rates and unemployment rates of foreigners

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

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

Turkish workers have traditionally had the highest unemployment rates of any foreign worker group. Their unemployment rates had risen between 2001 and 2005 to 14.1 percent, but declined thereafter and reached a low of 10.9 percent in 2008. In 2009, however, the unemployment rate of Turkish citizens increased again to an all-time high of 13.9%, decreasing slowly to 12.7% in 2011. (Table 35)

The other traditional foreign worker group originates from former Yugoslavia. If we take the sum of citizens of these regions, excluding Slovenia, we can calculate an unemployment rate and compare the development over a longer time span. In 2001, their unemployment rate conformed to the average of all foreign workers (7.4%). In the ensuing economic decline their unemployment rate rose somewhat faster than the average of foreign workers, reaching a peak of 11.5% in 2005, 1 percentage point above the average of foreign workers. This gap could not be recovered in the ensuing cyclical fluctuations. In 2011 the unemployment rate of persons from former Yugoslavia, including citizens of Macedonia, Kosovo, Serbia/Montenegro, Croatia and Bosnia, amounted to 10.6%.

Unemployment by industry

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

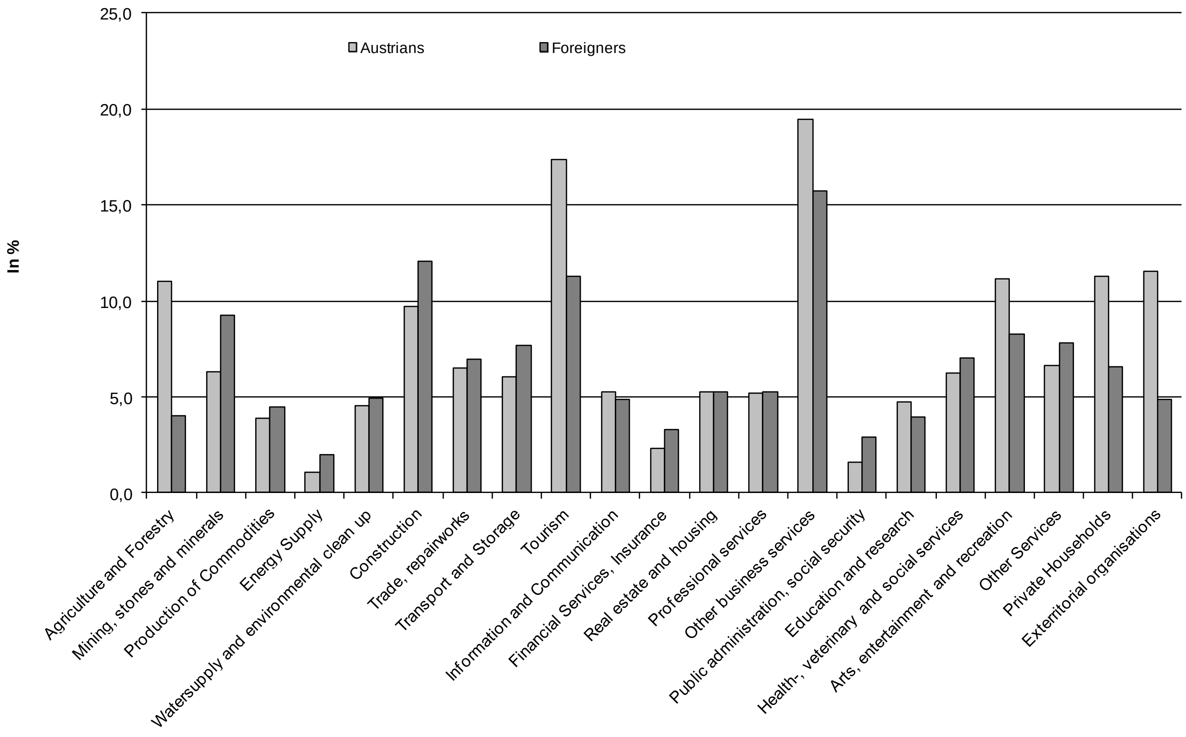
Foreigners used to have higher unemployment rates in most occupations, except in tourist services and in agriculture and forestry, where foreigners tend to be seasonal workers, meaning that they have a contract for a particular period, which does not allow the acquisition of the right to unemployment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

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

This picture emerges also if one calculates unemployment rates by industry. Industries which have a strong seasonal employment component tend to have some of the highest unemployment rates of Austrians and foreigners. 'Other' market oriented services, largely cleaning, take, however, the lead with 19.5% in the case of Austrians and 15.7% of foreign workers. Second in line is tourism with an unemployment rate of 17.4 percent of Austrians and 11.3% of foreigners in 2011. In contrast, in construction, the unemployment rate of Austrians is lower than that of foreigners (9.7 percent vs. 12.1%).

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

Figure 38: Unemployment rates by industry of Austrians and foreigners 2011



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

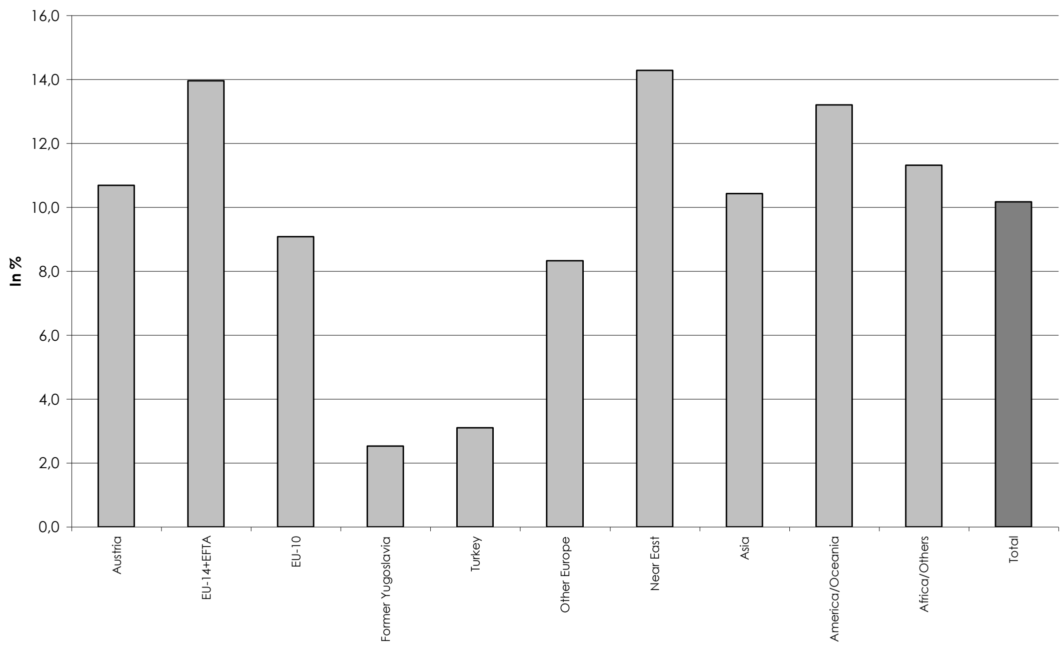
3. Entrepreneurship

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

Figure 39indicates that there are significant differences in the propensity to become self-employed by country of birth. Migrants from the Near East, from other EU-MS, America and Africa are more often self-employed than native Austrians. Asians are about as often self-employed as native Austrians, while persons from the traditional migrant worker source countries, i.e., Turkey and former Yugoslavia, are relatively seldom self-employed.

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

Figure 39: Share of self-employed in total employment in percent by country of birth (2001)



Source: Statistics Austria (Census), own calculations.

V. Irregular migration

The discussion about irregular migrants cannot be disengaged from the wider theme of migration and access rights to the labour market. One has to focus on the lure of employment opportunities while at the same time acknowledging that Austria, as many other EU-MS, is trying to control and regulate inflows. In the labour market context one has to take into consideration that formal and informal sector employment are interwoven just as regular and irregular migration. Accordingly, the numbers of irregular migrants are in a constant state of flux, depending on push factors emanating from where the migrants come from and pull factors flowing from labour demand in the formal and informal sectors of the economy and from legislative changes and regularisation programmes (Biffl 2012).

According to estimates by Kovacheva—Vogel (2009) the number of irregular migrants in Austria, i.e. of irregular residents, amounted to 18,000-54,000 in 2008. This means that 0.2% to 0.6% of total population were irregular migrants, and thus between 2.1 and 6.2% of all foreign citizens in Austria([37]). The countries of origin of irregular migrants tend to be the same as those of regular migrants; they also tend to follow the same routes, using transnational community networks. In addition, geographic vicinity tends to favour cross-border movement of irregular migrants in response to economic opportunities. In Austria a large number of irregular workers come from accession countries. Their residence status has been regularized through the enlargement of the EU, but access to the formal labour market may still be inhibited by transition regulations. Citizens from the New EU-MS, mostly from Romania, tend to fill the ranks of irregular migrant workers in Austria.

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

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

Various data sources provide a fragmented picture of the numbers and characteristics of persons residing illegally in Austria, e.g., apprehensions of persons entering or residing without proper papers, recorded by the Criminal Intelligence Services (Ministry of the Interior) or client data of NGOs and welfare institutions working in the field of migration and asylum (NCP 2005). These data can only serve as an indicator without, however, providing a clear picture of the actual numbers. Of the few estimates that exist, each refers to a particular group of migrants and status (irregular residence, irregular employment but regular residence, overstayers, change in purpose of entry, etc.) but does not encompass information on all aspects of this complex phenomenon. To give an example, *Biffl* (2002) estimates that among 6 to 15 year olds about 5,000 to 7,000 children and adolescents are residing in Austria without the adequate papers, by identifying differences in school enrolment data and the population register by citizenship. Other studies concentrate on the number of persons unlawfully residing and working in Austria (*BMI,* 2005), while others look at the number of persons in an informal employment status, while residence is legal, or still irregular residence due to human smuggling and trafficking (*BMI,* 2007/2008/2009/2010/2011).

[37] Database on Irregular Migration, HWWI - Hamburg Institute of International Economics, http://irregular-migration.net/

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

Estimates of Irregular Foreign Migrants in Europe in 2008

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

S: EUROSTAT, OECD, HWWI, Statistics Norway, Bilger—Hollomey (2011).
Foreign population: France 2007, Ireland 2006, Bulgaria 2009, Latvia, Lithuania & Slovenia 2010, Romania 2009.
Table taken from Biffl 2012: p59.

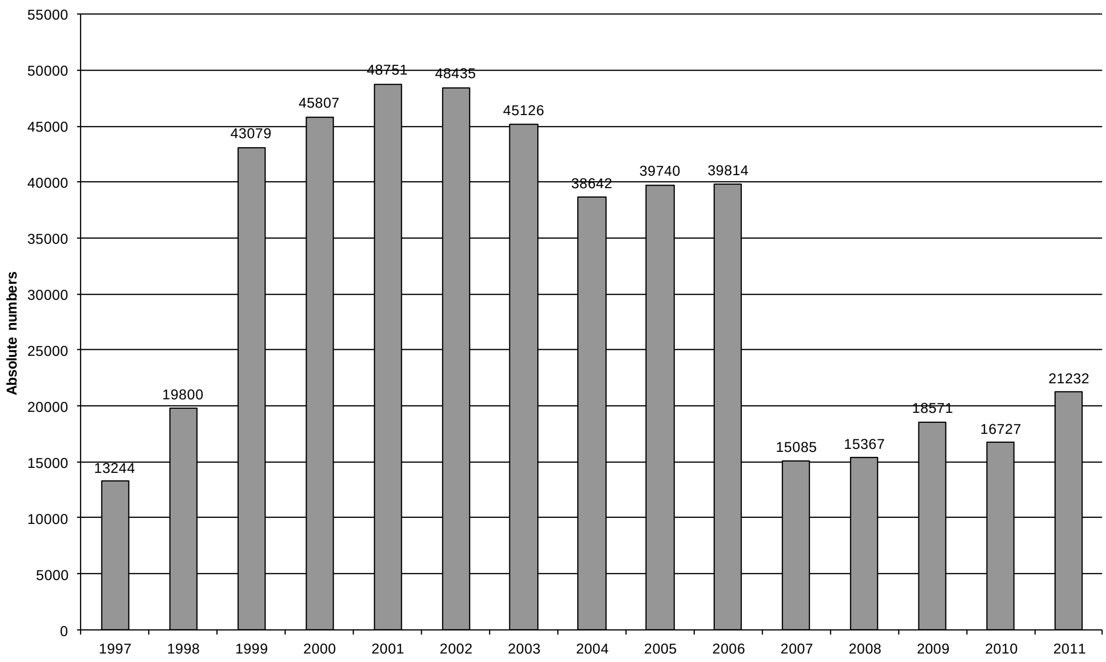
Unlawful entry and residence in Austria

The 'irregular migration' report of the Ministry of the Interior provides information on the numbers of persons unlawfully residing in Austria or crossing the Austrian border, based on the number of apprehensions at the border and/or inland between 1997 and 2011. These numbers have risen between 1997 and 2001/2002, were they reached a peak with 48,800. The numbers declined thereafter somewhat to 39,800 in 2006. In 2007 the number of apprehensions took a deep dip to 15,100, where it remained until 2008 (*BMI,* 2005/06/07/08/09/10/11). According to the annual report on organised smuggling of the Ministry of Interior (Organisierte Schmugglerkriminalität 2011), the numbers of apprehended persons (smuggled persons, unlawfully entering and/or residing persons) halved in 2007 versus 2006 and remained more or less at that level until 2010. In 2011, however, the number of apprehensions increased sharply by 27% to 21,200. This increase is largely due to the North-African (Arab) spring which brought about large increases in migration and refugee flows. In addition, the migration pressure has built up to such an extent in Greece that Austria feels the spillover. (Figure 40)

The abrupt decline between 2006 and 2007, on the other hand, was in the main the result of a decline in the number of apprehended persons from Romania, who since EU-membership of Romania (in January 2007) have the right to stay in Austria. Accordingly, not only the number of apprehensions declined but also the composition changed. It was above all the number of persons unlawfully residing in Austria which declined, reducing the share to 29 percent of all persons apprehended in 2007. Since then the share of apprehensions of unlawfully residing migrants of all apprehensions increased again to 52% in 2011.

In contrast, the decline in the number smuggled migrants has been smaller (from 12,600 in 2006 to 9,800 in 2011). Their proportion of apprehensions has been quite volatile. In 2011 their proportion of all apprehended persons amounted to 46.2%. Also the number of smugglers of humans has declined to 288 in 2011 such that the share of this group of apprehensions has declined to 1.4 percent of all apprehensions in 2011. (Figure 41)

Figure 40: Sum of apprehensions of persons unlawfully entering or residing in Austria



Source: Ministry of the Interior, Illegal Migration Report (Schlepperberichte 2006-2011).

In 2011, the main routes of unlawful entry into Austria were from Italy (44% of all apprehensions), followed by Hungary (25% of all apprehensions). Preferred transportation of irregular entrants is the truck (19%), closely followed by the train (18%) and the car (17%). Accordingly, the road is the main route of entry (42%), followed by train (18%) and the airport (7%).

The majority of the apprehended persons were unlawfully residing/entering persons (11,132), followed by smuggled persons (9,812) and smugglers (288). The largest ethnic groups unlawfully residing in Austria are Indians (1,316), Nigerians (902), Serbians (851), persons from Afghanistan (607) and China (502).

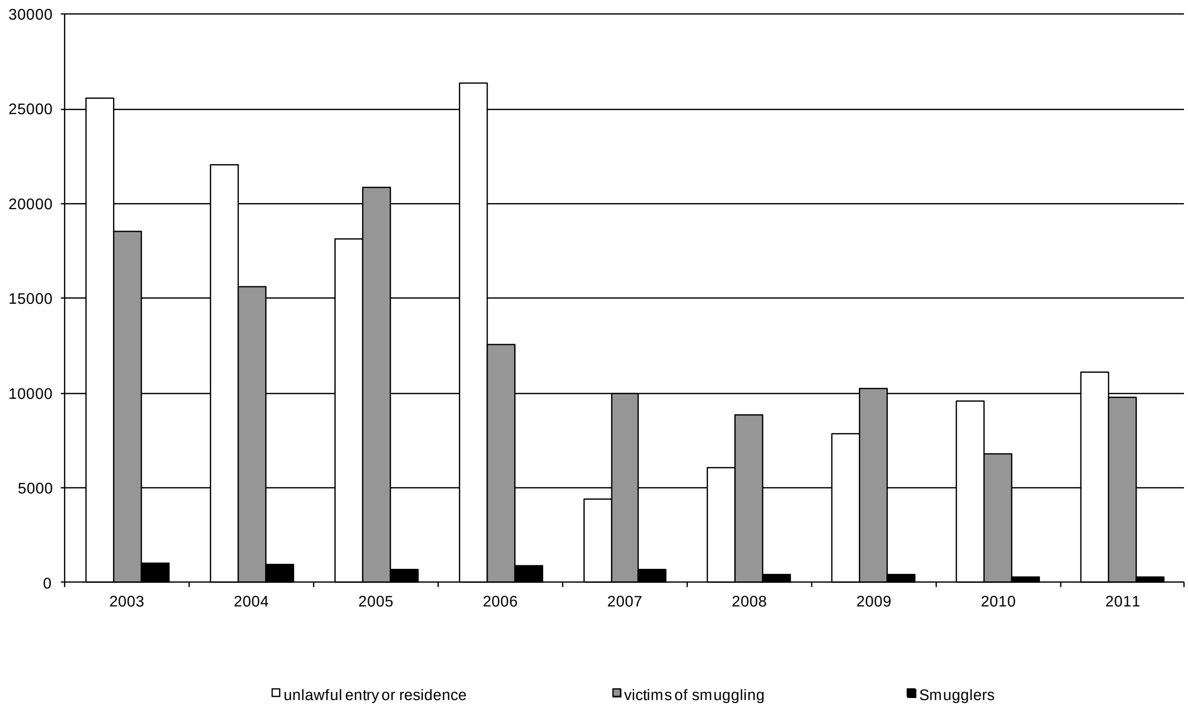
Most of the smuggled persons in 2011 were citizens of Afghanistan (2,800), followed by citizens of the Russian Federation (1,100), Pakistan (800), Somalia (432), India (410), Algeria (376), Syria, Iran, Iraq and Turkey. The majority of the smuggled migrants were men (80%), largely young or middle aged: 46% were 19-30 years old and 15% were 15-18 years old and another 17% were 31-40 years old.

In 2011, the major nationalities of smugglers were Greeks (26), Turks (24), Austrians (23), and Serbs (20). Two third of them are between 21 and 40 years old. (**Fehler! Verweisquelle konnte nicht gefunden werden.**) 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 region[38].

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 irregular migrants on their way to other EU member states. During the last 15 years, external border control, international police cooperation and information exchange have constantly been improved. On the international level, so-called "security partnerships" have been established with Austria's neighbouring countries in 2000, and a number of joint projects have been implemented concerning countermeasures against human smuggling and trafficking in the countries of origin. Austria has also concluded several readmission agreements on a bilateral level with countries of origin and transit of irregular immigration (*NCP,* 2006). A report by the Austrian National Contact point on return migration (forced or voluntary) highlights the system in place in Austria (*EMN,* 2007). The continuous reporting system of the Ministry of Interior is providing increasingly differentiated data on the various forms of irregular migration and the changing dynamics over time.

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

Figure 41: Composition of apprehensions of unlawfully residing migrants and smugglers in Austria



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

Clandestine work

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

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

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

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

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

Austria implements different policies in order to prevent or control for irregular migration. The most obvious and most frequently applied approach is prevention and exertion of domestic control, followed by a policy of expulsion and deportation. (**Fehler! Verweisquelle konnte nicht gefunden werden.**)

Alien police measures and forced return migration

Alien police measures entail a number of measures which may impact on migrants. The measures include expulsions, rejections at the border, refoulement cases, denial of residence etc. With EU enlargement the number of police measures halved, as citizens of the new EU-MS could settle in Austria. This explains why the decline was basically the result of a massive reduction of rejections at the border. They used to constitute half of the police actions. They could be reduced from 31,200 in 2006 to 7,600 in 2007 and further to 234 in 2012.

In 2012, all in all some 17,000 alien police measures were taken. The largest number pertains to refoulement cases, namely 5,959, of which the largest group were voluntary returns (2,911), followed by denial of residence (1,686) and return on the basis of bilateral agreements (1,128).

The largest number and share of police measures are forced measures, all in all 6,669 cases in 2012. The most important action pertains to detentions (4,219), followed by arrests due to noncompliance to police enquiries. In addition, some 3,900 cases were processed, relating to expulsions (78), denials of residence (1,905), of entry (1,700) or re-entry (199) and toleration of stay (10).

In addition, police may issue visa at airports or other borders. This entailed in total, in 2012, a 399 visa.

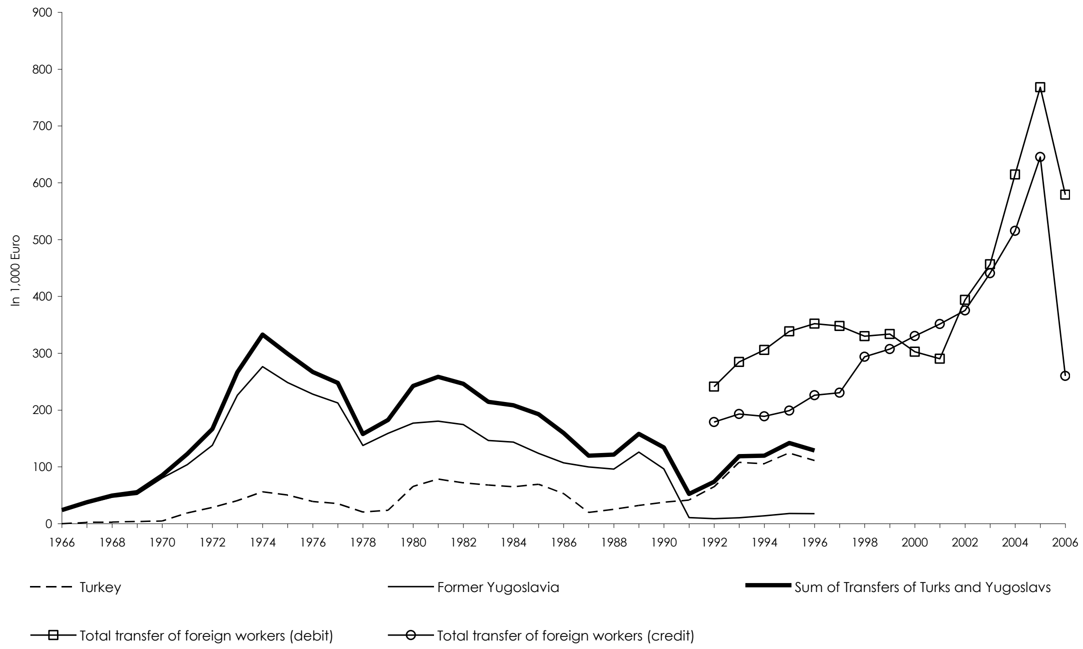
VI. Remittances of foreign workers

The major foreign worker groups in Austria are from the former region of Yugoslavia and from Turkey. Therefore the mass of the money saved and transferred to the home country on the part of foreign workers is directed to these regions. Remittances to the region of former Yugoslavia have been high and rising in the early 1970s as the employment of Yugoslavs was growing rapidly in Austria. With the onset of restrictions in the recruitment of foreign workers and the settlement tendencies of Yugoslavs in Austria the amount of money transferred to Yugoslavia decreased and came almost to a standstill after 1990 as political unrest and eventual war developed in the region of former Yugoslavia. In 1993 the transfers started to rise again until 1995 (245 million ATS or 17.8 million €). In the course of 1996 a slight decline to 17.5 million € (241 million ATS) set in again. (Figure 42)

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

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

Figure 42: Remittances of foreign workers to their home countries
1966-2006

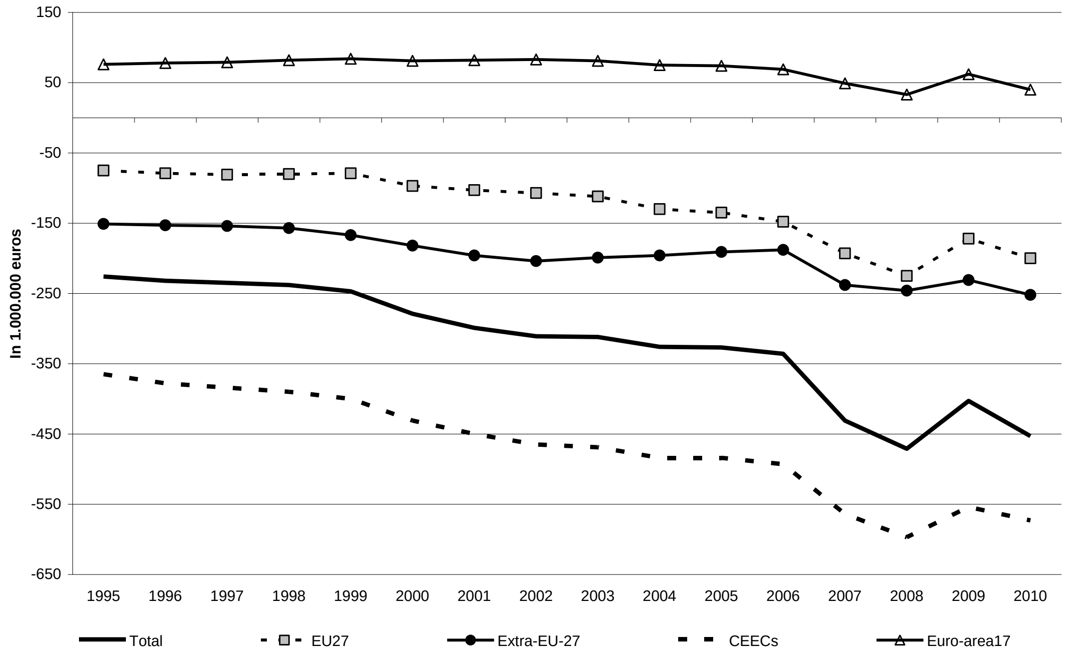


Source: Austrian National Bank (OeNB).

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

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

Figure 43: Net financial remittances of migrants in Austria to their source regions in million € 1995-2010



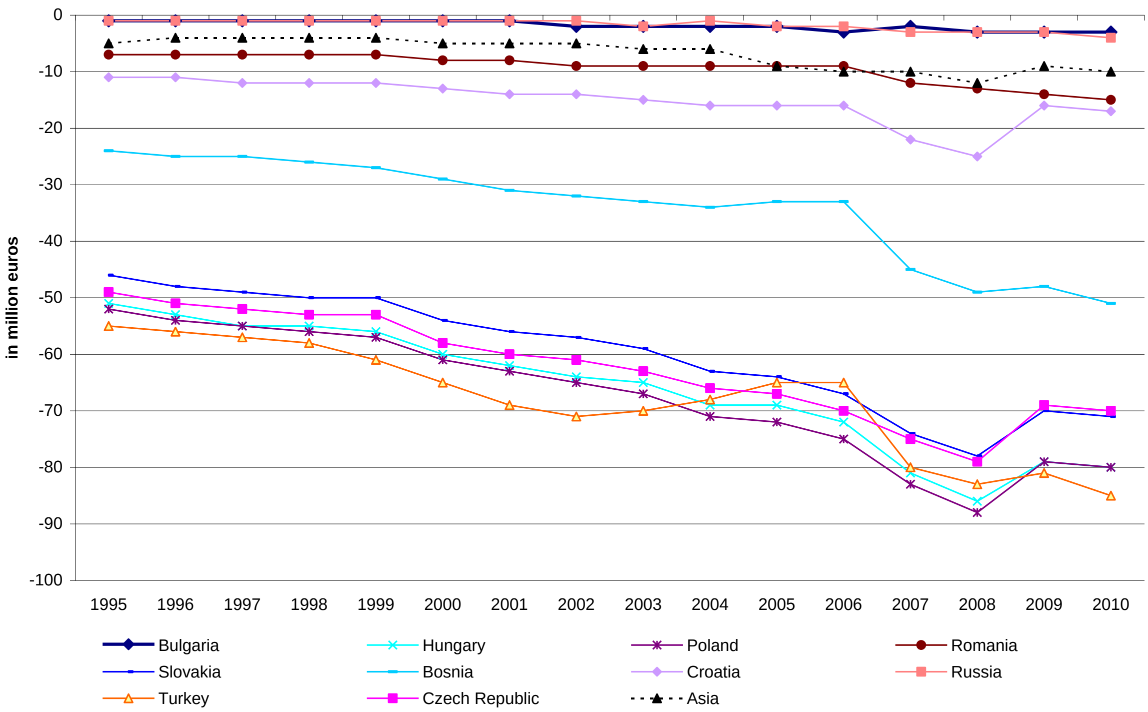
Source: Austrian National Bank (OeNB).

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

It can be taken from Figure 44 that migrants from the traditional foreign worker source regions, who are well established and who have already accumulated some wealth in Austria are the ones that send more money ‘back home’ than the more recent migrants from CEECs, Russia and Asia. Turkey is an interesting case; the volatility of economic growth in Turkey and the onset of the recession set in 2000 triggered off increasing outflows of remittances from Austria to Turkey. Net remittances increased from 55 million in 1995 to 72 million € in 2002. In the wake of economic recovery in Turkey outflows slowed down to 65 million in 2006; the international financial crisis in 2007/08 promoted outflows of money to

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

Figure 44: Net financial flows of migrants in Austria to their home countries in million Euros 1995-2010



VII. Integration of migrants

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

Integration policy

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

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

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

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

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

Thus the coordination of migration policy with labour market policy, which started in the mid to late 1990s, introduced a better understanding of the impact of immigration on labour supply and labour market mechanisms in the respective administrative disciplines. Another aspect which became increasingly an issue and resulted in amendments to migration law (NAG 2005) was the age cut-off for family reunification of children. Raising the age from originally 14 (until 2000) to 18 (2005) meant a significant improvement of the education and earnings opportunities of third country youth in Austria. While second generation migrants who arrive in Austria at a relatively young age, tend to be quite successful in school and later on the labour market, this is not the case for youth arriving at an older age. Some of the greatest difficulties migrant youth are faced with on the labour market today are the result of protracted entry, often after the age for compulsory schooling in Austria (15), and the concomitant lack of school leaving certificates or acknowledgement of credentials obtained abroad.

Accreditation of skills and competences

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

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

Focus on early school leavers

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

Mandatory and free of charge year of kindergarten

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

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

Institutional and Policy Framework for Integration

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

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

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

The role of citizenship for labour market integration

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

Changing union policy

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

Labour market outcomes of integration of migrants

Integration of migrants facilitated by work based welfare model

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

The major bulk of action in the area of integration policy takes place in the regions (Bundesländer). Federal laws tend to provide a general framework only, leaving it up to the federal states to draw up integration measures suitable for the special circumstances of the region. Also the law regulating the residence and settlement of foreigners (Niederlassungs- und Aufenthaltsgesetz - NAG 2005), leaves it up to the states to devise an institutional and budgetary framework to organise the integration of migrants. Due to the strong regional focus of policy formulation and implementation and the horizontal character of integration, comprising areas as diverse as education, employment, housing, health, social services, cultural activities and the like, little is known on a federal level about the amount of money spent on integration in the various regions, the instruments and measures implemented and their respective effectiveness[39].

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 pacts[40]. Austria has fairly diverse regional systems of integration, which take into account the different needs of migrants as well as host communities. The various integration systems may differ by the speed, depth and scope of integration, which may be guided by different objectives of the regions as to the role of migration in their socio-economic development (Concept of Integration - Integrationsleitbild).

Migrant women and youth: the challenge of labour market integration

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

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

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

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

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

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

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

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

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

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

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

Earnings differences

Adsera & Chiswick (2004) point out that earnings of immigrants are lower upon arrival than those of natives, particularly for foreigners born outside of the EU. The countries with the lowest differences between earnings of natives and migrants are found in Germany and Austria and the highest in Sweden (period of analysis 1994-2000, data from the European Community Household Panel - ECHP). In Austria, centralised collective bargaining agreements (Kollektivverträge) ensure equal treatment in employment by industry and skills, thereby linking wages with skills acquired in the various elements of postsecondary and tertiary education. Almost every job is regulated by collective bargaining agreements (98% bargaining coverage rate[41]), encompassing regulations as diverse as wages, working hours

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

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

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

The low wage differences between migrant and Austrian women is the result of a low labour force participation of women with a low educational attainment level of Austrian as well as migrant women as care work tends to remain in the household sector, promoted by the Austrian tax and cash transfer system[42]. (BKA2010) But also foreign worker policy tends to hinder labour force participation of unskilled migrants, as access to the labour market requires labour market testing; only after 4 years of legal residence in Austria can third country citizens get the 'green card' which allows the uptake of employment without labour market testing. This feature of the law bars entry to the labour market of third country low skilled migrants who tend to immigrate on the basis of the family reunification programme. There has been no legislative change which would amend that. With the introduction of the red-white red card in 2011, however, family members of that card (Rot-Weiß-Rot — Karte plus) will face no restrictions to enter the labour market. This fact together with the fall of transition regulations for EU-8 member states will raise competition for jobs, particularly for the unskilled. This may result in a rise in unemployment and/or may exercise a certain downward pressure on wages for the unskilled.

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

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

Public opinion and discrimination

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

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

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

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

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

VIII. Fiscal aspects of migration

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

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

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

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

However, the average duration of unemployment benefit receipt is shorter in the case of migrants as they are not generally able to access long-term benefits — only permanent permit holders are treated equally with Austrians—, thus keeping the positive differential in total benefit receipts of migrants minimal.

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

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

The composition of migrants at a particular time informs us only about the balance of the social transfer system at that time. In order to know more about the longer term relationship, these partial analyses need to be complemented by dynamic process analyses. This calls for longitudinal data of migrants and natives over the life cycle. In such a generations model, it becomes necessary to take into account the number of children, their use of educational resources, the income of immigrants, their health status and their life expectancy. If, for example, an immigrant has no or only one child over the life cycle and earns an above average income, then he/she is a net contributor to the social budget during the working life. When entering retirement, the situation changes, particularly if the period of retirement is long. Simulations of various phases in life would need to be made for the various categories of immigrants, low income earners with many children, rich ones with few children, retirees staying or returning to their country of origin, etc., and compared with natives. [43]

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

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

budgets than they take out. This may not come as a surprise as the Austrian welfare system is contribution based and has a relatively small redistributive capacity.

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

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

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

IX. Statistical commentary

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