



Danube University Krems

Department for Migration and Globalisation

Migration and Labour Integration in Austria

SOPEMI Report on Labour Migration Austria 2015-16

Gudrun Biffl

October 2016

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

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Austria – Country Note

In 2015, the total inflow of foreign nationals to Austria increased to 198,700, an increase of 44,400 (29%) over 2014. Foreign nationals leaving the country numbered 80,100, a slight increase of 5% compared to 2014. Nearly two-thirds (62%) moved to countries of the European Economic Area (EEA) or Switzerland. The result was positive net immigration of 118,500 foreign nationals, a 52% increase of 40,800 persons compared to the previous year. Factoring in the net outflow of 5,500 Austrian nationals in 2015 reduces the net immigration rate 113,100. By January 2016, the stock of foreign nationals amounted to 1.6 million (18.3% of the total population), constituting an increase of 110,100 persons (+11%) compared to January of the previous year. The largest groups were German (219,900), Nationals of Bosnia-Herzegovina (162,000), Turkish (160,200) and Serbian nationals (137,100).

Of the 198,700 newly arrived foreign nationals, 91,600 (46%) came from the EEA and Switzerland. That figure includes 30,300 (15.3%) from EU15 countries, mainly Germany (17,000) and Italy (4,600) – and 60,400 (30%) from EU13 countries, mostly Romania (17,500), Hungary (14,400), Poland and Slovakia (ex aequo 6,100). An additional 107,000 (54%) came from non-EU countries, the largest group (67,500, 34%) coming from Asia, largely refugees from Syria (22,600), Afghanistan (19,500) and Iraq (10,400). Inflows of foreigners from other European countries (including Turkey) have remained more or less at the level of the previous year (26,100). Immigration from Africa (3.5 percent) and the Americas (2.1 percent) are rising but continue to be small in comparison.

In 2015, a total of 28,100 new residence permits were issued to third country nationals, 5% more than in the previous year. Of these, 17,700 were permanent (settlement permits), a 3% increase over 2014. About 22% were issued to third country family members of non-EU immigrants on the basis of a quota; the remaining 78% were either family members of Austrian or EEA-citizens, holders of Red-White-Red cards (i.e. labour migrants), graduates of Austrian universities and humanitarian migrants. Roughly 10,300 temporary permits were issued; the largest share went to students and their family members (62%), followed by temporary workers and their family members (19%). Extensions of temporary permits were granted mostly to students (13,400, 69% of all extensions). In 2015, 29,500 employment permits were granted, compared to 28,500 in 2014.

Austria has experienced a steep increase in asylum applications - from 28,100 in 2014 to 88,300 in 2015. The main groups were nationals of Afghanistan (25,600, 29%), Syria (24,500, 28%) and Iraq (13,600, 15%). Moreover, Austria has become an important transit country for humanitarian migrants who want to apply for asylum elsewhere in the EU. According to national authorities (Ministry of the Interior) Austria granted asylum (14,547), subsidiary protection (1,821) and humanitarian residence (927) to 17,300 persons by the end of August 2016.

Responding to the humanitarian crisis in the Middle East, Austria agreed to resettle 1,500 humanitarian migrants between 2013 and 2015. A shared admission scheme was adopted for Syrian refugees, some identified by UNHCR as particularly vulnerable persons, others by the Christian community in Syria and Austria. In 2016 Austria announced the implementation of a third Humanitarian Admission Programme of some 400 Syrian refugees for the period 2016/17.

According to the Austrian Ministry of the Interior the number of arrests of foreigners entering or residing unlawfully in Austria has increased in recent years, from 27,500 in 2013, to 34,100 in 2014 and 94,300 in 2015. One particular target of cross-border police cooperation has been the capture of

people smugglers. The number of apprehensions doubled in 2015 to 1,100; the nationalities of the smugglers are largely from the Western Balkans.

At the beginning of 2016, the Border Control Act was amended to prevent persons without valid travel documents to cross the border. Fences have been built along the South-Eastern border to Slovenia, the Schengen Agreement has been temporarily suspended and border controls have been re-established to Hungary.

The government has budgeted 250 million Euros annually for the integration of refugees, mostly to finance German Courses and to support education and training of refugee children. An additional 70 million Euro has been earmarked for the labour market integration of refugees in 2016.

In January 2016, the Austrian government has established a reference point of 37,500 asylum applications in order not to overwhelm the Austrian asylum system. By the end of August 2016, 32,000 asylum applications have been filed. In June 2016, the government reformed the asylum legislation so as to decrease the duration of asylum proceedings, review the right to asylum after three years, and allow family reunification for holders of subsidiary protection only after three years.

In December 2015, a legislative initiative for the recognition of skills and qualifications acquired abroad was put up and entered parliamentary procedures in April 2016. The Act came into force in July 2016 (Anerkennungs- und Bewertungsgesetz – AuBG).

In a quest to combat wage and social dumping, the government passed a draft bill in April 2016, which is going to require an amendment to the Foreign Employment Act (currently under parliamentary review). The major focus of the amendment is on intercompany transfers and posted workers; in the latter case, foreign enterprises who post workers to carry out a service in Austria have to ensure the application of Austrian Labour Law (wages, working hours, vacation) and equal treatment relative to Austrian workers.

Austria, in view of the imbalance between resettlement commitments made by different Member States, and the on-going crisis in the Mediterranean, proposed a resettlement programme initiative “Save Lives” (presentation before the European Parliament December 2014). The aim for this programme is to establish an EU-wide resettlement programme which could potentially encompass all Member States that would be based on a binding distribution key (calculated according to a fixed formula).

In order to reduce the number of NEETS (not.in.employment.education.and.training) a proposal to raise the minimum age of compulsory school to 18 years for youth without a school leaving certificate. The proposal led to the amendment of the Laws on education and training (Ausbildungspflichtgesetz - APfIG), which came into effect in the summer of 2016. The objective of this amendment is to reduce the number of youth without a school leaving certificate, and to promote their propensity to engage in further education and training.

Introduction: The economy and the labour market 2015/2016

The Austrian economy suffered a weak economic performance for the last 4 years (between 2012 and 2015 annual average of +0.5%) and is only slowly recovering in 2015 with a GDP growth rate of 0.9%. Lack of investment and public expenditure together with a disappointing trade performance were responsible for the sluggish economic growth. In 2016, real GDP growth is expected to gain momentum as an income tax reform comes into effect and as the rise in public expenditure flowing from the reception and integration of the wave of refugees of 2015 boosts economic growth. Accordingly, GDP growth is expected to rise by 1.7% in 2016.

While household demand continued to be weak in 2015 (+0.5% vs 2014), investment expenditure started to pick up again. The international economic and political ramifications did not allow for a substantial enhancement of export growth, however; in addition, the high import component of investment raised imports to the extent that the balance of exports and imports was negligible, and thus the contribution of international trade to economic growth.

The inflation rate is highly pro-cyclical – accordingly, the slowdown in economic growth dampened price rises; the drop in the oil price was a further contribution to the declining inflation rate; as a result, the consumer price index reached a low of 0.9% in 2015 (relative to 1.7% in 2014); this was the lowest inflation rate for 16 years - except 2009, when it stood at 0.5%. Only hospitality services, housing and utilities experienced further price rises. They are responsible for the continued positive difference to the average inflation rate in the Euro-zone (harmonised CPI of 0.8% vs 0% in the Euro-zone).

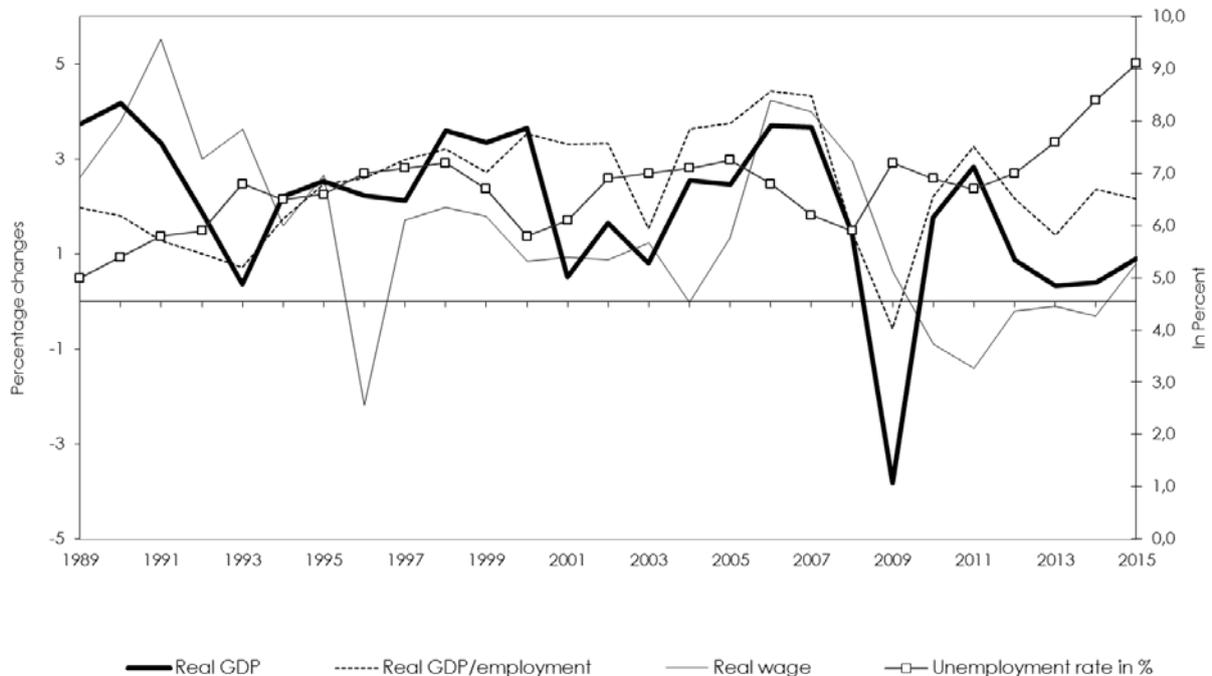
The public sector budget deficit improved in 2015 reaching -1.2% of GDP after -2.7 per cent in 2014. The bad bank Heta (restructuring unit of the Hypo Alpe Adria AG) and other bank rescue measures continue to weigh heavily on the public budget (with 2.2 billion € in 2015). Without that special effect the public sector budget deficit would have declined to 0.5% of GDP. The public sector debt, however, has increased vs 2014 by 13.3 billion €, largely due to additional expenditures flowing from the management and accommodation of the massive refugee inflow of 2015, leading to 290.7 billion € at the end of 2015 (86% of GDP). In 2016, the additional expenditure on the integration of refugees and management of asylum will amount to 0.4% of GDP, which the European Commission will accept as a one-off expenditure.

The weak export demand depressed above all industrial production of goods; the modest private consumption in turn, had a negative impact on trade and commerce. Consequently, output in the goods production increased only slightly in 2015 (+1.3%); in addition, the construction sector stagnated (+0.1%). Also commerce and tourism had a relatively weak economic performance (+1.8% and +0.8% respectively), just as transport and ICT-services, banking and insurance and other business services. In contrast, real estate and housing were dynamic (+2.4%).

The slight economic upswing of 2015 gave a boost to employment growth. Total (active) labour demand (including self-employed) rose by 40,900 or 1.1%, a growth rate not seen since 2012. In spite of continued employment growth, unemployment increased as well, namely by 35,000 or 11%. This means that labour supply grew the fifth year in a row substantially, reaching a plus of 75,900 or 1.8%. The dimension of the labour supply increase is reminiscent of the early years of the 1990s and due to a combination of factors, one being unbroken labour inflows from abroad, particularly from other EU-member states, another being a continued rise in labour force participation rates of women, and

a third factor being the implementation of effective barriers to early retirement and disability pensions.

Figure 1: Macro-economic indicators
1989-2015



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

The major bulk of the employed are wage and salary earners; their numbers rose by 33,200 or 1% (after 23,700 or +0.7 percent in 2014) to 3.449 million in 2015 (excluding persons on parental leave, conscripts and unemployed on training measures). In the year of 2016, the numbers of wage and salary earners continued to rise, reaching a plus of 57,700 (+1.6%) vs 2015 by the end of August. (Table 1)

In 2015, nominal monthly wages (including supplementary payments) of wage and salary earners rose by 1.7%, somewhat more than in 2014 (+1.4%). Given the continued rise in employment, the nominal wage fund rose by 2.7% and thus stronger than nominal GDP (+2.4%). In real terms, i.e. taking the inflation rate (consumer price index) into account, this meant a rise by 0.8%. Net real disposable income did, as a consequence, rise by 0.2%. This was the first rise since 2010. In 2016, net real wages are expected to rise significantly, however, as a result of the wage and income tax reform of 2015, which came into effect in 2016.

Labour productivity (nominal GDP/total employment) has been positive but not very dynamic. Real productivity growth amounted to 0.4%, after three years of negative growth rates, not surprising in view of dynamic employment growth and rather subdued economic growth. Hourly labour productivity increased in 2015 as well, albeit only slightly (+0.5%). No major change is to be expected in 2016.

Economic and employment growth did not suffice to soak up the labour surplus, as labour supply growth continued. Unemployment rose therefore to an unprecedented level of 354,300, +35,000 (11%) in 2015. Thus the unemployment rate rose to 9.1% of the total labour force excluding self-

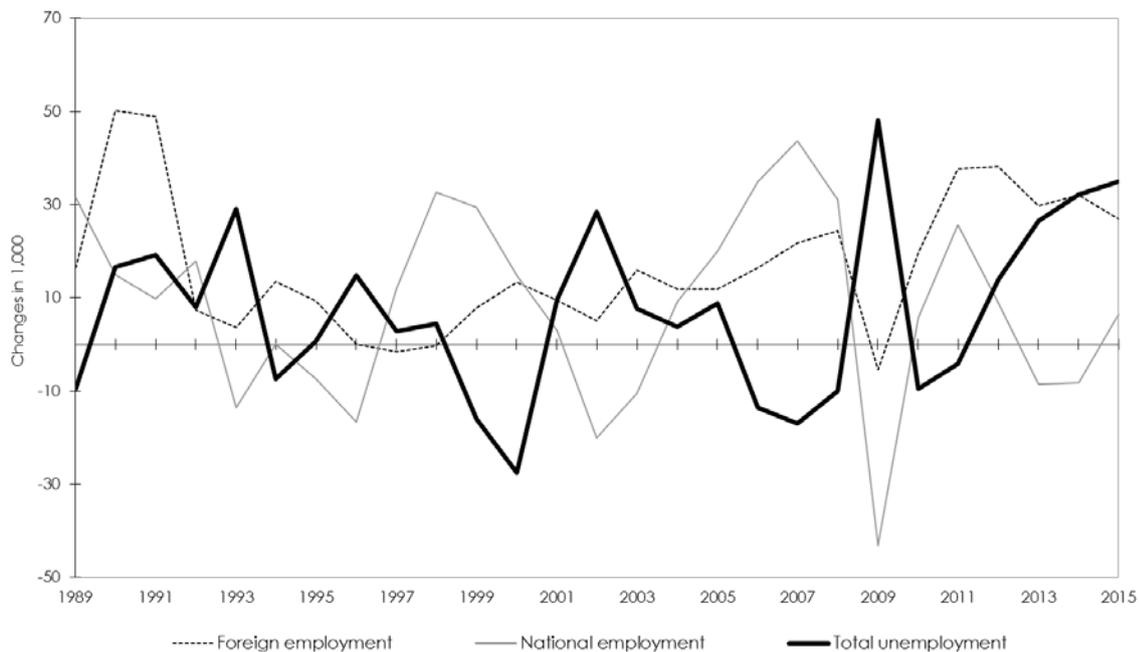
employed (after 8.4 percent in 2014), which is the traditional Austrian calculation of unemployment rates (based on administrative data, Figure 1). The EU-wide harmonised unemployment rate, based on the Labour Force Survey, amounted to 5.7%, behind Germany (4.6%) and the UK (5.3%) the lowest rate in the EU. Norway and Iceland have the lowest unemployment rates in the EEA with 4.4% and 4% respectively.

Total employment (including self-employed and family helpers but excluding persons on parental leave and conscripts) amounted to 3.917 million in 2015, of whom 714,300 (18.2%) foreigners. The number of foreign wage and salary earners has more or less continuously increased between 1999 and today (with a slight dip (-5,500, -1.3%) in 2009). The number of foreign wage and salary earners reached 615,700 in 2015 (+27,000, +4.6% vs 2014). The numbers of Austrian wage and salary earners have been less dynamic, with transitory employment declines in 2002, 2003, 2009, 2013 and 2014. In 2015 their employment increased by 6,300 (+0.2%). Consequently, the share of foreign citizens in wage employment rose to almost 18% in 2015. Not only foreign wage and salary employment was significantly more expansive than the one of Austrian citizens but also self-employment. While the number of foreign self-employed rose continuously between 2008 (the first year of continuous data availability) and 2015, namely from 43,800 to 98,600 (+54,800, +125%), the number of self-employed Austrians declined over that time span by 2,900 or 0.8% to 369,300. Accordingly, the share of foreign self-employed in total self-employed doubled in the course of the last 7 years, reaching 21% in 2015.

As economic growth is expected to gain momentum in 2016, reaching 1.7% on an annual average, employment growth will rise as well, particularly of foreigners. The current efforts to open employment opportunities for refugees as well as asylum seekers should provide the major boost.

The rise in self-employment by 7,600 or 1.7% to 467,900 in 2015 is largely due to rising numbers of foreigners (+7,300, +8%), the majority being migrant women from the new EU-MS East of Austria (+6,200, +10.3%). They tend to who work in the personal service sector, largely as domestic helpers and domestic care workers for the elderly.

Figure 2: National and foreign labour¹
1989-2015



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

The recent upswing in the employment of foreigners is in the main the result of the end of transition regulations. It began with the EU-8 enlargement countries in spring 2011 (Malta and Cyprus never had transition regulations imposed upon). Then the number of employees of the EU-10 MS increased by 19,500 or 28% to 88,500 in 2011; the rise gained momentum in 2012 and slowed down without ever falling to the growth rates of the years of transition regulations. Accordingly, between 2010 and 2015, the employment of citizens from EU-10 more than doubled (+95,200, +138%) reaching an all-time-high of 164,225 in 2015.

The same happened to EU2-MS (Bulgaria and Romania) when the transition regulations fell in 2013. The number of workers from Bulgaria and Romania increased by 38.3% (+11,000) in 2014, reaching a level of 39,700. In 2015 the increase slowed down to 7,200 (+18.1%), raising employment of citizens of the EU2-MS to 46,900.

Also the inflow of Croatians into the Austrian labour market is getting more dynamic as a result of EU membership, even though transition regulations still apply (2015: 22,600; +2,100 or 10.2% vs 2014). (Table 2)

Table 1: National and foreign labour force (wage and salaries plus self-employed)* and unemployment rate of wage and salary earners:

	Annual average		Change 2013/2014		Change 2014/2015	
	2014	2015	Absolute	Percent	Absolute	Percent
Total labour force	4.195.100	4.270.963	63.584	1,5	75.863	1,8
Austrian labour force	3.434.176	3.460.181	11.814	0,3	26.005	0,3
Foreign labour force	760.924	810.782	51.770	7,3	49.858	7,4
Total employment ¹	3.875.743	3.916.632	31.434	0,8	40.889	1,1
Austrian wage&salary	2.826.808	2.833.064	-8.145	-0,3	6.256	0,2
Foreign wage & salary	588.722	615.681	31.970	5,7	26.959	4,6
Austrian selfemployed	368.905	369.263	1.960	0,4	358	0,1
Foreign selfemployed	91.308	98.624	5.649	6,6	7.316	8,0
Total unemployment	319.357	354.331	32.150	11,2	34.974	11,0
National unemployment	238.463	257.854	17.999	8,2	19.391	8,1
Foreign unemployment	80.894	96.477	14.151	21,2	15.583	19,3
	2010	2011	2012	2013	2014	2015
Total unemployment rate	7,1	6,9	7,2	7,8	8,6	9,3
National unemployment rate	6,7	6,5	6,7	7,2	7,8	8,3
Foreign unemployment rate	9,6	9,4	9,7	10,7	12,1	13,5

Source: BaliWeb, own calculations. – *Since 2008 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. Accordingly, the above unemployment rate is somewhat higher than the official rate.

The inflow of workers from EU15 countries, largely from Germany, continued, albeit at a somewhat reduced pace, raising the number of employees from the EU15 (except Austria) to 123,400 (+3,400, +2.8%). In contrast, the number of workers from the EEA/EFTA has remained stable for the last 10 years, their numbers amounting to some 2,900 persons all in all in 2015, the majority being from Switzerland (2,600). Accordingly, the number of employees from the EU15/EEA amounted to 126,300 in 2015 (+3,400 or 2.8% vs 2014).

The employment growth of third country citizens did not abate but remained rather subdued in 2015, which may come as a surprise, given the rise in the numbers of refugees and increasing efforts to get them into employment. The numbers of third country migrant workers rose by 1.600 or 0.6%, reaching a level of 255,600 in 2015. The share of third country citizens in foreign employment declined, however, as former third country citizens like the Croations joined the ranks of EU citizens. Accordingly, the share of third country citizens in total foreign employment stood at 41.5% in 2015. Also the share of EU15/EEA/CH citizens is slipping - to 20.5% in 2015 – while the share of citizens from EU-enlargement countries (East and South-East of Austria) is rising, reaching 38% in 2015. (Table 2)

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

	Foreign workers Total	EU15/EEA + CH	EU-12	Croatia	Third Country Citizens	EU15/EE A+ CH	EU-12	Croatia	Third Country Citizens	Foreign worker share
	In % of total									
1994	291.018	19.954	44.681		226.384	6,9	15,4		77,8	9,5
1995	300.303	22.472	44.834		232.998	7,5	14,9		77,6	9,8
1996	300.353	24.455	44.001		231.898	8,1	14,6		77,2	9,9
1997	298.775	26.094	43.325		229.357	8,7	14,5		76,8	10,1
1998	298.582	28.078	43.170		227.334	9,4	14,5		76,1	10,0
1999	306.401	30.902	44.431		231.068	10,1	14,5		75,4	10,1
2000	319.850	33.694	46.327		239.829	10,5	14,5		75,0	10,5
2001	329.314	37.022	48.221		244.071	11,2	14,6		74,1	10,7
2002	334.432	40.830	49.985		243.617	12,2	14,9		72,8	11,0
2003	350.361	44.856	52.275		253.231	12,8	14,9		72,3	11,5
2004	362.299	54.934	55.533		251.832	15,2	15,3		69,5	11,8
2005	374.187	63.829	59.339		251.018	17,1	15,9		67,1	12,0
2006	390.695	73.282	63.016		254.397	18,8	16,1		65,1	12,4
2007	412.578	82.962	69.877		259.740	20,1	16,9		63,0	12,8
2008	437.055	94.150	78.863		264.041	21,5	18,0		60,4	13,3
2009	431.552	96.851	81.847	15.193	237.661	22,4	19,0	3,5	55,1	13,3
2010	451.276	103.743	89.477	16.053	242.003	23,0	19,8	3,6	53,6	13,8
2011	488.934	110.540	112.129	17.001	249.264	22,6	22,9	3,5	51,0	14,7
2012	527.062	115.119	142.642	17.750	251.551	21,8	27,1	3,4	47,7	15,6
2013	556.752	119.666	165.139	18.607	253.340	21,5	29,7	3,3	45,5	16,4
2014	588.722	122.894	191.327	20.479	254.022	20,9	32,5	3,5	43,1	16,8
2015	615.681	126.343	211.148	22.573	255.618	20,5	34,3	3,7	41,5	17,4

Source: BALIweb. <http://www.dnet.at/bali/>

In 2016 foreign employment gained momentum with a rise of 38,900 or 6.1% vs a year ago at the end of August. The most dynamic inflows are from citizens of the new EU-MS (EU-2, Croatia and EU-10). Employment inflows from third countries gain momentum vs 2015 (+9,500, +3.6%) reaching a level of 272,900 at the end of August. It takes some time for the refugees to find a way into employment. But what we really see is a rise in unemployment as refugees have to register with the Labour Market Service (LMS) in order to be able to access education and training measures and to get basic income support.

Accordingly, unemployment numbers are rising at an unprecedented rate. In 2015, 354,300 unemployed were registered with the labour market service, 35,000 or 11 percent more than 2014. This rise in unemployment is the result of a multitude of factors, one being the rise in labour supply due to migrant and refugee inflows and rising female labour force participation, the other is a change in disability pension schemes resulting in a rising number of mature age workers with health problems and a deferral of the effective age of retirement. The unemployment rate of wage and salary earners - the traditional national calculation of the unemployment rate which excludes the self-employed from the labour supply base (which is based on administrative data) - amounted to 9.1% in 2015, 0.5 percentage points higher than a year ago. In 2016, unemployment continues to rise in the wake of unbroken labour supply growth and measures to reduce disability pensions and to prolong employment of the hard to place. Unemployment numbers rose as a consequence by 2,700 or 0.8% to 329,900 by the end of August; the unemployment rate of wage and salary earners was 8.3%, the same as a year ago.

The labour supply of foreign wage and salary earners increased during 2016 to reach 767,100 by the end of August (+45,600, +6.3% vs a year ago). The unemployment rate increased for foreign workers to 11.8 percent (+0.1percentage points vs August 2015) and declined slightly for Austrian citizens to 7.4% (-0.2 percentage points).

I. Migration Flows

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

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

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

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

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

1 Legal framework and policy reforms

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

The inflow of economic (labour) migrants of third country origin has been regulated by quotas until July 2011; with the **introduction of a point system of economic immigration of third country**

citizens, the quotas for third country migrant workers have been abandoned. However, even before 2011 the majority of third country citizens could enter outside a quota regulation, namely:

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

In 2005, migration legislation has been revised fundamentally, affecting asylum law, the regulation of residence and settlement of foreigners and Alien Police Law (Asylgesetz 2005, Niederlassungs- und Aufenthaltsgesetz 2005 – NAG, Fremdenpolizeigesetz 2005). The regulations of the residence status and the access to work have been overhauled, coordinated by the two legislative bodies and in accordance with EU guidelines. The redrawing of legislation was to a large extent due to EU-efforts to coordinate migration policy and to harmonise legislation, in this case for EU citizens and their third country family members. (Table 3)

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

Until 2011, the inflow of settlers from third countries and of their third country family members was regulated by quotas. It applied to highly skilled third country settlers with a work contract and family re-unification with third country citizens. The new residence and settlement law (NAG 2005) introduced a minimum income requirement for family reunification (family sponsoring²), in line with regulations in other immigration countries overseas. This amendment has reduced the inflow of migrants with low earning capacities who want to join a partner in Austria who himself/herself is living off welfare benefits (long-term unemployment benefits (Notstandshilfe) and social assistance). In addition, **forced and/or arranged marriages** are a target of control. Accordingly, in 2010 legislative reform came into effect **raising the age of the partner** who wants to enter Austria on the basis of **family reunification to 21**. This is a controversial element of policy reform as it may hamper integration given the postponement of entry of the partner.

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

Accordingly, the quota system for family reunification of third country citizens with third country citizens continues to be based on an annual quota. The **highly skilled third country citizens (Schlüsselarbeitskraft)** quota category for work, and their third country family members, however, came to an end in July 2011. (Figure 3) **In July 2011, a policy reform of skilled worker inflows came**

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

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

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, the Red-White Red-Card, hoping to raise the inflow and settlement of skilled and highly skilled third country citizens.

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

1. Third country citizens with permanent settlement rights in another EU country (Daueraufenthalt-EU) who want to come to Austria for the purpose of work (§8/1/3 NAG) or who want to settle in Austria without accessing the labour market (§49/1 NAG). This is a new quota in the revised residence law of 2005 and has been applied for the first time in 2006. The quota was set at 350 in 2006; due to the limited uptake the cap has been reduced more or less continuously to 138 in 2015, where it remained also for 2016.
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. The quota was raised slowly to 4,890 in 2016. 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 – Status changes (Zweckänderung)³: 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 card⁴ 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. With the introduction of the red-white-red card mid-2011, this group of third country migrants may have their status transferred to a red-white-red-plus-card, which allows free access to the labour market. The quota has been continually raised, reaching 228 in 2016.
4. Third country citizens and their family members who settle in Austria without wanting to enter the labour market (§§ 42 and 46 NAG); the regulations were amended in the residence law of 2005, requiring the proof of regular monthly income (double the minimum of unemployment benefits as regulated in § 293 ASVG). The quota was raised to 240 in 2011 (after 235 in 2010 and 230 in 2009). In this category the cap tends to be rather tight; it was therefore raised to 265 in 2012 and further still, to eventually reach 400 in 2016.
5. Highly skilled workers (**until mid-2011** §§2/5 and 12/8 AuslBG and § 41 NAG), their partners and dependent children (§46/3 NAG)⁵; for 2010 the inflow quota was fixed at 2,645, more or less the same level as in the last couple of years and the same as for 2011. The cap has never been reached on a national level; but some regions have set the cap too tightly and have had to raise the cap in the last couple of years. The actual inflows of highly skilled workers of third countries were low and fairly stable over time, rising between 2006 and 2010 from 548 to 610. Thus, highly

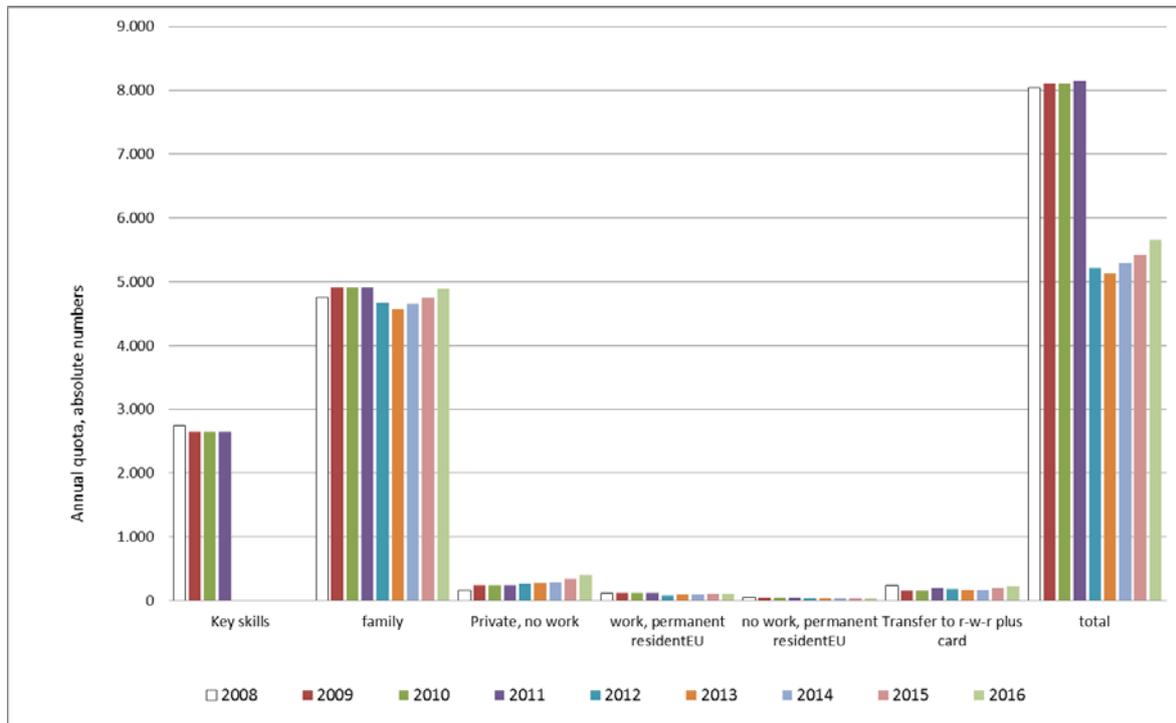
³ More about status changes of immigrants in Buschek-Chauvel and Chahrokh (2015).

⁴ The name of the card refers to the colour combination of the Austrian flag.

⁵ The point system or red-white-red card is the new control system in place, abandoning the quota system.

skilled migration is not affected by cyclical economic fluctuations of demand but follows an autonomous trend in line with international economic integration. In addition to the highly skilled workers their family members entered under the cap. Their numbers amounted to 416 in 2010, which is also only slightly more than in 2006 (302) – they were allowed to access work on the basis of labour market testing.

Figure 3: Quota system and annual cap by category, 2008-2016



Source: Ministry of the Interior, Settlement Order 2016, download 2-10-2016.

Thus, the quota system for third country family migration continues to be complex, the basic logic being the linkage of the residence and labour rights of the family members of third country citizens to the status/title of the 'anchor', i.e. the third country citizen with the residence title in Austria who requests the reunification with family members. Figure 3 provides some insight into the remaining quota system, which applies to fairly small groups of third country migrants. The total number of quota places is rising since the introduction of the new system (2012: 5,213), reaching 5,656 in 2016. This annual inflow cap continues to be substantially lower than in 2011 (8,145), the year of transition; the difference being due to the introduction of the red-white-red card for third country wage and salary earners.

Introduction of a Point System (Red-White-Red card)

The inflow of third country labour migrants had been curtailed by regulatory reforms from the early 1990s until 2011, upon which a point system has been introduced, modelled after the Canadian system. The restrictions were implemented in the 1990s in view of Austria joining the EU in 1995. Austria expected a major increase in the number of EU-migrants in the wake of free mobility of labour. Therefore the inflow of third country migrants was to be curtailed in order not to disrupt the highly regulated Austrian labour market. Accordingly, labour supply inflows of third country migrants were limited to highly skilled migrants (Schlüsselkraftverfahren), family migration and inflows on humanitarian grounds. In mid-2011 a point system of immigration came into effect, referred to as

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

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

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

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

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

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

Until the reform of the Foreign Employment Law in 2013 the access of third country citizens to the labour market was capped by a quota (Bundeshöchstzahl für bewilligungspflichtige Beschäftigung⁷). The latter was set by the Ministry of Labour meaning that the sum of employed and unemployed third country foreigners, who work on the basis of a work permit, does not exceed 8% of the total

⁶ Art. 4b Aliens’ Employment Act

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

dependent labour supply (§14 AuslBG). In some special cases a work permit could be granted by the governor beyond this quota up to a limit of 9% of total labour supply (wage and salary earners plus registered unemployed). This regulation has been abandoned in the amendment of the Foreign Employment Act in 2013, as it has lost meaning with the introduction of the r-w-r-card which basically offers unlimited access to the labour market for skilled third country migrants (no cap).

The point system brought about major changes. While third country 'key workers' did not have to prove university education until mid-2011 but instead a certain minimum income⁸, thereby effectively excluding young third country university graduates with low earning power, this is no longer the case. It is also no longer necessary to prove prior work. In 2010, the numbers of third country employees allowed to settle as key workers with fairly high income amounted to some 600 persons (sum over the year); in addition their partners and dependent children settled, adding 420 settlement permits. Thus a sum of some 1,000 'key workers' plus family members entered in 2010. In 2011, the year of transition from the old to the new system, their numbers rose slightly to some 1,200 – adding key workers (plus family members) and r-w-r-card holders. In 2013, the second full year of the new system, 1,177 r-w-r-cards were granted. In 2015, the fourth full year of the point system, all in all 1,801 r-w-r-cards were issued, either for the first time (1,181), or prolonged (98), or transferred from another title (522). In addition, some 150 blue cards were issued. This goes to show that the annual inflow of highly skilled or skilled third country migrants has more than tripled since the introduction of the point system (to some 2,000 persons). This is still less than expected at the time of the introduction of the point system, when hopes were for 5,000 new red-white-red-cards in 2015 (see Biffel et al. 2010:28). This goes to show that the new system promoted inflows but had some teething problems. Research into the reasons for the limited dynamics until 2013 indicated that the administrative procedures were more tedious than in the former skilled worker model; this understanding led to a reform of the law in 2013, allowing the employer in Austria to apply for the card (as was the regulation for the key skills model), thereby reducing waiting periods and costs to the potential migrant, and promoting the uptake.

Intercompany transfers, posted workers and other 'Special' cases of employment

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

According to the requirements of the Directive 2005/71/EC researchers have to provide a hosting agreement of a registered research institution. They do not need a work permit - just as any other activity exempt from work permit regulations in the Foreign Employment Act).¹¹ Thus, persons with a residence permit on the basis of 'special cases of paid employment activity' are exempt from permit requirements in the foreign employment law. Among the activities stated are inter alia diplomats, as well as their domestic service providers, representatives of religious groups, internationally renowned researchers, mariners/employees on cross border ships, top managers as well as their family members and household service providers.

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

⁹ Art. 24 Settlement and Residence Act. For more on temporary business migration see Biffel 2014.

¹⁰ Art. 18 Aliens' Employment Act

¹¹ Art. 67 Settlement and Residence Act

In a quest to combat wage and social dumping, the government passed a draft bill in April 2016, which is going to require an amendment to the Foreign Employment Act (currently under parliamentary review). The major focus of the amendment is on intercompany transfers and posted workers; in the latter case, foreign enterprises who post workers to carry out a service in Austria have to ensure the application of Austrian Labour Law (wages, working hours, vacation) and equal treatment relative to Austrian workers.

Seasonal and other forms of temporary employment

Immigration of workers to Austria is highly regulated; in case of transitory seasonal demands for workers the Federal Ministry of Labour and Social Affairs may admit temporary workers, based on an annual cap regulated by decree for third country citizens as well as persons from Croatia, for whom transition regulations apply (they receive preferential treatment, just as asylum seekers, when wanting to access seasonal work); seasonal workers tend to be admitted in tourism as well as agriculture and forestry.¹² The work permit is limited to six months but can be extended by a further six months if this is foreseen in the regulation, after twelve months the seasonal worker is not allowed to apply for a further permit for two months in order to prohibit settlement via this channel. For a work permit to be granted labour market testing is required, i.e. the potential employer has to prove that he is unable to fill that seasonal post by domestic labour, unless the person is a 'core-seasonal worker'¹³. Core seasonal workers have to prove that they have been working for up to 4 months in the last 5 years as seasonal workers in tourism or agriculture/forestry. They may be employed without going through the quota proceedings but they continue to need a seasonal work permit. More than 60% of the 'Core seasonal workers' (Stamm-Saisonniers) are from the Ukraine and Kosovo; 80% of them tend to come regularly to the same employer in Austria. The annual quotas (Kontingente) are set by the Minister of Labour. In 2013, the quota in agriculture and forestry was set at 6,535 (4,275 in agriculture & forestry and 2,260 for harvesting) and in tourism (at 1,780 in the winter season and at 1,275 for the summer season). The quotas have been reduced in 2012 and 2013 due to the opening of the seasonal labour market for the EU-8 citizens (end of transition regulations). In 2014 the quotas have been reduced again as Bulgaria and Romania received free mobility of labour rights, therefore seasonal work permits are no longer required. The quota for seasonal work was set at 4,500 employment contracts for 2016, plus 700 contracts for harvesting.

Seasonal work is often the only way for asylum seekers to access the labour market as wage/salary earners in private industries. **Since July 2012 asylum seekers under the age of 18 may take up apprenticeship education and thus part-time work with an employer, in March 2013 the age limit has been extended to 25 years of age, thus allowing also young adults to work (plus education/training) as an apprentice.** In addition, asylum seekers may become self-employed in special occupations not covered by trade law, e.g. as journalists, artists, sports and language trainers. Asylum seekers may also take up work in charitable and non-profit institutions as well as community services for a reduced hourly wage so that their earnings are not deducted from their welfare benefits. They may earn 110 euro per month in addition to their benefits; in case they earn more their welfare receipts are reduced by the surplus. **These regulations are fiercely debated in 2016, in view of the large inflow of asylum seekers, with the objective to raise the numbers of asylum seekers taking up these low-wage, largely unskilled, jobs, as well as raising the amount of money they may earn per month to 200€ in order to promote their self-sufficiency and integration.**

¹² Art. 2 Settlement Regulation

¹³ Regulated in § 5 AuslBG, BGBl. I Nr. 25/2011, which came into effect May 1, 2011.

Family migration and policy reform

Third country origin 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)¹⁴. 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). As the administrative costs were high for the migrant - the application had to be handed in at the Austrian embassy abroad – changes to the legislation were requested by the employers. Accordingly, in December 2012 an amendment to the foreign worker law was proposed by the Ministry of Labour (consultation phase) allowing the employer to organise the paper work in Austria, thereby minimising the administrative work for prospective third country employees. The law was adopted and came into effect on April 18, 2013.

Accreditation of skills acquired abroad

In order to promote the employment of migrants commensurate with their acquired skills, the National Assembly adopted a decision to ease skills recognition of university graduates from third countries in April 2012. The decision was based on a five-point programme elaborated by the Minister of Science and Research in cooperation with the then State Secretary for Integration. The decision facilitated the validation (regarding non-regulated professions) and accreditation (regarding regulated professions) of third-country graduates' degrees through increased information provision, improved services and shorter procedures.¹⁵ In December 2015 a law on the right to accreditation and acknowledgement of one's skills acquired abroad went into the parliament for consultation (Anerkennungs- und Bewertungsgesetz, AuBG¹⁶). The bill was modelled after the German one, which came into effect in 2012 (BMBF 2014). **The Austrian counterpart came into effect on April 12, 2016.**

Asylum legislation and procedures

As a response to **the humanitarian crisis in the Middle East**, Austria decided for the first time to implement **a resettlement programme**. In the summer 2013 the Austrian government initiated a Humanitarian Admission Programme (HAP I) by resettling 500 Syrian refugees to Austria. In spring 2014, the Austrian government decided to expand the programme by introducing HAP II, adding another 1,000 resettlement places. Both programmes, HAP I and HAP II, have adopted a shared admission scheme for Syrian refugees: one part of the quota is filled by UNHCR quota-refugees who are already registered in the region, with a focus on particularly vulnerable groups. The other part is directed towards the Christian community in Syria, helping to bring in refugees with family ties in Austria. Additionally, the possibility of direct application for refugees with family members in Austria was introduced during HAP II. IOM is organizing the transfer of the refugees to Austria and also delivering pre-arrival Cultural Orientation Trainings in the transit countries. HAP I was completed in

¹⁴ For more see the section on Migration and Integration: <http://www.bka.gv.at/DocView.axd?CobId=32965>

¹⁵ Basic research into skills recognition procedures in Austria was undertaken by Biffl et al 2012 and a website was developed in consequence for guidance of migrants: www.berufsanerkennung.at

¹⁶ The whole title: Bundesgesetz über die Vereinfachung der Verfahren zur Anerkennung und Bewertung ausländischer Bildungsabschlüsse und Berufsqualifikationen.

December 2014 with a total of 504 refugees being resettled. HAP II started to bring in refugees by October 2014. All in all 1,317 refugees were admitted to Austria within the HAP programme by the end of 2015 (of whom 780 UNHCR-cases and 537 as family members). (Kratzmann 2016) In 2016 Austria announced the implementation of a third Humanitarian Admission Programme (HAP III) of some 400 Syrian refugees for the period 2016/17.

Austria, in view of the imbalance between resettlement commitments made by different Member States, and the on-going crisis in the Mediterranean, proposed a resettlement programme initiative “Save Lives” (presentation before the European Parliament December 2014). The aim for this programme is to establish an EU-wide resettlement programme which could potentially encompass all Member States that would be based on a binding distribution key (calculated according to a fixed formula).

In the wake of the massive inflow and transit of asylum seekers in 2015, the **Austrian government has decided upon a reform of asylum legislation (April 2016)**. The major aspects to be amended refer to the duration of asylum proceedings, the period of protection (review after 5 years) and access to welfare payments.¹⁷ The period of protection/residence of recognized refugees (according to the Geneva Convention) will be limited to three years, after which persons may be expected to return if the source country can be considered safe for the person in question. Family reunion will become more difficult, above all for persons with subsidiary protection status. In addition, an emergency decree, which is in preparation by the coalition government, is to allow the refusal of entry at the border to potential asylum seekers, if a certain upper limit (in 2016: 37,500 asylum seekers) is reached. Persons who manage to enter clandestinely and file an asylum application in Austria may continue to do so if a referral to the source or transit country is unfeasible.

As the current system of burden sharing between the federal state and the Bundesländer relative to the welfare allowances for refugees is ending December 2016, a re-regulation or renewal is discussed. Currently only financial allowances are provided (with no upper limit); in future, it is suggested, to reduce the financial allowances and to provide in kind allowances where feasible, e.g. housing, as housing costs differ significantly between the Bundesländer. The provision of welfare benefits is linked to the signing of an integration contract. Some of the points to agree upon are the following: adherence to the rules of the Austrian democracy, the inadmissibility of violence (also in the family), the precedence of state law over religious regulations, the equality of men and women, the willingness to acquire the German language, to work and to accept the core values of the Austrian society.

¹⁷ More on the reception of refugees in Austria and access to welfare services (Koppenberg 2014), For an overview of Asylum and Migration policies and recent changes see IOM (2015)

Table 3: Evolution of the legal migration framework in Austria

1961	Raab-Olah-Accord between the Chamber of Commerce and the Trade Union Congress: the foundation for recruitment of foreign workers
1975	Foreign employment Law (AuslBG 1975) substituting regulations dating back to the 1930s
1988	Amendment to the Foreign Employment Law
1990	Alien Law and amendment to the Foreign Employment Law
1993	Alien Law, Residence Law and amendment to the Foreign Employment Law
1994	EEA-Agreement
1995	Amendment to the Residence Law
1996	Amendment to the Foreign Employment Law
1998	Alien Law 1997
2003	Amendment to the Alien Law 1997 (Fremdengesetznovelle 2002)
2006	Reframing of Migration Legislation 2005: Alien Police Law 2005, Settlement and Residence Law 2005, Asylum Law 2005
2010	Amendment of various Alien Acts (Fremdenrechtsänderungsgesetz 2009) – impact on Asylum Law (AsylG 2005), Alien Police Act (FPG 2005), The Fees Act 1957, Basic Income/Services Provision Act - Federal State (GVG-B 2005), Residence Act (NAG), Citizenship Act 1985 (StBG), Acquittance Law 1972 (deletion from criminal record)
2011	Amendment of Migration Legislation (Fremdenrechtsänderungsgesetz 2011), largely regulations on legal advice in Alien Law procedures
2012	Law on the implementation of a Federal Agency of Alien Affairs and Asylum (BFA- Bundesamt für Fremdenwesen und Asyl) BFA-Einrichtungsgesetz – BFA-G) BGBl. I Nr. 87/2012
2013	Amendment to the Settlement and Residence Law (NAG 2005) and the Foreign Employment Act (AuslBG (BGBl 2013/72) incorporating EU Guideline 2011/98/EU
2013	Amendment to the BFA-Law relative to administrative procedures, coming into effect January 2014 (asylum procedures and alien affairs from now on the responsibility of the newly established BFA (Bundesamt für Fremdenwesen und Asyl)
2015	Amendment of procedures for the accreditation of qualifications and skills obtained in third countries (Anerkennungsgesetz) – under parliamentary review, enacted in 2016.
2015	Amendment of asylum regulations on access to social services and residence status (changes in Asylum Law 2005, Alien Act 2005, BFA-Act), came into effect June 2016
2016	Amendment of the Foreign Employment Act 2015 - under parliamentary review.

2 Migration flows by category

Population flows of nationals and foreigners

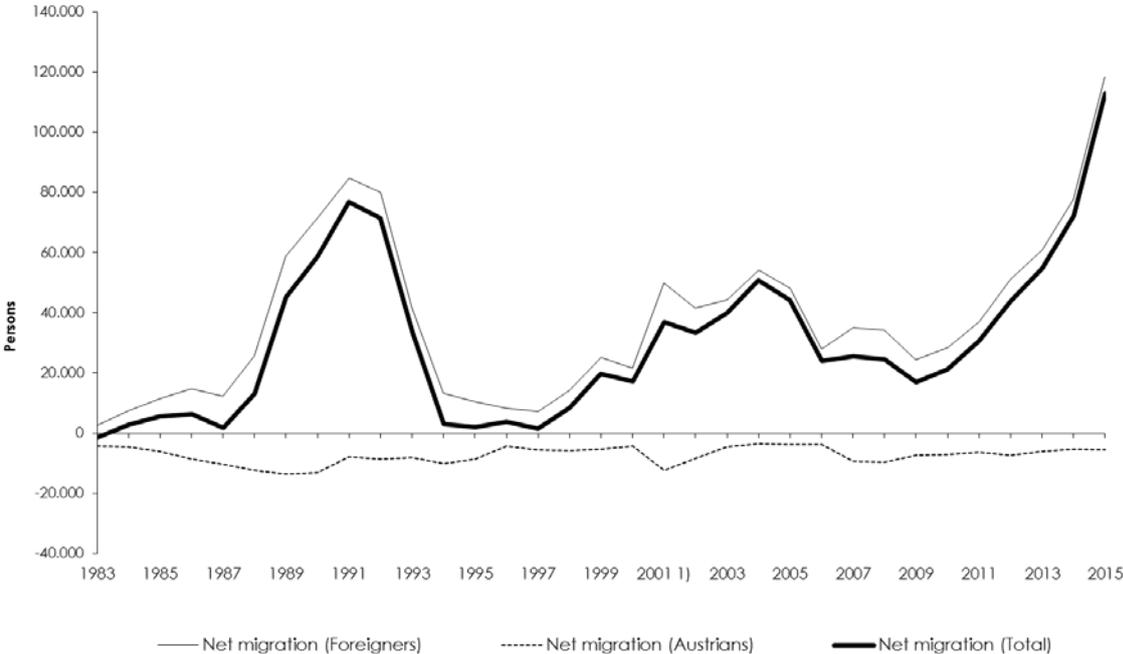
Austria experienced three waves of significant net immigration since the early 1980s; the first in the mid to late 1980s, to a large extent triggered by asylum seekers (at first from Poland – Solidarnos, later from Yugoslavia) culminating in 1991 with 76,800 net immigration; the steep rise towards the end of the 1980s is a result of the fall of the Iron Curtain and German reunion on the one hand and

civil war in Yugoslavia on the other. German reunification gave a boost to Austrian economic growth; the favourable employment opportunities attracted many migrants from traditional source countries as well as Central and Eastern European Countries (CEECs, see *Biffel*, 1996). The unprecedented rise in population inflows of the late 1980s and early 1990s triggered a revision of alien laws in Austria. The legislative reform brought about the introduction of immigration legislation which was modelled after US-regulations.

The second wave of immigration set in towards the end of the 1990s and reached its peak in 2004 with net immigration of 50,800. After that net population inflows declined to 20,600 in 2009, i.e. by 59% versus 2004. The slowdown in inflows was transitory, largely due to restrictive migration policy (transition regulation for the new EU12-MS), later the severe economic recession; the renewed economic upswing in combination with the end of transition regulations, triggered a third wave of immigration. The peak was reached in 2015, as a result of massive refugee inflows from the Middle East; accordingly the net inflows amounted to 113,100 in 2015. While the second wave of inflows had been largely due to the echo-effect of the first one of the early 1990s – through the acquisition of Austrian citizenship; family reunification of an Austrian citizen with a third country national is possible outside quota restrictions.

The large inflow of third country nationals in the late 1990s and early years of 2000 fuelled another legislative reform (Alien Law 2005, see chapter on legal ramifications above). Thus, also Austrian citizens face barriers to family reunification/formation with third country citizens if they have no regular (minimum) income (dependent children face no entry barriers as they are covered by family allowance). The restrictions in combination with the declining echo effect resulted in a reduction of net inflows of migrants from 50,800 in 2004 to 24,100 in 2006. In 2007 and 2008, net immigration of foreigners picked up again, reaching a level of 24,700 in 2008. The ensuing economic downturn affected net inflows of foreigners in 2009, reducing them to 17,100. In 2010 immigration picked up again; in combination with the large inflow of asylum seekers in 2014 and even more so 2015 the net inflow of foreign citizens amounted to 118,500 in 2015; this was a rise vs 2014 of 40,100 (+52%). **The massive inflow of asylum seekers triggered reforms in asylum regulations and intensified border controls in cooperation with the neighbouring countries (Hungary and Balkans) in 2016.**

Figure 4: Net migration of Austrians and Foreigners 1983-2015



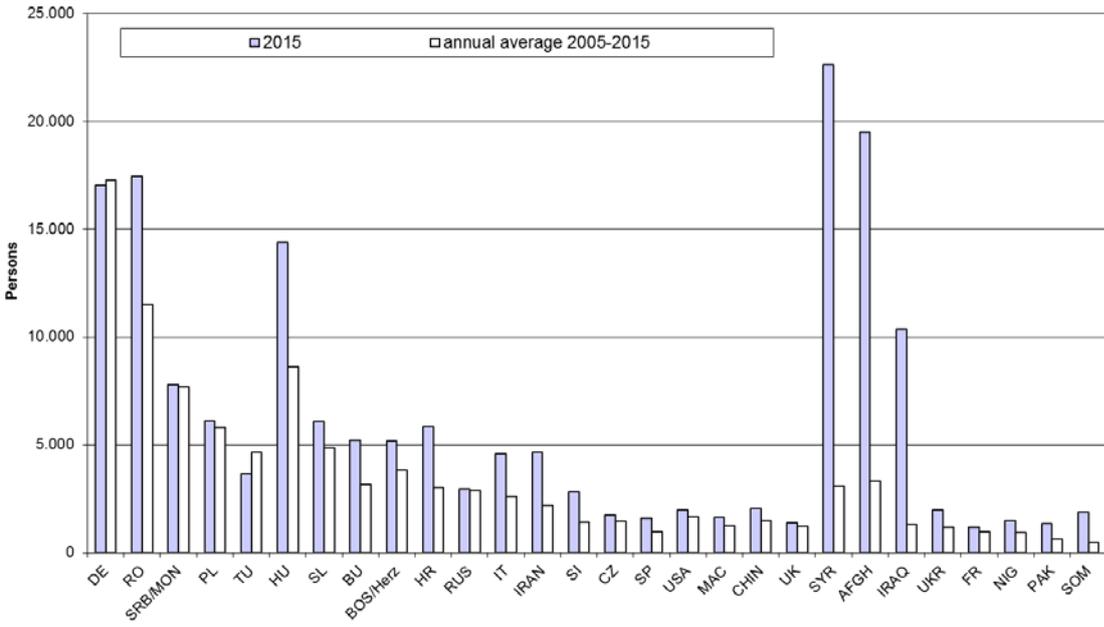
Source: Statistics Austria.

The change in paradigm of the immigration policy away from worker migration to family re-unification and humanitarian intake in 1992 resulted in increasingly supply driven rather than demand driven immigration flows. Thus the mismatch between skills supplied and demanded increased. Accordingly, employers demanded reforms in immigration policy, basically the promotion of labour migration at the upper end of the skill level. The government took the issue on and implemented the first tier (highly skilled) of a three tiered point based labour immigration model in 2011. The second tier (skilled migrants) has been implemented in 2012. The third tier for low skilled workers has never been implemented, as there are no scarcities of unskilled labourers.

Net immigration flows are the result of significant net-immigration of foreigners; Austrians, in contrast, are on balance emigrating. In 2015, the total net immigration of 113,100 was a result of a net inflow of foreigners of 118,800 and a net outflow of Austrians of 5,500. (Figure 4)

It can be taken from Figure 5 that the inflow dynamics changed by source country, but on average the most important countries of origin of migrants between 2005 and 2015 were, apart from Germany, Central, Eastern and South-Eastern European countries. The influx of substantial numbers of persons from the Middle East (Syria, Iraq, Iran) and from the Far East (Afghanistan), largely asylum seekers, is a relatively recent phenomenon and gained momentum in 2015. Also persons from Africa (Nigeria, Somalia) are increasingly entering Austria.

Figure 5: Inflows of top 28 nationalities into Austria 2015 and on average 2005-2015



Source: Statistics Austria.

The net flow figures can be disaggregated into gross flows by gender and citizenship. Accordingly, in 2015, gross inflows amounted to 214,400 (of whom 198,700 foreigners) and outflows to 101,300 (of whom 80,100 foreigners). The net migration rate (net migration per 1,000 inhabitants) which had declined from a high of 6.2 in 2004 to a low of 2 in 2009 rose again and reached an unprecedented 13.1 in 2015 as a result of the massive refugee inflow. It was above all male net migration rates, which are generally higher than female rates, which rose more than proportionately in the wake of the refugee inflow to 16 in 2015, after 9.5 in 2014 (female rates 10.3 after 7.5 in 2014). There is, not surprisingly, a significant difference between Austrian citizens and migrants. While the migration rate of foreign citizens amounted to 99.2 per 1000 foreign inhabitants in 2015 (70.4 in 2014), it is negative in the case of Austrians but insignificant relative to the population size (-0.7) (Table 4)

Of the 198,700 inflows of foreigners in 2015, not quite half of them (46.3%, 92,000) came from the EU plus EEA/CH – after 62% or 96,100 in 2014. This means that in 2015 the actual numbers of inflows from the EU/EEA/CH declined somewhat versus a year ago, but the share in total inflows dwindled as third country citizens arrived in unprecedented numbers.

16 percent came from the EU-14-MS (before 2004: 31,600), in the main Germany (17,600), followed by Italy (5,000); 30% came from the EU-13-MS (since 2004: 59,100). The largest numbers came from Romania (16,900), followed by Hungary (14,000), Poland (6,100), Slovakia (6,100) and Croatia (5,500). In contrast, 54% or 106,700 inflows originated in third countries, after 38% or 58,100 in 2014.

Table 4: Migration flows in Austria: 2001-2015

Total Population	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<i>Total</i>															
Inflows	111.219	108.125	111.869	122.547	114.465	98.535	106.470	109.713	107.523	112.691	124.619	140.358	151.280	170.115	214.410
Outflows	74.363	74.831	71.996	71.721	70.133	74.432	81.000	85.063	90.470	91.375	93.914	96.561	96.552	97.791	101.343
Net migration	36.856	33.294	39.873	50.826	44.332	24.103	25.470	24.650	17.053	21.316	30.705	43.797	54.728	72.324	113.067
<i>Men</i>															
Inflows	49.036	60.127	60.824	67.307	63.273	54.298	57.853	59.149	58.933	61.536	69.379	78.212	83.480	96.014	126.712
Outflows	41.377	42.657	43.171	42.488	41.372	43.981	47.573	49.415	52.476	52.930	54.297	56.377	55.385	56.434	58.897
Net migration	7.659	17.470	17.653	24.819	21.901	10.317	10.280	9.734	6.457	8.606	15.082	21.835	28.095	39.580	67.815
<i>Women</i>															
Inflows	62.183	47.998	51.045	55.240	51.192	44.237	48.617	50.564	48.590	51.155	55.240	62.146	67.800	74.101	87.698
Outflows	32.986	32.174	28.825	29.233	28.761	30.451	33.427	35.648	37.994	38.445	39.617	40.184	41.167	41.357	42.446
Net migration	29.197	15.824	22.220	26.007	22.431	13.786	15.190	14.916	10.596	12.710	15.623	21.962	26.633	32.744	45.252
	<i>Per 1000 inhabitants</i>														
<i>Net migration</i>															
Total	4,6	4,1	4,9	6,2	5,4	2,9	3,1	3,0	2,0	2,5	3,7	5,2	6,5	8,5	13,1
Men	2,0	4,5	4,5	6,3	5,5	2,6	2,5	2,4	1,6	2,1	3,7	5,3	6,8	9,5	16,0
Women	7,0	3,8	5,3	6,2	5,3	3,2	3,6	3,5	2,5	3,0	3,6	5,1	6,1	7,5	10,3
Foreigners	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<i>Total</i>															
Inflows	83.199	86.144	93.341	104.246	97.995	82.899	91.546	94.368	91.660	96.896	109.921	125.605	135.228	154.260	198.658
Outflows	45.844	44.478	48.940	50.018	49.800	55.045	56.643	60.226	67.219	68.398	72.812	74.394	74.508	76.517	80.141
Net migration	37.355	41.666	44.401	54.228	48.195	27.854	34.903	34.142	24.441	28.498	37.109	51.211	60.720	77.743	118.517
<i>Men</i>															
Inflows	39.955	50.091	51.119	57.906	53.968	45.213	48.306	49.332	48.810	52.107	62.324	68.633	73.234	85.952	116.748
Outflows	28.823	23.680	27.916	28.256	27.691	30.857	31.424	32.111	37.962	37.358	41.547	43.067	42.098	43.725	46.380
Net migration	11.132	26.411	23.203	29.650	26.277	14.356	16.882	17.221	10.848	14.749	20.777	25.566	31.136	42.227	70.368
<i>Women</i>															
Inflows	34.831	42.476	46.045	51.041	47.487	40.171	43.644	45.429	43.008	46.155	52.612	56.972	61.994	68.308	81.910
Outflows	22.187	15.097	18.149	20.070	19.789	22.047	22.303	23.238	28.160	29.046	32.026	31.327	32.410	32.792	33.761
Net migration	12.644	27.379	27.896	30.971	27.698	18.124	21.341	22.191	14.848	17.109	20.586	25.645	29.584	35.516	48.149
	<i>Per 1000 inhabitants</i>														
<i>Net migration</i>															
Total	52,1	56,4	59,2	71,1	61,3	34,9	42,7	40,4	28,1	31,8	39,9	52,5	58,7	70,4	99,2
Men	29,5	68,1	59,3	74,9	64,6	34,8	40,3	40,0	24,6	32,6	44,4	52,1	59,8	75,8	115,4
Women	37,2	78,0	77,8	84,5	73,1	46,9	53,7	53,6	34,6	38,5	44,6	52,9	57,6	65,0	82,2
Austrians	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<i>Total</i>															
Inflows	28.020	21.981	18.528	18.301	16.470	15.636	14.924	15.345	15.863	15.795	14.698	14.753	16.052	15.855	15.752
Outflows	28.519	30.353	23.056	21.703	20.333	19.387	24.357	24.837	23.251	22.977	21.102	22.167	22.044	21.274	21.202
Net migration	-499	-8.372	-4.528	-3.402	-3.863	-3.751	-9.433	-9.492	-7.388	-7.182	-6.404	-7.414	-5.992	-5.419	-5.450
<i>Men</i>															
Inflows	9.081	12.583	10.571	11.883	11.032	10.424	9.891	10.123	10.326	10.412	9.971	9.579	10.246	10.062	9.964
Outflows	12.554	22.417	18.158	16.735	13.125	12.749	12.681	12.573	12.511	12.314	12.496	13.310	13.287	12.709	12.517
Net migration	-3.473	-9.834	-7.587	-4.852	-2.093	-2.325	-2.790	-2.450	-2.185	-1.902	-2.525	-3.731	-3.041	-2.647	-2.553
<i>Women</i>															
Inflows	6.061	8.015	5.819	6.569	5.335	5.164	5.064	5.190	5.641	5.724	5.301	5.174	5.806	5.793	5.788
Outflows	9.090	18.464	13.034	11.756	8.045	7.842	7.783	7.716	8.556	7.985	8.535	8.857	8.757	8.565	8.685
Net migration	-3.029	-10.449	-7.215	-5.187	-2.710	-2.678	-2.719	-2.526	-2.915	-2.261	-3.234	-3.683	-2.951	-2.772	-2.897
	<i>Per 1000 inhabitants</i>														
Total	-0,1	-1,1	-0,6	-0,5	-0,5	-0,5	-1,3	-1,3	-1,0	-1,0	-0,9	-1,0	-0,8	-0,7	-0,7
Men	-1,0	-2,8	-2,1	-1,4	-0,6	-0,6	-0,8	-0,7	-0,6	-0,5	-0,7	-1,0	-0,8	-0,7	-0,7
Women	-0,8	-2,7	-1,9	-1,4	-0,7	-0,7	-0,7	-0,7	-0,8	-0,6	-0,8	-1,0	-0,8	-0,7	-0,8

S: Statistics Austria.

Table 5: International in- and outflows by source and destination countries 2015

Source-/Host-Country	Inflows from abroad			Outflows to abroad			NetMigration		
	Total	Austrians	Foreigners	Total	Austrians	Foreigners	Total	Austrians	Foreigners
Total	214.410	15.752	198.658	101.343	21.202	80.141	113.067	-5.450	118.517
EU/EEA/CH	95.906	3.938	91.968	58.489	7.618	50.871	37.417	-3.680	41.097
EU-MS (27)	94.060	3.271	90.789	55.781	5.944	49.837	38.279	-2.673	40.952
EU-MS before 2004 (14)	34.391	2.748	31.643	25.023	5.134	19.889	9.368	-2.386	11.754
Germany	19.406	1.812	17.594	14.911	3.538	11.373	4.495	-1.726	6.221
France	1.327	99	1.228	1.107	185	922	220	-86	306
Greece	1.220	71	1.149	679	46	633	541	25	516
UK	1.677	232	1.445	1.741	506	1.235	-64	-274	210
Italy	5.193	168	5.025	2.407	245	2.162	2.786	-77	2.863
Netherlands	1.031	63	968	764	93	671	267	-30	297
Spain	1.984	154	1.830	1.394	171	1.223	590	-17	607
EU-MS after 2004 (13)	59.669	523	59.146	30.758	810	29.948	28.911	-287	29.198
Bulgaria	5.120	28	5.092	2.630	42	2.588	2.490	-14	2.504
Croatia	5.531	53	5.478	2.412	81	2.331	3.119	-28	3.147
Poland	6.137	70	6.067	3.477	107	3.370	2.660	-37	2.697
Romania	17.027	100	16.927	9.021	134	8.887	8.006	-34	8.040
Slovakia	6.180	58	6.122	3.398	63	3.335	2.782	-5	2.787
Slovenia	2.917	33	2.884	1.096	42	1.054	1.821	-9	1.830
Czech Republic	1.870	77	1.793	1.355	105	1.250	515	-28	543
Hungary	14.117	87	14.030	6.875	199	6.676	7.242	-112	7.354
EEA/CH;Assoc.Small States	1.846	667	1.179	2.708	1.674	1.034	-862	-1.007	145
Third countries	118.504	11.814	106.690	42.854	13.584	29.270	75.650	-1.770	77.420
Europe (incl. Turkey)	27.449	946	26.503	16.463	1.515	14.948	10.986	-569	11.555
Bosnia-Herzegovina	5.463	101	5.362	2.658	153	2.505	2.805	-52	2.857
Kosovo	2.001	36	1.965	1.200	77	1.123	801	-41	842
Macedonia	1.663	28	1.635	835	27	808	828	1	827
Russian Federation	2.947	54	2.893	1.742	40	1.702	1.205	14	1.19
Serbia	8.092	169	7.923	4.910	214	4.696	3.182	-45	3.227
Turkey	4.283	517	3.766	3.944	960	2.984	339	-443	782
Ukraine	1.965	25	1.940	660	21	639	1.305	4	1.301
Africa	7.293	504	6.789	3.161	569	2.592	4.132	-65	4.197
Nigeria	1.407	32	1.375	664	70	594	743	-38	781
Somalia	1.892	4	1.888	242	7	235	1.650	-3	1.653
America	5.047	723	4.324	4.897	1.070	3.827	150	-347	497
Northamerica	2.987	387	2.600	3.604	740	2.864	-617	-353	-264
Canada	576	66	510	472	102	370	104	-36	140
USA	2.408	321	2.087	3.130	636	2.494	-722	-315	-407
Latinamerica	2.060	336	1.724	1.293	330	963	767	6	761
Asia	68.544	852	67.692	8.406	916	7.490	60.138	-64	60.202
Afghanistan	19.416	19	19.397	869	13	856	18.547	6	18.541
China	1.876	103	1.773	1.169	89	1.080	707	14	693
Indien	1.380	47	1.333	767	70	697	613	-23	636
Irak	10.449	59	10.390	395	31	364	10.054	28	10.026
Iran	4.760	76	4.684	688	66	622	4.072	10	4.062
Pakistan	1.393	37	1.356	483	39	444	910	-2	912
Syrien	22.902	37	22.865	687	11	676	22.215	26	22.189
Oeania	552	137	415	504	192	312	48	-55	103
Australien	442	106	336	391	150	241	51	-44	95
New Zealand	87	25	62	103	39	64	-16	-14	-2
Unkown	9.619	8.652	967	9.423	9.322	101	196	-670	866

S: STATISTICS AUSTRIA.

The largest numbers originated in Asia (34% or 67,700), in the main from the Middle East and Afghanistan. But inflows from European third countries did not subside but continued to rise slightly relative to 2014 (26,500 vs 25,500). The major source countries are Serbia, Bosnia-Herzegovina and Turkey.

The more recent inflow dynamics represent a major shift away from 'old' EU-MS towards the new EU-MS in the East and South-East. Inflows from Turkey had slowed down in the wake of the economic recession of 2009 but picked up somewhat since 2011. The same holds for the Balkan countries, particularly Bosnia-Herzegovina and Serbia, but increasingly also from the Russian Federation and the Ukraine.

While the inflows from North America and Latin America remained fairly stable over the last couple of years (2,600 and 1,700 respectively in 2015, in toto 2.2% of all foreign inflows), this is not the case for Asia. Their numbers increased at first slightly (from 14,900 in 2013 to 22,400 in 2014) and the abruptly in 2015 to 67,700, representing 34.1% of all inflows. The main source region is the Middle East, with Syria taking the lead; but also inflows from China, India, and Afghanistan continue to be on the rise. Inflows from Africa rise, in particular from Nigeria, Somalia and Tunisia, but still have a low share in inflows (3.4% of all inflows of foreign citizens). The inflows from Oceania are small and dwindling (0.2% in 2015).

If we compare the migration flows of third country citizens based on the population register with the number of settler resident permits granted to third country citizens in the course of 2015, it can be established that only some 17% of the gross inflow of 107,000 third country citizens were persons receiving a settler permit by the Ministry of Interior (17,700), not surprising as the large majority arrived as asylum seekers. (Table 5 and Table 11)

Of all the 80,100 outflows of foreigners in 2015, 63% or 50,900 are directed towards the EU/EEA/CH. This development goes to show that there is much mobility between Austria and the EU/EEA/CH. **The balance between inflows and outflows between the EEA/CH countries and Austria results in net immigration to Austria by 41,100, representing 34.7% of the net foreign population inflows in 2015.**

The largest proportion of outflows into the EEA/CH regions goes to the new EU-13-MS, namely 29,900 compared to 19,900 to the EU-14-MS. The balance between inflows and outflows is in both cases positive (29,200 compared to 11,800 net migration to Austria). The German population in Austria is largely a floating population with a high proportion flowing in and out, the net effect being 6,200 or 5% of all net inflows of foreigners, this is less than in the case of persons from Italy (2,900). **The largest net inflows from the EU13-MS in 2015 originated from Romania with 8,000 or 6.8% of all net foreign migration to Austria. Second in line is Hungary with net migration to Austria of 7,500 or 6.2% of all foreign net migration, followed by Croatia, Slovakia, Poland and Bulgaria.** (Table 5) This is an indication for settlement tendencies rather than high cross-country mobility.

A fairly new feature emerged in the last couple of years, namely that Turkish migrants were increasingly returning to Turkey such that, in 2012, only a small net inflow of 937 Turks remained. However, in 2013, net immigration from Turkey started to rise again to 1,300. This was a transitory phenomenon, as net inflows declined again in 2014 to 530, but 2015 saw again a rise in net immigration from Turkey to 800 persons. While dynamic economic growth in Turkey tended to motivate Turkish migrants to return to Turkey, increasing refugee inflows from Syria to Turkey and political unrest in the border regions of Turkey start to be a concern to Turks at home which may be the reason for a renewed uptake of net inflows in 2015.

While net inflows from North America and Latin America tend to be fairly small and stable over time, this is not the case for Asia. **The net inflow of migrants from Asia doubled in 2014 versus a year ago to 14,600 and exploded 2015 to 60,200. This is 50.8% of all net foreign migrants. The largest origin countries are Syria and Afghanistan.** (Table 5)

Entries and departures of refugees

Asylum issues lie within the competence of the federal government. The Federal Asylum Office in the newly established Federal Agency of Alien Affairs and Asylum (BFA – Bundesamt für Fremdenwesen und Asyl), which resorts to the Ministry of Interior (bmi), is the first instance in asylum proceedings (Art. 58 Asylum Act). Appeals against decisions of the Federal Asylum Office could until January 2014

be addressed to the Asylum Court, an independent court established in 2008 (Art. 61 para 1 Asylum Act). **As of 1 January 2014, the Federal Asylum Office was replaced by the Federal Office for Alien Affairs and Asylum¹⁸ which is also responsible for certain alien police proceedings (Act on the Restructuring of the Alien Authorities)¹⁹; and includes also the Administrative High Court (Bundesverwaltungsgericht), the last instance in matters on asylum and alien law. The Asylum Court is an integral part of the Administrative High Court;** in the preparation of the structural, institutional reform of legal proceedings in public administration the Asylum Court acted as the hub for the reform process²⁰.

The assistance and financial support of asylum seekers and other foreigners in need of help is regulated in the Basic Assistance Act on federal level (Grundversorgungsgesetz - Bund 2005 -BGBl. Nr. I 100/2005 idF BGBl. I Nr. 122/2009) and in specific legislation of the Provinces, which are to guarantee uniform standards across the country. A burden sharing between the federal state and the 'Bundesländer' is ensured by an agreement specified in the law (GVV, Art. 15a B-VG (BGBl. Nr. I 80/2004). Apart from asylum seekers, recognized refugees, who have obtained asylum, continue to receive basic support for the first four months after recognition of their status. Basic support (Grundversorgung) consists of board and lodging, health and care services, information and (legal) advice, access to education and training, clothing, etc. and pocket money).

The unsurpassed influx of asylum seekers and refugees in 2015 put the asylum authorities under enormous pressure to raise the number of staff in the asylum courts to speed up procedures. In the beginning of 2015 the Federal Office (BFA) had a staff of some 689 persons. In 2015 their numbers were augmented by 206 or 30% to 895, according to the Federal Office of Alien Affairs and Asylum²¹. In the course of 2016 the Federal Office plans to raise the number of staff in charge of asylum cases by another 500. As asylum applications have lost momentum in 2016, largely as a result of the deal between the EU and Turkey, but also as a consequence of actions by the Ministries of Foreign Affairs, of the Interior and of Defence against illegal border crossings.

Entries of refugees

Since the mid-1980s the number of asylum seekers has been rising, at first steadily and towards the end of the 1980s abruptly – an experience Austria shared with other western European countries. By the end of December 1991 27,300 asylum seekers were registered in Austria. This was the starting point of a reform of the asylum legislation (Asylum Law 1991) – to a large extent induced by the intergovernmental co-operation within EU-member countries and the then prospective new EU-MS 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, 2009, 2011, and 2016 – partly a consequence of EU-wide coordination of asylum legislation and procedures and thus harmonisation, the latter largely to restrain numbers.

In January 2010, a comprehensive revision of the Alien Law came into effect. Several changes to tighten alien police and asylum legislation were introduced. The amendment redefined the offences which may lead to detention of asylum seekers, and introduced the possibility to deprive, under certain conditions, delinquent refugees and beneficiaries of subsidiary protection of their status.

¹⁸ This court replaced 194 offices that were responsible for aliens and asylum law issues.

¹⁹ Verwaltungsgerichtsbarkeitsnovelle, BGBl. I No. 87/2012.

²⁰ For more see website: <http://www.asylgh.gv.at/site/7814/default.aspx>

²¹ See http://www.bfa.gv.at/files/Statistiken/BFA_Jahresbilanz2015_web.pdf.

Finally, the legal framework for granting residence permits to rejected asylum seekers based on humanitarian grounds was redefined. With July 2011 a one week mobility restriction outside the asylum reception centre was introduced for new arrivals of asylum seekers. From October 1, 2011 onwards asylum seekers who have had their claim rejected by the asylum court are automatically provided with legal counselling and support on further steps to take by one of the following NGOs: Diakonie, Volkshilfe or Human Rights Austria.

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

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

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

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

After a temporary slowdown in asylum inflows in the year 2000, inflows of asylum seekers rose rapidly until 2002, partly as a result of the crisis in Afghanistan. In 2002 the number of asylum seekers peaked at 39,400. Ever since then the numbers of applications for asylum declined steadily. In 2007 only 11,900 asylum applications were filed, 25,100 or 67.8 percent less than in 2002. The sharp reduction in the numbers of asylum seekers between 2002 and 2007 was largely the result of Austria moving from a Schengen country at the border to one within a larger Schengen region (Dublin Convention). It became therefore increasingly difficult to apply for asylum in Austria as one tended to have to pass through another Schengen country before reaching Austria. The neighbouring countries are considered 'safe havens', implying that asylum seekers crossing through one of these countries may rightfully be returned to these countries as first countries of asylum. It is increasingly recognised that some of the countries of transition of asylum seekers cannot be considered 'safe

havens', however. Accordingly, public pressure was mounting in Austria in 2010 to revisit and adapt current Austrian practices of refoulement, triggered off by some spectacular cases which were caught by the media, where family members and children were being separated and deported to some of the countries concerned. As a result, since then refoulement cases are receiving more critical attention.

The Schengen border did not, however, prevent inflows of asylum seekers from rising in the longer term. Already in 2008, the number of asylum seekers increased for the first time since 2002 to 12,841 and continued to rise ever since. By the end of December 2012 the applications for asylum reached 17,400. In 2013 the inflow of asylum seekers stabilised at the high level of 2012 (17,503), but in 2014 figures started to rise again, reaching 28,000, +10,600 or 60% versus 2013. In 2015 a real wave of asylum seekers arrived in Austria, many of them not wanting to register in Austria, as they hoped to get to Germany or, to a lesser extent, to Sweden. As a result 88,340 asylum seekers registered in Austria while some 500,000 passed through Austria (Figure 6)

In 2015, Austria was the number four in terms of absolute numbers of asylum seekers in Europe, after Germany (476,500), Hungary (177,100) and Sweden (162,500), followed by Italy (84,100), France (75,800), and ex aequo Belgium and the Netherlands (45,000).

In the course of 2015 asylum applications went through the ceiling. Not only did the applications rise exorbitantly, as can be taken from Figure 6, but the transit through Austria increased to such an extent that special buses and supplementary trains had to be organised to take the refugees from the Austrian borders in the East and South-East (Hungary, Croatia, Slovenia) across Austria to the border of Germany, as most of the refugees wanted to go to Germany or Sweden. Registration and reception centres were overcrowded and bypassed as the Austrian authorities lost complete control over the events. Without the help of NGOs the refugee crisis would have turned into a veritable humanitarian crisis in Austria, just as in many countries of the Balkans where the refugees had passed through.

The large inflow in 2015 is in the main the result of refugee inflows from the Middle East, in particular from Syria. But refugees from Afghanistan continue to flow in in rising numbers as well, and the flows from the Russian Federation, other Asian and African countries do not slow down. The only slowdown Austria experienced in 2015 was the flow from citizens of the Balkans; Kosovars and others had to accept that in this new environment chances to get refugee status granted dwindled rapidly.

Early in January 2016, the Austrian government has decided to curb the inflow of asylum seekers by setting a ceiling of 37,500 for 2016. To operationalise this objective, fences have been put up along the Southern borders, i.e. in Spielfeld (Styria) to block inflows from Slovenia. The construction of a fence and screening facilities have been finished at the beginning of 2016, while discussions on implementing similar devices on the Brenner Pass (Tyrol) to block inflows from Italy began to surface in January 2016.

The fences are highly contested in the Austrian general public, particularly the plans on the Brenner Pass. Fears surface that the fences may signal the end of Schengen or, more realistically, the virtual exclusion of Greece from the Schengen area as the Balkan route of refugees is to be blocked or at least highly controlled by the neighbouring Balkan countries. These speculations were fuelled by visits of the Austrian Minister of Foreign Affairs to the Balkans in February 2016.

Table 6: Asylum seekers in Austria by the end of the year: 1953-2015

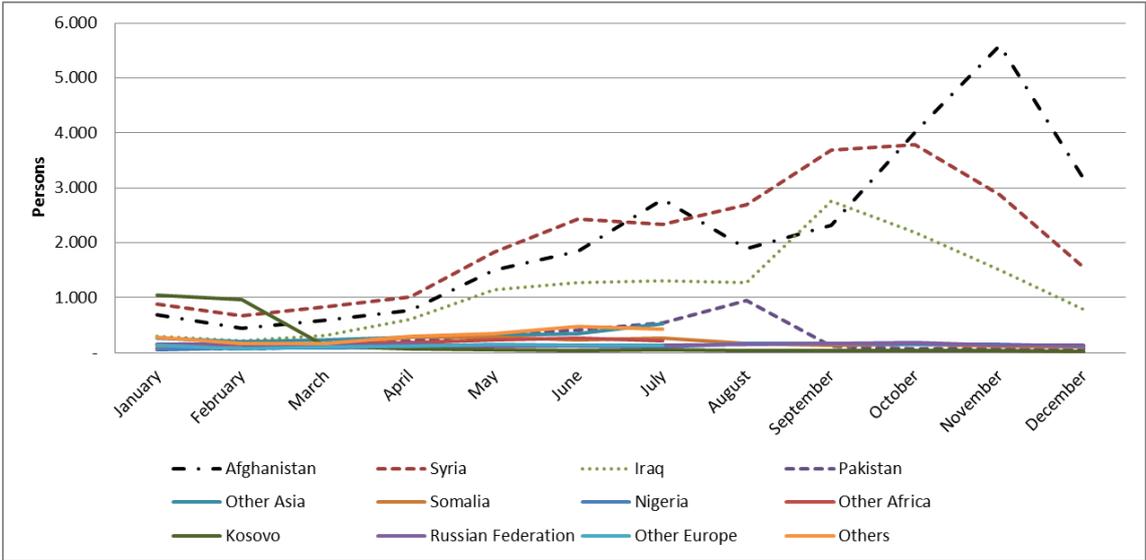
1953	1,723	1985	6,724
1954	2,283	1986	8,639
1955	1,941	1987	11,406
1956	169,941	1988	15,790
1957	58,585	1989	21,882
1958	3,599	1990	22,789
1959	3,439	1991	27,306
1960	5,178	1992	16,238
1961	4,116	1993	4,744
1962	3,458	1994	5,082
1963	3,435	1995	5,920
1964	3,611	1996	6,991
1965	4,247	1997	6,719
1966	3,805	1998	13,805
1967	3,872	1999	20,129
1968	7,334	2000	18,284
1969	9,831	2001	30,127
1970	3,085	2002	39,354
1971	2,075	2003	32,359
1972	1,838	2004	24,634
1973	1,576	2005	22,461
1974	1,712	2006	13,349
1975	1,502	2007	11,921
1976	1,818	2008	12,841
1977	2,566	2009	15,821
1978	3,412	2010	11,012
1979	5,627	2011	14,416
1981	34,557	2012	17,413
1982	6,314	2013	17,503
1983	5,868	2014	28,027
1984	7,208	2015	88,340

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

Figure 6 provides some insight into the inflow of asylum seekers in the course of 2015 and the main countries of origin. The largest numbers of asylum seekers between January and December 2015 originated from Afghanistan (25,600), followed by Syria (24,500), Iraq (13,600), Iran (3,400), Pakistan (3,000), and Kosovo (2,500).

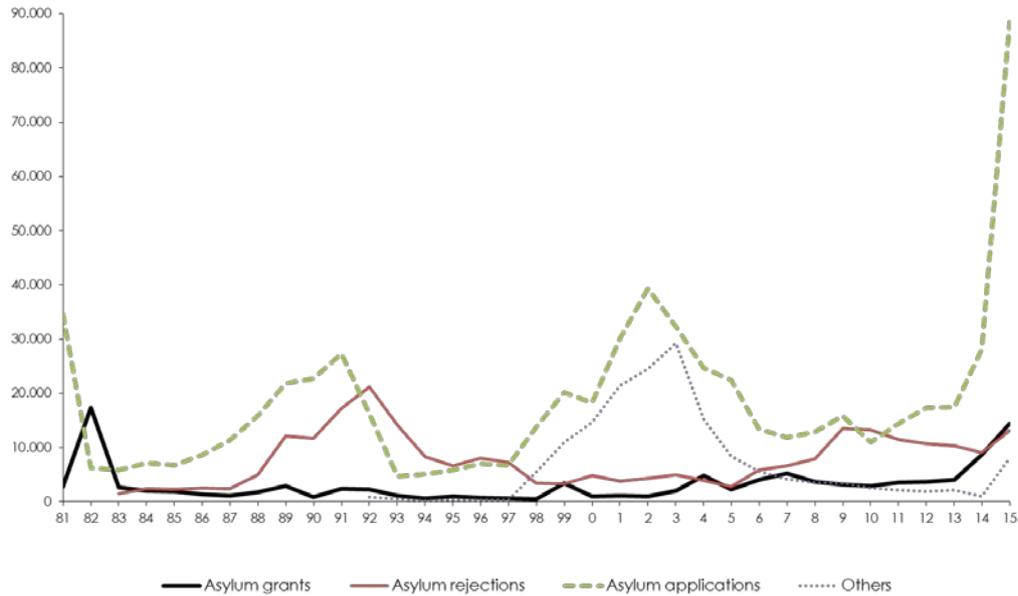
In the course of 2016, the inflow of asylum seekers has lost momentum. By the end of August 32,036 asylum applications have been filed, -14,000 or 30% vs a year ago. The major source countries continue to be Afghanistan (9,700), followed by Syria (6,400), Iraq (2,100), Iran (2,000), Somalia (1,300), Nigeria (1,200) and the Russian Federation (1,000).

Figure 6: Monthly asylum applications in 2015 by major source countries



Source: Statistics Austria.

Figure 7: Asylum procedures: Inflows, acceptances and rejections 1981-2015



Source: Statistics Austria.

The figures on total numbers of rejections and grants of asylum inform about a distinct rise in asylum decisions in 2015, a result of the increased staff on the one hand and rising pressure to speed up procedures. As a consequence, in 2015, 35,600 cases were decided (+16,700 or 89% vs 2014), of which 14,400 or 41% asylum grants and 13,200 rejections (37%), of whom 2,500 received subsidiary protection status. In addition, some 8,000 asylum applications became redundant (Others: 23%), either because the applicant did not show up for investigation, withdraw the application or received some other form of temporary protection status. (Figure 7)

Of all 14,400 positive decisions on asylum in 2015, the largest numbers went to persons from Syria (56%), followed by persons from Afghanistan (14.5%), from the Russian Federation (4.6%), from Iraq (4.4%) or went to stateless persons (9.3). The recognition rates differed between source countries, the highest being for Syrians - in 2015 89% of the decisions were grants of asylum and only 3% were rejections; the remaining 7.5% had moved on or received subsidiary protection. Also the stateless group got to a large extent asylum granted (89%), only 4% got their case rejected. Of the Iraqis a fairly large proportion moved on (59%), 28% got asylum granted and 14% were rejected. Also persons from Afghanistan were to a large extent not available for questioning (45%); of those who remained, about half were rejected and half received refugee or subsidiary protection status.

In the course of the years of 2000 the share of men amongst asylum seekers has declined somewhat from 77.8 percent in 2001 to 66 percent in 2008; since 2009 the share of men was on the rise again, however, reaching 76% in 2014. In 2015 the share of female asylum seekers increased somewhat as whole families fled from war-stricken Syria, reducing the male share to 72.2% in 2015.

There are many reasons for the high share of male refugees; according to interviews featured in the public media men tend to be sent by their families/clans to pave the way for a later potential family reunification; apart from that, young men leave their war-stricken countries in order to avoid being drafted into an army which often turns against their own people, minorities or 'rebel' groups.

The composition of the source countries of asylum seekers to Austria in 2015 can be taken from Table 7. The number of asylum seekers from Europe has reached a peak in 2003 with 16,500 applications (51% of all asylum claims) and has been declining since. In 2015 the total number reached a low of 5,500 or 6.2% of all asylum registrations. The largest single country of origin of asylum seekers from Europe in 2015 came from Kosovo (2,500), followed by the Russian Federation (1,700). The numbers of asylum requests from Asia were soaring in 2015, reaching a total of 73,000 or 83% of all asylum applications. The single most important source region from Asia was Afghanistan (25,600), closely followed by Syria (24,500).

As in previous years, a relatively small but rising number of asylum applications is filed by persons from Africa, reaching 5,800 or 6.6% of all applications in 2015. The largest single country of origin in 2015 was Somalia (2,100), followed by Nigeria (700), Algeria (1,400), Algeria (900) and Libya (700).

Table 7: Asylum seekers by gender and country/region of origin by 31 December: 2005-2015

Asylum seekers	In % of asylum seekers																					
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	22.471	13.350	11.879	12.841	15.821	11.012	14.416	17.413	17.503	28.027	88.340	100	100	100	100	100	100	100	100	100	100	100
Men	15.974	8.782	7.877	8.520	10.955	7.768	10.661	12.846	12.528	21.258	63.764	71,1	65,8	66,3	66,3	69,2	70,5	74,0	73,8	71,6	75,8	72,18
Women	6.497	4.568	4.002	4.321	4.866	3.244	3.755	4.567	4.975	6.769	24.576	28,9	34,2	33,7	33,7	30,8	29,5	26,0	26,2	28,4	24,2	27,8
from Europe	13.709	8.152	6.726	6.740	6.440	4.604	3.876	5.138	5.218	5.968	5.504	61,0	61,1	56,6	52,5	40,7	41,8	26,9	29,5	29,81	21,3	6,23
of which:																						
Serbia,																						
Monten.,Koso	4.408	2.522	1.774	1.715	2.014	1.047	547	622	1.156	2.283	2.804	19,6	18,9	14,9	13,4	12,7	9,5	3,8	3,6	6,6	8,1	3,2
Macedonia	454	193	157	205	158	194	81	122	170	160	297	2,0	1,4	1,3	1,6	1,0	1,8	0,6	0,7	1,0	0,6	0,3
Russian Fed.	4.359	2.444	2.673	3.435	3559	2.322	2.314	3.091	2.841	1.996	1.680	19,4	18,3	22,5	26,8	22,5	21,1	16,1	17,8	16,2	7,1	1,9
Moldova	1.210	902	545	225	217	127	79	54	35	32		5,4	6,8	4,6	1,8	1,4	1,2	0,5	0,3	0,2	0,1	
Georgia	953	563	399	511	975	370	261	300	257	417	406	4,2	4,2	3,4	4,0	6,2	3,4	1,8	1,7	1,5	1,5	0,5
Turkey	1.067	669	651	417	554	369	414	273	302	203	221	4,7	5,0	5,5	3,2	3,5	3,4	2,9	1,6	1,7	0,7	0,3
from Asia	7.043	4.317	3.771	3.980	5.774	4.175	7.633	9.015	7.935	16.323	72.966	31,3	32,3	31,7	31,0	36,5	37,9	52,9	51,8	45,3	58,2	82,6
of which:																						
Afghanistan	928	697	762	1.382	2.237	1.582	3.609	4.005	2.589	5.076	25.563	4,1	5,2	6,4	10,8	14,1	14,4	25,0	23,0	14,8	18,1	28,9
Bangladesh	548	140	70	52	95	116	87	212	278	119	718	2,4	1,0	0,6	0,4	0,6	1,1	0,6	1,2	1,6	0,4	0,8
China	460	194	205	236	398	217	238	241	237	243	309	2,0	1,5	1,7	1,8	2,5	2,0	1,7	1,4	1,4	0,9	0,3
India	1.530	479	385	355	427	433	476	401	339	396	448	6,8	3,6	3,2	2,8	2,7	3,9	3,3	2,3	1,9	1,4	0,5
Iraq	222	384	463	490	399	336	484	491	468	1.105	13.633	1,0	2,9	3,9	3,8	2,5	3,1	3,4	2,8	2,7	3,9	15,4
Iran	306	274	248	250	340	387	457	761	595	743	3.426	1,4	2,1	2,1	1,9	2,1	3,5	3,2	4,4	3,4	2,7	3,9
Pakistan	498	110	103	106	183	276	949	1823	1037	596	3021	2,2	0,8	0,9	0,8	1,2	2,5	6,6	10,5	5,9	2,1	3,4
Syria	77	88	166	140	279	194	422	915	1.991	7.730	24.547	0,3	0,7	1,4	1,1	1,8	1,8	2,9	5,3	11,4	27,6	27,8
from Africa	2.126	1.366	1.480	1.724	1.235	796	2.700	1.933	3.789	3.943	5.814	9,5	10,2	12,5	13,4	7,8	7,2	18,7	11,1	21,6	14,1	6,6
of which:																						
Nigeria	881	420	395	535	837	573	414	400	691	673	1.385	3,9	3,1	3,3	4,2	5,3	5,2	2,9	2,3	3,9	2,4	1,6
Somalia	89	183	467	411	344	190	610	481	433	1.162	2.073	0,4	1,4	3,9	3,2	2,2	1,7	4,2	2,8	2,5	4,1	2,3
Algeria	185	138	109	173	248	304	447	575	949	563	945	0,8	1,0	0,9	1,3	1,6	2,8	3,1	3,3	5,4	2,0	1,1
Morocco	32	77	55	140	90	137	313	354	516	296	731	0,1	0,6	0,5	1,1	0,6	1,2	2,2	2,0	2,9	1,1	0,8

S: BMI; Statistics Austria.

An increasing number of unaccompanied minors file asylum applications. In 2015 the number of unaccompanied minors requesting asylum reached 9,300 or 10.6% of all asylum applications, 7,400 or 372% more than in 2014. The majority was between 14 and 18 years old (83%). The most important source countries in terms of numbers are Afghanistan (6,400), followed by Syria (1,200) and Somalia (265).

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. Then the backlog of asylum cases has been reduced. With the new dimensions of inflows not only numbers of staff had to be raised but also procedures changed.

By the end of August 2016, 14,547 asylum grants have been issued, i.e. 48.9% of all decisions. In addition, 6,962 asylum applications have been legally binding rejected (final decision). 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 may be granted and thus temporary residence status (1,821 cases in 2016) or residence on humanitarian grounds (927 cases in 2016). 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 grounds²². This enquiry triggered legislative reforms. Consequently, in April 1 2009, an amendment to the residence and asylum law (2005) came into effect (Fremdenrechtsnovelle 2009, BGBl. I Nr. 29/2009). Accordingly, residence status on humanitarian grounds is regulated separately in either law, i.e. in the asylum act (§10 cites criteria on the basis of which permanent or temporary residence may be granted, procedures of the residence act (§§ 43 und 44 NAG 2005) have been extended. The catalogue of

²² Biffi – Bock Schappelwein (2008) collected information on legislation in other EU-MS and on the annual numbers of rejected asylum seekers who get residence granted on humanitarian grounds.

criteria is the same in asylum legislation (§ 10 Abs. 2 Z 2 AsylG) as in the alien police law (§66 Abs. 2 FPG) and the residence act (§1 Abs. 3 NAG).²³ 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.

Over the whole period of 1981 till 2015, a total of 646,000 asylum applications were registered, of which a total of 113,800 were accepted as refugees according to the Geneva Convention, i.e., 17.6 percent, and 256,500 got their case rejected, i.e., 40 percent. The remaining 275,700 or 42 percent of all asylum applications 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 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 Labour²⁴ in 2004 labour market access was, however, limited to seasonal work, thereby reducing the scope of employment the law would actually offer**. This order brought about a deterioration of employment and learning opportunities of asylum seekers versus earlier labour market practices. More recent legislative reforms are opening up more employment opportunities, as mentioned in the chapter on the legal framework.

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

While most migrants do not need any special integration support on the labour market, namely third country workers who have a work contract and who are free to enter, reside and work in Austria outside of any quota regulation, others are in need of special assistance beyond the right of free access to the labour market. This is particularly true for asylum seekers and refugees according to the Geneva Convention. Accordingly, a jobcentre was put in place, run by the Labour Market Service and the Integration Fund, to focus on the special needs of the target group.²⁵

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 (European Social Fund). 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

²³ For more information see *Biffli et al.* (2009).

²⁴ The order was issued by former Minister Bartenstein (Erlass zu GZ 435.006/6-II/7/04, EU –Erweiterungs-Anpassungsgesetz; Durchführungserlass).

²⁵ http://www.integrationsfonds.at/habibi/habibi_jobcenter/

European Parliament of 25 April 2004, which aims at the promotion of integration of asylum seekers and refugees (www.refugeenet.org).

The massive inflow of refugees in 2015 and the concomitant large acceptance rates have set a whole machinery of integration measures into motion. The government has agreed to put up extra money for integration measures, namely 75 million euros for the integration of refugees: a major share is going into the education system to help refugee children, followed by the creation of housing, the development of welcome centres etc. In addition, 70 million euro have been dedicated to the promotion of labour market integration, be it further education and training or other support measures. (Berger et al 2016) The general understanding is that the costs of the refugee intake are substantial which can only be mitigated by investing in the refugees and their potentials such that they may help themselves and thereby contribute to economic growth as quickly as possible.

Outflow of refugees

Until the fall of the Iron Curtain in 1989, asylum seekers and refugees (the majority from Eastern Europe) used Austria as a stepping stone for emigration to the traditional immigration countries overseas. Austria never conceived herself as an immigration country. Therefore an active integration scenario for refugees or immigrants was not put in place until the massive inflow of refugees from the region of former Yugoslavia in the early 1990s. The outflow of asylum seekers and refugees was therefore always quite high relative to 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 8: Outflow of refugees¹ via Austria 1972-2015

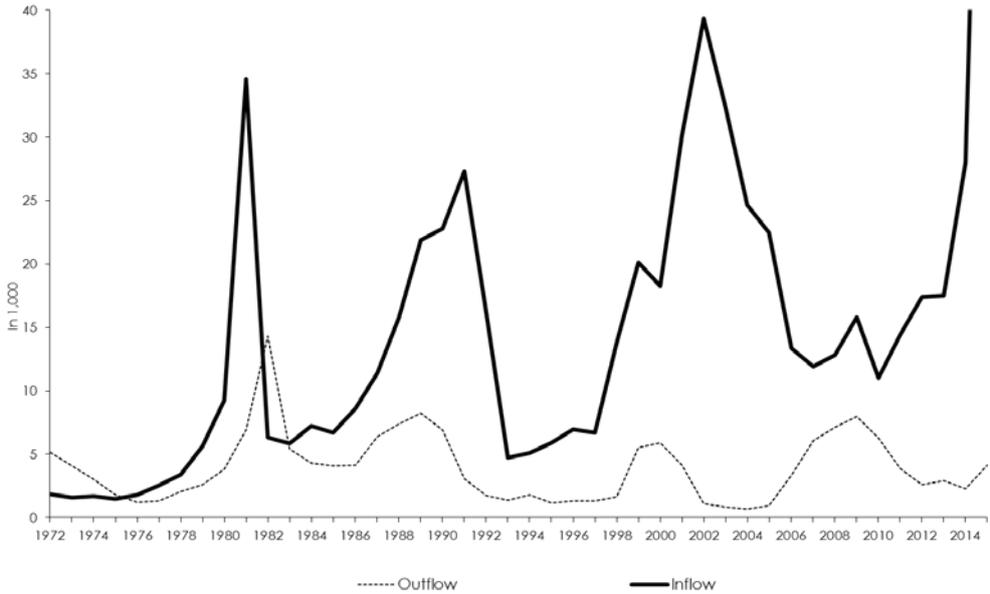
1972	5,140	1995	1,158
1973	4,105	1996	1,318
1974	3,012	1997	1,333
1975	1,787	1998	1,655
1976	1,186	1999	5,003
1977	1,335	2000	5,926
1978	2,071	2001	4,122
1979	2,597	2002	1,117
1980	3,818	2003	0,823
1981	6,909	2004	0,689
1982	14,317	2005	0,967
1983	5,441	2006	3,317
1984	4,314	2007	6,065
1985	4,103	2008	7,125
1986	4,131	2009	7,968
1987	6,397	2010	6,253
1988	7,397	2011	3,886
1989	8,267	2012	2,601
1990	6,934	2013	2,896
1991	3,098	2014	2,299
1992	1,754	2015	4,126
1993	1,375		
1994	1,803		

Source: International Organisation for Migration. – ¹ Outflow pertains only to refugees who leave Austria with the help of I.O.M. (since 2000 voluntary return of rejected asylum cases).

The decline of registered outflows in the early to mid-1990s and between 2000 and 2012 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 could increasingly remain in Austria, often on humanitarian grounds. In 2006, however, we see the beginnings of an increased outflow of refugees as it is becoming increasingly difficult for asylum seekers to find work and their chances for settlement on humanitarian grounds are deteriorating. By 2009, 8,000 refugees left Austria via the rest of the world, with the help of IOM, more than double the number of 2006. Since then the outflow slowed down again to a low of 2,600 in 2012. Since then assisted outflows are on the rise again, largely of persons who see no chance for receiving a refugee status granted. In this context it has to be taken into account that not all outflows are registered, but only those which are the result of processing through IOM (International Organisation of Migration). (Figure 9 and 10, also Table 8)

Figure 8: Inflow and outflow of asylum seekers and/or refugees via Austria 1972-2015



Source: Statistics Austria, IOM (from 2000 only voluntary assisted returns).

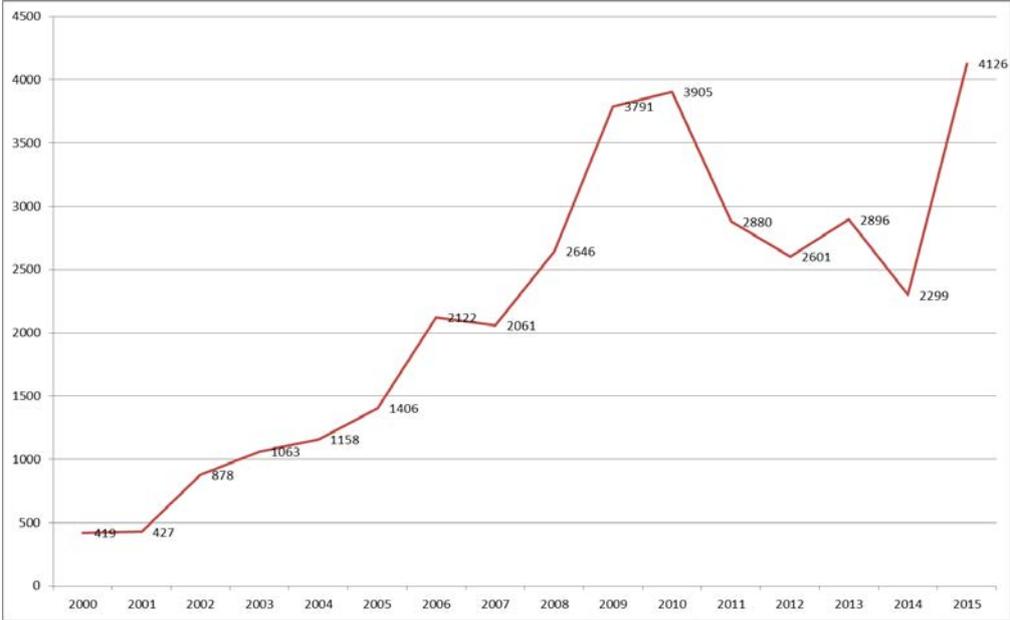
Since 2000, IOM Austria provides support for the return of voluntary returnees, who have not been granted refugee status, within the framework of the “General Humanitarian Return Programme (GHRP)”. The travel costs for the majority of returnees who take part in the programme are covered by the Austrian Ministry of the Interior. The 10 major countries of return are the Russian Federation, Kosovo, Serbia, China, Romania, Macedonia, Bosnia-Herzegovina, India, Afghanistan and Turkey. (Figure 9 and 10)

In certain countries of return, IOM Austria offers reintegration assistance with co-funding from the Austrian Ministry of the Interior and the European Commission. They are largely from the Russian Federation (Chechenya), Afghanistan, Pakistan and Nigeria.

In addition, some foreigners are deported to their country of origin. In 2015 a total of 6,800 were thus returned. Deportations as well as voluntary returns require intense bilateral debates and agreements before the return of the nationals of the respective source countries can take place. In

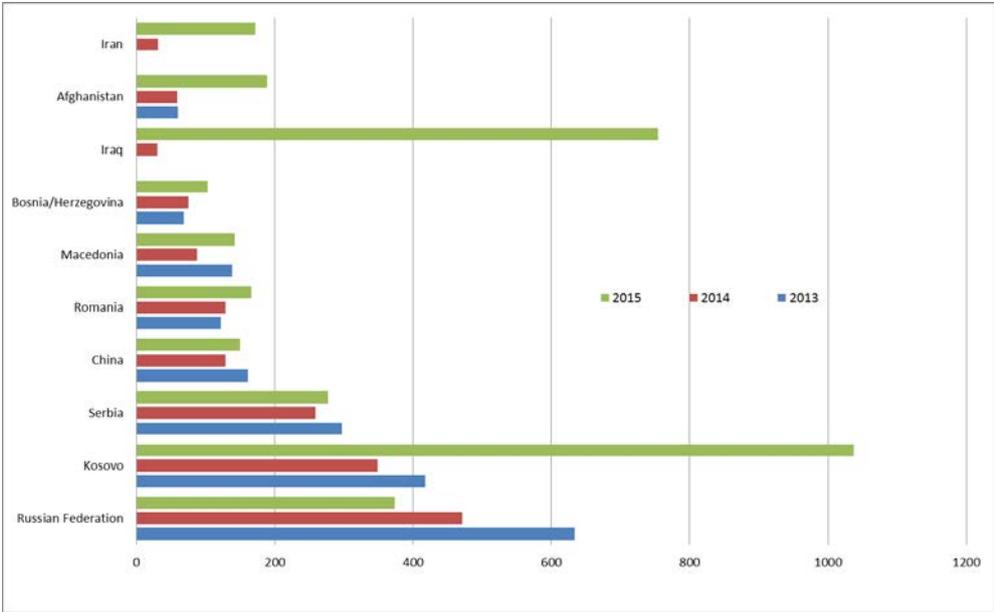
2015 the majority (5,900) were returned due to illegal entry, a further 302 were returned on the basis of a bilateral agreement.

Figure 9: Voluntary returnees assisted by IOM Austria via the GHRP: 2000-2015



Source: IOM Austria.

Figure 10: Top ten countries of assisted returns by IOM via the GHRP



S: IOM, General Humanitarian Return Programme.

Inflows of third country citizens on the basis of permits

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

Alien-Register of the Federal Ministry of the Interior registers only those third country citizens, who require a residence permit.

Until 1997, third country citizens residing in Austria received a residence permit (Aufenthaltsbewilligung). With the amendment of the Alien Law in 1997, the residence permit system became more differentiated. Residence could be granted on a temporary basis (temporary residence permit – Aufenthaltserlaubnis) or permanent basis (settlement permit – Niederlassungsbewilligung). In 2003, rights of longer term permanent residents were widened by introducing a settlement certificate (Niederlassungsnachweis), the de facto green card (Table 9). The immigration reform of 2011 introduced additional differentiations, namely the Blue Card, the Red-White-Red-Card (Rot-Weiss-Rot Karte) and the Red-White-Red Plus Card for family members of R-W-R card holders plus other forms of permanent residence status, the permanent residence status of third country citizens, who have acquired the right to permanent residence in another EU-MS (Daueraufenthalt EU). The option to transfer from a residence status with limited rights to one of all access rights of permanent residence (Zweckänderung) introduces some structural dynamics in the composition of permit holders over time.

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

The number of valid residence permits of third country citizens (mid-year count) follows a rising trend, with cyclical fluctuations and reactions to institutional changes; the numbers increased from 280,500 in 1994 to 575,200 in 2004, the year of Eastern enlargement of the EU. Accordingly, in 2005 the number of permits to third country citizens declined to 506,200 (–70,000 or 12 percent) as the citizens of new EU-MS have the right to reside/settle in Austria without a permit.

In 2006 (mid-year count) the numbers continued to decline to 476,900 valid residence permits, 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. In reaction to the upcoming recession, the number of residence permits declined further to 454,000 in 2008, 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). With the economic upswing the number of residence permits to third country citizens started to increase in 2011 (midyear count) reaching 492,000 midyear 2013. The rise affected above all 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. In contrast the number of settlement permits (NB) has increased significantly between 2010 and 2013. With EU-membership of Croatia in July 2013 the number of third country citizens in Austria declined again. Accordingly, the number of third country residence permits diminished between July 2013 and 2015 (midyear data for 2014 is missing due to administrative changes) by 61,400 or 12% to 430,600. Since then the number of residence permits has been rising again, reaching 448,000 (+17,400, +4%) by mid-2016.

Table 9: Structure of valid residence permits in Austria (1994-2016, midyear count)

		Settlement Certificate (NN)														
		Temporary Residence Permit (AE)			Permanent residence (Daueraufenthalt)											
		Settlement Permit (NB)			Temporary Residence Permit (AB)											
Residence Permit (AB)					Family Member (FamAng)											
Until 1997		1998-2003			2006 -											
		2004														
		2005														
		2006														
		2007														
		2008														
		2009														
		2010														
		2011														
		2012														
		2013														
		2015														
		2016														
	AB	25.624	19.022	AB	19.008	18.765	19.290	20.381	20.275	21.458	22.698	24.449	26.165	28.119		
	AE	39.583	24.182	NB	85.617	84.764	84.590	82.376	90.279	90.302	96.827	107.921	114.801	8.725		
	NB	482.318	359.175	Family Member	17.882	38.167	42.416	42.936	40.036	37.126	36.636	36.799	37.773	38.109		
	NN	27.682	103.842	Perm. Residents	354.346	311.730	307.664	308.566	306.007	320.483	324.393	322.810	251.849	373.027		
	Total	575.207	506.221	Total	476.853	453.426	453.960	454.259	456.597	469.369	480.554	491.979	430.588	447.980		

Source: Federal Ministry of the Interior. Mid-year Data for 2014 due to administrative reform missing.

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 between mid-2011 and 2012 (+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)²⁶ declined by some 500 or 1.3% to 36,600. The option for this category to transfer the title, in particular also to acquire the r-w-r-card plus, is the major reason for the decline. Between mid-2012 and mid 2013 the number of residence permits of third country citizens increased further by 11,400 (+2.4%) to 492,000. The largest increases pertained to settler permits (+11,100 or 11.5%) and temporary residence permits (+1,800 or 7.8%), while residence permits for relatives of core family members (Angehörige) remained more or less stable (36,800). The numbers of permanent residence permit holders declined somewhat (-1,600 or -0.5%), while still making up 66% of all residence permits (322,800). Only 24,400 or 5% of all valid residence permits are temporary, i.e., for more than 6 months and less than a year.

The institutional and administrative restructuring of the Ministry of the Interior, i.e. the establishment of the Federal Office for Alien Affairs and Asylum (Bundesamt für Fremdenwesen und Asyl – BFA), disrupted the availability of data. Accordingly, no mid-year count of permits to third country residents is available for 2014. Mid-year counts in 2015 and 2016 show that the decline of residence permits due to EU-membership of Croatia was short lived. Between mid-2015 and mid-2016 the numbers increased again, with permanent residence cards (consisting of red-white-red plus cards, settlement certificates and permanent residence cards from other EU countries) reaching an all-time-high of 373,000. The number of settlement permits which are granted for a year (Red-White-Red card, Blue card and NB) are comparatively small as they can be converted into a permanent card (R-W-R-Plus Card, EU Permanent permit or other). The number of residence cards for distant family members (Angehörige) remained fairly stable since 2011, the year of the permit reform, as they can be easily transferred to a permanent permit with all access rights to the labour market.

Inflow of third country migrants by type of permit

It is important to remember that already before 2011 a relatively small proportion of the annual inflows of settlers (NB = Niederlassungsbewilligung) was regulated by quotas; with the introduction of the point system (red-white-red-card) the residence permits covered by quotas declined even more.

²⁶ 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.

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

Over the year 2015 a sum total of 28,100 residence permits was issued to newcomers from third countries, 1,400 (+5.3%) vs 2014. The increase pertained to settlers as well as temporary residents. **Of all inflows of third country migrants 17,700 (+550 or 3% vs 2014) or 63 percent were settlers. The number of temporary resident permits granted to third country citizens amounted to 10,300 permits (+857, +9% vs 2014).**

Of the 17,700 new settler permits in 2015, about one fifth of the permits (3,900) was issued on the basis of a quota, i.e., as a family member of a third country citizen, who belongs to a settler category for which quotas continue to apply. Thus, 78 percent of the new third country settlers are either family members of Austrian or EEA-citizens, or are holders of a red-white-red card, i.e. labour migrants, third country graduates of Austrian universities or settlers on humanitarian grounds. (Table 10)

Settler permits can also be acquired by having a temporary permit transformed or the status of a settler visa without access to work transferred into one with access to work. In the course of 2015, 38,200 uncapped transfers of title were issued and 380 settler permits within a capped permit group. Of the uncapped group 51% went to men, of the capped one 41%.

As to the first issues of temporary resident permits: of the total of 10,300 issued to third country citizens in 2015, the majority are students and their family members (5,900 or 57%), followed by persons working in Austria temporarily (and their family members), and 1 percent could stay on humanitarian grounds, many of them asylum seekers who receive temporary protection status.

Temporary residence may also be granted on the basis of regulations not in the authority of the Ministry of the Interior. The major groups concerned are temporary workers who are granted an employment permit for seasonal work by the Federal Ministry of Labour, Social Affairs and Consumer Protection as well as cross-border workers. These temporary work contracts have a ceiling, in 2015: the quota for agriculture and forestry was set at 2,640; for harvesters at 700; for summer tourism the quota was set at 824 and for winter tourism at 1,190.

In these cases the residence in Austria is an integral part of the work contract and does not need processing by the Ministry of the Interior. Consequently, they are not included in the third country citizenship residence register but only show up in social security based employment counts, the employment contract being registered with the Labour Market Service. **In 2014 seasonal work permits issued to foreign workers on the basis of a quota (Saisonkontingente) amounted to 11,600 (7,500 in agriculture & forestry including harvesting, 4,200 in tourism).** Given the temporary character of this work the annual average of seasonal foreign workers (on the basis of stocks at the end of the month) amounted to 3,300 in 2014. **As a consequence of the continued reduction of the quotas the permits issued for seasonal work in 2015 declined to 11,200 (7,200 in agriculture & forestry including harvesting, 3,900 in tourism).** **The actual numbers of seasonal employees on an annual average amounted to 3,200 in 2015.** A large proportion of the seasonal work permits goes to core-seasonal workers (Stammsaisoniers), who come regularly every year.

All temporary residents registered in the alien register of the Ministry of the Interior exceed a stay of 6 months; the major groups are students, employees on training and work experience schemes, sports and entertainment schemes etc. The temporary residence status may be extended. The total number of extensions is almost double the number of first issues, namely 19,500 in 2015.

The capped categories of first settlers are in sum 3,900 cases in 2015 and may include third country citizens, who come for work, their family members and persons on private means with no wish to engage in gainful employment. The figures have almost halved since 2005 (6,300).

Settlement permits entitle third country citizens to settle in Austria, but not everybody intends to settle, while others want to transform their settlement category into another title with more rights, e.g. free access to the labour market. In 2015 some 38,500 residence titles were transferred into a settlement title with free access to work. The majority of acquired titles are uncapped, largely family members who acquire the right to work anywhere in Austria. Adding extensions and transformations into the picture of settlement permits, Austria issued a total of some 151,200 settlement permits in 2015, 13,500 or 10% more than in 2014. (Table 11)

Table 10: Annual inflows of settlers and temporary residents of third countries 2005-2015

Residence Permits issued in the course of the Year 2005-2015												
Annual Sum by end of December	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
First issue settler	32.166	16.353	15.888	15.361	14.347	16.150	20.466	19.939	17.902	17.188	17.738	
First issue temporary resident	21.200	6.613	5.699	5.879	5.532	6.238	7.517	8.484	8.583	9.462	10.319	
	53.366	22.966	21.587	21.240	19.879	22.388	27.983	28.423	26.485	26.650	28.057	
Men												
First issue settler	14.508	7.016	7.083	7.037	6.566	7.965	10.139	10.065	8.869	8.269	8.489	
of which within quota regulation	2.287	1.616	2.096	2.218	1.809	1.970	1.907	1.582	1.558	1.438	1.536	
outside quota	12.221	5.400	4.987	4.819	4.757	5.995	8.232	8.483	7.311	6.831	6.953	
Prolongation of settlement	36.484	51.852	59.203	56.327	53.643	52.331	59.212	54.185	55.894	42.214	44.758	
Transfer of title to settler (no quota)		362	614	1.057	1.181	1.357	1.668	2.946	2.138	16.137	19.426	
Transfer of title to settler (quota)		144	280	279	286	250	901	157	116	150	157	
First issue temporary resident	11.374	2.902	2.621	2.660	2.550	2.889	3.561	4.049	4.172	4.603	5.019	
Prolongation of temporary stay	0	0	7.124	7.596	7.899	7.602	7.478	7.795	8.151	8.612	9.561	
Transfer of title to temp.res.			0		188	229	246	259	295	278	303	
Total	62.366	61.770	76.031	73.620	72.125	72.394	80.390	79.456	79.635	80.263	87.713	
Women												
First issue settler	17.658	9.337	8.805	8.324	7.781	8.185	10.327	9.874	9.033	8.919	9.249	
of which within quota regulation	3.971	2.453	3.159	5.183	2.601	2.419	2.498	2.214	2.316	2.415	2.388	
outside quota	13.687	6.884	5.646	3.141	5.180	5.766	7.829	7.660	6.717	6.504	6.861	
Prolongation of settlement	41.883	55.778	62.174	63.067	61.096	60.501	65.510	59.175	58.154	46.578	50.060	
Transfer of title to settler (no quota)		450	619	951	1.129	567	1.719	2.740	1.744	15.224	18.731	
Transfer of title to settler (quota)		229	292	289	251	261	927	184	166	215	223	
First issue temporary resident	9.826	3.711	3.078	3.219	2.982	3.349	3.956	4.435	4.411	4.859	5.300	
Prolongation of temporary stay	12.508	8.008	7.085	7.422	7.841	7.664	7.534	7.973	8.299	8.798	9.959	
Transfer of other resident title			0		402	479	511	536	537	528	525	
Total	81.875	76.834	81.142	82.032	81.080	80.527	87.327	84.917	82.344	85.121	94.047	
Total												
First issue settler	32.166	16.353	15.888	15.361	14.347	16.150	20.466	19.939	17.902	17.188	17.738	
of which within quota regulation	6.258	4.069	5.255	7.401	4.410	4.389	4.405	3.796	3.874	3.853	3.924	
outside quota	25.908	12.284	10.633	7.960	9.937	11.761	16.061	16.143	14.028	13.335	13.814	
Prolongation of settlement	78.367	107.630	121.377	119.394	114.739	112.832	124.722	113.360	114.048	88.792	94.818	
Transfer of title to settler (no quota)		812	1.233	2.008	2.310	1.924	3.387	5.686	3.882	31.361	38.157	
Transfer of title to settler (quota)		373	572	568	537	511	1.828	341	282	365	380	
First issue temporary resident	21.200	6.613	5.699	5.879	5.532	6.238	7.517	8.484	8.583	9.462	10.319	
Prolongation of temporary stay	12.508	8.008	14.209	15.018	15.740	15.266	15.012	15.768	16.450	17.410	19.520	
Transfer of title					590	708	757	795	832	806	828	
Total	144.241	139.789	158.978	158.228	153.205	152.921	167.717	164.373	161.979	165.384	181.760	

Source: Ministry of the Interior.

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 2015, all in all 10,300 temporary residence permits were issued for the first time – somewhat more than in 2014.

**Table 11: Sum of settlement permits granted to citizens of third countries (Non-EU) by residence status and gender (first permits, prolongations and transfer of title to settler) 2013-2015
1 January to end of December**

	2013			2014			2015		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Sum of all first settlement permits with quota	1.558	2.316	3.874	1.580	2.415	3.995	1.536	2.388	3.924
First permit: r-w-r card (plus): §46/1/2): access work	1.366	2.058	3.424	1.435	2.259	3.694	1.371	2.217	3.588
First settler permit:	192	258	450	145	156	301	165	171	336
No access to work	107	144	251	121	121	242	135	153	288
access to work	50	103	153	10	28	38	10	15	25
Access to work (European agreement)	35	11	46	14	7	21	20	3	23
Sum of all first settlement permits, no quota	7.311	6.717	14.028	6.689	6.504	13.193	6.953	6.861	13.814
Humanitarian							145	72	217
Family member outside core family	499	604	1.103	335	435	770	281	482	763
No access to work	21	18	39	29	29	58	22	21	43
access to work	478	586	1064	306	406	712	259	461	720
Blue card EU	67	30	97	83	38	121	82	40	122
r-w-r-card (§41/1) highly skilled	37	11	48	43	5	48	45	12	57
r-w-r-card (§41/2/1) shortage list, skilled	313	16	329	236	8	244	170	12	182
r-w-r-card (§41/2/2) shortage list, other skilled	549	186	735	525	191	716	653	225	878
r-w-r-card (§41/2/3) university graduate	19	23	42	20	24	44	18	18	36
r-w-r-card (§41/2/4) self-employed skilled	17	6	23	25	4	29	21	7	28
r-w-r-card plus	1.778	1.574	3.352	1.894	1.781	3.675	2.037	1.949	3.986
r-w-r-card plus (§41a/1-10)	1.242	894	2.136	775	500	1.275	715	474	1.189
r-w-r-card plus, family §46/1-3	598	834	1.432	697	1.083	1.780	787	1.140	1.927
Family member/relative	2.192	2.539	4.731	2.056	2.435	4.491	1.999	2.430	4.429
Sum of prolongations of settlement permits (NB)	2.443	2.939	5.382	1.521	2.392	3.913	1.353	2.249	3.602
Sum of prolongation of other settlement permits	53.451	55.215	108.666	40.693	44.186	84.879	43.405	47.811	91.216
Blue Card EU	7	2	9	5	2	7	12	7	19
Permanent resident EC	24.356	21.575	45.931	13.551	13.332	26.883	14.014	13.821	27.835
Permanent resident Family	3.958	4.508	8.466	28	57	85	7	8	15
Family member	7.179	10.423	17.602	7.295	9.983	17.278	8.201	11.242	19.443
r-w-r card (§41/1) highly skilled	6	2	8	5	2	7	5	2	7
r-w-r card (§41/2/1-2) other skilled	48	15	63	73	27	100	60	15	75
r-w-r-card (§41/2/3) university graduate	3	4	7	5	9	14	6	2	8
r-w-r-card (§41/2/4) self-employed skilled	6		6	9		9	8		8
r-w-r-card plus	8.936	9.312	18.248	10.623	10.774	21.397	12.187	12.359	24.546
r-w-r-card plus (§41a/1-10 and §46/1-3)	8.952	9.374	18.326	9.099	10.000	19.099	8.905	10.355	19.260
Sum of all prolongations of settlement permits	55.894	58.154	114.048	42.214	46.578	88.792	44.758	50.060	94.818
Transformation of title to settler, no quota	2.138	1.744	3.882	16.137	15.224	31.361	19.426	18.831	38.257
Transformation of title to settler, quota	116	166	282	150	215	365	157	223	380
Sum of all settlement permits issued/prolonged /transferred	67.017	69.097	136.114	66.770	70.936	137.706	72.830	78.363	151.193
S: Ministry of the Interior.									

The largest number of first temporary residence permits goes to students of higher education, namely 5,900 or 57 percent of all first temporary residence permits in 2015. They do not only make up the largest numbers but their numbers are also on the rise. In addition, students are the largest group to get their temporary stay extended namely 13,400 or 69% 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 2015 some 1,800 or 9% of all extensions of temporary residence permits.

Table 12: Sum of temporary residence permits granted to citizens of third countries (Non-EU) by residence status and gender 2013-2015

1 January to end of December

	2013			2014			2015		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<i>First temporary residence permits</i>	4.172	4.411	8.583	4.603	4.859	9.462	5.019	5.300	10.319
Employed persons on basis of GATS (mode 4)	104	5	109	190	9	199	214	8	222
Special protection/humanitarian	36	18	54	3	10	13	1	1	2
Family member of researcher	32	69	101	44	82	126	42	76	118
Family member of intercompany transfers	56	108	164	32	72	104	47	92	139
Family member of special employment-artist,scient	77	151	228	80	140	220	88	173	261
Family member of students	142	155	297	175	204	379	263	240	503
Family member of scientist/artist	17	43	60	12	25	37	18	46	64
Researcher	144	89	233	150	98	248	172	95	267
Artist (on the basis of work contract)	24	24	48	30	17	47	29	23	52
Artist (self-employed)	23	9	32	40	21	61	25	17	42
Intercompany transfers	96	48	144	94	37	131	91	23	114
Pupil	399	522	921	420	561	981	477	554	1031
Self-employed	3	5	8	5	7	12	7	6	13
Special cases of salaried employees	576	1031	1.607	547	976	1.523	580	999	1579
Social worker	3	6	9	2	3	5	2	5	7
Students of higher education	2440	2128	4.568	2.779	2.597	5.376	2.963	2.942	5905
<i>Extensions of temporary residence permits</i>	8.151	8.299	16.450	8.612	8.798	17.410	9.561	9.959	19.520
Employed persons on basis of GATS (mode 4)	54	18	72	60	10	70	43	6	49
Special protection/humanitarian	24	21	45	4	1	5	1	1	2
Family member of researcher	29	46	75	19	48	67	11	39	50
Family member of intercompany transfers	92	182	274	91	179	270	81	159	240
Family member of special employment-artist,scient	219	367	586	253	390	643	246	391	637
Family member of students	189	265	454	250	316	566	319	412	731
Family member of scientist/artist	52	90	142	49	91	140	47	88	135
Researcher	101	58	159	87	40	127	86	62	148
Artist (on the basis of work contract)	96	76	172	87	69	156	84	71	155
Artist (self-employed)	109	82	191	116	85	201	148	102	250
Intercompany transfers	169	46	215	158	58	216	147	65	212
Pupil	513	858	1.371	616	970	1.586	754	1.126	1.880
Self-employed	21	6	27	12	6	18	15	8	23
Special cases of salaried employees	894	533	1.427	983	544	1.527	1.019	554	1.573
Students of higher education	5589	5651	11.240	5.827	5.991	11.818	6.560	6.875	13.435
<i>Transfer of title to temporary residence</i>	295	537	832	278	528	806	303	525	828
Sum of all temporary residence permits	12.618	13.247	25.865	13.493	14.185	27.678	14.883	15.784	30.667

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

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 ($\varepsilon_{i,t+1}$).

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

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

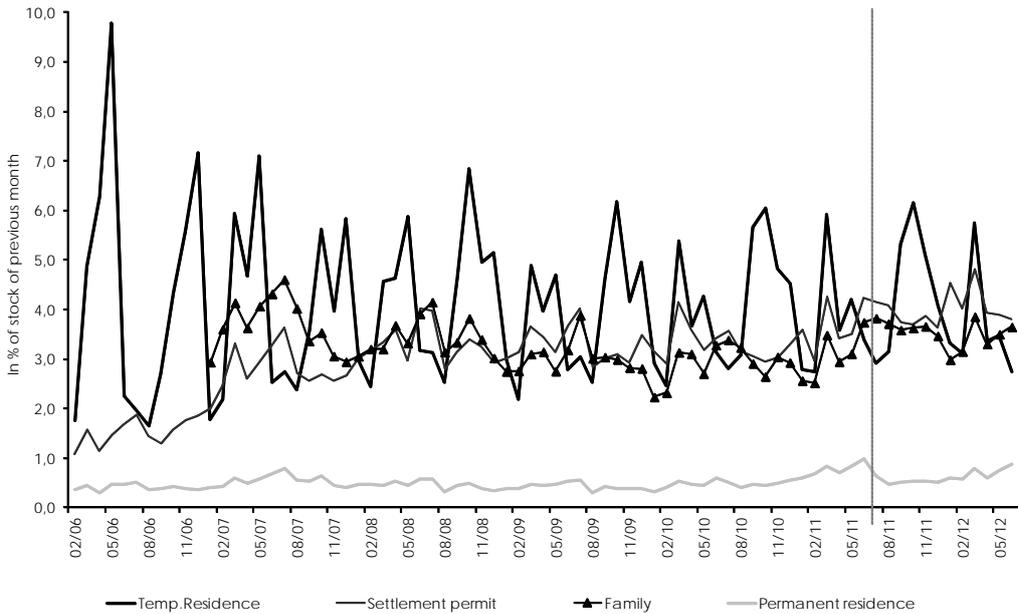
While inflows are clearly defined, some questions remain unresolved relative to the composition of outflows. Flows in and out of categories which are the result of transfers or prolongations of titles do not have an effect on the total stock, but they are considerable, thus indicating substantial administrative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

In Figure 12 and 13 we look at the dynamics of inflows (first issues) and outflows relative to monthly stocks in the various categories of residence permits over the year from 2006 onwards. We do not look into extensions as little is known about administrative procedures and the duration of processing by categories of permits and region. According to flow data, the volatility of temporary residence permits is relatively high, and there is still a seasonal pattern even though temporary migrants with short-term contracts of less than 6 months (often seasonal workers) are no longer registered in the Alien Register of the Ministry of the Interior. 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.

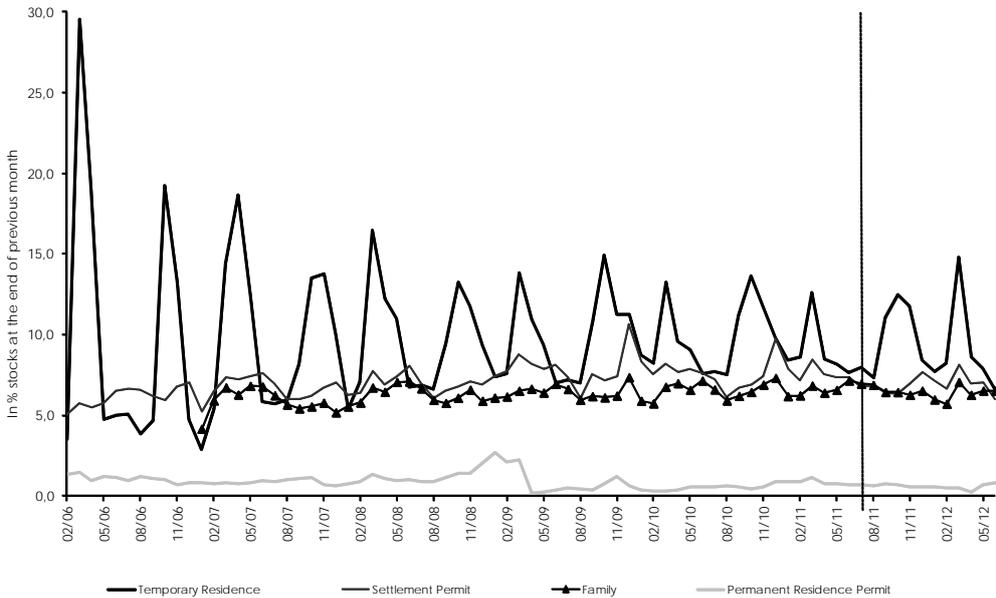
The inflow rate of persons on the basis of services mobility mode 4 (GATS – Betriebsentsandter) is high and rising. Particularly volatile and at times very high is the inflow rate of artists. In contrast, green card holders and permanent residents have a very low and relatively stable inflow rate. On 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 11: Monthly inflows of third country citizens by residence status (2006-2012)



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

Figure 12: Monthly outflows 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.

Experiences with the point system (r-w-r card) from mid-2011 to mid-2016

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

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

It can be taken from Figure 13 that the numbers of r-w-r-card holders who have a job (registered with the Labour Market Service) rose quickly from mid-2011 to October 2012 to 1,200 permits. After that the inflow slowed down²⁷ – largely due to transfers of r-w-r-cards to the r-w-r-card plus, which can be obtained after 10 months employment as r-w-r-card holder. This development indicates that the amendment of the application procedures in April 2013 did not immediately raise the inflow of skilled workers. The slow uptake may also be due to the weakening of economic growth. In any rate, the inflow of skilled third country migrants in 2013, the year the amendment of procedures came into effect, only slightly surpassed the 1,100 inflows of 2012 with a total of 1,177. It is above all the inflow of female r-w-r card holders which slows down. Consequently, the share of men rose from 62.5% in June 2012 to 71% in June 2013.

²⁷ The number of permits registered with the Ministry of the Interior is always above the number of employed r-w-r-card holders registered with the LMS.

Figure 13: Development of the number of red-white-red-card holders (dependent employment) in Austria

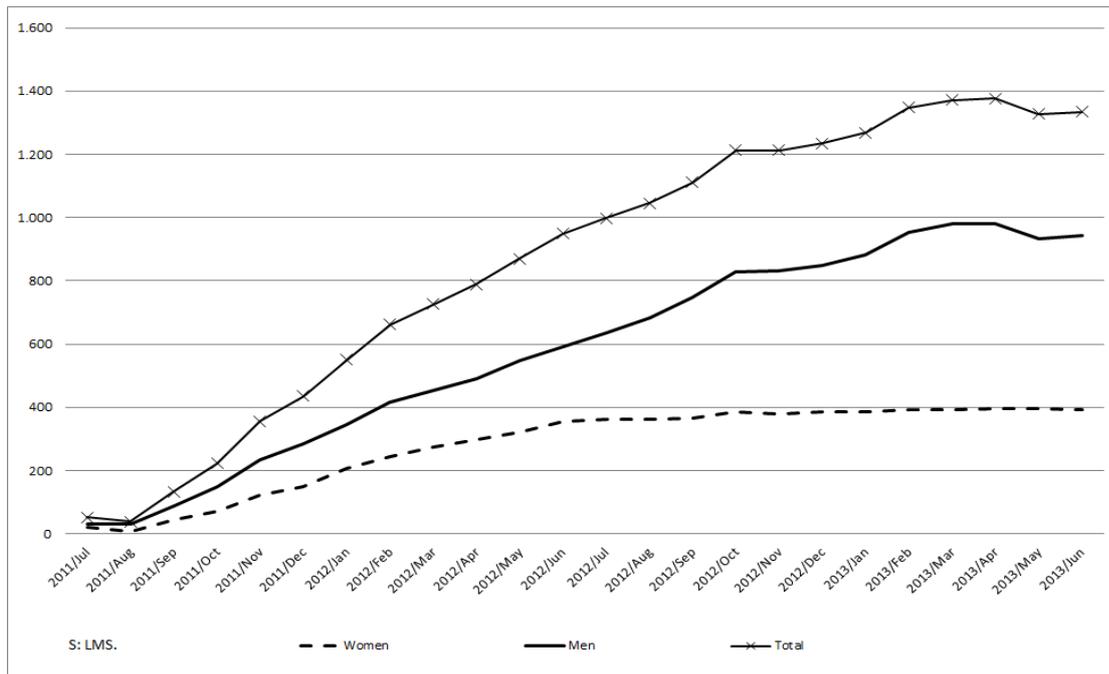
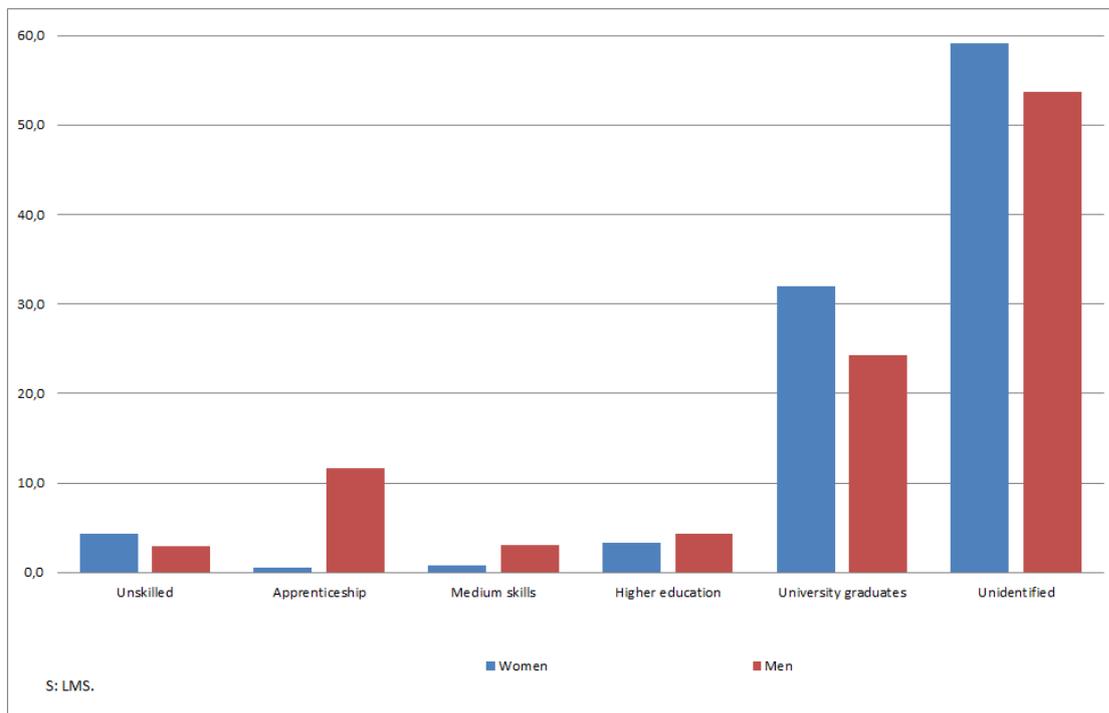


Figure 14: Educational attainment of r-w-r card holders: June 2013

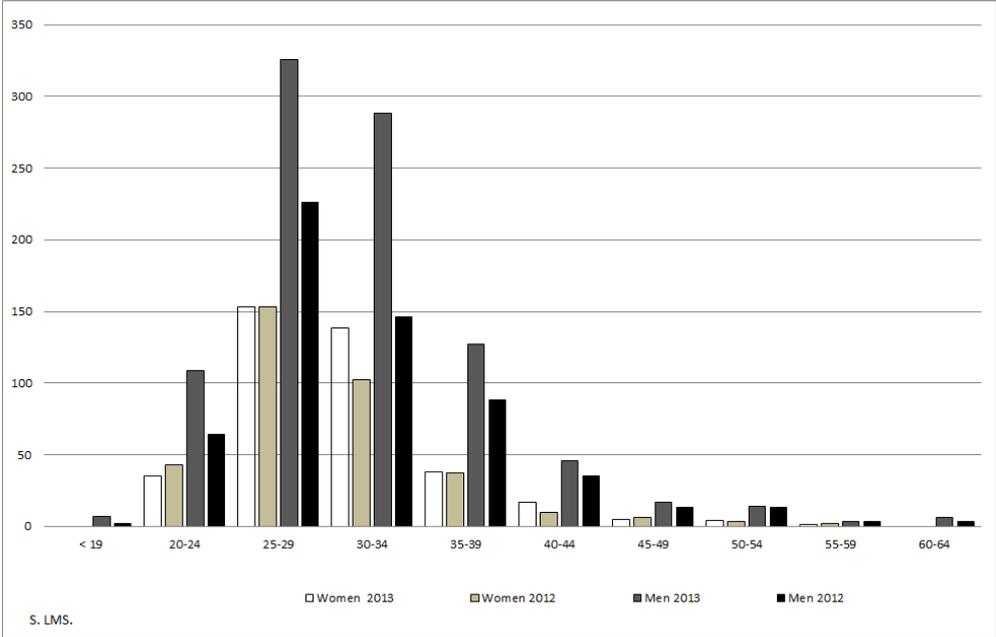


Of the 1,536 valid r-w-r cards registered with the Ministry of the Interior at the end of July 2013, 942 or 61% were skilled workers (949) and 92 or 6% were highly skilled wage and salary earners, a composition not much different from July 2012. Further, 173 or 11% of all r-w-r cards issued went to third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

An analysis of the data registered with the LMS shows that the educational attainment level of more than half of the r-w-r card holders is not identified. It can only be said that 27% are university graduates, about half of them graduates from Austrian universities. While women are to a larger extent university graduates, men are overrepresented amongst persons with medium vocational skills. (Figure 14)

It can be taken from Figure 16 that 39% of women and 35% of men are in the age group 25-29 and a further 35% (women) and 31% (men) between 30 and 35. Amongst older r-w-r-card holders men dominate while there is hardly any gender difference amongst youth. The marked increase in r-w-r cards between June 2012 and 2013 (+385, + 41%) accrued solely to young and middle-aged men.

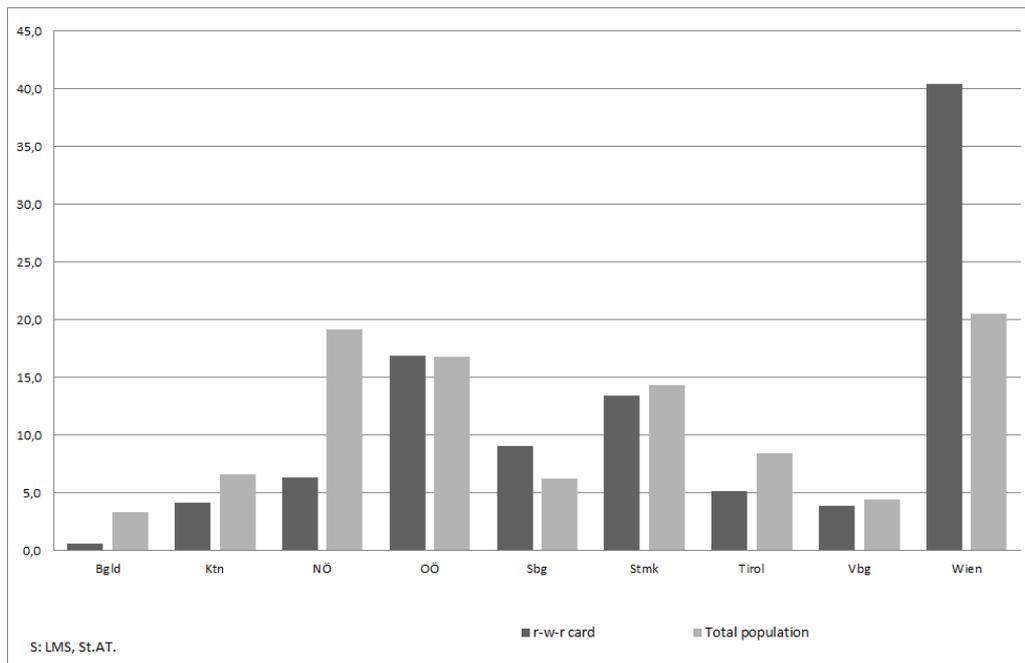
Figure 15: Composition of r-w-r card holders by age and sex in Austria, end of June 2013



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

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

Figure 16: Distribution of r-w-r card holders and foreign worker in Austria by province (Bundesland), end of June 2013



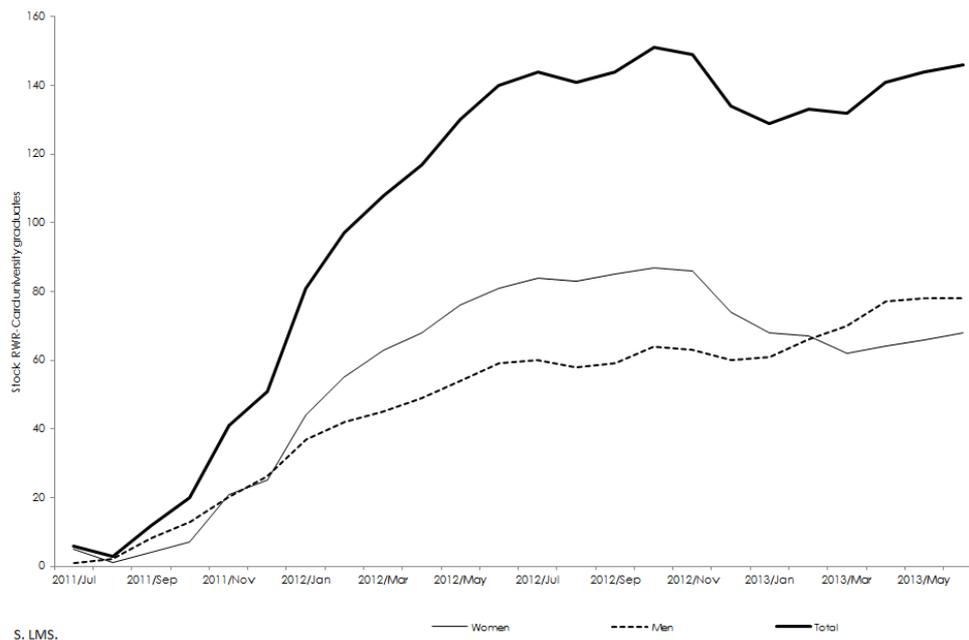
43% of the cards were issued to persons from former Yugoslavia, particularly from Bosnia-Herzegovina, Serbia and Croatia. Further, 21% went to citizens from CEECS, particularly from Russia and Ukraine. In addition some 15% went to persons who originated from Central and East Asia, somewhat less from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

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

Uptake of the R-W-R card by third country graduates of Austrian universities 2011-2013

It can be taken from Figure 178 that the number of third country graduates from Austrian universities who have obtained an R-W-R-Card has been rising from July 2011 to October 2012 swiftly to 151 and has declined since then to 146 by the end of June 2013. Over this period the gender mix has changed dramatically. While almost equal numbers of men and women received the card in the beginnings, the cards issued to women rose faster in the year 2012 such that by the end of September two third of the cards accrued to women. Thereafter the numbers broke off abruptly for women while the number of cards issued to men continued to rise. Accordingly, by the end of June 2013 less than half of the cards went to female university graduates.

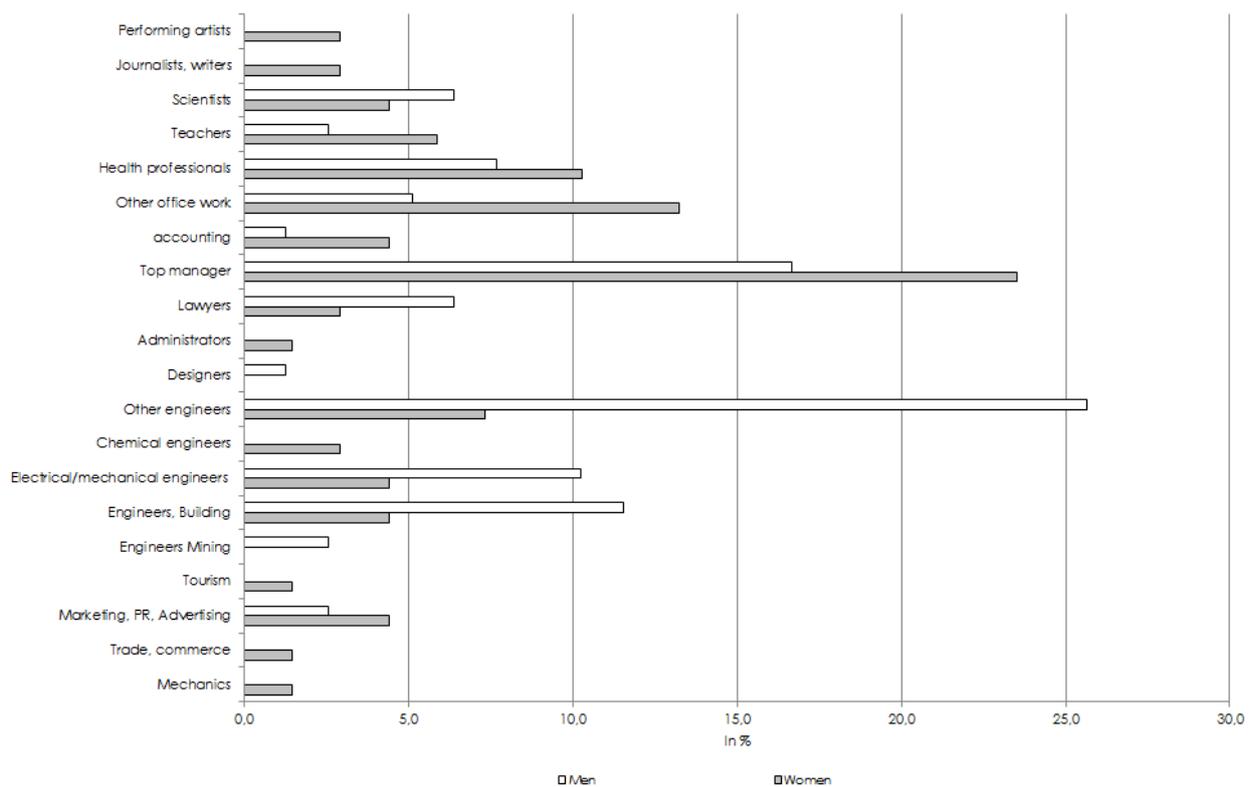
Figure 17: University graduates with R-W-R Card: development over time



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

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

Figure 18: Occupational composition of R-W-R cards to university graduates by gender (June 2013)



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

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

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

No boost to the inflows of skilled third country migrants but dynamic uptake of R-W-R Plus Card 2014/15

The administrative reform of the point system in 2013 has had no significant impact on the number of red-white-red cards issued in 2014, i.e. inflows of skilled third country migrants. In the course of 2014, some 1,800 red-white red-cards received an approval by the Labour Market Service, i.e. as many as in 2013. Also the numbers of job search visa did not rise (36 in 2014).

Table 13: Approval of Red-White-red Cards and R-W-R-Plus Cards by the Labour Market Service during 2014-2015

Wage & Salary earners	Women	Men	Total	Women	Men	Total
	2014			2015		
Job search visa	5	31	36	4	21	25
Red-White-Red-Card, of which:	522	1.325	1.847	514	1.303	1.817
Highly skilled	26	79	105	29	76	105
Skilled, Shortage List	47	304	351	51	209	260
Other key skills	340	830	1.170	337	918	1.255
University Graduates	109	112	221	97	100	197
Blue Card EU	45	106	151	47	112	159
Artists	94	114	208	97	100	197
Total	666	1.576	2.242	662	1.536	2.198
Selfemployed	6	28	34	5	20	25
Red-White-Red Plus of which:	855	1.725	2.580	757	1.345	2.102
Transfer of permit from R-W-R-card	332	875	1.207	371	821	1.192
Transfer of Blue Card EU	24	47	71	25	42	67
Transfer from 2 years (§15/1)	285	454	739	246	295	541
Transfer of §15/2 - AE/BS	143	306	449	98	178	276
Transfer from Family Member (§15/3)	71	43	114	17	9	26
Recognition (§ 17 (2) AuslBG)	0	0	0	0	0	0
Recognition (§ 60 (1) NAG)	5	0	5	0	0	0
Total	1.532	3.329	4.861	1.424	2.901	4.325

S: LMS. Own calculations.

It can be taken from Table 13 that inflows of skilled third country migrants did not increase in 2015 either. The proportion of men and women remained fairly stable as well with some 72% men and 28% women. Two thirds of the skilled third country migrants entered on the basis of 'other' key skills, while only 14% entered on the basis of shortage list occupations. It has to be said that the number of occupations put on the shortage list is declining rapidly as labour supply from the EU-MS, largely EU13-MS, is increasing beyond expectations. Also the number of university graduates receiving a red-white-red card is less than hoped for. The gender proportions of university graduates receiving a R-W-R card is fairly balanced, however.

Data by the Labour Market Service provides also some information on the transfer of permits from one with limited access rights to the labour market to the R-W-R Plus card and thus permanent resident rights. In 2014 alone 2,600 R-W-R Plus cards were approved by the LMS, followed by 2,100 in 2015.

It can be taken from Table 11 that some 50,900 R-W-R Plus cards were issued or prolonged in the course of 2015. The stock of valid R-W-R Plus Card holders at the end of 2015 amounted to 91,000, compared to only 1,600 R-W-R card holders. This is an indication for an increasing tendency of skilled and highly skilled migrants to settle in Austria by taking up the plus card. In August 2016 the number of valid R-W-R card holders was almost the same as at the end of December 2015, while the number of valid R-W-R Plus cards rose to 93,900. The large number of R-W-R Plus card holders must not come as a surprise as it is a residence title not only accessible to family members of r-w-r-card holders but also to persons who have been key-skill workers, researchers, blue card holders and their family members with more than one year residence in Austria, as well as persons on humanitarian grounds, largely former recipients of subsidiary protection.

Open questions regarding migration policy reform

An analysis of the potential impact of an increased inflow of r-w-r-card holders and a forecast of the uptake (Biffel et al 2010) suggested that the annual inflow could increase from 1,000 in 2011 to 8,000

in 2030. It was suggested that the uptake could be slow, depending on the management system of skilled worker migration, hoping to reach an annual inflow of 5,000 by 2015, and a further increase to 8,000 annually between 2020 and 2030, largely due to pull factors resulting from increasing skilled labour shortages. It was estimated that over the whole period (2011-2030) a total of 100,000 skilled third country labour migrants would settle in Austria on the basis of the point system. A major pillar supporting the forecast assumptions were third country graduates from Austrian universities: it was assumed that of the annual number of 1,000 graduates 50% would remain in Austria to work. This would be a much higher propensity to stay than currently in Germany and Austria (Wolfeil 2012). International experiences with the uptake of residence in the country of graduation are varied, depending on both, the source and the host country. On average, the proportion of stayers in Europe tends to be between 20% and 30%. The situation in Austria is at the lower end of the spectrum with some 16% of third country graduates remaining in Austria in 2012.

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

While the development of a government website to render the criteria of the new migration policy more transparent (www.migration.gv.at) is an important step in promoting inflows, it can only be a first step. A comparison with the German website indicates that Austria is quite dry about immigration, not really showing enthusiasm about newcomers and appreciation of their potential contributions.²⁸ Austria is also not engaging employers to the same extent as Germany in the recruitment efforts of skilled international migrants.²⁹ The marketing aspects as well as the management of recruitment of international skilled migrants are not yet receiving the attention they deserve to attract migrants. Thus, the first steps are taken with the reform of migration policy thinking, the next steps will have to follow suit.

One aspect will have to be the development of an immigration profile of Austria, which could motivate EU as well as third country migrants to work in Austria. Should it not be known that Austria is a country with strong corporatist organisational structures with institutionalised mechanism of policy coordination and conflict management? These structures ensure macro-economic flexibility and adaptability to external shocks, one factor for the stable Austrian economic development. (Calmfors—Driffill 1988; Biffel 2000). This system is, however, also responsible for large segments of the labour market being protected from external inflows, e.g. a large number of regulated occupations (Chamber system of professions/ occupations), pronounced seniority rules for careers in the public sector as well as large enterprises in private industry. These regulations make it hard for

²⁸ See promotion of skilled migration <http://www.fachkraefte-offensive.de> and welcome site for skilled migrants <http://www.make-it-in-germany.com> in Germany.

²⁹ For more see German Internet platform <http://www.kompetenzzentrum-fachkraeftesicherung.de>.

skilled migrants to enter at intermediate career levels, be they foreigners or Austrians wanting to return from abroad and hoping to get their foreign experience taken into account. This is why it is hard for university graduates with work experience abroad to find adequate employment and pay in Austria while it is comparatively easy for persons in the medium skill segment (Fachkräfte). A further aspect to be known before migrating to Austria is that the low unemployment rate has its counterpart in a pronounced wage differentiation by age, occupation, gender, educational attainment level and firm size.

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

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

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

The Alien register of the Ministry of the Interior informs about the number of citizens of another EU/EEA country and their family members who have the right to settle in Austria. Since the reform of the Alien Law in 2011, which came into effect in July 2011, 5 different types of documentation of residence of EU/EEA citizens are published by the Ministry. (Table 14³⁰)

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

Table 14: Documentation of residence titles of EEA/CH citizens and their third country family members (EU residence regulations)

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

S: BMI.

³⁰⁾ http://www.bmi.gv.at/cms/BMI_Niederlassung/statistiken/files/Hinweise_zur_Asyl_Fremden_und_NAG_Statistik_Fremdenpolizei_und_Visawesen_v1_15.pdf

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

*Table 15: Annual inflow of EEA-Citizens and their family members (EEA/CH citizens and third country citizens) with residence rights in Austria
1 January to end of December*

Annual issues (inflow)	2013			2014			2015		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Documentation of registry	29.377	29.125	58.502	32.435	32.647	65.082	40.776	41.107	81.883
Employee	17.405	13.172	30.577	20.112	15.924	36.036	25.298	20.541	45.839
Education	2.023	2.626	4.649	2.003	2.755	4.758	3.105	4.514	7.619
Family member	7.062	9.452	16.514	7.835	10.709	18.544	9.309	12.268	21.577
Self-employed	1.207	1.421	2.628	1.034	1.221	2.255	1.346	1.394	2.740
Other family member/relative	244	536	780	181	500	681	187	558	745
Others	1.436	1.918	3.354	1.270	1.538	2.808	1.531	1.832	3.363
Residence Card	913	860	1.773	1.144	1.141	2.285	1.760	1.616	3.376
Documentation of perm. residence	853	985	1838	1.156	1.428	2.584	1.720	2.001	3.721
Permanent resident card	87	55	142	108	85	193	450	423	873
Total	31.230	31.025	62.255	34.843	35.301	70.144	44.706	45.147	89.853

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

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

In the course of the year 2015 89,800 EEA/CH citizens and their family members entered Austria and registered as 'settlers', i.e. 19,700 or 26% more than a year ago. The great majority were registrations of residence of EEA/EU citizens (91%) for more than 3 months residence (Documentation of registry - Anmeldebescheinigung). Only 3,400 or 3.8% went to third country family members of EEA/CH citizens for more than 3 months residence Residence Card /Aufenthaltskarte). In addition, 3,700 EEA/CH citizens received a permanent residence document (Bescheinigung des Daueraufenthalts), and 873 third country family members received a permanent residence card (Daueraufenthaltskarte).

The great majority of EEA/CH citizens registered (Documentation of Registry) entered for work (48,600, 59%), some 9% (7,600) for study purposes, and 27% as family members. (Table 15) The three most important source countries in 2015 were Hungarians (14,296), followed by Germans (14,096), Romanians (13,788), Polish citizens (6,865), Slovaks (6,628), Croatians (5,664), Bulgarians (4,785), Italians (4,004), and Slovenes (2,142).

Stock of third country resident permit holders by type of status (mid year count)

As already mentioned above, the transfer of alien and asylum processing from the Ministry of Interior to the Agency for Alien Affairs and Asylum (BFA) resulted in a break in the statistical data in 2014. Accordingly, we focus on the mid-year stock count of 2015 and 2016.

Accordingly, the stock of valid third country residence permits in July 2016 amounted to 448,000, with an equal balance of men and women (221,800 men and 226,200 women).

In the first half of 2016, the stock of third country permit holders increased vs 2015 by 17,400 (+4%); this represents a continuation of the long-term rising trend, which is interrupted by former third countries joining the EU, the last having been Croatia in mid-2013. The gender composition remains very stable over time with a share of women always close to 50%. The share of children and youth under 18 is slowly declining since 2005 and reached 18.7% in 2016, almost the same as in 2013 but clearly below the 24.5% of 2005. In contrast, older persons (60+) make up an increasing share of immigrants of third countries. In 2016 they made up 12.8% of the stock compared to 7% in 2005. Thus, ageing makes itself felt amongst immigrants as well. Women are more than proportionately 20 to 40 years old, whereas men tend to be on average somewhat older than women.

The age composition of third country migrants registered by the Ministry of Interior by mid-2016 conforms to the age structure of the third country population in the population register by the beginning of the year 2016. The share of older persons (65+) still remains significantly lower amongst third country migrants than in the total population.

By mid-2016, the largest single group of third country residence permit holders were citizens of Serbia/Kosovo. Their numbers amounted to 121,600, i.e. 27% of all residence permits. The second largest group were Turks with 103,900 permits (23% of all permits), followed by citizens of Bosnia-Herzegovina (89,700 or 20%), Macedonia (20,000 or 4.5%) and increasingly persons from the Russian Federation (12,300, 2.7% mid-2016). (Figure 19)

The majority of the permit holders are permanent residents 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 a semi-skilled nature.

In contrast to third country citizens who come from traditional guest worker regions and who tend to have long-term residence rights, the newcomers from further afield tend to have temporary residence permits for a particular purpose. Persons from South-Korea, Japan, Mongolia, Ukraine, USA, Iran, Georgia, Albania and Taiwan are largely university students in Austria.

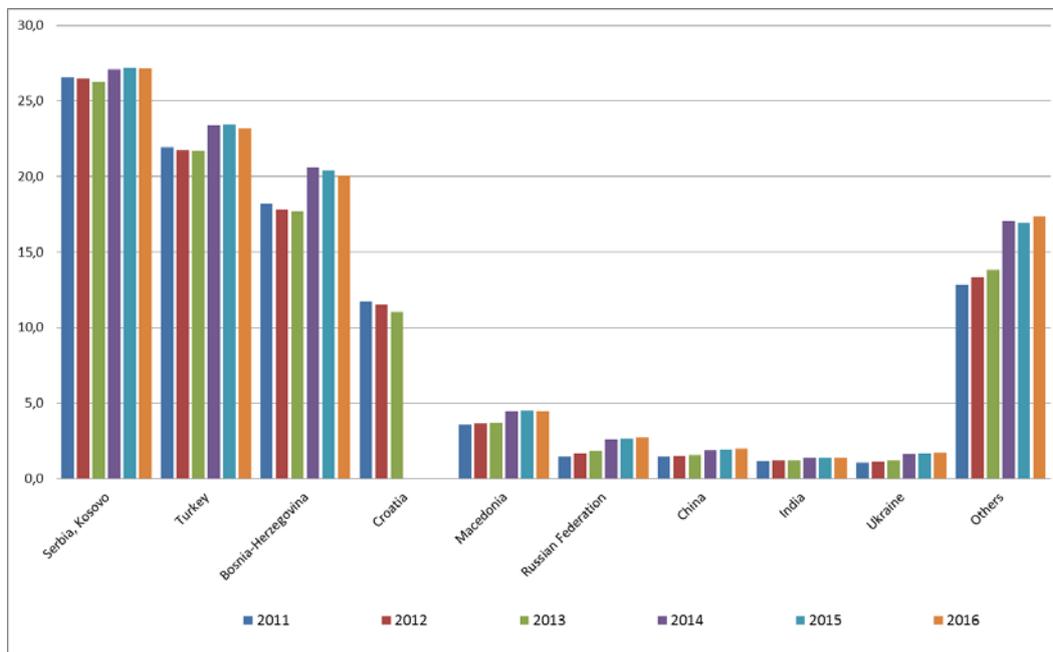
Among the US-citizens are not only highly skilled managers but also special groups exempted from the foreign worker law (AuslBG), in particular also au-pair workers. Among persons from Nigeria and Ukraine family members are an important residence category, quite in contrast to citizens from India and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

*Table 16: Stock of valid residence permits of non-EU citizens by age
Count by 1 July*

	Midyear, number of permits						In%					
	2011	2012	2013	2014*	2015	2016	2011	2012	2013	2014	2015	2016
0-14	71.628	71.347	72.253	64.268	64.465	65.071	15,3	14,8	14,7	15,3	15,0	14,5
15-18	23.625	23.794	23.939	18.823	18.799	18.925	5,0	5,0	4,9	4,5	4,4	4,2
19-24	43.288	43.192	44.411	39.158	39.185	40.521	9,2	9,0	9,0	9,3	9,1	9,0
25-29	49.867	49.616	49.959	45.175	45.315	46.036	10,6	10,3	10,2	10,7	10,5	10,3
30-34	48.780	51.136	53.380	50.277	50.932	52.109	10,4	10,6	10,9	12,0	11,8	11,6
35-39	44.160	45.291	46.366	42.834	44.522	47.189	9,4	9,4	9,4	10,2	10,3	10,5
40-44	40.063	41.478	42.219	36.135	37.428	39.274	8,5	8,6	8,6	8,6	8,7	8,8
45-49	35.102	36.271	37.282	30.052	30.931	32.402	7,5	7,5	7,6	7,2	7,2	7,2
50-54	27.814	29.172	30.160	24.446	25.631	27.431	5,9	6,1	6,1	5,8	6,0	6,1
55-59	29.376	28.585	27.141	20.268	20.974	21.556	6,3	5,9	5,5	4,8	4,9	4,8
60-64	25.063	26.705	27.804	21.261	21.762	22.223	5,3	5,6	5,7	5,1	5,1	5,0
65+	30.603	33.967	37.065	27.577	30.644	35.243	6,5	7,1	7,5	6,6	7,1	7,9
	469.369	480.554	491.979	420.300	430.588	447.980	100	100	100	100	100	100

Source: Federal Ministry of the Interior, Central Alien Register. 2014 break in series.

Figure 19: Structure of valid residence permits by major countries of origin in% 2011 to 2016 (mid-year count)



Source: Federal Ministry of the Interior, Central Alien Register. 2014 break in series.

Of the r-w-r- card holders (in July 2016 1.576 valid permits) the top 10 source countries are Bosnia-Herzegovina (303), Serbia (165), Russian Federation (132), Ukraine (108), India (105) and USA (111). These 6 source countries constitute 59% of the valid r-w-r cards at the end of July 2016.

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.

Table 17: Valid residence permits by category 2014/15 (mid-year stock)

	2014	2015	2016
Temporary residents			
Pupil	2.630	2.550	2.770
Student of higher education	16.586	16.929	18.639
Temporary residence §69aNAG	16	8	3
Family	2.361	2.484	2.598
Intercompany transferees	321	295	282
Employed persons on basis of GATS (mode 4)	239	205	133
Self-employment	30	36	41
Social worker	5	8	6
Special cases of highly skilled employees(Researchers e	2.785	2.597	2.533
Artist	498	503	489
Researcher	585	550	625
Sum of temporary residents	26.056	26.165	28.119
Settler permits			
Family member	38.082	37.773	38.109
No access to work	1.489	1.617	1.807
Relative	3.012	2.970	3.049
unlimited access	4.033	2.784	0
Blue Card	239	258	259
R-W-R Card	1.640	1.634	1.576
R-W-R Plus	84.382	86.749	93.379
Permanent resident - EU free mobility	200.992	225.661	245.845
Family member-Permanent resident - EU free mobility	30.269	26.178	18.960
Settlement permit - Formerly settlement certificate	30.022	18.799	16.826
Mobility -unlimited access to work	58	57	51
Sum of all Settlers	394.218	404.480	419.861
Sum of all valid resident permits of third country citizens	420.274	430.600	447.980

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

The foreign residence law (NAG 2005) specifies further that university graduates may have their temporary residence permit transferred to one of a highly skilled worker (Schlüsselarbeitskraft) 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 market³¹. By July 2016 197 or 13% of all r-w-r cards went to university graduates. This is only a slight increase vs 2015.

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

Also in certain central regions south of the Danube third country citizens hardly settle. In contrast, Styria and Vienna are the most important regions for temporary resident permit holders. The regional clusters are linked to the history of migration and eventual settlement of former foreign

³¹ 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.

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.

Labour market flows

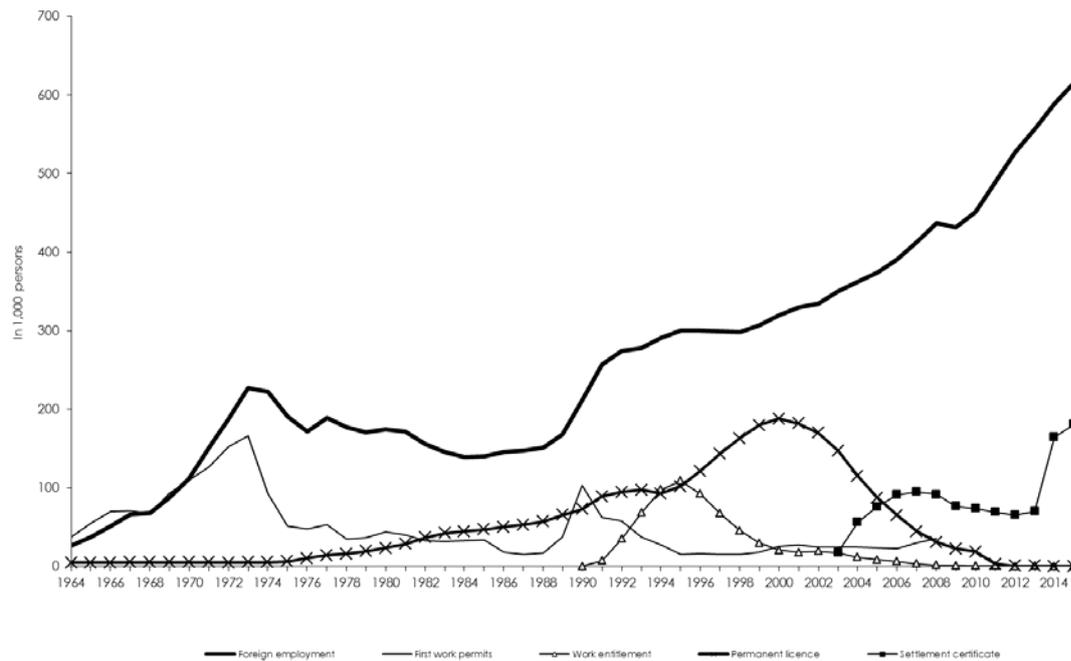
Austria has started out as a country targeting migrant workers rather than immigrant workers and their families. As a result, Austria has a long history of work permits; only relatively recently, i.e., in the 1990s, was this system complemented by regulations of family reunification and thus by a complex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

Entries of foreigners for work

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

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

Figure 20: First work permits and total foreign employment 1964-2015



Source: Austrian Labour Market Service.

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

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

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

It is apparent from Figure 20 that the increase in foreign employment between 1989 and 2000 found its counterpart in the rise of various types of work permits, the initial permit (BB) taking the lead and prolongations and eventually permanent licenses taking over as a result of an increased duration of stay and work in Austria. With the introduction of the 'green card', a permanent work and residence permit, in 2003, the numbers of first employment permits broke off as the majority of the foreign workforce had resided in Austria for 5 years legally and had thus the right to access the labour market without a work permit. With the introduction of the point system in 2011 another break becomes obvious as increasing numbers could have their permits transferred to permanent residence.

Since 2010, the number of first employment permits issued over the year rises again as various forms of third country employment gain weight, in particular employment permits for household helpers (au-pairs, third country students, cross-border service providers (grenzüberschreitende Arbeitskräfteüberlassung) - as distinct from posted workers (Betriebsentsandte), the latter do not need a work permit. Accordingly, in 2013 52,000 (initial) work permits were issued, 4,100 or 8.6% more than a year ago. The issue of employment permits declined somewhat in 2014 to 28,500 in 2014 and stabilised at that level in 2015 (29,000).

In contrast, hardly any permanent licenses are issued as people may obtain the red-white-red plus card or other forms of permanent residence with all access rights to the labour market. The decline in all the other permits is also the result of the introduction of a more comprehensive immigration model with residence permits which pari passu grant access rights to the labour market without any need to register with the labour market service.

It is helpful to put the flow data, i.e., permits granted over the year by category, in the context of stocks of persons/permits on an annual average. It can be taken from 19 that the Austrian labour authorities are endeavouring to document the various forms of foreign worker inflows to the labour market, some of them as a result of eastern enlargement of the EU and increased mobility of persons within the EU, including services mobility. The latter differentiates between the liberalised services, where no labour market testing applies and non-liberalised services, where labour market testing applies until the end of the transition regulations. There is a difference between a services provision acknowledgement (Entsendebestätigung) and a services provision permit (Entsendebewilligung): for the latter labour market testing is required as it is in occupations which are not liberalised in the context of free services provision between new and old EU member states (transition regulation). The first is issued for a period of 6 months and may be extended, while the latter may not be extended after the period of 6 months has expired. From 1st may 2011 onwards until the end of 2013 only Bulgaria and Romania were still under transition regulations. Accordingly, the number of GATS grants declined to 537 in 2015.

*Table 18: Various types of work permits for third country citizens 2003-2015
Stocks, Annual average*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Temporary work permits (BB)	26.296	25.211	22.826	21.401	23.636	29.313	28.166	28.385	20.283	14.450	9.000	9.378	9.562
Work entitlements (AE)	17.008	11.856	8.451	6.067	3.417	1.495	879	590	404	310	351	179	30
Permanent licences (BS)	147.330	115.029	87.146	64.688	44.750	30.582	22.430	18.543	14.115	5.541	2.200	1.978	922
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	1.473	1.176	677	537
§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	4.842	14.303	8.168	7.535
Highly skilled permits	226	589	156	581	880	1.181	1.908	649	1.495	1.926	2.026	2.242	2.198
Settlement certificate (NN)	17.693	56.072	76.128	91.228	95.147	91.783	76.497	73.685	68.982	83.104			
Permanent Resident/R-W-R Plus				1.507	6.170	12.354	15.696	16.915	7.870		13.918	20.925	30.970
Settlement EEA				6.071	20.355	31.444	40.579	52.113	65.068	77.085	140.000	143.593	150.068
R-W-R card									1.500	1.926	2.026	1.659	1.842
Employed based on a valid permit	220.436	220.883	211.227	214.908	226.526	237.825	225.904	242.595	199.526	189.184	185.000	203.586	230.925

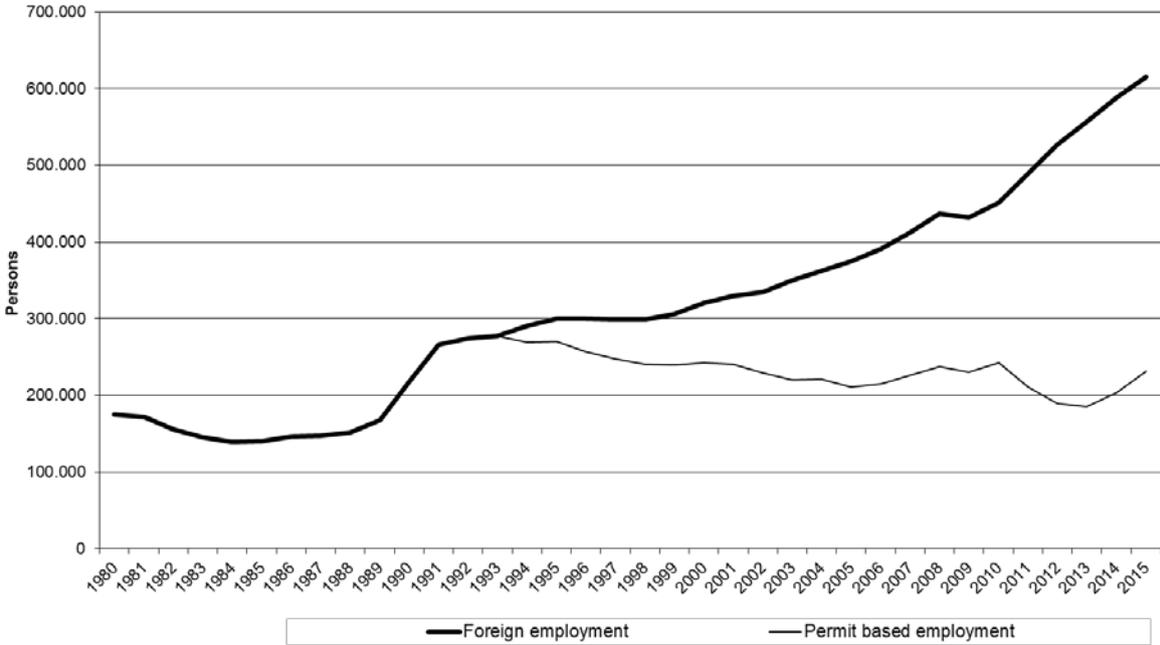
Source: Austrian Labour Market Service.

In 2015 230,900 foreign workers needed some sort of a permit, either issued by the Labour market service or by the Ministry of Interior, to be able to work in Austria. The size of the permit based workforce depends on institutional regulations, in particular EU-membership of Austria and the free mobility of labour granted. The end of transition regulations for citizens of the EU-8 countries, for example, shows up in a clear decline in the number of first work permits: between 2010 and 2012 their numbers declined by 13,900 or 49% to 14,500. Until 2015 the numbers of first work permit

holders (Beschäftigungsbewilligung) declined further to 9,600. With increasing labour mobility within the EU, the difference between permit based foreign employment and total foreign employment opened up. In 2012 only 36% of total foreign employment was working on the basis of a permit. (Figure 25) But the number of permit holders is rising since then again as the inflows of third country citizens continue to rise.

In 2015, 150,000 or 65% of all permit-based employment of foreigners had settlement rights in the EEA. A further 14% (33,000) were third country citizens who had settlement rights in Austria. A fairly small number are employed on the basis of GATS (mode 4 services mobility), namely 537 permit based foreign employment.

Figure 21: Foreign employment and permit based foreign employment (annual average) 1980-2015



Source: Austrian Labour Market Service.

In 2015, only 26,200 or 4% of the 615,700 foreign employees were working on the basis of a permit issued by the Labour Market Service: 9,500 on the basis of an initial work permit for third country citizens (BB), 15,700 EU-citizens working as specialists on the basis of labour market testing (transition regulations), 922 had a permanent license which they did not yet transfer into a red-white-red-plus card, just as the 30 holders of a work entitlement (AE). In addition to the 26,200 labour migrants who had their access rights to the labour market granted by the Labour Market Service 204,700 foreign employees were third country citizens employed on the basis of a residence permit which allows access to the labour market. It can be taken from Figure 215 that the gap between foreign employees needing a residence or work permit to access the labour market declines since 1992, the year of the introduction of immigration laws which replaced the guest worker model.

II. Posted workers

A relatively new phenomenon on the Austrian labour market is the implementation of posted work, i.e. cross-border services provision by persons who are employed in one country but carry out work in another. The distinction between temporary migration and posted work, i.e. a special case of trade in services, is somewhat blurred as can be exemplified by temporary work in harvesting. In the case of migrant workers who are employed directly by the local farmer, national immigration regulations apply, while in the case of services provision by a posted worker from a foreign leasing firm/labour contractor, GATS (General Agreement on Trade in Services) rules apply. The ILO considers posted workers as migrants who are covered by the Migrant Worker Conventions 97 and 143³²; this group of temporary migrants is accorded the right to equal treatment on the labour market comparable to local workers.

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

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

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

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

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

Given a long border with new EU-member states, Austria imposed transition agreements on the new EU-10-MS (2004) and EU-2-MS (2007), involving regulations on labour migration (labour market

³² Convention No.143 emphasises regulations to reduce illegal migration and to promote integration; Convention 97 on the right to equal treatment has not been ratified by many migrant receiving countries; only 42 countries, mostly emigration countries, have signed. Many other ILO conventions cover migrants, e.g. the freedom of association Convention No.87, or the social security convention No.118.

testing) – thereby curtailing free mobility of labour –and on posted work (for certain occupations and industries)- thereby curtailing free mobility of services. The Austrian Labour Market Service has been monitoring the inflow of service providers since 1997. It differentiates between liberalised services, which may enter freely – in this case the service provision is only documented / registered (Entsendebestätigung) - and controlled services for which certain restrictions prevail (Entsendebewilligung). In the latter case it is in the national interest to protect the domestic service providers from competition. Accordingly, an authorisation has to be requested which in effect has to state that the national interests are not jeopardised by the specific service provision (complementarity to national services).

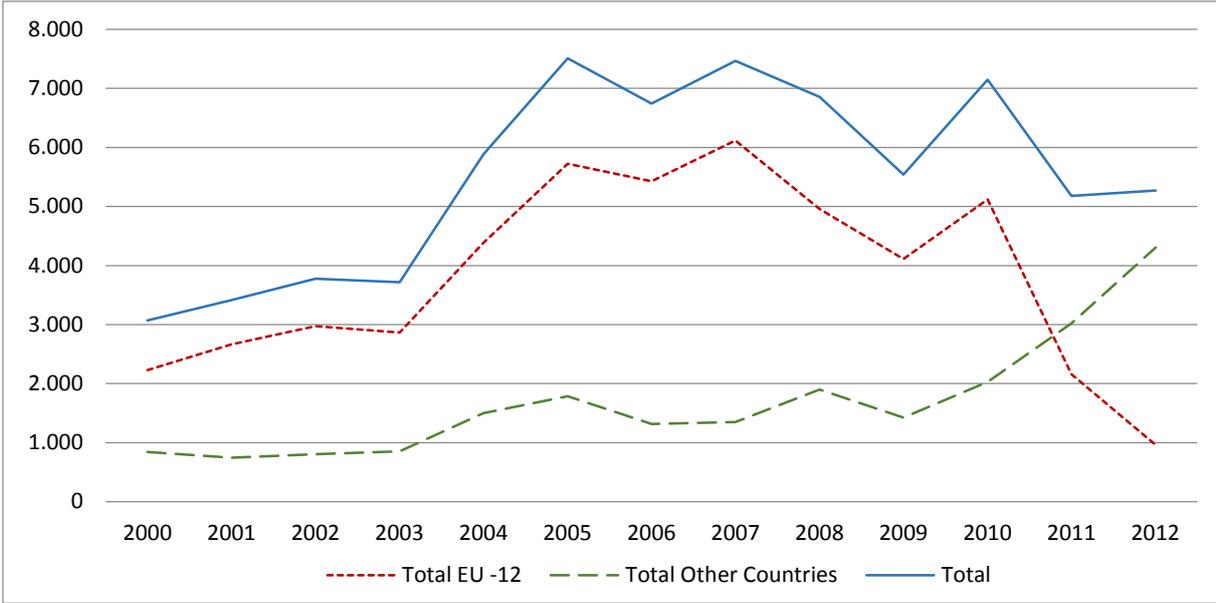
The services sheltered from competition from cross-border service providers are gardening, certain services in the stone, metal and construction industry, security and cleaning services, home care services and social work.

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

As far as service provision is concerned, the total number of service providers excluding intercompany transfers (Entsendebestätigung and Entsendebewilligung) increased from 3,070 in the year 2000 to 5,300 in 2012, i.e. by 2,200 or 72%. This number represents 0.2% of the Austrian salaried workforce. As the service providers work for a maximum of half a year in Austria, the proportion of the volume of labour is even smaller. It can be taken from Figure 26 that the number of posted workers has been increasing significantly between 2003 and 2004, largely from the new EU-MS. The numbers declined in the wake of the economic recession 2008/2009 but picked up again in 2010 to the level of 2004, losing momentum thereafter.

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

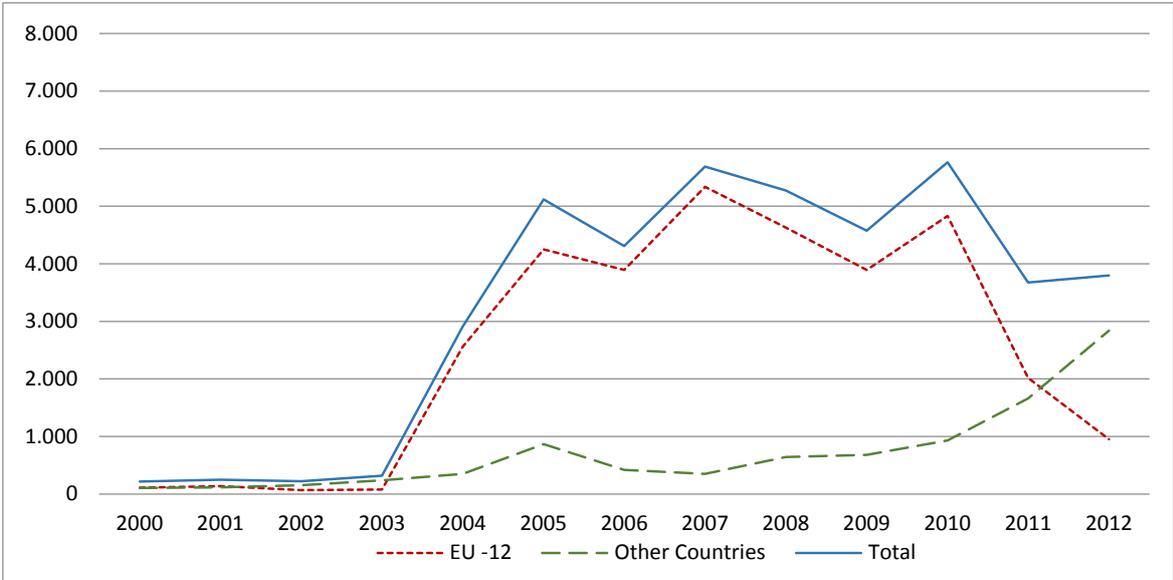
Figure 22: Total number of posted workers by source region



Source: LMS

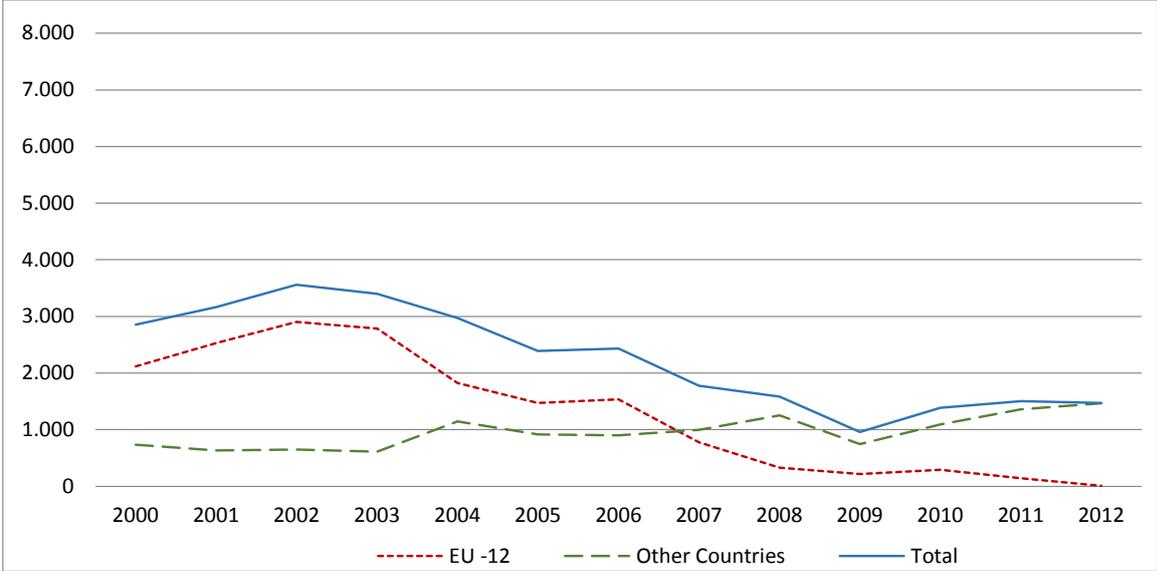
The number of service providers in the protected occupations increased from 2,900 in the year 2000 to a peak of 3,600 in 2002, largely affecting EU-12 countries, and declined thereafter. With the end of transition regulations and the lifting of barriers to services mobility of EU-12 citizens the total numbers declined to 1,500 in 2012. The major third country source countries are, as in the case of liberalized services, Croatia, Bosnia-Herzegovina and Serbia, followed by Russia and India. The major industries in which posted workers are providing their services in protected occupations are business-oriented services, the building industry, manufacturing and arts, sports and entertainment.

Figure 23: Number of posted workers in liberalized services by source region



Source: LMS

Figure 24: Number of posted workers in services protected from competition from third countries and EU-MS for which transition regulations apply

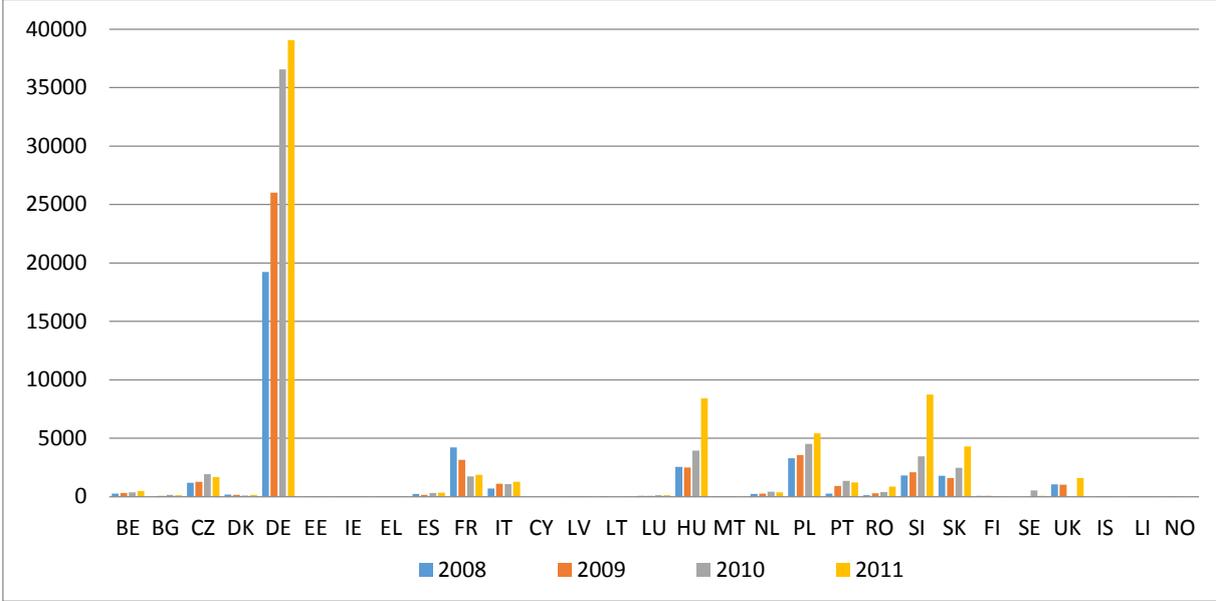


Source: LMS

2 Posted workers in Austria and the EU

While the total number of posted workers from third countries and EU-12-MS during transition regulations is comparatively small, this is not the case for posted workers who enjoy free mobility within the EU. Article 12 of Regulation (EC) No 883/2004 provides the legal basis for posting workers across EU-MS. Its aim is to facilitate the freedom to provide services for the benefit of employers who post workers to Member States other than that in which they are established, as well as the freedom of workers to move to other Member States, e.g., transport workers. Specific regulations pertain to the posting of workers to another Member State for a temporary period and where a person is working in two or more Member States and certain categories of workers such as civil servants. The rules for determining which Member State’s legislation is to apply are set out in Articles 11 – 16 of Regulation 883/2004 and the related implementing provisions are set out in Articles 14 - 21 of Regulation 987/2009.

Figure 25: Source countries of posted workers from the EU/EEA in Austria (per number of workers)

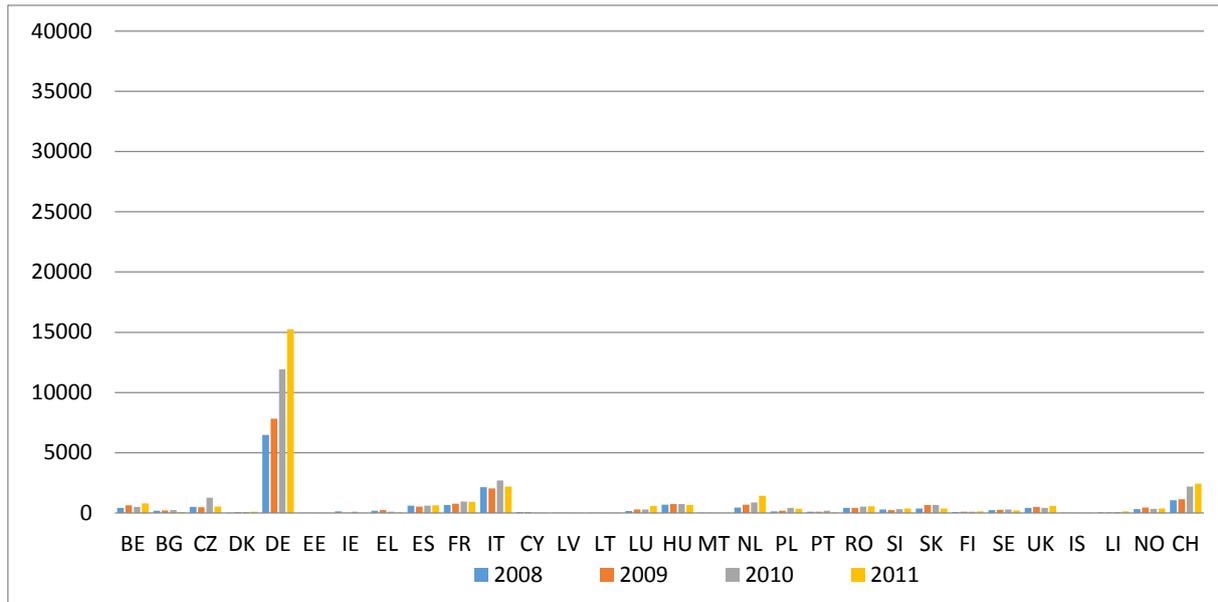


Source: OECD/Eurostat

According to Eurostat/OECD data on posted workers, the total number of posted workers in Austria from another EU-MS or EEA/EFTA country rose from 37,400 in 2008 to 76,300 in 2011, i.e., it more than doubled over a span of 3 years. The proportion of posted workers relative to the total salaried Austrian workforce amounted to 1.4% in 2011. This is a somewhat higher share than on average in the EU-27, where 1.5 million posted workers were registered in 2011 - in relation to the total workforce this is somewhat less than 1%. The major source countries of posted workers in Austria are Germany, providing 51% of all posted workers in 2011, followed by Slovenia, Hungary, Poland and Slovakia.

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

Figure 26: Destination countries of Austrian posted workers in the EU/EEA (per number of workers)



Source: OECD/Eurostat

3 Prospects for posting workers

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

The use of posted workers represents yet another facet of the diversification of employment forms, with core workers (insiders) being increasingly complemented by temporary workers (outsiders), who are either employed in leasing firms registered in Austria and working for various companies in Austria or in an enterprise registered in a foreign country but carrying out a specific task/service in Austria, i.e. posted workers.

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

While the economic benefits from free trade in commodities as one of the four 'fundamental freedoms' are not questioned, the impact of posted work - as distinct from immigration - on labour markets and the welfare system is less clear. In the case of mode 4 temporary migration/services mobility, it is argued by some (Winters et al. 2003) that the economic advantages are more straightforward and similar to the trade in goods and therefore less costly than permanent immigration. In the former, goods come into the country, in the latter, services. According to WTO (2004), the main advantage is derived from the temporary character of posted work, thus avoiding additional costs in terms of infrastructure and social and cultural integration associated with permanent immigration. This judgement is based on the assumption that posted workers, as a special case of temporary migrants, will return to their country of origin. Assuming this will happen, the question remains to what extent the preference of institutions like WTO to services mobility is

the result of an underestimation or neglect of the social costs of trade, in particular the impact on working conditions given widely differing wage and employment conditions across EU-MS. In addition, the use of service providers rather than native or immigrant labour may impact on education and career choices of local youth, raising issues of long term competitiveness. This is argued by Teitelbaum who sees the shift of US students away from science doctorates to MBAs and Law degrees as a result of the rising number of foreign-born science students, who have depressed the wages for post-doctoral researchers in science.

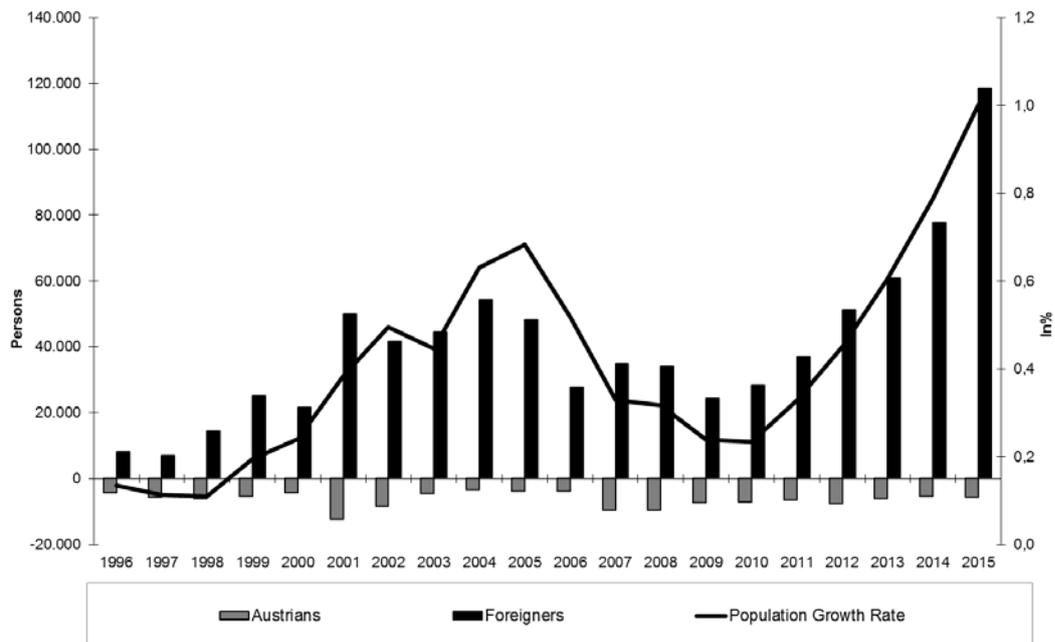
A further factor to be taken into account is that the different bases of the two tax systems, the value added tax which focuses on the final product and the tax of the factor of production, labour, may have a different effect on the productive potential of the economy and the funding of the welfare state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

III. Foreign residents and residents abroad: stocks

1 Foreign residents in Austria

Over the last 25 years the demographic development has been largely determined by migration. Migration is driven by labour and family migration, free mobility of EEA/CH citizens and refugee flows. Natural population growth flowing from fertility and life expectancy (Births over deaths) has had practically no influence on the population size since the end of the 1990s. (Table 20)

Figure 27: Net-migration of Austrians and foreigners and total population growth rate 1996-2015



Source: Statistics Austria. Own calculations.

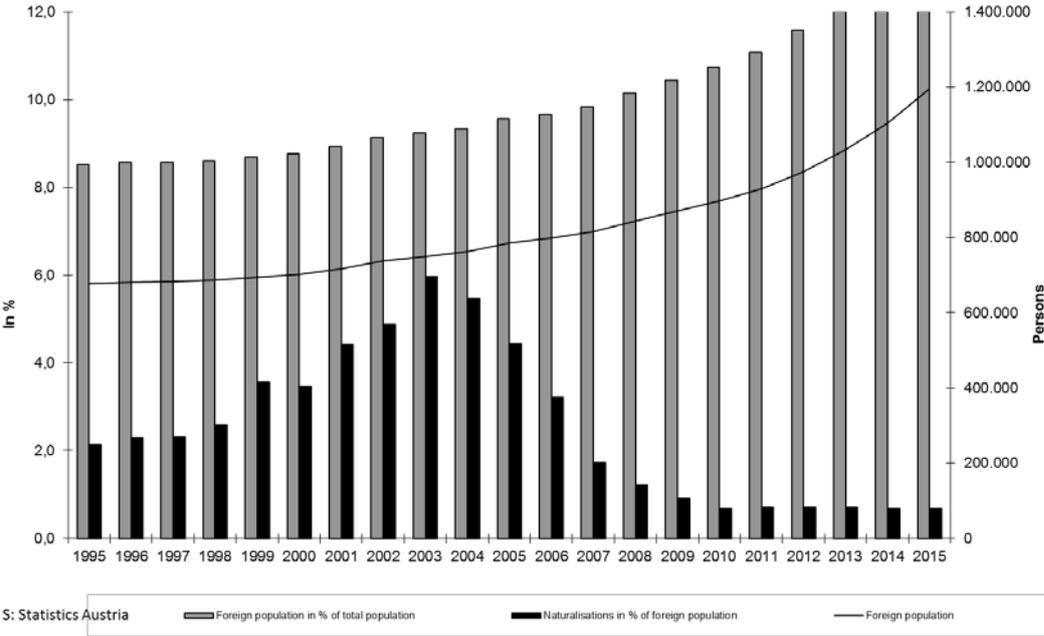
In 2015, 8,629,500 inhabitants were registered in Austria, 85,600 or 1 percent more than in 2014³³. Thus, population growth gained momentum, largely a result of the refugee inflows in 2015, but also due to increased inflows of EU-citizens as a result of the end of transition regulations (EU-2 in 2013).

The rise in population growth after 2009 is almost completely the result of immigration, given a positive balance of births over deaths between 2009 and 2015 of 6,200 relative to a net migration balance over that time span of 353,000. The positive migration balance between the beginning and end of year has started to pick up in 2000 from 17,300 and peaked in 2004 with 50,800; after that net immigration slowed down and reached a low of 17,100 in 2009, a result of the international economic crisis which slowed down international migration flows. With the economic upswing in 2010 migration gained momentum again, peaking in 2015 with net immigration of 113,100.

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

³³ The population data series has been revised with register data checks flowing from the census requirements. In order to ensure consistency of data a revision of population data and migration data was necessary (level difference of 35,000 persons by 31.10.2011). The revision affects stocks of population between 1.4.2007 and 1.1. 2012, the annual averages of the population series and migration data of 2007-2011. For more see http://www.statistik.at/web_de/statistiken/bevoelkerung/bevoelkerungsstand_und_veraenderung/bevoelkerungs-veraenderung_nach_komponenten/index.html

Figure 28: Foreign population and naturalisations in % of foreign population 1995-2015



Natural population growth, i.e., the balance of births and deaths, has picked up in 2004 temporarily, partly linked to immigration, but declined thereafter again, reaching a low of 1,300 in 2015.

Table 19: Foreign residents in Austria

	Population		Population change between beginning and end of year				Stat. Correction
	Yearly average	Changes absolute	Total change	Birth-death	Migration	Naturalisation	
	Total						
1995	7.948.278	12.160	9.578	7.498	2.080	0	
1996	7.959.016	10.738	11.899	8.019	3.880	0	
1997	7.968.041	9.025	6.150	4.613	1.537	0	
1998	7.976.789	8.748	11.345	2.894	8.451	0	
1999	7.992.323	15.534	19.725	-62	19.787	0	
2000	8.011.566	19.243	18.760	1.488	17.272	0	
2001 ¹⁾	8.042.293	30.727	38.802	691	32.964	0	5.147
2002 ²⁾	8.082.121	39.828	36.633	2.268	33.294	0	1.071
2003 ²⁾	8.118.245	36.124	42.300	-265	39.873	0	2.692
2004 ³⁾	8.169.441	51.196	58.786	4.676	50.826	0	3.284
2005	8.225.278	55.837	52.939	3.001	44.332	0	5.606
2006	8.267.948	42.670	28.686	3.619	24.103	0	964
2007	8.295.189	27.241	25.005	1.625	25.470	0	-2.090
2008	8.321.541	26.352	27.014	2.669	24.650	0	-305
2009	8.341.483	19.942	16.640	-1.037	17.053	0	624
2010	8.361.069	19.586	23.521	1.543	21.316	0	662
2011	8.388.534	27.465	32.957	1.630	30.705	0	622
2012	8.426.311	37.777	43.739	-484	43.797	0	426
2013	8.477.230	50.919	55.926	-196	54.728	0	1.394
2014	8.543.932	66.702	77.140	3.470	72.324	0	1.346
2015	8.629.519	85.587	115.545	1.308	113.067	0	1.170
	Austrians						
1995	7.271.217	4.552	3.040	-2.823	-8.503	14.366	
1996	7.277.307	6.090	9.140	-2.181	-4.306	15.627	
1997	7.284.647	7.340	5.539	-4.650	-5.603	15.792	
1998	7.290.308	5.661	5.784	-6.089	-5.913	17.786	
1999	7.298.368	8.060	10.337	-9.028	-5.313	24.678	
2000	7.309.798	11.430	12.522	-7.483	-4.315	24.320	
2001	7.324.719	14.921	17.320	-7.505	-12.408	31.731	-6.407
2002	7.343.758	19.039	20.141	-5.911	-8.372	36.011	-1.587
2003	7.368.318	24.560	34.837	-7.521	-4.528	44.694	2.192
2004	7.406.950	38.632	38.601	-2.571	-3.402	41.645	2.929
2005	7.439.407	32.457	30.674	-4.333	-3.863	34.876	3.994
2006	7.469.723	30.316	20.573	-3.861	-3.751	25.746	2.439
2007	7.478.511	8.788	105	-5.883	-9.433	14.010	1.411
2008	7.476.961	-1.550	-3.311	-5.620	-9.492	10.258	1.543
2009	7.470.437	-6.524	-6.935	-9.198	-7.388	7.978	1.673
2010	7.464.223	-6.214	-6.103	-7.374	-7.182	6.135	2.318
2011	7.459.004	-5.219	-5.269	-7.591	-6.404	6.690	2.036
2012	7.451.118	-7.886	-9.100	-10.408	-7.414	7.043	1.679
2013	7.443.418	-7.700	-5.920	-10.545	-5.992	7.354	3.263
2014	7.440.084	-3.334	-2.824	-7.973	-5.419	7.570	2.998
2015	7.434.393	-5.691	-6.051	-11.989	-5.450	8.144	3.244
	Foreigners						
1995	677.061	7.608	6.538	10.321	10.583	-14.366	
1996	681.709	4.648	2.759	10.200	8.186	-15.627	
1997	683.394	1.685	611	9.263	7.140	-15.792	
1998	686.481	3.087	5.561	8.983	14.364	-17.786	
1999	693.955	7.474	9.388	8.966	25.100	-24.678	
2000	701.768	7.813	6.238	8.971	21.587	-24.320	
2001 ¹⁾	717.574	15.806	25.374	8.196	37.355	-31.731	11.554
2002 ²⁾	738.363	20.789	16.492	8.179	41.666	-36.011	2.658
2003 ²⁾	749.927	11.564	7.463	7.256	44.401	-44.694	500
2004 ³⁾	762.491	12.564	20.185	7.247	54.228	-41.645	355
2005	785.871	23.380	22.265	7.334	48.195	-34.876	1.612
2006	798.225	12.354	8.113	7.480	27.854	-25.746	-1.475
2007	816.678	18.453	24.900	7.508	34.903	-14.010	-3.501
2008	844.580	27.902	30.325	8.289	34.142	-10.258	-1.848
2009	871.046	26.466	23.575	8.161	24.441	-7.978	-1.049
2010	896.846	25.800	29.624	8.917	28.498	-6.135	-1.656
2011	929.530	32.684	38.226	9.221	37.109	-6.690	-1.414
2012	975.193	45.663	52.839	9.924	51.211	-7.043	-1.253
2013	1.033.812	58.619	61.846	10.349	60.720	-7.354	-1.869
2014	1.103.848	70.036	79.964	11.443	77.743	-7.570	-1.652
2015	1.195.126	91.278	121.596	13.297	118.517	-8.144	-2.074

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

Naturalisations and the reform of citizenship Law

The number of naturalisations is declining rapidly since 2003, as the echo-effect of the large population inflows of the late 1980s and early 1990s - which was linked to the fall of the Iron Curtain and the demise of Yugoslavia - with the ensuing uptake of Austrian citizenship after 10 years of legal residence came to an end. In the course of the year 2015, 8,100 foreigners adopted the Austrian citizenship, i.e., 0.7 percent of all foreigners of the year 2015. This means that the naturalisation rate

has remained stable for six consecutive years. The decline by 5.3 percentage points relative to 2003 is propelled by two forces – the reform of the citizenship law (2005), the end of the echo effect, and the enlargement of the European Union - as long as the citizens of the now EU-Citizens were third country citizens they tended to adopt the Austrian citizenship in order to enjoy the advantages of EU-citizenship. This is no longer necessary, given EU-citizenship in their own right.

To acquire Austrian citizenship has become more difficult for immigrants with the reform 2005, e.g. because of the requirement, in case of marriage with an Austrian, 5 years of marriage and a minimum period of residence in Austria (6 years) as well as financial means to support oneself have to be proven. This is why the Expert Council on Integration to the Ministry of the Interior has proposed to **promote take-up of Austrian citizenship by making naturalisation more readily accessible under certain conditions**. The political debate was heated on this issue – in particular the linkage of preferential access to citizenship if civil engagement, e.g. participation in voluntary social work, could be proven. The reform of citizenship law passed the ministerial council in April 2013 and came into effect on August 1, 2013. The expert council contributed to the reform of the citizenship test³⁴, focusing on values rather than factual historic knowledge, and the implementation of a website on citizenship³⁵. **The amendment to the citizenship law introduced a reduced waiting period for citizenship (from 10 to 6 years) if a high degree of ‘integration’, be it economic, social or cultural, can be proven**. The law identifies good German language competence (at B2 level of the Common European Reference Framework for languages) together with a self-sufficient economic situation (no take-up of social assistance payments) as an indicator of integration. Should the German language proficiency be lower, proof of helping non-profit organisations which serve the community (e.g. the voluntary fire brigade, red-Cross or the Samaritans, to name only some) for three years also suffices or three years of work in education, health or social services or as an official of an interest group. In order to facilitate the understanding of the Austrian codified value system a Reader (Rot-Weiss-Rot-Fibel 2013) on the Austrian values was developed, based on the constitution and civil law (focus on philosophy of Law).

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 (annual average 2015: +85,600). The demographic composition of the population is changing, however. The number of Austrian citizens started to decline in 2008, on the one hand because of restrictions on the acquisition of citizenship, on the other because of the declining share of third country migrants in the foreign population, i.e. rising numbers of EU citizens in the Austrian population reduce the propensity to naturalise. The declining trend continued also in 2015, when the number of Austrians fell to 7,434,400 (-5,700 vs 2014). In contrast, the number of foreigners continues to rise. In 2015, the foreign population increased by 91,300 or 8.3% to 1,195,100. The proportion of foreigners in the total population has as a consequence risen to 13.8 % in 2015, after 12.9 percent a year ago. (Figure 28)

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

³⁴ The new test has become the standard by November 1, 2013.

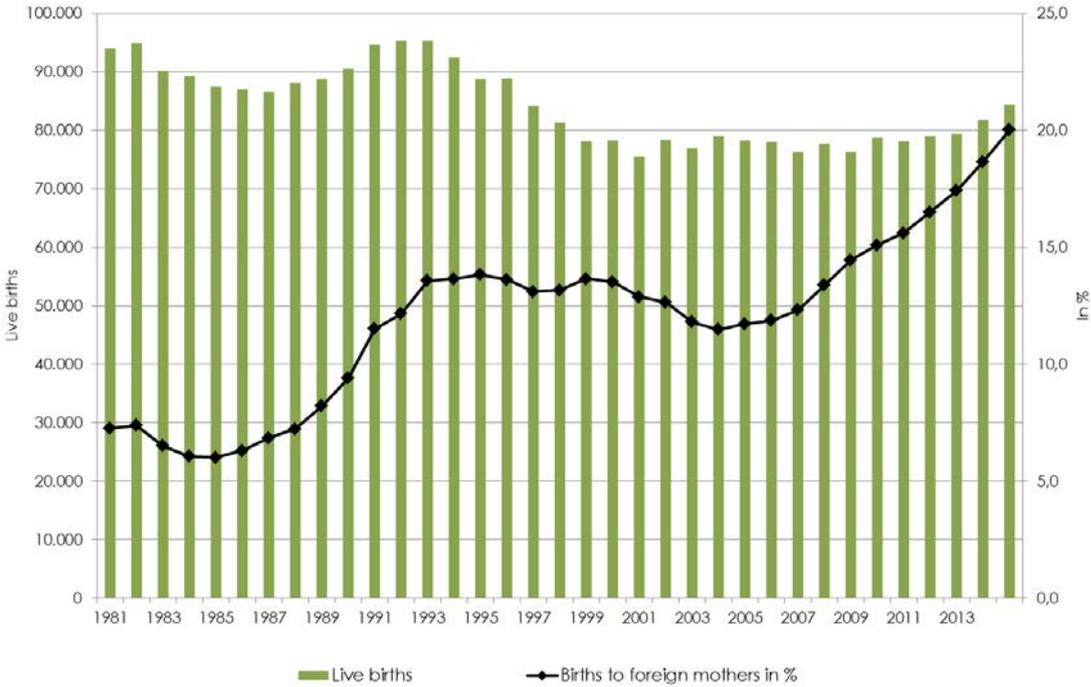
³⁵ For more see <http://www.staatsbuergerschaft.gv.at/index>

today. In contrast, the number of births to foreign women followed a rising trend with certain periods of decline, e.g. between 1993 and 2003. Since then the proportion of births to foreign mothers has been rising, reaching 20% in 2015. (Figure 29)

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, the decline lasting until 2001. In 2002 the number of live births increased again to 78,400, and remained more or less at this level until 2013. From 2014 onwards, the number of live births rose again, reaching 84,400 in 2015 (+2,700 or 3.3% versus 2014). Until 2013, the rise in the number of live births was solely attributable to mothers with non-Austrian citizenship. From 2014 onwards, however, also Austrian women had a rise in live births. The total number of births to Austrian mothers amounted to 67,500 in 2015 compared to 16,900 live births to foreign women.

The increase in the number of live births between 1988 and 1992 had thus been short-lived; it had been the consequence of an above average inflow of young migrant women who had an above average fertility rate relative to Austrian women (Figure 31). 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 difference between the rates of Austrian and foreign women remained fairly stable (2014: 1.37 for Austrian and 1.91 for foreign women).

Figure 29: Live births of native and foreign women 1981-2015



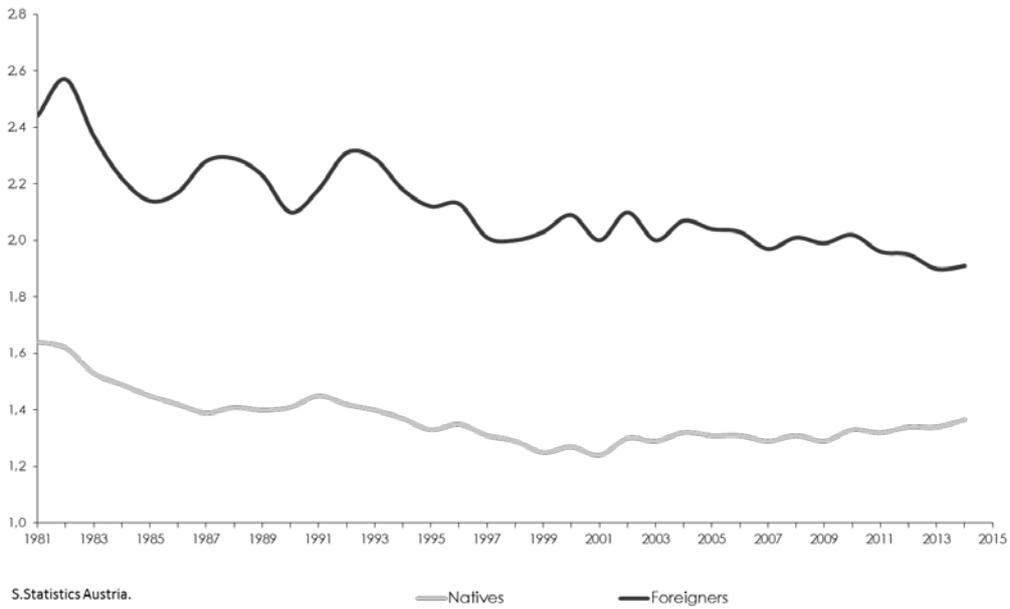
Source: Statistics Austria.

Figure 30: Live births to native and foreign mothers 1981-2015



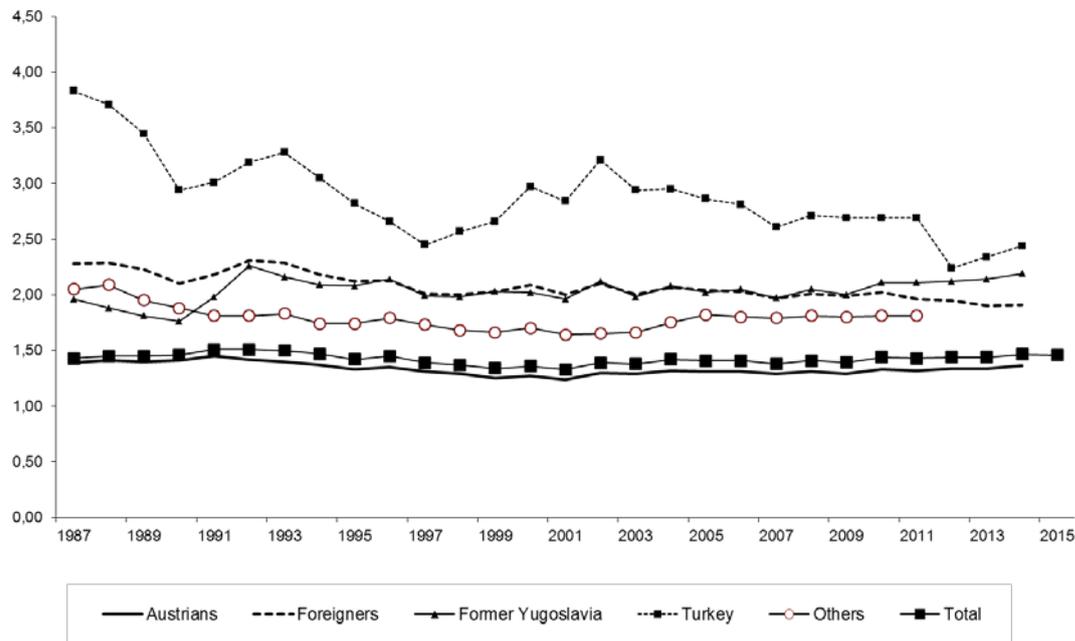
S.: Statistics Austria.

Figure 31: Total fertility rate of native and foreign women (average number of children per woman) 1981-2015



S. Statistics Austria.

Figure 32: Total fertility rate of Austrian and foreign women by major source region
Average number of children per woman (1987-2015)



Source: Statistics Austria.

Figure 31 indicates that the fertility rate of foreign women is around the reproduction rate with 1.91 in 2014, somewhat lower than the rate of women from former Yugoslavia (2.19 in 2014), while the rate of Austrian women is clearly below the reproduction rate (2014 1.37); the fertility rate of Turkish women is above the reproduction rate; it is somewhat unstable over time – it was more or less stagnating between 2007 and 2011 at 2.69, but took a strong dip in 2012 to 2.24. Since then the fertility rate is on the increase again, reaching 2.44 in the year 2014. Third country women tend to have an above average fertility rate (2014: 2.26), while women from the EEA/CH tend to take an intermediate position with 1.56 in 2014.

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

3 Naturalisations and their composition

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

naturalisation rate declined again, reaching a low of 0.7 percent in 2011. Since then the proportion has remained constant. (Table 20)

During 2014 7,700 persons adopted the Austria citizenship, in 2015 even more, namely 8,300 (121 lived abroad). Accordingly, the number of naturalisations increased by 300 and 600 respectively vs the year ahead; the rising tendency set in in 2011. All in all some 132 nationalities adopted the Austrian citizenship. In 2015, about 60% of naturalisations went to four source regions: Turkey (1,000 or 12%), former Yugoslavia excluding Slovenia (2,600 or 31%) and Central and Eastern European countries (1,400 or 17%).

In 2015, about half of all naturalisations were given on the basis of a legal entitlement. As to the age composition of the naturalised persons of 2015: 37% were under the age of 18 (2014: 39%), 61% in the main working age (18-59) and a small number was over 60 (1.5%). Somewhat more than half of all naturalised persons were women in 2015 (54%). The law regulating naturalisation specifies that foreigners may apply for citizenship after 10 years of legal residence. The legislative reform of 2013 reduced the average period for naturalisations, which may have contributed to the increase in the last two years.

Table 20: Naturalisations in Austria

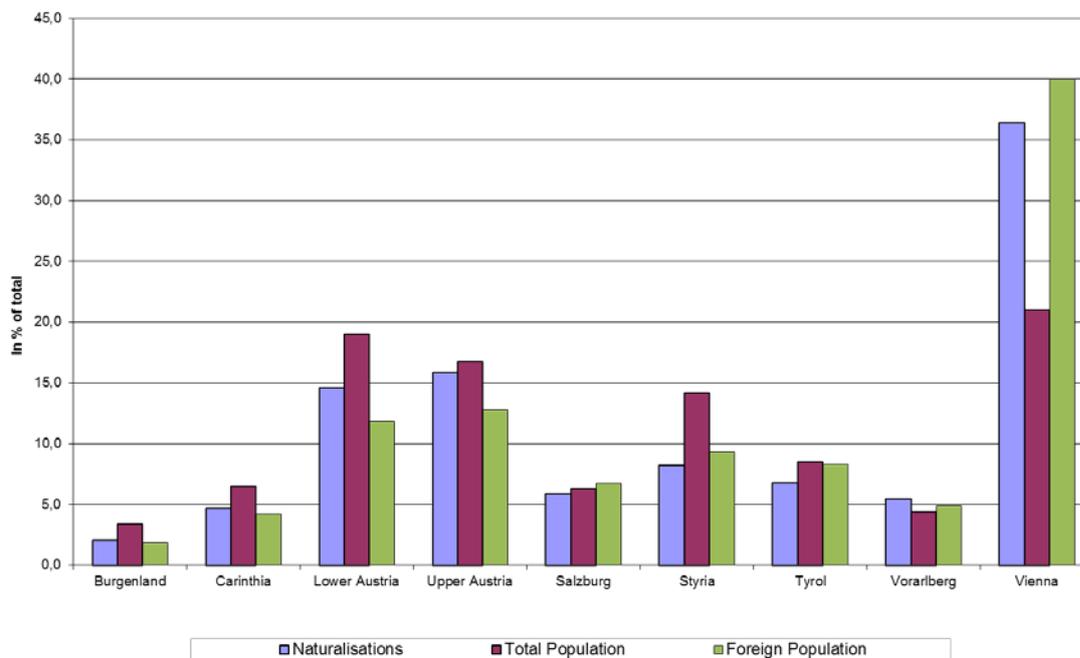
	Former nationality				Total	Women
	Former Yugoslavia	Central and Eastern European Countries	FRG	Turkey		
1972	0,941	1,087	2,114	.	6,017	4,049
1973	0,952	1,496	1,876	.	6,183	4,025
1974	0,967	1,423	2,215	.	6,648	4,391
1975	1,039	1,297	2,546	.	7,139	4,581
1976	1,103	1,262	2,563	.	7,545	4,666
1977	1,369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

2008	6,031	0,948	0,067	1,664	10,258	5,455
2009	4,181	0,802	0,174	1,242	7,978	4,222
2010	3,167	0,525	0,140	0,937	6,190	3,263
2011	2,837	0,619	0,118	1,181	6,754	3,608
2012	2,855	0,512	0,113	1,200	7,107	3,832
2013	2,648	1,223	0,129	1,108	7,418	3,927
2014	2,593	1,382	0,196	0,885	7,693	4,073
2015	2,566	1,437	0,160	0,998	8,265	4,432

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

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

Figure 33: Distribution of total population, foreign population and naturalisations by Province (in %) 2015



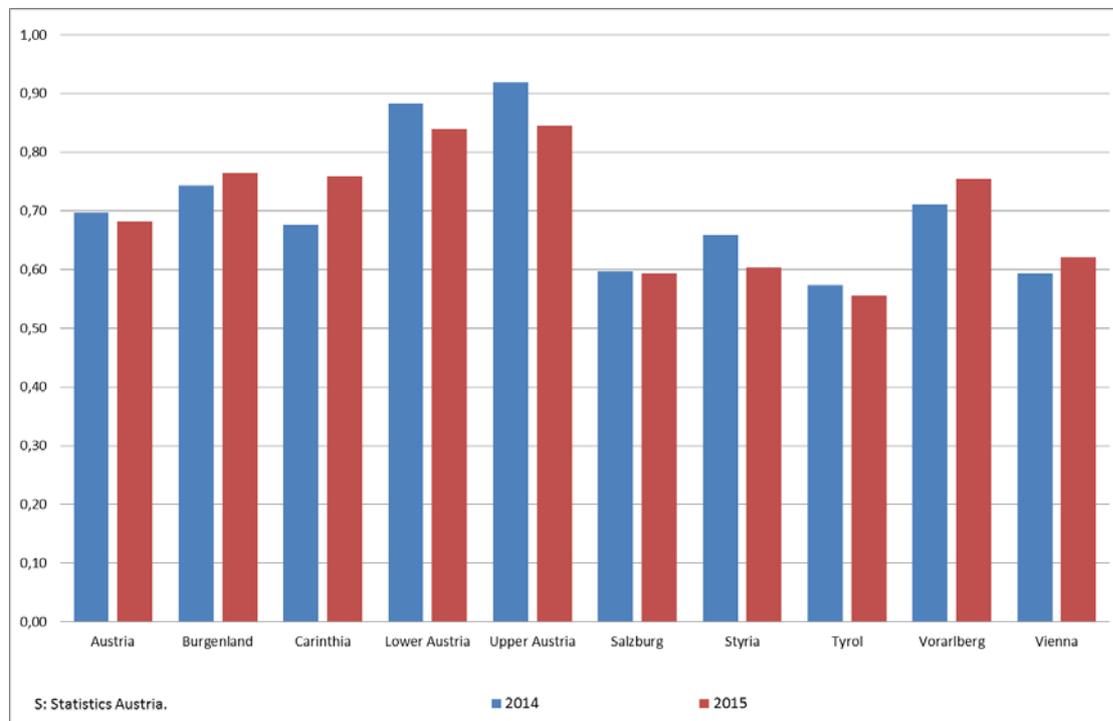
Source: Statistics Austria.

In 2015, 36% of all naturalisations went to Vienna, more than the share of Vienna in the total population which stands at 21%, but less than the share of Vienna in the foreign population, which amounts to 40% in 2015. Upper and Lower Austria are second in line with 15.9 respectively 14.6% of all naturalisation in 2015. In the latter two provinces migrants tend to have a particularly high propensity to naturalise in contrast to Vienna and Tyrol. 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 propensity to adopt the Austrian citizenship (naturalisation rate) differs between the provinces, as can be seen in Figure 34. The naturalisation rate is highest with 0.85% naturalisations per foreign resident in Lower Austria and Upper Austria, followed by Burgenland, Vorarlberg and Carinthia (0.76%). It is lowest in Vienna, Tyrol and Salzburg with 0.6%. While it has been rising in some of the

provinces, namely Carinthia, Burgenland, Vienna and Vorarlberg, it has declined in others such that on average the rate stayed fairly constant between 2014 and 2015.

Figure 34: Naturalisation rate (naturalisations in % of foreign population) by province (Bundersland) 2014/2015



Between 1991 and 2015 462,800 foreigners took up Austrian citizenship, about two third from the traditional recruitment areas of migrant workers, the region of former Yugoslavia (175,600, 38 percent) and Turkey (126,200, 27.5 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 2016, 18.3 percent of the Austrian population were first generation migrants (1.595 million of a total of 8.7 million inhabitants), compared to 14.7% in 2007 and 12.5% in 2001. (Table 22)

The most important source regions of migrants to Austria continue to be from third countries; they are, however, losing terrain to citizens from the European Economic Area. In January 2016 864,700 or 54% of the foreign born were from third countries compared to 62% in 2002, before EU enlargement. The major source regions are from former Yugoslavia: excluding Croatia and Slovenia this group of foreign born migrants accounts for 356,300 or 41% of third country foreign born, followed by Turkish migrants (160,200 or 18.5% of foreign born third country migrants). Of the 730,000 foreign born from the EEA (45.8% of all foreign born in January 2016) the largest group is from the new EU-MS, the EU-13, namely 409,400 or 56%, followed by the 'old' EU-MS, the EU-14 states, with 304,600 or 42%. A fairly small number originates from the small associated states of the EEA, namely 1650700 or 2.2%. The most important source countries of foreign born from the EU-13 are Romania (98,700), followed by Poland (72,200) and Hungary (67,700). The largest country of origin of EU-14 foreign born is from Germany with 219,900 or 72% of all EU-14 foreign born.

Table 21: Foreign born at the beginning of the year: 2007 - 2016

Country of birth	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total	8.282.984	8.307.989	8.335.003	8.351.643	8.375.164	8.408.121	8.451.860	8.507.786	8.584.926	8.700.471
Austria	7.067.289	7.072.311	7.074.726	7.076.156	7.080.458	7.085.038	7.087.089	7.093.162	7.100.331	7.105.748
Foreign	1.215.695	1.235.678	1.260.277	1.275.487	1.294.706	1.323.083	1.364.771	1.414.624	1.484.595	1.594.723
Foreign born in %	14,7	14,9	15,1	15,3	15,5	15,7	16,1	16,6	17,3	18,3
of Whom										
EU/EEA	529.793	545.726	561.524	571.175	585.276	604.075	628.256	658.292	697.257	730.025
(EU-14)	233.482	243.695	252.054	257.355	264.251	270.324	278.045	286.996	295.149	304.626
Germany	169.830	178.739	186.171	191.207	196.885	201.366	205.868	210.735	214.998	219.943
MS since 2004 (EU-13)	233.482	243.695	252.054	257.355	264.251	270.324	278.045	286.996	295.149	304.626
EEA/CH, Ass.States	14.406	14.579	14.693	14.797	15.045	15.190	15.344	15.479	15.710	15.997
Non-EU-MS	685.902	689.952	698.753	704.312	709.430	719.008	736.515	756.332	787.338	864.698
By continents										
Other Europe	514.908	519.347	524.025	525.982	528.856	531.484	537.760	547.128	558.673	569.429
Former Yugoslavia	326.629	328.451	329.465	329.128	330.373	331.096	334.004	340.815	348.915	356.318
Turkey	154.088	155.057	156.621	157.847	158.535	158.683	159.185	159.958	160.039	160.184
Others	34.191	35.839	37.939	39.007	39.948	41.705	44.571	46.355	49.719	52.927
Africa	38.082	38.955	39.543	40.092	40.090	41.058	42.352	43.784	46.597	50.739
America	26.669	28.124	28.969	29.232	29.783	30.490	31.475	32.606	33.731	35.146
Asia	95.940	100.263	103.022	105.916	107.684	112.927	121.473	129.581	143.981	199.859
Oceania	2.434	2.464	2.543	2.504	2.535	2.622	2.687	2.824	2.884	3.011
Unknown	7.869	799	651	586	482	427	768	409	1.472	6.514

S: STATISTIC AUSTRIA.
Former Yugoslavia except Slovenia, 2014/15 except Croatia

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 181,800 or 14.3 percent of the total foreign resident population in January 2016 (after 172,000 or 15% in January 2015). Accordingly, the proportion of first generation migrants plus second generation migrants born in Austria with foreign citizenship amounted to 20.4 percent of the total population (1.78 million) in January 2016.

In contrast, in 2001, according to census data, the proportion of foreign born plus foreign citizens born in Austria amounted to 1.1 million or 13.9%. In the census data of 2001 one may identify a larger number of second generation migrants, namely by taking persons into account who are migrants and who speak another language than German at home and who are either born abroad or whose parents are born abroad. This procedure represents an underestimation of migrants, as Germans are excluded from that data (we also excluded French, English and Spanish speaking people). But still, we can obtain an estimation of the migrant population differentiated by birth cohort. With that procedure, the proportion of persons with migrant background amounted to 15.4 percent in 2001, compared to 11.2 percent foreign born and 13.9% taking country of birth and foreign citizenship into account.

Table 22: Population by citizenship and country of birth: 2001-2016

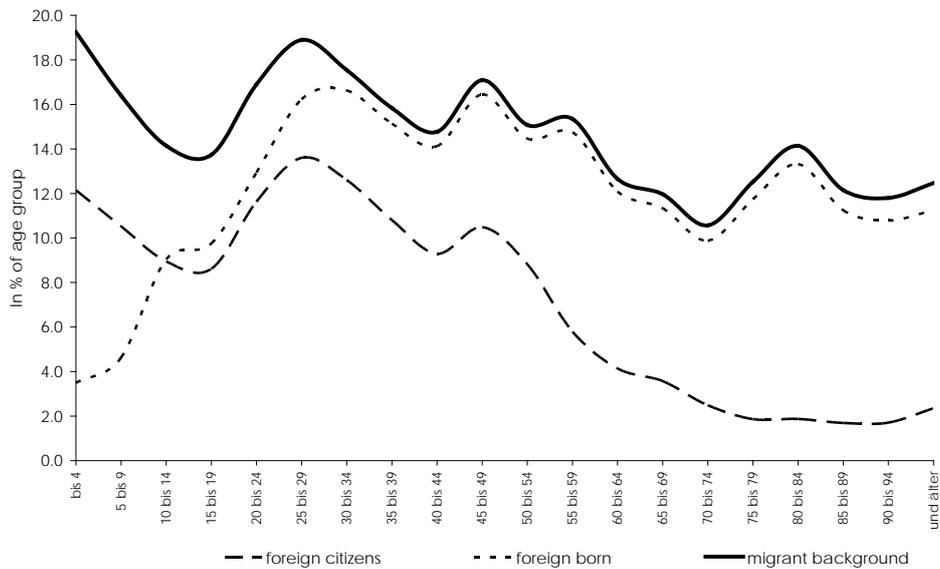
Country of Birth	Total	by Citizenship		Total	By Citizenship	
		Austrian	Non-Austrian		Austrian	Non-Austrian
absolute numbers				in %		
15.05.2001						
Total	8.032.926	7.322.000	710.926	100,0	91,1	8,9
Austria	7.029.527	6.913.512	116.015	87,5	86,1	1,4
Abroad	1.003.399	408.488	594.911	12,5	5,1	7,4
01.01.2007						
Total	8.282.984	7.478.205	804.779	100,0	90,3	9,7
Austria	7.067.289	6.951.007	116.282	85,3	83,9	1,4
Abroad	1.215.695	527.198	688.497	14,7	6,4	8,3
01.01.2008						
Total	8.307.989	7.478.310	829.679	100,0	90,0	10,0
Austria	7.072.311	6.951.625	120.686	85,1	83,7	1,5
Abroad	1.235.678	526.685	708.993	14,9	6,3	8,5
01.01.2009						
Total	8.335.003	7.474.999	860.004	100,0	89,7	10,3
Austria	7.074.726	6.949.422	125.304	84,9	83,4	1,5
Abroad	1.260.277	525.577	734.700	15,1	6,3	8,8
01.01.2010						
Total	8.351.643	7.468.064	883.579	100,0	89,4	10,6
Austria	7.076.156	6.945.083	131.073	84,7	83,2	1,6
Abroad	1.275.487	522.981	752.506	15,3	6,3	9,0
01.01.2011						
Total	8.375.164	7.461.961	913.203	100,0	89,1	10,9
Austria	7.080.458	6.942.405	138.053	84,5	82,9	1,6
Abroad	1.294.706	519.556	775.150	15,5	6,2	9,3
01.01.2012						
Total	8.408.121	7.456.692	951.429	100,0	88,7	11,3
Austria	7.085.038	6.939.893	145.145	84,3	82,5	1,7
Abroad	1.323.083	516.799	806.284	15,7	6,1	9,6
01.01.2013						
Total	8.451.860	7.447.592	1.004.268	100,0	88,1	11,9
Austria	7.087.089	6.933.596	153.493	83,9	82,0	1,8
Abroad	1.364.771	513.996	850.775	16,1	6,1	10,1
01.01.2014						
Total	8.507.786	7.441.672	1.066.114	100,0	87,5	12,5
Austria	7.093.162	6.929.526	163.636	83,4	81,4	1,9
Abroad	1.414.624	512.146	902.478	16,6	6,0	10,6
01.01.2015						
Total	8.584.926	7.438.848	1.146.078	100,0	86,7	13,3
Austria	7.100.331	6.928.366	171.965	82,7	80,7	2,0
Abroad	1.484.595	510.482	974.113	17,3	5,9	11,3
01.01.2016						
Total	8.700.471	7.432.797	1.267.674	100,0	85,4	14,6
Austria	7.105.748	6.923.921	181.827	81,7	79,6	2,1
Abroad	1.594.723	508.876	1.085.847	18,3	5,8	12,5

S: STATISTICS AUSTRIA, Census (2001), PopReg since 2007.

Figure 35 informs about the age structure of migrants in relation to the native population in 2001; it indicates that the proportion of persons with migrant background (as defined above) is not spread evenly across age groups, as immigrants tended to enter in waves³⁶. 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 (Biffel et al., 2008/ 2009)

³⁶ For a detailed analysis and methodological issues see Biffel et al. (2008).

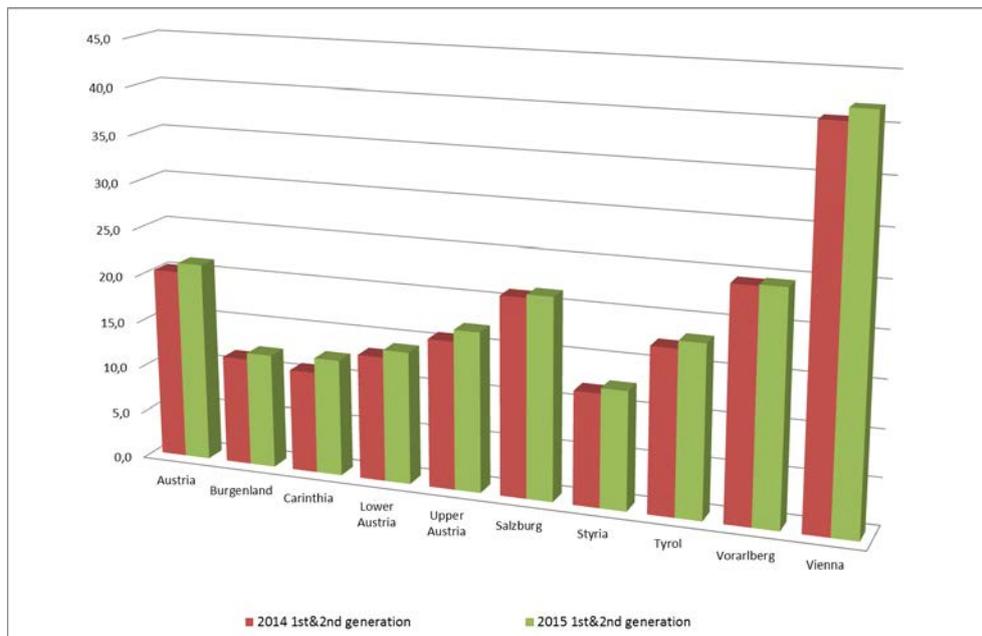
Figure 35: Foreign citizens, foreign born and persons with migration background in percent of total population in Austria in 2001



Source: Statistics Austria, Own calculations.

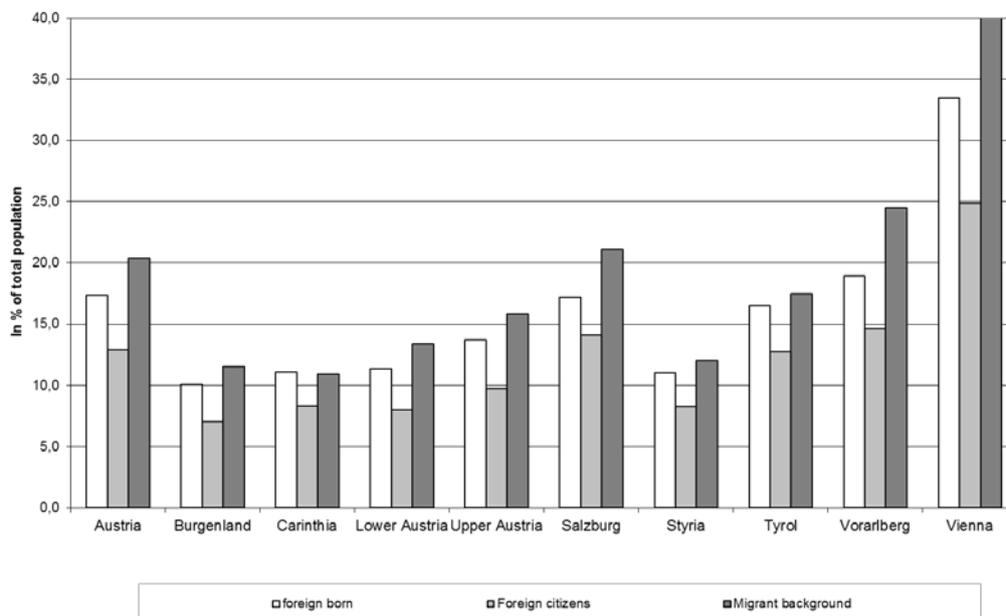
Another source of information on foreign born is the Labour Force Survey which informs about 'migrant background' since 2008. According to this data source, the share of foreign born in the population has consistently been some 2 percentage points lower than the proportion of foreigners or the foreign born in the population register (POPREG). In 2015 (annual average), the share of foreign born according to the LFS amounted to 15.7% (compared to 17.3% of the population register by 1.01.2015). The numbers amounted to 1.334 million (rather than 1.484 million in the population register of January 2015). The number of second generation migrants (both parents born abroad) amounted to 478,700 or 26.4% of the migrant population. Thus, according to the LFS, the proportion of first and second generation migrants taken together amounted to 21.4% of the Austrian population in 2015, after 20.4% in 2014. (Figure 36)

Figure 36: First and second generation migrants as a proportion of total population by region in Austria in %: 2014/15



Source: Statistics Austria, LFS. Own calculations.

Figure 37: Foreign born, foreign citizens and persons with migrant background (first and second generation migrants) in % of total population by region (2014)



Source: Statistics Austria, LFS 2013, Population by 1.1.2014. 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 and the differing behaviour patterns of migrants relative to citizenship uptake. The share of foreigners in total population is lower than the share of first generation migrants in total population (foreign born), which in turn is surpassed by persons with migrant background, i.e. first plus second generation migrants. (Figure 37)

In Austria, the city of Vienna has a long tradition of immigration with on average 40.7% of the population having a migration background (first and second generation migrants). In contrast, Burgenland, the easternmost region, and Styria in the South have relatively small numbers of migrants as immigration is a relatively recent phenomenon.

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

According to the LFS of 2015, 42% of the foreign born migrants are from another EU-MS and 58% are from third countries, quite in contrast to 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 – with the exception of 2015, however, where refugees dominated the picture.

The single largest third country group is born in former Yugoslavia, namely 359,400, followed by Turkey (155,400). As Table 23 indicates, only a fairly small proportion of the foreign born has come to Austria before 1980 – mainly as guest workers, namely 176,800 or 13%. The majority of the foreign born have come after 1989, either as refugees (largely from former Yugoslavia), as family members in the wake of family reunification and formation or as economic migrants, largely from the EU. The development indicates that the rise of immigrant flows from EU-MS is a relatively recent phenomenon, linked to free mobility of labour which acts as a facilitator of mobility.

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

The gender distribution is fairly balanced. In 2015, 872,900 male migrants (first and second generation) were registered, 20.9% of the total male population, compared to 940,000 female migrants, 21.7% of the total female population in Austria. The number of migrant women surpasses the number of male migrants in all age groups except the very young (below 18).

Table 23: Migrant Population in Austria 2015 (Labour Force Survey)

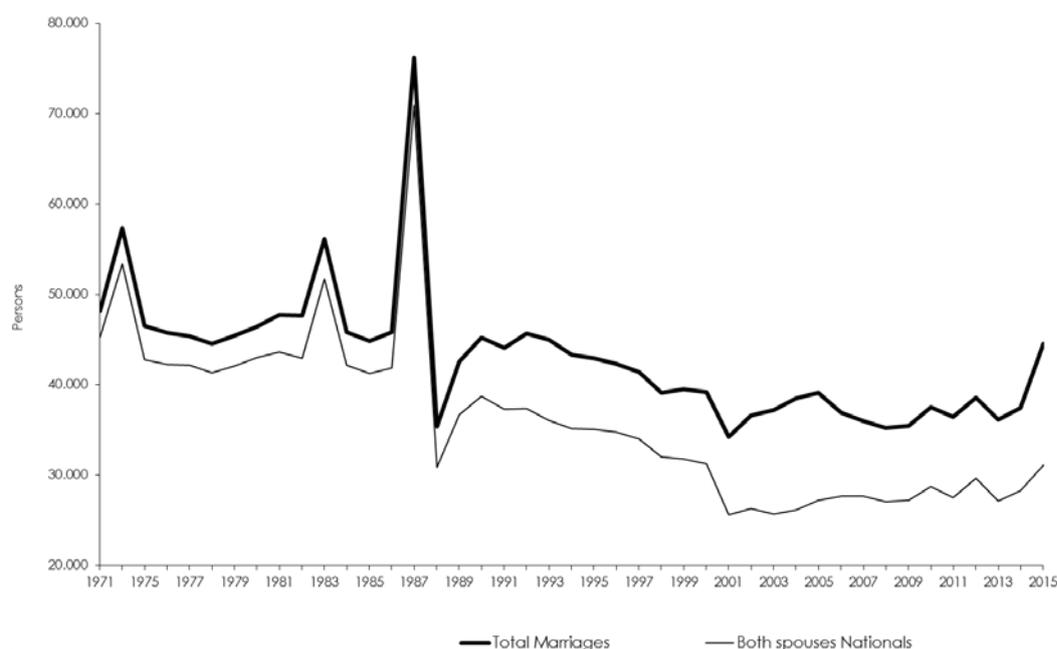
Characteristics	Population in private households	Migration background		
		Total	First generation	Second Generation
in 1,000				
Total	8.491,0	1.812,9	1.334,3	478,7
Country of birth of parents¹⁾				
Austria	6.678,1	-	-	-
EU-MS (except Austria)	694,7	694,7	563,1	131,6
Non EU-MS	1.118,2	1.118,2	771,2	347,0
of which: Ex-Yugoslavia	513,1	513,1	359,4	153,7
Turkey	273,1	273,1	155,4	117,7
Citizenship				
Austria	7.351,1	729,5	409,4	320,1
EU-MS (except Austria)	574,2	542,2	481,5	60,8
Non EU-MS	565,7	541,2	443,4	97,8
of which: Ex-Yugoslavia	248,1	236,5	192,5	44,0
Turkey	114,3	109,9	81,4	28,5
Country of birth				
Austria	7.056,8	478,7	-	478,7
EU-MS (except Austria)	648,3	576,9	576,9	-
Non EU-MS	785,9	757,4	757,4	-
of which: Ex-Yugoslavia	354,1	351,1	351,1	-
Turkey	152,9	152,3	152,3	-
Year of immigration				
Born in Austria	7.056,8	478,7	-	478,7
before 1980	225,3	176,8	176,8	-
1980 - 1989	149,5	141,4	141,4	-
1990 - 1999	341,9	330,3	330,3	-
2000 - 2009	394,6	377,5	377,5	-
after 2010	322,9	308,3	308,3	-
Age, Sex				
Men	4.167,7	872,9	626,5	246,5
less than 15	628,5	152,9	26,5	126,4
15 - 29	795,5	180,4	114,0	66,4
30 - 44	864,3	248,8	216,5	32,3
45 - 59	986,9	179,0	170,3	8,7
60 and older	892,6	111,3	99,1	12,7
Women	4.323,3	940,0	707,8	232,2
less than 15	595,4	145,8	29,7	116,0
15 - 29	765,3	188,8	128,4	60,4
30 - 44	865,3	270,4	244,6	25,8
45 - 59	990,4	178,6	167,4	11,1
60 and older	1.106,9	156,5	137,6	18,9

S: STATISTICS AUSTRIA, LFS. - Definition Migration background see "Recommendations for the 2010 censuses of population and housing", p. 90 of the United Nations Economic Commission for Europe (UNECE; see www.unece.org/stats/documents/2010.00.census.htm). - 2nd generation: both parents born abroad. - 1) "Austria" = at least one parent born in Austria; if both parents are born abroad = country of birth of mother.

5 Development of mixed marriages

The number of total marriages in Austria has been stable for a long time – apart from some temporary increases as a result of a marriage bonus. The introduction of a bonus system never had any long run impact on marriage behaviour, it did, however, have a significant effect upon the number of first marriages in the period, in which tax benefits were granted or a marriage bonus, i.e., in the 1970s and 1980s (see Figure 38 and Table 25). 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 38: Total marriages and marriages of nationals
1971-2015



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 transitory halt at 35,200. After that the numbers increased at first slightly but since 2014 rapidly, reaching 44,500 in 2015. The number of Austrians (both spouses) marrying rose to 31,100 and the number of foreigners (both spouses) rose from 1,900 in 2010 to 3,200 in 2015. 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 more or less at this level until 2014 (6,700). 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 (–2,100 or 45 percent between 2004 and 2014). But also Austrian men marrying a foreign spouse experienced significant declines over that time span (–1,900 or 31.2 percent).

The proportion of marriages with both spouses nationals has declined significantly over the last 4 years. In 1971 94 percent of all marriages were between nationals. In 2004, their share had come down to 67.8% and stayed more or less at that level (70% 2015). The share of foreign marriages (with both spouses foreigners) increased from 0.7 percent 1971 to 7.3% 2015.

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 22.8% in 2015.

Table 24: Marriages of Nationals and Foreigners

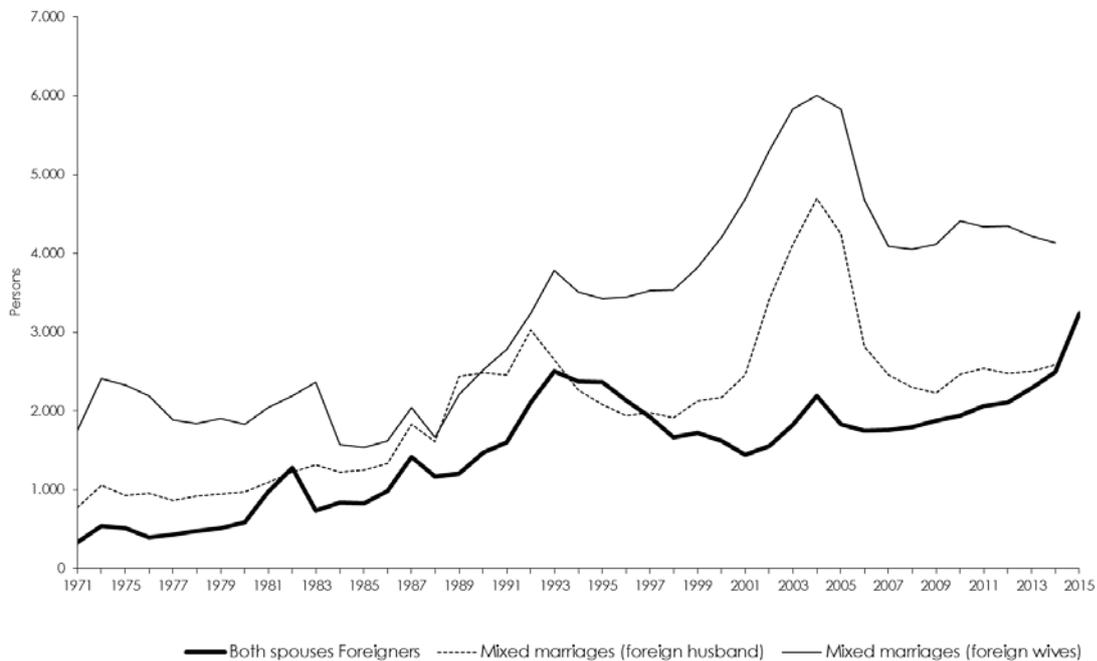
	Total Marriages	Both spouses nationals	Both spouses foreigners	Mixed Marriages: of which foreign husband	foreign wife
1971	48,166	45,312	0,331	0,774	1,749
1972	57,372	53,365	0,539	1,057	2,411
1975	46,542	42,769	0,518	0,930	2,325
1976	45,767	42,220	0,399	0,955	2,193
1977	45,378	42,198	0,428	0,869	1,883
1978	44,573	41,334	0,477	0,916	1,846

1979	45,445	42,077	0,514	0,945	1,909
1980	46,435	43,037	0,586	0,976	1,836
1981	47,768	43,652	0,976	1,093	2,047
1982	47,643	42,947	1,281	1,222	2,193
1983	56,171	51,745	0,736	1,321	2,369
1984	45,823	42,187	0,836	1,228	1,572
1985	44,867	41,250	0,830	1,252	1,535
1986	45,821	41,871	0,989	1,336	1,625
1987	76,205	70,907	1,421	1,834	2,043
1988	35,361	30,911	1,170	1,609	1,671
1989	42,523	36,670	1,202	2,441	2,210
1990	45,212	38,734	1,470	2,482	2,526
1991	44,106	37,260	1,603	2,458	2,785
1992	45,701	37,323	2,105	3,031	3,242
1993	45,014	36,072	2,506	2,649	3,787
1994	43,284	35,137	2,371	2,265	3,511
1995	42,946	35,070	2,369	2,082	3,425
1996	42,298	34,778	2,137	1,940	3,443
1997	41,394	33,966	1,923	1,977	3,528
1998	39,143	32,030	1,664	1,912	3,537
1999	39,485	31,816	1,719	2,131	3,819
2000	39,228	31,226	1,623	2,170	4,209
2001	34,213	25,622	1,446	2,456	4,689
2002	36,570	26,299	1,554	3,412	5,305
2003	37,195	25,713	1,823	4,111	5,832
2004	38,528	26,124	2,192	4,692	6,007
2005	39,153	27,245	1,833	4,246	5,829
2006	36,923	27,677	1,746	2,821	4,679
2007	35,996	27,689	1,758	2,463	4,086
2008	35,223	27,075	1,795	2,301	4,052
2009	35,469	27,245	1,880	2,228	4,116
2010	37,545	28,722	1,943	2,471	4,409
2011	36,426	27,491	2,063	2,538	4,334
2012	38,592	29,661	2,106	2,475	4,350
2013	36,140	27,125	2,294	2,500	4,221
2014	37,458	28,243	2,499	2,585	4,131
2015	44,502	31,130	3,240		

Source: Statistics Austria.

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 percent in 2014. In contrast, only 1.6 percent of all marriages in 1971 were mixed, with the wife being Austrian and the husband foreign. This share has increased over time as well, particularly in the early years of 2000, reaching 12.2 percent in 2004. Since then the share of marriages of Austrian women with a foreign spouse has almost halved to 6.9 percent in 2014.

Figure 39: Mixed marriages and marriages of foreigners
1971-2015



Source: Statistics Austria.

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

IV. Employment and unemployment of foreign workers

1 Employment of foreign workers

According to social security data, Austria counted 615,700 foreign wage and salary earners in 2015, i.e., 27,000 or 4.6 percent more than a year ago. This meant that 85% of the employment growth accrued to foreign citizens in 2015, while the employment of Austrians grew only by 4,500 or 0.2% versus 2014. Accordingly, the foreign worker share in total employment rose to 17 percent, after 16.8% in 2014.

Table 25: Foreign employment by major source regions

	EU 14, EEA, CH	EU-10 (2004)	EU-2 (2007)	Croatia	Third Countries	Total foreign employment	In % of total employment
2004	54.934	42.576	12.956		251.832	362.299	11,3
2005	63.829	46.009	13.331		251.018	374.187	11,6
2006	73.282	49.202	13.814		254.397	390.695	11,9
2007	82.962	54.427	15.450		259.740	412.578	12,3
2008	94.150	61.055	17.809		264.041	437.055	12,9
2009	96.851	63.442	18.405		252.854	431.552	12,9
2010	103.743	69.019	20.458		258.056	451.276	13,4
2011	110.540	88.493	23.636		266.265	488.934	14,3
2012	115.116	116.312	26.330		269.304	527.062	15,2
2013	119.666	136.418	28.721		271.948	556.753	16,0
2014	122.894	151.609	39.718	20.479	254.022	588.722	16,8
2015	126.343	164.225	46.923	22.573	255.618	615.682	17,4
S:BAWIweb							

Of the total number of foreign employees 360,100 are citizens from the EEA/CH/EU 28, of whom 126,300 from the old member states (EU 14/EEA/CH) and 233,700 from the new MS (EU 13). Thus, 58.5 percent of foreign workers are EU 28/EEA citizens and 41.5% of third country origin (255,600) (Table 26).

The share of EU citizens amongst foreign wage and salary earners in Austria is rising for every single EU-MS: In 2000, only 10% of foreign wage and salary earners were EU 14/EEA/CH citizens compared to 21% today. The largest increase came, however, from the new EU-MS as a consequence of enlargement, with a boost after the expiration of transition regulations. Accordingly, the share of EU-10 and EU-2 citizens in the foreign work force has risen from 15% in 2004 to 34% in 2015. In addition, with membership of Croatia in 2013, the number of foreign workers rose by 22,600 in 2015, accounting for 3.7% of foreign employment.

Table 26: Foreign wage and salary earners in Austria from 1975-2015

Annual average

	Foreign ¹ workers	Changes vs year ago		Share in total employment
		Absolute	Percent	In percent
1975	191,011	-31,316	-14.1	7.2
1976	171,673	-19,338	-10.1	6.4
1977	188,863	17,190	10.0	6.9
1978	176,709	-12,154	-6.4	6.4
1979	170,592	-6,117	-3.5	6.2
1980	174,712	4,120	2.4	6.3
1981	171,773	-2,939	-1.7	6.1
1982	155,988	-15,785	-9.2	5.6
1983	145,347	-10,641	-6.8	5.3
1984	138,710	-6,637	-4.6	5.1
1985	140,206	1,496	1.1	5.1
1986	145,963	5,757	4.1	5.3
1987	147,382	1,419	1.0	5.3
1988	150,915	3,533	2.4	5.5
1989	167,381	16,466	10.9	6.0
1990	217,611	50,230	30.0	7.6
1991	266,461	48,850	22.4	9.1
1992	273,884	7,423	2.8	9.3
1993	277,511	3,627	1.3	9.4
1994 ¹	291,018	13,507	4.9	9.8
1995	300,303	9,285	3.2	10.1
1996	300,353	0,050	0.0	10.2
1997	298,775	-1,578	-0.5	10.1
1998	298,582	-0,193	-0.1	10.0
1999	306,401	7,819	2.6	10.1
2000	319,850	13,449	4.4	10.5
2001	329,314	9,464	3.0	10.7
2002	334,432	5,118	1.6	11.0
2003	350,361	15,929	4.8	11.5
2004	362,299	11,938	3.4	11.8
2005	374,187	11,888	3.3	12.0
2006	390,695	16,508	4.4	12.4
2007	412,578	21,883	5.6	12.8
2008	437,055	24,478	5.9	12.9
2009	431,552	-5,503	-1.3	12.9
2010	451,276	19,724	4.6	13.4
2011	488,934	37,658	8.3	14.3
2012	527,062	38,100	7.8	15.2
2013	556,752	29,700	5.6	16.0
2014	588,722	31,969	5.7	16.8
2015	615,682	26,960	4.6	17.4

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

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 2015 they made up 41.5% of the foreign workforce compared to 70% in 2004; their numbers rose from 251,800 to 255,600 over that time span. When comparing the number of third country citizens over that time span one has to bear in mind that many non-European countries then are now EU-MS.

The composition of foreign labour by nationality and gender

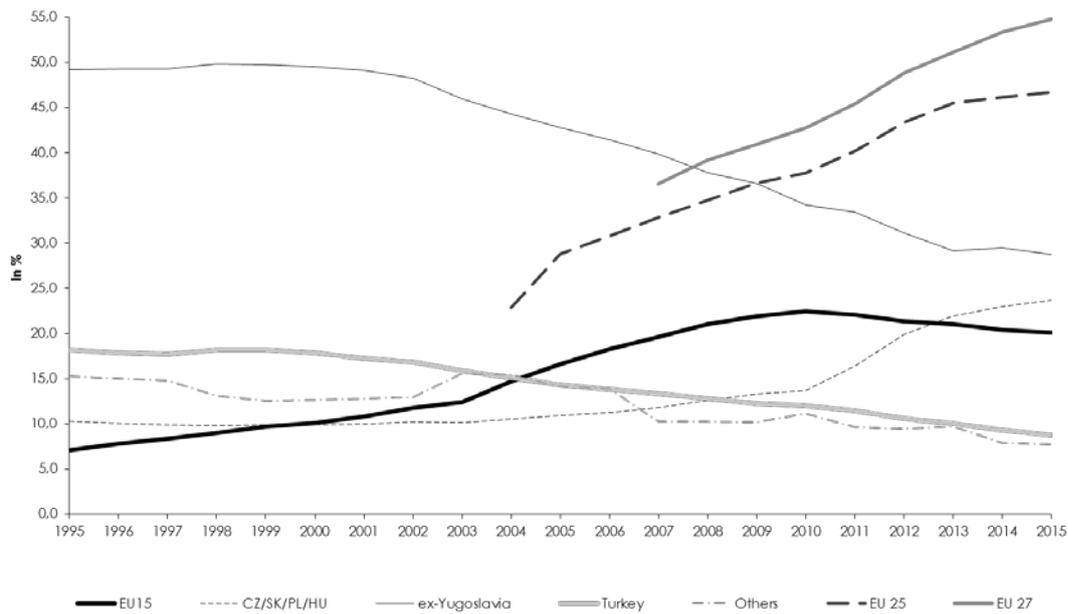
The composition of foreign labour by nationality is changing. The most pronounced development of the past few years is the rising share of EU citizens in the foreign workforce. In the wake of EU enlargement in 2004 it rose to almost 35% and after EU enlargement of 2007 to almost 39%. In 2008, the share of EU-27 citizens in the foreign work force exceeded the share of workers from the region of pre-war Yugoslavia for the first time (38%). This shift marks a historic transition, especially in light of the fact that citizens from (former) Yugoslavia accounted for more than three quarters of foreign labour in Austria in 1970 and amounted to almost half of foreign workers up until 2002. Most of the foreign workers from the new EU MS are citizens from the Czech Republic, Slovakia, Poland and Hungary, i.e., nationalities that made up a sizable proportion of the foreign workforce in Austria even before EU-enlargement. (Figure 40)

The data indicate that the absolute number of workers from EU 27 countries follows a clear and steeply rising trend (+186,700, +124% between 2007 and 2015). While the absolute number of workers from the region of pre-war Yugoslavia rose only slowly between 2007 and 2015 (12,600, +7.7%), the proportion of migrant workers from this region is on a clear decline. The same holds for Turkey, apart from cyclical fluctuations. Thus, the proportion of EU citizens working in Austria can be expected to continue to rise at the detriment of the source regions of the former foreign workers.

Accordingly, the share of EU 15 citizens has been rising from 7.1% of the foreign workforce in 1995 to 20 percent in 2015. The major influx is from Germany - Germans account for 73.6% of all EU 15 citizens in the Austrian workforce. But increasingly also Italians, French, Dutch, and British citizens take up work in Austria.

In contrast, the share of persons from the region of pre-war Yugoslavia has been declining from 49 percent in 1995 to 28.8 percent 2015. Within that group, the share of persons from Croatia is rather small (3.7 percent of all foreign workers in 2015). 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 2015, they accounted for 6.3 percent of all foreign workers. The Slovenes, now a new EU-MS, account for 2.8 percent of all foreign workers. About half of all workers from pre-war Yugoslavia continue to have the "old" Yugoslavian citizenship or declare themselves as Yugoslavs. This indicates that they are immigrants who have been in Austria for a long time. They accounted for 11% of all foreign workers in 2015 (a subgroup of the 28.8% that include all the immigrants from the region of pre-war Yugoslavia).

Figure 40: Composition of foreign labour by region/country of origin: 1995-2015



Source: BALLweb. Federation of Austrian Social Security Institutions.

The share of Turks in foreign employment has declined between 1989 and 1997 from 23.4 percent to 17.7 percent. In 1998 their numbers increased again more than proportionately to a share of 18.2 percent of all foreign workers – basically as a result of the implementation of the association agreement of Turkey with the EU (article 4c/2 AuslBG). According to the integration of the association agreement into the Austrian Foreign Worker Law, access to the labour market has to be granted (either a work permit or any other type of work entitlement) upon request by the eligible Turkish citizen. In 1999 the number of work permits for Turkish citizens rose proportionately such that their share in foreign employment remained stable at 18.2 percent. After 1999, the decline picked up again such that the share of Turks in foreign employment reached 8.7 percent in 2015; this is their lowest share in foreign employment since the late 1970s.

This is the result of various factors, one being a reduction in net-inflows in the wake of return migration to Turkey (since 2012, however, inflows start to gain momentum again and outflows slow down), another of continued naturalisations. (Biffli 2012)

Ever since 1993, the employment share of foreign women increased – a consequence of increasing family migration and women increasingly accessing the labour market. The share of women in foreign employment rose from 33.5 percent in 1992 to 41.2 percent in 2015. Over that time span the proportion of women in foreign employment remained clearly below the Austrian average (2015: 46.9 percent). (Figure 41)

Table 27: Foreign workers by nationality 1971-2015¹

Annual average

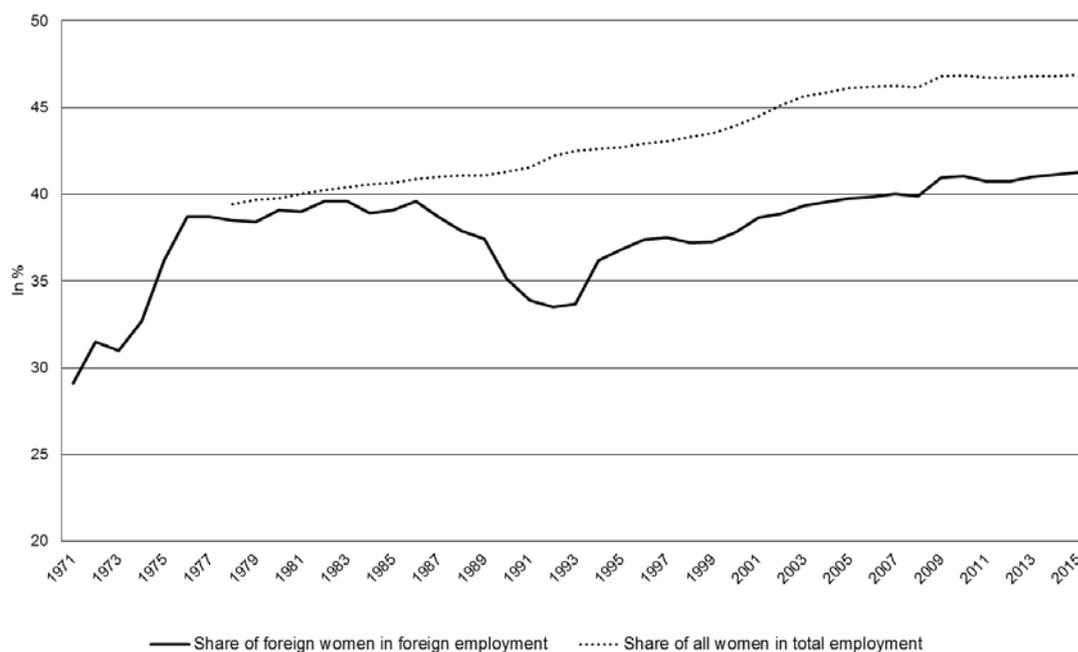
	Foreign workers	EU-15	of which: Germany	EFTA	EU-10	EU-2	Yugoslavia (1)	Yugoslavia (2)	Croatia	Bosnia	Turkey	Others
	Total											
In percent												
1971	150.200	.	3.0	.			76.0		.	.	13.1	7.0
1972	187.100	.	2.8	.			77.7		.	.	11.4	7.2
1973	226.800	.	2.5	.			78.5		.	.	11.8	6.4
1974	222.300	.	2.6	.			76.2		.	.	13.5	7.0
1975	191.000	.	3.1	.			73.9		.	.	14.1	8.0
1976	171.700	.	6.2	.			70.2		.	.	14.3	8.3
1977	188.900	.	6.3	.			69.7		.	.	14.3	8.7
1978	176.700	.	6.6	.			68.5		.	.	14.8	8.9
1979	170.600	.	6.8	.			67.2		.	.	15.6	9.2
1980	174.700	.	6.9	.			65.9		.	.	16.2	9.8
1981	171.800	.	7.1	.			64.5		.	.	16.9	10.3
1982	156.000	.	7.6	.			62.0		.	.	18.3	10.6
1983	145.300	.	7.8	.			61.4		.	.	19.0	10.5
1984	138.700	.	8.0	.			59.9		.	.	20.0	10.7
1985	140.200	.	8.0	.			58.5		.	.	20.8	11.4
1986	146.000	.	7.8	.			57.3		.	.	21.4	12.1
1987	147.400	.	7.8	.			56.0		.	.	22.2	12.6
1988	150.900	.	7.9	.			55.1		.	.	22.7	14.3 2)
1989	167.400	.	7.4	.			54.3		.	.	23.4	14.9 2)
1990 ²⁾	217.600	.	6.0	.			50.8		.	.	23.2	20.0 2)
1991 ³⁾	266.500	7.2	5.1	0.7			48.5		.	.	21.6	22.0 2)
1992	273.900	6.9	5.0	0.7			48.8 4)		0.4	.	20.3	22.4
1993	277.500	6.9	5.0	0.7			45.6		2.3	1.2	19.6	22.1
1994 ⁴⁾	291.000	6.3	4.2	0.3			44.4		1.3	2.3	18.6	26.7
1995	300.300	7.1	4.5	0.1			43.1	49.2	1.6	3.6	18.2	25.5
1996	300.400	7.8	4.9	0.1			42.0	49.3	1.8	4.5	17.8	25.1
1997	298.800	8.3	5.2	0.1			41.3	49.3	1.9	5.0	17.7	24.6
1998	298.600	9.0	5.7	0.1			41.0	49.8	2.1	5.5	18.2	22.9
1999	306.400	9.7	6.1	0.1			40.1	49.8	2.3	6.0	18.2	22.3
2000	319.900	10.1	6.5	0.1			38.8	49.5	2.6	6.6	17.9	22.4
2001	329.300	10.8	7.1	0.1			37.3	49.1	3.0	7.3	17.3	22.7
2002	334.400	11.8	7.9	0.1			35.8	48.2	3.2	7.6	16.8	23.1
2003	350.400	12.4	9.0	0.1			33.4	46.0	3.2	7.6	15.9	25.7
2004	362.300	14.7	10.8	0.1	11.8	3.6	31.3	44.3	3.3	7.6	15.1	12.6
2005	374.200	16.6	12.6	0.1	12.3	3.6	29.1	42.8	3.4	7.6	14.3	13.1
2006	390.700	18.3	14.2	0.1	12.6	3.5	26.9	41.4	3.5	7.5	13.8	13.8
2007	412.578	19.6	15.5	0.1	13.2	3.7	24.8	39.9	3.3	7.1	13.4	14.8
2008	437.055	21.0	16.5	0.1	14.0	4.1	22.5	37.8	3.3	7.0	12.8	15.1
2009	431.552	21.9	17.2	0.1	14.7	4.3	21.0	36.6	3.5	7.4	12.2	14.9
2010	451.276	22.4	17.4	0.1	15.3	4.5	19.1	34.2	3.4	6.9	12.0	16.2
2011	488.934	22.1	17.4	0.1	18.1	4.8	17.1	33.4	3.3	6.6	11.5	16.5
2012	527.062	21.3	16.5	0.1	22.1	5.0	15.1	31.2	3.2	6.4	10.6	16.2
2013	556.752	21.0	15.9	0.1	24.5	5.2	17.0	28.2	3.3	6.5	10.0	12.4
2014	588.722	20.4	15.2	0.1	25.8	6.7	17.0	29.4	3.5	6.4	9.3	10.9
2015	615.681	20.0	14.8	0.1	26.7	7.6	16.0	28.8	3.7	6.3	8.7	10.9

S: HVS, AMS.

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.

The share of women in foreign employment differs greatly by country of origin. Women from Serbia and Montenegro as well as Croatia tend to have the highest shares of foreign female employment, and continued to do so in 2015 (43.8 percent). Next in line are Bosnians (42 percent). The lowest proportion of women in total employment is amongst Macedonians (33.8 percent) but rising, and Turks (33.7 percent), since very recently also slightly rising.

Figure 41: Female employment share in total employment (salaried employment) 1971-2015



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

The lifting of labour market entry barriers to Turkish citizens as a result of the implementation of agreements of the EU with Turkey in 1997 tended to raise the share of women in the employment of Turks in Austria from 24.8 percent in 1997 to 33 percent in 2012; the rise slowed down over time and declined until 2012, 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 41.9 percent in 2015, after 29 percent in 2001. (Table 28)

Table 28: Foreign workers of third countries by gender and selected nationalities

Annual average

Nationalities	2014				2015			
	Male	Female	Total	Female In %	Male	Female	Total	Female In %
Serbia&Montenegro	11.744	8.688	20.432	42,5	12.692	9.842	22.534	43,7
Croatia	11.545	8.934	20.479	43,6	12.685	9.888	22.573	43,8
Bosnia	21.667	15.737	37.404	42,1	22.566	16.334	38.900	42,0
Macedonia	3.801	1.888	5.689	33,2	3.984	2.037	6.021	33,8
Turkey	36.229	18.405	54.634	33,7	35.724	18.140	53.864	33,7
Others	276.791	200.252	477.043	42,0	274.126	197.663	471.789	41,9
Of whom								
EU12	136.654	91.985	228.639	40,2	148.677	101.270	249.947	40,5
Total	346.606	242.116	588.722	41,1	361.777	253.904	615.681	41,2

Source: LMS, Baliweb. <http://www.dnet.at/bali/>

Industrial structure of foreign employment

The industrial structure of employment before and after 2007 cannot 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 2012 and June 2015 (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 a rising trend between 2012 and 2015, i.e. dependent employment (excluding conscripts and persons on maternity leave) rose between midyear 2012 and 2015 by 84,000 or 2.5% to 3,475,300 in June 2015. Over the same time span the employment of foreign workers increased more than proportionately, namely by 93,100 or 17.3% to 630,800 in June 2015. This means that practically all of the employment growth over the last three years accrued to foreign wage and salary earners. Thus, the share of foreign workers in total employment increased from 15.9% in June 2012 to 18.1% in June 2015.

In spite of the dynamic employment situation over the last 3 years, employment in **manufacturing industries** did not totally recover from the economic crisis of 2009; as a result, in June 2015, manufacturing employment was lower than in June 2008 (-26,100, -4.3%). The decline is, however, somewhat exaggerated, as manufacturing output increased beyond the output level of 2008, which was not entirely the result of productivity increases but rather of an increasing implementation of leasing workers rather than regular workers in manufacturing. The employment increase shows up in “Other Business Services”, where employment levels in June 2015 surpassed the level of 2008 by 18% or 14,500. Foreign workers were more than proportionately affected by employment declines in the crisis, partly as a result of their skill composition, which tends to be concentrated at the lower end of the skill segment. In the economic upswing they were, however, also on average more than proportionately profiting. As a result the share of foreign workers in manufacturing industries declined from 2008 to 2009, rose to the level of 2008 in the following year and increased to 15.3% in 2015.

Table 29: Employment of wage and salary earners by industry
By end of June

	Total				Change versus a year ago 2014/15		Foreign workers				Change versus a year ago 2014/15		Foreigners in % of total 2015	
	June 2012	June 2013	June 2014	June 2015	Numbers	In %	June 2012	June 2013	June 2014	June 2015	Numbers	In %	In %	
Industries(ÖNACE 2008)														
A Agriculture and Forestry	25.318	26.284	26.861	29.697	2.836	10,6	13.664	14.635	15.387	17.287	1.900	12,3	58,2	
B Mining, stones and minerals	5.916	5.904	5.861	5.870	9	0,2	530	532	544	571	27	5,0	9,7	
C Production of Commodities	582.678	582.270	584.650	578.940	-5.710	-1,0	85.147	88.824	93.293	94.596	1.303	1,4	16,3	
D Energy Supply	26.861	26.895	27.038	26.717	-321	-1,2	731	831	897	981	84	9,4	3,7	
E Watersupply and environmental clean up	14.508	14.887	15.554	15.544	-10	-0,1	2.151	2.353	2.574	2.711	137	5,3	17,4	
F Construction	261.903	262.896	263.060	260.678	-2.382	-0,9	60.407	63.380	65.387	65.353	-34	-0,1	25,1	
G Trade, repairworks	522.473	525.421	528.343	530.206	1.863	0,4	73.073	78.355	83.384	87.276	3.892	4,7	16,5	
H Transport and Storage	182.052	181.223	182.561	185.223	2.662	1,5	30.428	32.008	34.833	37.194	2.361	6,8	20,1	
I Tourism	200.635	203.034	206.193	210.266	4.073	2,0	79.684	85.239	90.301	95.872	5.571	6,2	45,6	
J Information and Communication	78.110	80.018	82.561	85.846	3.285	4,0	7.847	8.787	9.737	10.606	869	8,9	12,4	
K Financial Services, Insurance	117.774	117.374	115.745	115.338	-407	-0,4	7.568	8.135	8.576	8.778	202	2,4	7,6	
L Real estate and housing	40.009	42.110	40.940	40.806	-134	-0,3	7.441	7.829	8.112	8.116	4	0,0	19,9	
M Services of Professionals	153.303	157.118	161.414	163.715	2.301	1,4	20.112	21.963	23.635	24.868	1.233	5,2	15,2	
N Other business services	187.338	187.641	194.637	195.484	847	0,4	63.792	66.059	71.608	74.228	2.620	3,7	38,0	
O Public administration, social security	544.129	544.054	545.832	552.227	6.395	1,2	19.527	20.392	21.722	22.893	1.171	5,4	4,1	
P Education and research	95.065	96.346	99.618	101.630	2.012	2,0	15.819	16.741	18.649	19.770	1.121	6,0	19,5	
Q Health-, veterinary and social services	227.390	233.495	239.622	246.429	6.807	2,8	28.257	30.382	32.186	34.160	1.974	6,1	13,9	
R Arts, entertainment and recreation	36.162	36.429	37.907	37.695	-212	-0,6	8.104	8.339	9.012	9.188	176	2,0	24,4	
S Other Services	86.039	87.858	87.273	88.961	1.688	1,9	11.627	12.897	13.253	14.427	1.174	8,9	16,2	
T Private Households	2.992	3.106	2.969	3.291	322	10,8	1.050	1.144	1.125	1.261	136	12,1	38,3	
U Extraterritorial organisations	641	666	700	706	6	0,9	251	275	301	319	18	6,0	45,2	
Unknown							401	302	300	301	1	0,3		
Sum of all industries	3.391.296	3.415.029	3.449.339	3.475.269	25.930	0,8	537.611	569.402	604.816	630.756	25.940	4,3	18,1	
Maternity leave, conscripts,	97.979	93.893	89.391	87.389	-2.002	-2,2								
Sum	3.489.275	3.508.922	3.538.730	3.562.658	23.928	0,7	15,9	16,7	17,5	18,1				

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

The construction sector exhibited a similar cyclical employment pattern as manufacturing. The decline was, however not as pronounced such that, by the end of June 2015, the number of wage and salary earners equalled the values of 2008. The share of foreign workers is higher than in manufacturing with 24.1% in June 2015 and the employment decline in the crisis year of 2009 affected migrants proportionately, keeping their employment share constant between 2008 and 2009. From 2010 to 2015 it was above all foreign workers who took up jobs in construction such that their employment levels in June 2015 clearly surpassed those of 2008 (+13,000 or 24%).

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 2015, total employment in the services sector (excluding self-employed) exceeded the Level of June 2008 by 178,200 or 7.5%. Between 2010 and 2015 alone employment in the services sector increased by 164,400 or 6.9%. The share of the services sector in total dependent employment rose from 71.7% in June 2008 to 73.5% in June 2015. The share of foreign workers in the services sector is lower than in construction but even somewhat higher than in manufacturing industries with 17.6% in June 2015. 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 45.6% foreign workers, followed by other business services (38%), in particular cleaning, and domestic services (38.3%). The lowest share of foreign workers has public administration with 4.1%, the highest share of any industry have agriculture and forestry with 58.2% in June 2015. (Table 30)

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 since 2000. Every federal state started to increase the share of foreign workers in total employment from 1999

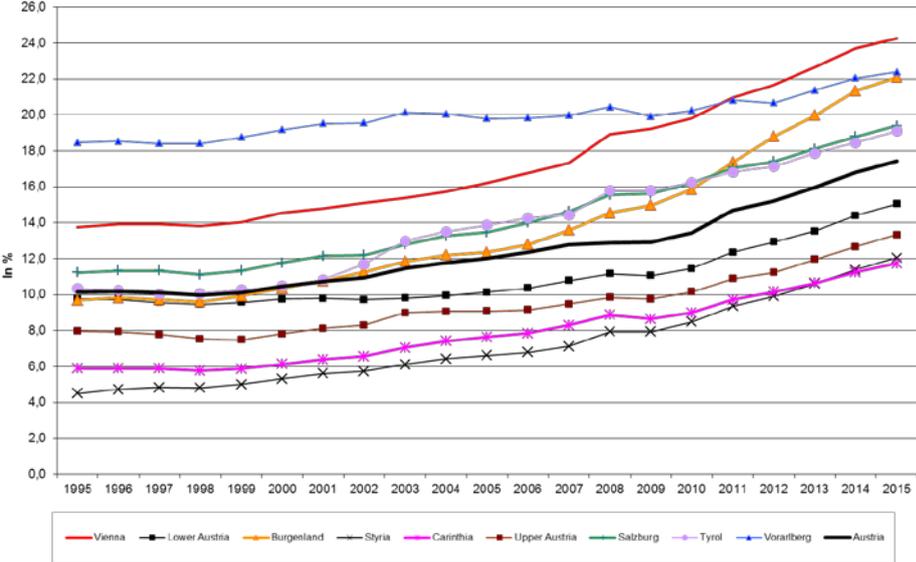
onwards and the rank order changed little, except for Burgenland and Vienna. These two provinces have seen an enormous increase in the share of foreign workers since enlargement of the EU in 2004 and 2007, indicating that the increase is largely due to employees from the enlargement countries, partly as cross-border workers partly as proper immigrants. As a result, the ranking of the provinces has changed, with Vienna taking the lead (2015: 24.3% foreign worker share), followed by Vorarlberg (2015: 22.4%), the westernmost province, and Burgenland (2015: 22.1%), the easternmost province. The range between the highest and the lowest foreign worker share has declined between 1995 and 2015 to 12.5 percentage points, after 14 percentage points in 1995. The provinces with the lowest share remained the same, namely Styria and Carinthia, but they switched places with Styria having a slightly higher share than Carinthia in 2015, i.e. 12% versus 11.7%, while in 1995 Styria had the lowest share with 4.5% versus Carinthia with 5.9%. (Figure 42)

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

The distribution of foreign workers across Austria is quite concentrated. In Vienna alone we find 32% of all foreign employees in 2015 (compared to 35% in 2000), a further 14% are employed in Lower Austria and 13.6% in Upper Austria. 60% of all foreign workers in Austria were working in these 3 regions in 2015. (Figure 43 and Table 30)

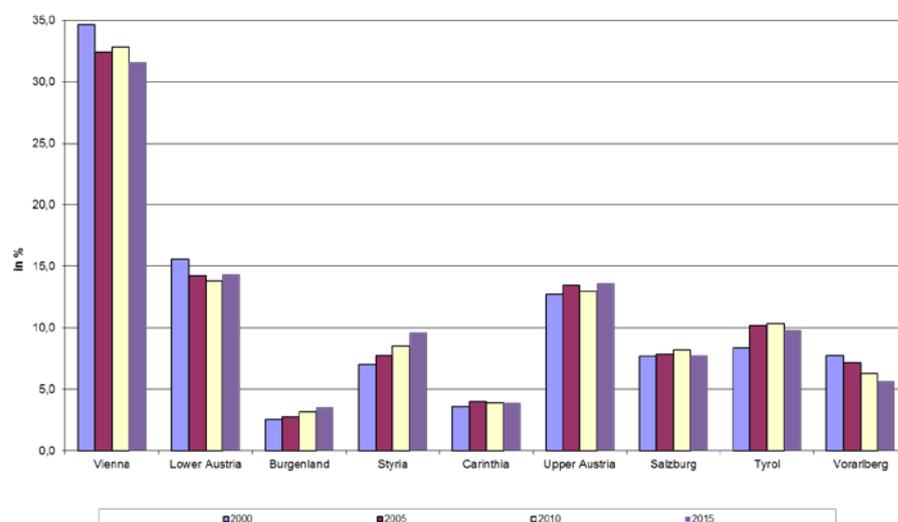
The regional concentration of foreign workers differs somewhat by the nationality of foreigners. While Yugoslavs, Turks and the multicultural conglomerate of 'Others' tend to be to a larger extent than the average foreign worker in Vienna, Germans tend to be concentrated upon the western regions, Tyrol,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

Figure 42: Foreign worker share by region/Bundesland in Austria (foreigners in percent of total dependent employment): 1995-2015



Source: Federation of Austrian Social Security Institutions.

Figure 43: Regional distribution of foreign labour in Austria (total foreign employment = 100): 2000-2015



Source: Federation of Austrian Social Security Institutions.

Table 30: Proportion of foreign workers in total employment in the provinces of Austria

	Foreigners				Foreigners in % of total employment			
	2000	2005	2010	2015	2000	2005	2010	2015
Vienna	110.117	118.629	148.243	194.639	14,6	16,2	19,8	24,3
Lower Austria	49.513	52.229	62.383	88.524	9,8	10,1	11,5	15,1
Burgenland	8.074	10.194	14.153	22.047	10,3	12,4	15,9	22,1
Styria	22.245	28.506	38.361	58.949	5,3	6,6	8,5	12,0
Carinthia	11.464	14.568	17.719	24.086	6,1	7,6	9,0	11,7
Upper Austria	40.427	49.325	58.535	83.860	7,8	9,1	10,2	13,3
Salzburg	24.483	28.823	36.956	47.900	11,8	13,5	16,2	19,4
Tyrol	26.526	37.357	46.663	60.665	10,5	13,9	16,2	19,1
Vorarlberg	24.710	26.337	28.264	35.011	19,2	19,8	20,2	22,4
Austria	317.559	365.968	451.277	615.681	10,4	11,8	13,8	17,4

Source: Federation of Austrian Social Security Institutions.

Employment of migrants by major occupational groups³⁷

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 31 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

³⁷ 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).

proportion of persons with medium skills as Austrians (51.5%). Citizens of EU-2 countries have a somewhat smaller proportion of workers with medium skills (49.8%) but a significantly higher proportion of persons with low skills (35.8%). This share is only slightly below the share of low skilled workers of third country origin (36.5%). In contrast, the share of highly skilled workers is higher among third country citizens than among EU-2 workers (17.1%).

Table 31: 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.

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

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

Table 32: 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.

Researchers³⁸ are to a significant extent migrants. In 2009, 11.1% of a total of 431,400 researchers were migrants, the majority from another EU-15 country (7.1% of all researchers). But also persons from EU-10, EU-2 and third countries are increasingly satisfying the demand for researchers. In 2009, 2.7% of all researchers were from third countries, 1.1% from EU-10 and 0.2% from EU-2 countries.

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

Seasonal foreign workers make up a fairly high proportion of foreign wage and salary earners in agriculture and forestry, namely some 80% to 90%. In contrast, only some 8% of all foreign workers

³⁸ 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.

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 migrants³⁹. (Biffel 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 33: Workers by groups of citizenship and main category of employment by sex, 2009

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

Source: Labour Force Survey 2009.

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

³⁹ 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.

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 in 2009, Germans had the highest proportion of highly skilled workers (56% highly skilled) and a fairly high proportion were skilled (39%). In contrast, workers from the regions of former Yugoslavia and Turkey tended 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 34: The top 4 migrant worker groups by skill level, 2009

	Total		A. Highly skilled		B. Skilled		C. Low skilled	
		In %		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).

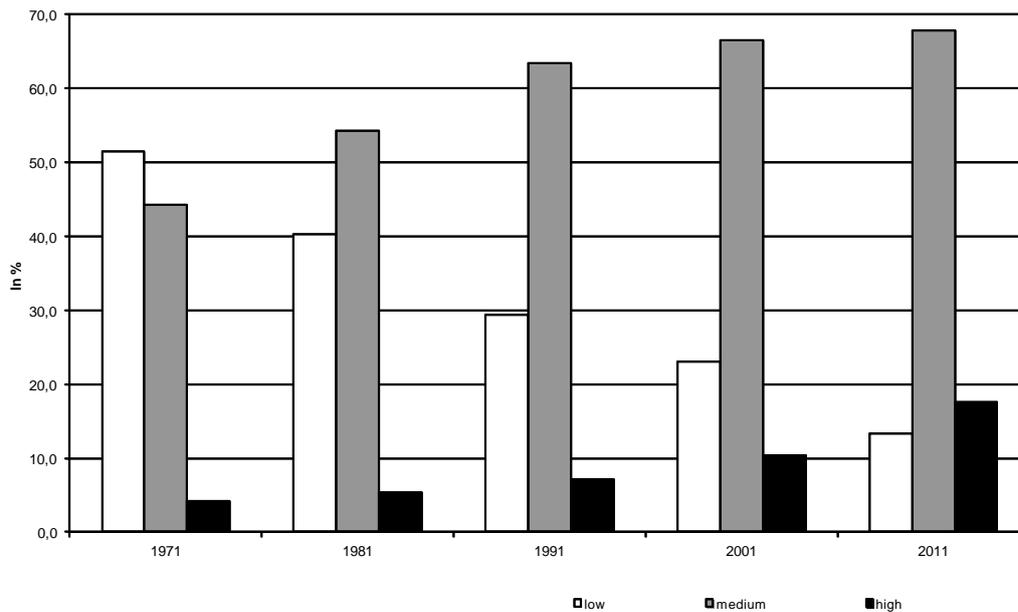
Migrants by educational attainment level

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).

Figure 44: Skill composition of employment over time: Austria 1971 -2011



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 44 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.

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

In 2011⁴⁰, 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 citizenship⁴¹. 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%).

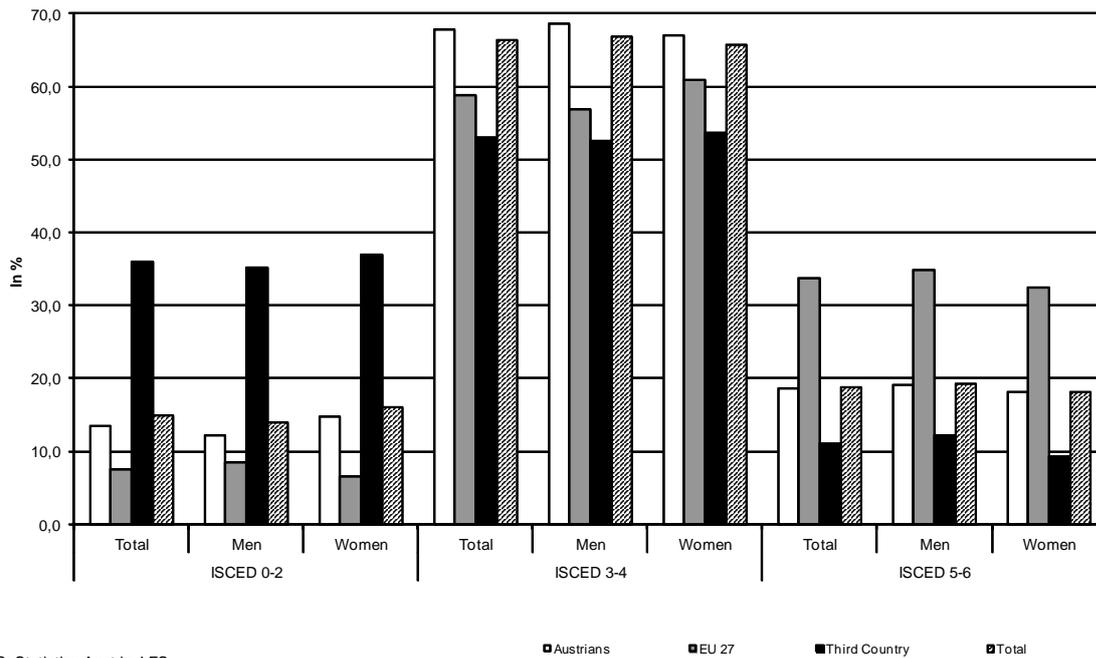
It can be taken from Table 35 that the skill composition of third country migrants has been improving since 2004. Then the share of unskilled labourers amongst all third country citizens amounted to 42% compared to 35.9% in 2011, while the share of university graduates rose from 10.7% to 11%. This is 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 (Biffi et al 2008, Bock-Schappelwein et al 2009) indicates that education and training obtained in Austria is key to employment which is commensurate with the educational attainment level acquired. The duration of stay and employment is another important factor ensuring adequate employment. In the medium skill segment overqualification is fairly rare, particularly in the case of apprenticeship education. Only some 9% of Austrian employees with apprenticeship education are overqualified for their job. In the case of foreigners who have not received their training in Austria the share of overqualification is higher, amounting to some 21%; persons from Romania and former Yugoslavia are more often than others overqualified for their jobs (some 28%).

⁴⁰ 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.

⁴¹ Between 2004 and 2010 142,300 foreigners acquired the Austrian citizenship, 92% of them were of third country origin.

Figure 45: 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 35: Development of the composition of employment by educational attainment level in % (15-64 years old)

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

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 more recent economic crisis set in. In 2009, unemployment levels rose to unprecedented heights, reaching 260,300. In 2010 and 2011 unemployment declined again in the wake of economic recovery but did not return to pre-crisis levels. In 2013 unemployment increased again in the wake of the economic slowdown (+26,700, +10.2%) beyond the levels of the year 2008 (+75,000 or 35%) and continued to do so in 2014 and 2015 as a consequence of larger labour supply rises than demand increases (2015: 354,300; +35,000 or 11% vs 2014; +142,100 or 67% vs 2008). The unemployment situation of foreign workers was even less favourable. Their unemployment numbers increased by 15,600 or 19.3% in 2015 versus 2014 to 96,500, surpassing the 2008-level by 58,200 or 152%.

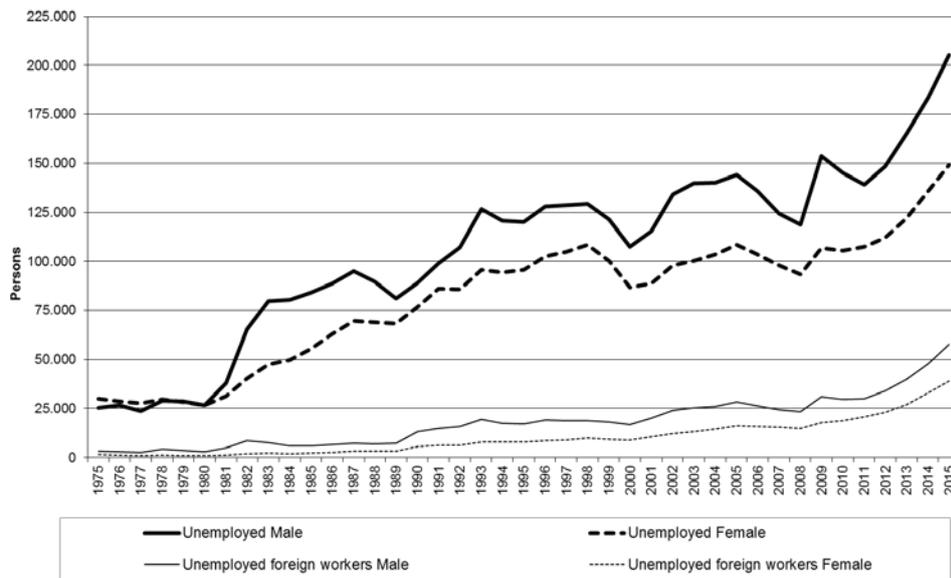
The rise in unemployment affected men more than women and migrants more than proportionately. (Figure 467) In 2015 the number of unemployed men surpassed the unemployment level of 2008 by 86,300 (72.6%), in the case of male foreign workers by 34,100 or 146%. The unemployment situation of women is on average more stable; the rise versus 2008 amounted to 55,800 (+60%); in the case of foreign women the situation was the worst in relative terms with a plus of 24,100 or 162% versus 2008.

The share of foreigners in total unemployment has continually increased over time, from 8 percent in the mid-1970s to 27.2 percent in 2015. Foreign men constitute a somewhat larger fraction of total male unemployment, namely 28 percent, compared to a share of foreign women in total female unemployment of 26 percent. While women made up 42.1 percent of all unemployed in 2015, the proportion of women in foreign unemployment is somewhat lower with 41.4 percent in 2015.

The total unemployment rate has been rising from 2000 till 2005 by 1.5 percentage points to 7.3 percent and declined until 2008 by 1.4 percentage points to 5.9 percent. In 2009, the unemployment rate rose at an unprecedented rate to 7.2% (1.3 percentage points versus 2008) and declined again in the wake of the economic upswing to 6.7% in 2011. With weakening economic growth the unemployment rate increased again to 9.1% in 2015. The cyclical pattern for foreign workers follows the national pattern⁴².

⁴² 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.

Figure 46: Total unemployed and unemployed foreigners 1975-2015
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 in the respective recessions, i.e., by 2.1 percentage points to 10.2 percent in 2009. In the economic upswing of 2010 and 2011 the decline in unemployment was somewhat more pronounced - with the exception of foreign women, where the unemployment rate continued to rise. In 2015 the unemployment rate of foreign workers increased by 1.5 percentage point vs 2014, i.e. somewhat faster than for the national average of 0.8 percentage points.

The differential in unemployment rates between men and women has a strong cyclical component. In periods of dynamic economic growth, unemployment rates of men decline rapidly while they tend to be more stable for women. As a result, in the late 1990s, the unemployment rate of women surpassed the rate of men. With the onset of the recession in 2001, the unemployment rate of men increased significantly such that it exceeded the female rate. Ever since then the unemployment rate of men surpassed the rate of women, even though the gender gap in the unemployment rate declined to 0.2 percentage points in 2008. With the financial crisis in 2009 the gender gap in the unemployment rate increased again to 1.6 percentage points, declined in the economic upswing of 2010/2011 but increased ever since then again and stood at 1.5 percentage points in 2015.

Table 36: 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
1999	6,5	6,9	6,7	8,5	7,5	8,2	9,9	8,0
2000	5,8	5,9	5,8	7,8	6,9	7,5	9,0	7,4
2001	6,2	5,9	6,1	9,1	7,6	8,5	10,6	8,6
2002	7,2	6,4	6,9	10,5	8,5	9,8	12,1	10,4
2003	7,5	6,5	7,0	10,6	8,6	9,8	12,6	10,8
2004	7,5	6,6	7,1	10,6	9,1	10,0	13,2	11,0
2005	7,7	6,8	7,3	11,1	9,8	10,6	14,1	11,5
2006	7,1	6,4	6,8	10,1	9,2	9,7	12,8	10,6
2007	6,5	6,0	6,2	8,9	8,5	8,8	11,6	9,4
2008	6,1	5,6	5,9	8,2	7,9	8,0	10,9	8,9
2009	8,0	6,4	7,2	10,9	9,1	10,2	13,9	11,3
2010	7,5	6,3	6,9	10,0	9,2	9,6	13,0	10,7
2011	7,1	6,3	6,7	9,4	9,4	9,4	12,7	10,6
2012	7,4	6,5	7,0	9,8	9,7	9,7	13,8	12,7
2013	8,2	7,0	7,6	10,8	10,5	10,7	15,4	13
2014	9,0	7,6	8,4	12,1	12,0	12,1	17,8	13,7
2015	9,8	8,3	9,1	13,7	13,3	13,5	19,8	15

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

In contrast, the unemployment rate of foreign men has always been higher than of foreign women – with the exception of one year (1987/88). The gender gap in unemployment of foreign workers was 1.3 percentage points in 2005, declined to 0.4 percentage points in 2008, rose again to 1.7 percentage points in 2009. In the wake of the economic upswing the unemployment rate of foreign men declined while it continued to rise for foreign women, partly as a result of the unprecedented rise in foreign female labour supply due to facilitation of labour market access for various migrant groups (no labour market testing). As a result the unemployment rates of foreign men and women converged to 9.4% in 2011. In 2015 the unemployment rate of foreign men rose a faster than for women such that a gender gap of 0.4 percentage points at the detriment of foreign men surfaced again.

Turkish workers have traditionally had the highest unemployment rates of any foreign worker group. Their unemployment rates had risen between 2001 and 2005 to 14.1 percent, but declined thereafter and reached a low of 10.9 percent in 2008. In 2009, however, the unemployment rate of Turkish citizens increased again to an all-time high of 13.9%. The slight improvement of the situation in 2011 was short-lived, raising the unemployment rate of Turkish workers in 2015 to an all-time high of 19.8%. (Table 36)

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 2015 the unemployment rate of persons from former Yugoslavia,

including citizens of Macedonia, Kosovo, Serbia/Montenegro, Croatia and Bosnia, rose even faster than for Turks, particularly for citizens from Serbia and Montenegro, reaching 15%.

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.

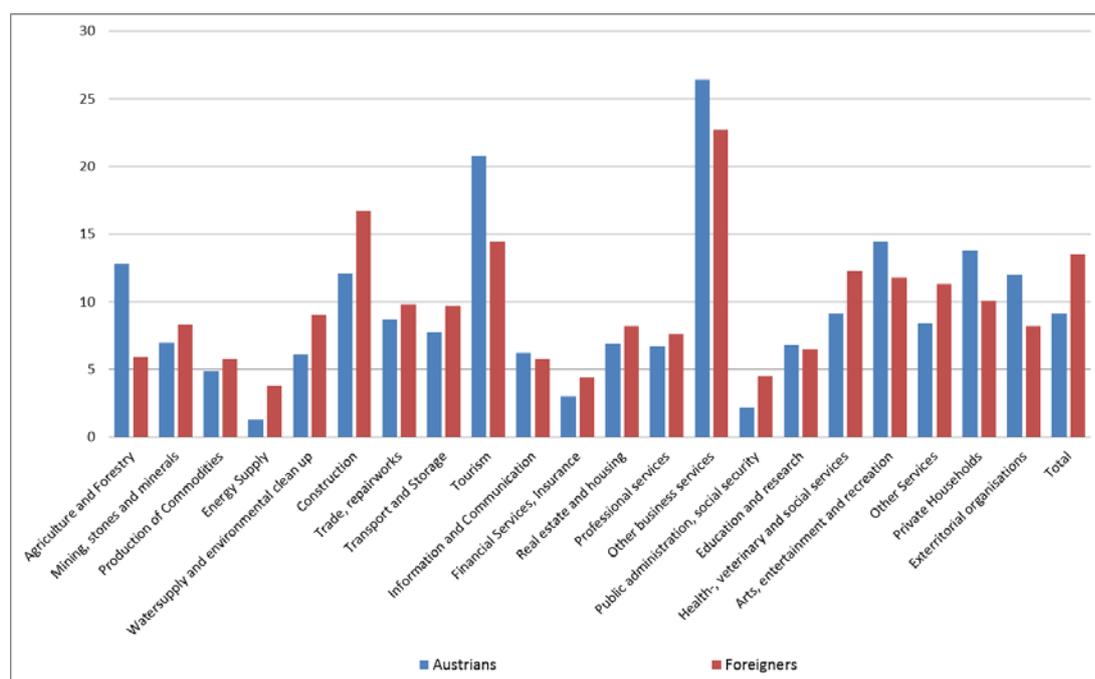
Foreigners used to have higher unemployment rates in most occupations, except in tourist services and in agriculture and forestry, where foreigners tend to be seasonal workers, meaning that they have a contract for a particular period, which does not allow the acquisition of the right to unemployment 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 26.4% for natives and 22.7% for foreign workers. Second in line is tourism with an unemployment rate of 20.8 percent for Austrians and 14.5% for foreigners in 2015. In contrast, in construction, the unemployment rate of foreigners is higher than for natives (16.7% 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 47: Unemployment rates by industry of Austrians and foreigners (registered unemployed in % of dependent labour supply) 2015



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

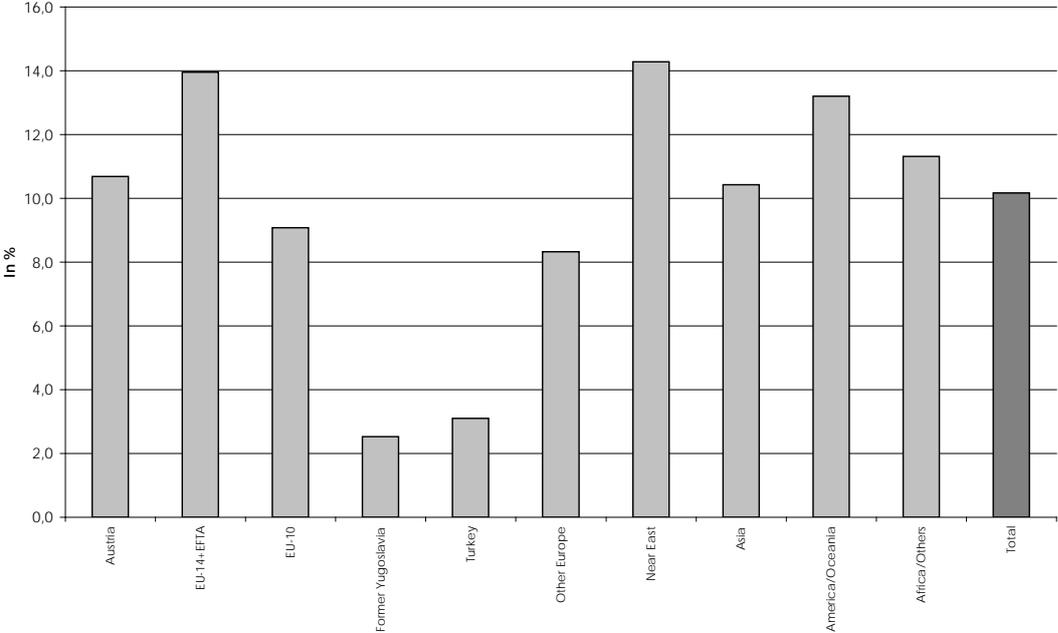
3 Entrepreneurship

While Austria has a long history of migration, going back to the early 1960s, the focus has always been on satisfying immediate labour demand, i.e. of reducing general and specific labour scarcities of domestic enterprises via migration. (Biffi 2011) It was not until the settlement of ‘guest workers’ and their families that self-employment of foreigners set in. This was a slow process and gained momentum only in the 1990s. Accordingly, there are no comprehensive statistics on ethnic entrepreneurs in Austria until the census of 2001. Then, out of the 516,800 employed migrants (foreign born) 36,100 or 7% were self-employed, largely in the non-agricultural sector, compared to 11% of the host population. As some 3% of the Austrians were self-employed farmers, the share of self-employment of migrants in the non-agricultural sector was about as high as for natives. Research into the reasons for the take-up of self-employment suggests that the deterioration of employment opportunities of migrant workers resident in Austria became a motivating force to start up a business. Accordingly, the composition of self-employed foreigners by skills, educational attainment level and source region conformed to the one of the ‘guest workers’. The new self-employed tended to find niches for themselves. (Biffi 2007) They were inclined 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.

Figure 488 indicates that there are significant differences in the propensity to become self-employed by country of birth. Migrants from the Near East, from other EU-MS, America and Africa are more often self-employed than native Austrians. Asians are about as often self-employed as native Austrians, while persons from the traditional migrant worker source countries, i.e., Turkey and former Yugoslavia, are relatively seldom self-employed.

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

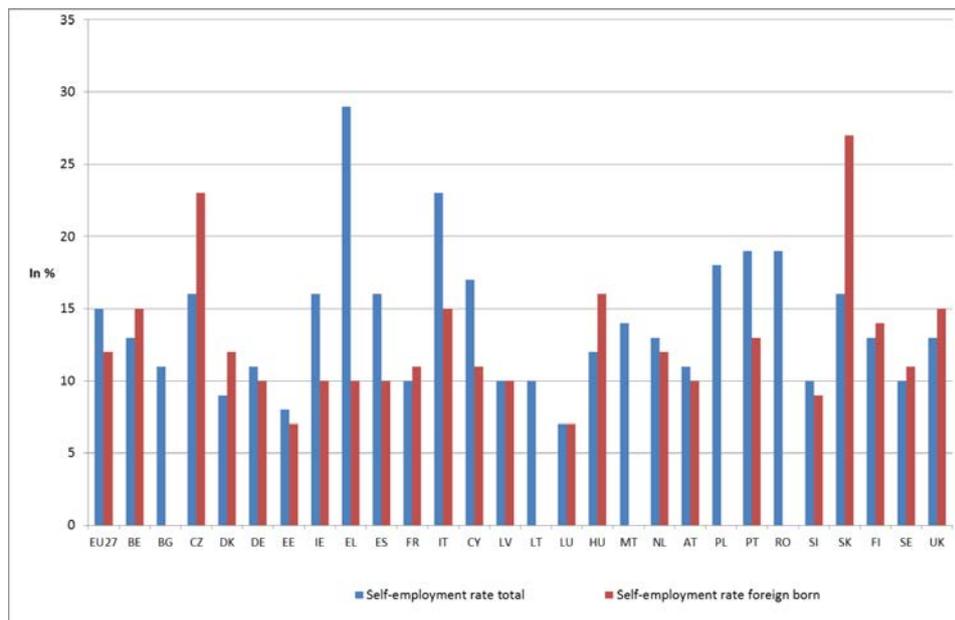
Figure 48: Share of self-employed in total employment in percent by country of birth (2001)



Source: Statistics Austria (Census), own calculations.

Since 2001 the share of self-employment in total employment remained fairly stable in Austria, amounting to 11% in 2009 (20-64 year olds). The proportion was only slightly lower for foreign born with 10%. Accordingly, migrants were increasingly working on their own account. It was above all EU-27 citizens who came to set up a business in Austria (self-employment rate of 14% compared to 7% of third country foreign born). In EU comparison (Eurostat 2011), the share of self-employment in total employment in Austria is somewhat below the EU-27 average (15%). But there are large differences in the share of self-employment in total employment across the EU, spanning from a low of 7% in Luxembourg to a high of 29% in Greece. (Figures 49 & 50)

Figure 49: Total self-employment rate compared to self-employment rate of foreign born (20-64 year olds): 2009

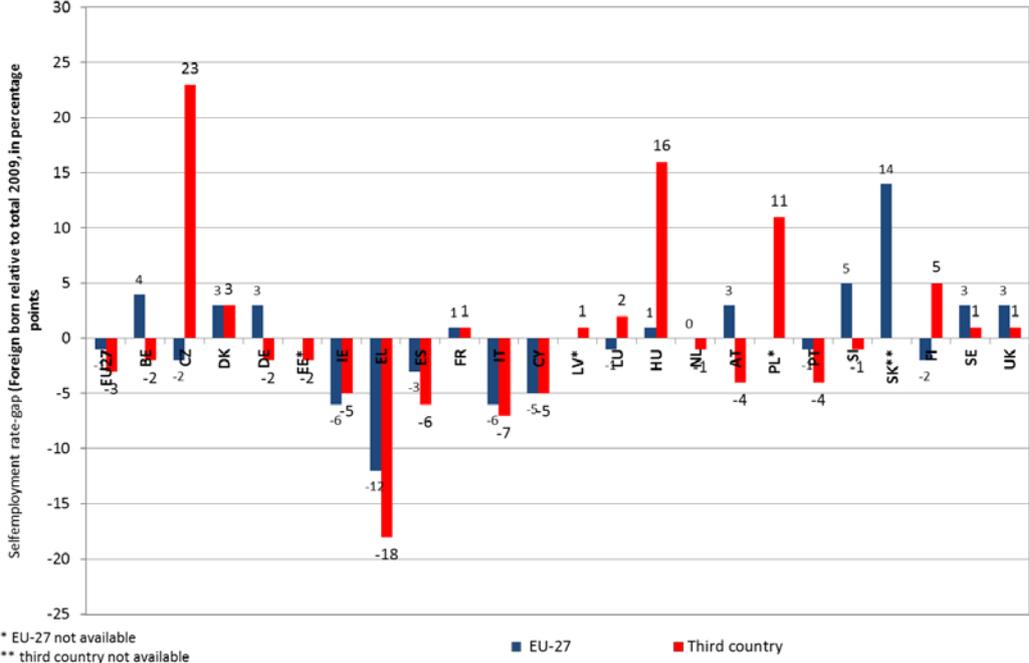


Source: Eurostat (2011), LFS.

While some EU member states exhibit hardly any differences in the degree of self-employment of natives and migrants, e.g. Luxembourg and Latvia, others tend to have large discrepancies, in particular Southern European countries and some Central and Eastern European countries, indicating different roles of migrants and natives in the local labour market and the economy at large.

In Austria the composition of self-employment by source country has changed significantly between 2001 and today. While the composition of the migrant entrepreneurs by country of origin conformed more or less to the one of migrant wage and salary workers in 2001, this was no longer the case in 2009 and even less so in 2013. With EU enlargement and the imposition of transition regulations for migrants from EU-8 countries (until 2011) and from EU-2 countries (until 2013), access to wage and salary employment was difficult. Only highly skilled workers and persons in designated shortage occupations (Mangelberufe) could enter wage and salary employment. But the option to set up a business in Austria remained, leading to a substantial inflow of self-employed workers from the new EU member states. Between 2004 and 2008, some 18,000 persons from the new EU member states established themselves as independent contractors/self-employed, largely self-employed homecare service providers and to a lesser extent building services and consulting. In addition, posted workers entered to provide services on a temporary basis.

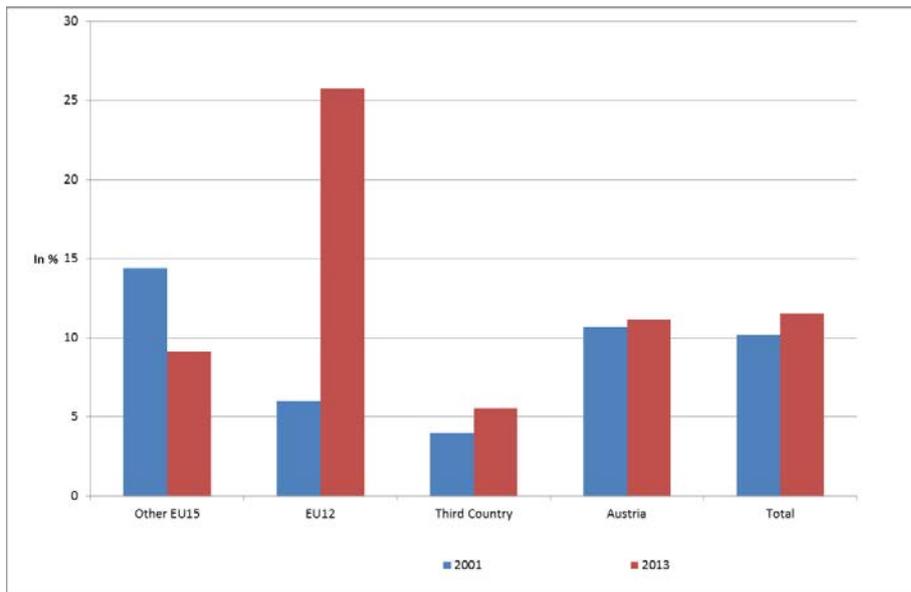
Figure 50: Gap in the self-employment rate of foreign born (EU-27 and third countries) relative to total self-employment rate in percentage points (20-64 year olds): 2009



Source: Eurostat (2011), LFS.

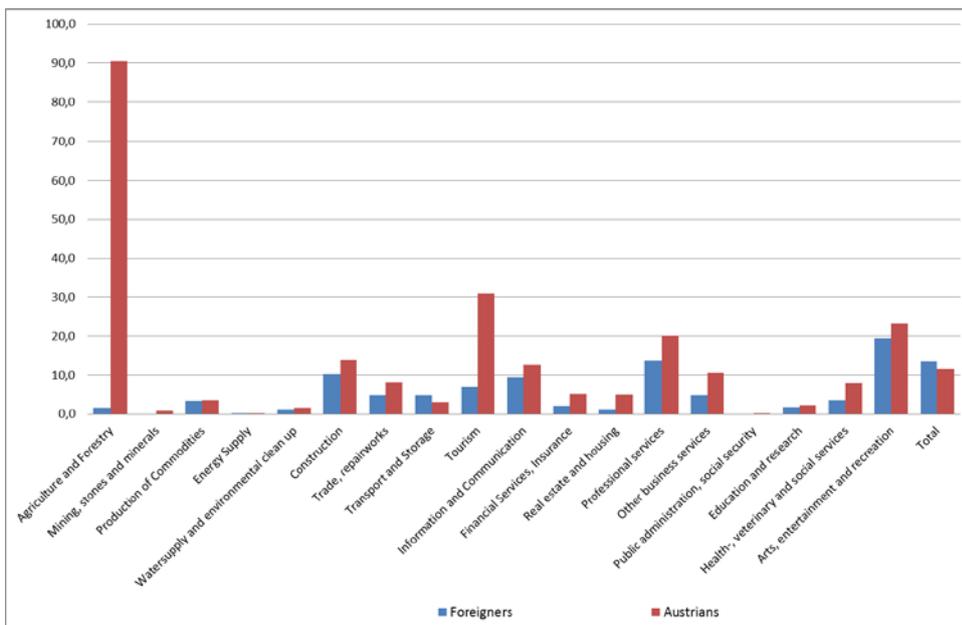
In 2013, 13.3% of the foreign workforce of 642,300, i.e. 85,500, was self-employed, clearly more than in total employment (11.5%). The differences between the various nationalities were pronounced. While the self-employment rate of third country citizens, largely persons from Turkey and former Yugoslavia (excluding Slovenia and Croatia), was fairly low with 5.5% (14,900), 42.5% of all workers from the EU-2 were working as self-employed (21,200). Also citizens from the EU-10 member states worked to a large extent as self-employed, namely 36,000 or 21% of total EU-10 employment. Much smaller are the numbers of self-employed from Switzerland and EFTA countries, their share in total employment is, however, also quite high with 16.2% (500 persons). It can be taken from Figure 51 that the role of foreign business people has increased significantly over the last decade, flowing from globalisation but above all from EU enlargement. In consequence, the diversity of their professional skills and occupations has increased (see also Alteneider-Wagner-Pinter 2013).

Figure 51: Self-employment rate by region of origin 2001 and 2013



Source: Statistics Austria: census 2001, BaliWeb: 2013.

Figure 52: Self-employment rate by industry and citizenship (in %) 2015



S: BaliWeb.

The self-employment rate by industry differs between Austrian and foreign citizens. If one takes into account that one third of all Austrian self-employed are farmers, an option not really open to immigrants, migrants are increasingly self-employed in non-agricultural activities; naturalisation opens up more opportunities for establishing one's own business. Accordingly, in 2015 13.7% of the foreign workforce was self-employed compared to some 11.5% of Austrians. As can be taken from Figure 52, in farming Austrians tend to be independent farmers, quite in contrast to foreigners – in farming they tend to work as labourers. In contrast, in the entertainment and art sector 19.4% of the foreign workforce is working on their own account, not much less than Austrians (23.1%). Also in construction foreigners have increasingly set up business in Austria, accounting for 10.2% of the

foreign workforce in the construction sector 2015. The situation is not much different in the ICT-sector (share of self-employed in foreign workforce 9.5%, for natives 12.6%. (Biffl - Skrivanek 2014)

4 Foreign direct investment and business migration

Foreign direct investment as a potential driving force of economic and employment growth has only moved up the policy agenda in the 1990s, in recognition of the economic opportunities flowing from increased EU integration. (Mayer – Bellak 2010) Today, the degree of economic interdependence in foreign direct investment in Austria is above average in international comparison. The world stock of FDI, measured in % of global GDP, amounted to some 32% in 2012. In Austria the respective value was 52% of GDP for active FDI (Austrian FDI abroad, i.e. outward FDI) and 41% for passive FDI (FDI in Austria, i.e. inward FDI), respectively. This is less than in the EU on average: the EU average was 61% (active) and 49% (passive) in 2011. The difference to the 1990s is significant such that one can say that the policy change was effective, implying even a change in paradigm: For the 1990s, the Austrian National Bank had calculated 2.8% of GDP (active) and 6.4% of GDP (passive) FDI for Austria, which was well below the EU-average of 10% then. (Austrian National Bank 2002, 2014)

Despite the strong increase in investment flows in Austria over the last 20 years, the regional focus of inward and outward FDI remains on EU member states and on East and South-Eastern European countries. Due to the Parent Subsidiary Directive of the EU, almost all income earned by Austrian foreign affiliates located largely in old and new EU member states is tax exempt in Austria. This implies that income earned abroad is not penalized compared to income earned in Austria and thus it does not influence the location choice abroad – as long as it is within the EU.

The number of non-resident direct investors in Austria amounted to somewhat more than 3,000 by the end of 2000, almost evenly divided up between EU-15 (largely Germany) and EU-12, contributing to the employment of 251,100 workers in Austria. Outward FDI involved a similar number of direct investors or enterprises abroad, again almost evenly divided amongst EU-15 and EU-12 countries, involving some 250,000 jobs abroad. (Austrian National Bank 2002) By the beginning of 2013, the balance in terms of the value of FDI has shifted towards active FDI at the detriment of passive FDI: the number of active Austrian FDI investors abroad amounted to 1,361, representing a value of 158.6 billion euros; in exchange, 3,069 foreigners (passive FDI) invested in Austria, holding shares of more than 100,000 euros in 2,768 Austrian companies, representing a value of 124.6 billion euros. (Austrian National Bank 2014). The number of jobs affected by passive FDI in Austria was unchanged versus 2000 while active FDI affected 784,700 employees abroad. (Austrian National Bank 2014)

The most important foreign investors in Austria are Germany, Switzerland, the United States and Italy. This ranking has not changed since 2008. Those “big four” comprise 63% of foreign participations with 59% of total FDI value and 69% of the related employment. The Netherlands, France, the United Kingdom and recently also Russia are further important countries of origin for FDI in Austria, however at lower levels. (Austrian National Bank 2014)

Bilateral Investment Treaties (BIT)

In recognition of the important role of FDI, including foreign business investors in Austria, the Austrian Government has chosen to create a network of bilateral investment treaties (BITs) to promote FDI. Austria has BITs (Agreements for the Promotion and Protection of Investment) with 62 countries, i.e., Albania, Algeria, Argentina, Armenia, Azerbaijan, Bangladesh, Belarus, Belize, Bolivia, Bosnia-Herzegovina, Bulgaria, Cape Verde, Chile, China, Croatia, Cuba, Egypt, Estonia, Ethiopia, Georgia, Guatemala, Hong Kong, India, Iran, Jordan, Kazakhstan, Kosovo, Kuwait, Latvia, Lebanon,

Libya, Lithuania, Macedonia, Malaysia, Malta, Morocco, Mexico, Moldova, Mongolia, Namibia, Oman, Paraguay, Philippines, Poland, Romania, Russia, Saudi Arabia, Slovakia, Slovenia, South Africa, South Korea, Tajikistan, Tunisia, Turkey, Ukraine, Uzbekistan, United Arab Emirates, Vietnam, Yemen and Yugoslavia. The majority of the BITs were signed in the 1990s or later, only four of those in place were signed in the 1980s (with China 1986, Malaysia 1987, Poland 1989, and Hungary 1989). (Federal Ministry of Science, Research and Economy 2014a)

In addition, double taxation treaties (DTTs) have been concluded guaranteeing favourable tax treatment of the profits from FDI. Furthermore, the long-established network of trade delegates (Handelsdelegierte) of the Austrian Chamber of Commerce is increasingly helping Austrian firms to establish activities abroad and facilitate migration to Austria.

Legislative framework: Immigrant investors and business owners

While business migration within the European Economic Area (EEA) is promoted by the ‘four freedoms’ of the internal market: free movement of capital, labour, goods and services, special regulations apply to third country citizens. In the investment context the focus is on immigrant investors and entrepreneurs / business owners.

As mentioned above, the number of self-employed migrants has risen significantly since the 1990s, largely from other EU member states but also increasingly from third countries. This is not the result of an explicit policy to promote third country business migration but rather the result of the individual motivation of third country migrants to conduct business in Austria. Accordingly, there is no explicit definition of “immigrant investors” in the Austrian legislation. But BITs tend to include regulations promoting business migration, in particular immigrant investment. The definition of investment is as follows:

Every kind of asset in the territory of one Contracting Party, owned or controlled, directly or indirectly, by an investor of the other Contracting Party. Investments are understood to have specific characteristics such as the commitment of capital or other resources, or the expectation of gain or profit, or the assumption of risk, and include enterprises (e.g. a corporation, partnership, joint venture or any other association, as well as a trust, a sole proprietorship, or a branch located in the territory of a Contracting party and carrying out substantive business there), shares, stocks and other forms of equity participation in an enterprise and rights derived there from bonds, debentures, loans and other forms of debt instruments and rights derived there from any right or claim to money or performance whether conferred by law or contract, including turnkey, construction, management or revenue-sharing contracts, and concessions, licences, authorisations or permits to undertake an economic activity; intellectual property rights and intangible assets having an economic value, including industrial property rights, copyright, trademarks, trade dresses; patents, geographical indications, industrial designs and technical processes, trade secrets, trade names, know-how and goodwill; any other tangible or intangible, movable or immovable property, or any related property rights, such as leases, mortgages, liens, pledges or usufructs. (Federal Ministry of Science, Research and Economy 2014b)

Settlement permits may be issued to immigrant investors and business owners, except in the case of business investors who do not apply for residence in Austria but feature only in National Bank figures or as temporary residents. In the Austrian legislation two legal categories of Austrian settlement permits to third country migrants can be subsumed under ‘business migration’: the settlement permit excluding gainful employment and the Red-White-Red- card (RWR-card) for self-employed

key workers. The respective applicants may be granted a settlement permit on the basis of one or the other following criterion:

- In case of settlement excluding gainful employment the applicant has to prove a regular monthly income.
- In case of the RWR-card for self-employed key workers the self-employed occupation carried out in Austria has to bring about macro-economic benefits that go beyond the personal operational benefit. One such criterion for macro-economic benefits is a “sustained transfer of investment capital to Austria”.

Accordingly, financially independent individuals and their family members, who can prove a regular monthly income, e.g. Austrian or foreign pensions, profits from enterprises abroad, income from assets, savings or company shares, equalling twice the amount of the standard rates of the General Social Insurance Act (ASVG) may apply for a settlement permit excluding gainful employment. In 2014, the threshold was 1,715.46 euros for singles, 2,572.06 euros for couples, and 264.68 euros extra for each child.

The eligibility criteria for a “RWR-card for self-employed key workers” encompass both, immigrant investors and immigrant business owners. Third country nationals can apply for this category of RWR-card if

- the intended occupation involves a sustained transfer of investment capital to Austria,
- the intended occupation creates new jobs or secures existing jobs in Austria,
- the settlement of the key worker involves the transfer of know-how and the introduction of new technologies, respectively,
- the key worker’s company is of considerable significance for the entire region.

In contrast to the RWR-card categories for salaried employment, there is no point system in place for the so-called self-employed key workers under the RWR-card scheme. The major criterion is that their self-employed activities generate:

“overall economic benefit ..., especially with regard to the associated transfer of investment capital and/or the creation and securing of jobs” (§ 24 Foreign Worker Law - AuslBG).

The assessment of the macroeconomic benefits is carried out by the Regional Public Employment Service (LMS). There are no additional criteria than those mentioned above (transfer of investment capital, job creation, know-how transfer, regional importance) upon which a RWR-card as self-employed key worker may be issued to a third country citizen. The only documents to be submitted when applying are: “documents which allow an analysis and evaluation of the market and competitive situation and the headquarter location, including a detailed description and the objectives of the intended professional undertaking”. (Federal Ministry of Labour and Social Affairs/Federal Ministry of the Interior 2014b)

It is up to the LMS to establish if the qualifications and competences needed for the proposed self-employed activity are given. The LMS assesses whether the suggested activity is a self-employed activity or not. It is helpful if the applicant can prove experience in running a business or if he/she had a prosperous business in the country of origin. This can be part of the documentation when applying for the RWR-card, together with a business plan, such that the LMS may establish the conformity with legal requirements.

The general practice is that a potential investor turns to the first point of contact, the Austrian Business Agency (ABA), i.e. the national investment promotion company, to enquire about the requirements to obtain the right to establish a business in Austria. The ABA may help to draw up an analysis of the expected macroeconomic benefits of the intended investment/business in Austria. The applicants of an RWR-card for self-employed key workers can enclose this document in their application to the LMS. Evaluations of the outcome of proceedings are not publicly available.

In case of wanting to establish a business which is regulated, evidence of the qualification necessary for the self-employed professional activity has to be verified by the relevant trade authority which grants the licence (Gewerbeberechtigung). In addition, evidence of sufficient capital has to be provided. In the preamble of the amendment to the Foreign Worker Law a minimum of 100,000 euros is mentioned. (BGBl. I Nr. 126/2002) Practitioners observe that the minimum can differ between the provinces, i.e. the requirements set by the provincial LMS (AMS-Landesgeschäftsstelle). The requirements also depend on the legal form of the business, e.g. the minimum charter capital for a limited liability company (Gesellschaft mit beschränkter Haftung, GmbH) amounts to 35,000 euros. An Austrian bank account is required for the establishment of a business in Austria. Background checks are carried out by banks in case of doubts as to the origins of the money.

With the amendment to the regulations on the establishment of a business (Gewerbeordnung) in 2002, access of third country migrants to self-employment has been changed. The amendment had a positive effect on third country migrants wanting to establish a liberalised trade (Freies Gewerbe). From then on the only requirement has been a valid residence permit which grants the right to establish a business in the category of liberalised trades. This is in contrast to regulated trades where specific skills or competences have to be proven to become eligible to carry out a business. As a consequence, the number of licenses granted to third country citizens in liberalised trades increased substantially. In contrast, access to work in a regulated profession, e.g. as a medical doctor, or in a regulated trade continues to be difficult as the certificate or proof of competence may be difficult to obtain in case of the acquisition of these skills in a third country. (Biffel – Pfeffer – Skrivanek 2012)

According to the Austrian Business Agency (ABA) professional consulting services were given to 228 companies, which located their business operations in Austria in 2013. The total investment volume amounted to 347.8 million euros. Flowing from these investments, 1,479 new jobs were created, according to ABA. Since its establishment in 1982, ABA had concluded projects attracting total investments of 6.9 billion euros, creating more than 47,100 jobs. The numbers reflect total investment, i.e. from EU and non-EU countries, and refer to both business migrant groups, immigrant investors and immigrant business owners.

As far as data are concerned, no data exist on business migration flowing from BIT and the numbers of settlement permits for business migrants as defined above are quite small: In the case of valid settlement permits for third country migrants which do not allow gainful employment 1,349 were registered at the end of 2013. The annual inflow amounted to some 250 persons in 2013. The number of such new permits is capped by a yearly quota; in 2013 it was set at 275. The number of valid settlement permits for highly skilled third country self-employed amounted to 787 persons in 2013; in the course of the year 2013 26 Red-White-Red Cards were issued for self-employed key workers. (Federal Ministry of the Interior 2014b) There is no information available on the basis of which criterion the persons were admitted (sustained transfer of investment capital, creation of new jobs or securing jobs, transfer of know-how/introduction of new technologies, or key worker's company has considerable significance for the region).

The acceptance rate of applications for self-employment is very low, amounting to 13% in 2010 and 11% in 2011. (Biffl/Bock-Schappelwein 2013) Accordingly, an enquiry into the reasons for the low acceptance rate was undertaken. The interviews with persons involved suggested that certain law firms specialise on helping potential business clients with the proceedings, suggesting that business migrants with poor means may face difficulties obtaining a settlement permit to establish a business in Austria.

Table 1 indicates the number of permits issued between 2009 and 2013. There has not been any significant change in numbers since the introduction of the RWR-card for self-employed key workers. In fact, this RWR category is a continuation of the previous model of settlement permits for self-employed key workers and continues to be marginal compared to other permit categories.

Table 37: Number of permits for business migrants per year, 2009-2013

Yearly issued permits by category	2009	2010	2011	2012	2013
Settlement permit – gainful employment excepted ⁴³	206	188	248	225	250
RWR-card for self-employed key workers	23	26	24 ⁴⁴	13	23
Residence permits for self-employed workers	8	9	19	14	8
Status change to RWR-card for self-employed key workers	5	2	3 ⁴⁵	2	3

Source: Fremdenstatistik 2009, 2010, Niederlassungs- und Aufenthaltsstatistik 2011-13, Federal Ministry of the Interior, http://www.bmi.gv.at/cms/BMI_Niederlassung/statistiken/

Management of business migration for settlement

Various political actors and institutions are involved in the promotion and management of business migration, namely: the Federal Ministry for Science, Research and Economy, the Federal Ministry of the Interior, the Federal Ministry of Labour and Social Affairs, the Federal Ministry for Europe, Integration and Foreign Affairs, as well as the Austrian Business Chamber, the Federation of Austrian Industries and the Austrian Business Agency. Furthermore, some Austrian provinces have their own agency, such as the Vienna Business Agency.

The Austrian Business Agency is the national investment promotion agency; it is the first point of contact for foreign companies aiming to establish their own business in Austria. It is owned and operated by the Republic of Austria and reports directly to the Austrian Ministry for Science, Research and Economy. ABA actively promotes business migration via:

- Regular activities in third country markets, specific events for potential business owners/investors with information on Austria as a business location in the framework of, e.g. Economic forums (Wirtschaftsforum), economic missions of Austrian stakeholders (visits of Ministers abroad accompanied by business missions)
- ABA Webpage (www.investinaustria.at), available in German, English, French, Italian, Chinese, Japanese, Russian,

⁴³ This number includes all titles issued, i.e. persons that could prove “adequate means of subsistence”.

⁴⁴ The Red-White-Red card was implemented 1 July 2011 and replaced the settlement permit for self-employed key workers. In 2011, 10 settlement permits for self-employed key workers (Niederlassungsbewilligung für selbständige Schlüsselkraft) and 14 Red-White-Red cards were issued.

⁴⁵ 2 changes to settlement permit for self-employed key workers, 1 change to Red-White-Red card for self-employed key workers.

- Cooperation with consultants in third countries that approach potential investors/business persons interested in establishing a company in Austria.
- Cooperation with actors that could spread information about Austria as a business location (tax consultants, lawyers),
- Brochures,
- special offices, e.g. ABA office in China.

Once a potential business migrant wants to settle in Austria, procedures are quick and efficient in case of a RWR-card. In principle, processing should not take longer than 8 weeks. This concerns the screening of the application by the local residence authority and the assessment of the macro-economic benefits by the Labour Market Service. If applicants are required to obtain visa, they have to submit their application at the Austrian representation (embassy/consulate) abroad. If the application is complete, it takes a maximum of two weeks until the application reaches the domestic residence authority, i.e. the diplomatic courier leaves every two weeks. If the application is accepted, the Austrian representation informs the applicant accordingly. The applicant then has to apply for a visa in order to pick up the RWR-card at the relevant residence authority in Austria. Applications for a settlement permit without the right to work have to be submitted to the Austrian representation abroad, unless the applicant is entitled to visa-free entry. Hence, the same submission procedures apply as in the case of an RWR-card. The processing of the application differs, however. Processing may take up to 6 months. (Federal Ministry of Labour and Social Affairs/Federal Ministry of the Interior 2014a)

An additional motivation to set up a business in Austria may flow from preferential treatment when applying for Austrian citizenship, as Austrian citizenship may be awarded to individuals for “outstanding achievements that are in the interest of the Republic of Austria” (außerordentliche Leistungen im besonderen Interesse der Republik). In such cases no minimum period of residence in Austria is required. Between 2002 and 2011, between 17 and 39 persons annually were granted citizenships on the basis of „outstanding achievements“(Statistics Austria/Statistics of naturalisations). Due to attempted misuse no naturalisations were granted on that basis in 2012 and 2013. A politician was found guilty of passive corruption. He indicated to a Russian businessman that he had the option of Austrian citizenship in exchange for investment in Carinthia (the citizenship was to be “part of the game”). The politician also claimed that in case of investment “the usual 5 to 10 percent” should go to sponsoring his political party. (Der Standard 2012, Die Presse 2011) In response to a public outcry and legal proceedings, the criteria on the basis of which a fast track to Austrian citizenship can be granted have been redrafted in 2014. In 2014 and 2015 the issue was resumed with 47 and 21 grants of citizenship respectively. In addition to specified criteria, these cases have to be made publicly available. The criteria set up for this “fast track” to Austrian citizenship are the following (Federal Ministry of the Interior 2014a):

- Owner of a company or senior position with substantial influence in the company, board member is not sufficient.
- High economic performance of the company.
- Creation and protection of employment in the Austrian labour market to a relevant degree, especially in economically weaker regions in Austria.
- Substantial investment or projects of the company already implemented, a simple flow of capital is not sufficient.

- Reputation of the company abroad.
- Promotion of Austria's bi- or multilateral external relations in this economic sector.

The legal framework of migration and the gist of migration policy are not conducive to business migration. While the focus of migration policy is on persons and their residence status, investment and trade policy focus on monetary flows with no recognition of a potential need of regulation of periods of residence in Austria. In the case of business migration we are at the interface of two different regulatory mechanisms, labour market regulation versus trade regulation. The linkage of business migration with investment and trade is indicative of different institutional prerogatives not easily captured in residence and labour market data, in particular if temporary stays as opposed to settlement are at stake. Accordingly, little is known about the numbers of third country business migrants. Thus, the contribution of this type of migration to economic growth is difficult to capture.

The introduction of the point system may help pave the way for more transparency also in the specific case of business migration. We therefore provide a quick overview of migration policy and paradigmatic changes followed by specific cases of temporary business migrants who may work either under a migration regime (intra-company transfers) or under a trade regime (posted work).

Business migration, temporary residence

There is no explicit category of business visitors for establishment purposes (BVEP) in the Austrian migration policy set up. BVEP could be admitted as:

- Seconded employees: Foreign nationals employed in Austria by a foreign employer who has no registered office in Austria and whose employees are working in Austria exclusively in connection with short-term work, for which, due to its nature, domestic labour is not used, such as business negotiations, visits to fairs, conferences and the like (§ 18 Foreign worker law – AuslBG).
- Special senior executives “foreign nationals who occupy executive positions at board or management levels in internationally active groups or companies, or who are internationally recognised researchers, and whose employment serves to open up or improve sustainable economic relations or to create or secure qualified jobs in the federal territory, and who receive a monthly gross pay of generally at least 120 per cent of the maximum assessment basis pursuant to §108 (3) of the General Social Insurance Act (ASVG) plus special bonus payments.” (§ 2 (5a) AuslBG). They are not subject to the AuslBG (§ 1 (2) f).
- If the foreign company has already a subsidiary in Austria and a further branch should be established the BVEP could be admitted as a “rotational worker” (Rotationsarbeitskraft).

Temporary business migrants may also be intra-corporate transferees. They are referred to in the Austrian legislation as “rotational workers” (§ 2 (10) AuslBG). They are a strictly defined group of highly skilled workers from third countries whose work contract with their internationally operating employer designates them either

- as senior executives having been assigned to leading management functions with own terms of reference and responsibility, or
- as qualified employees assigned to corporate management and obliged to enter in-house training or further training (junior executives), or
- as representatives of foreign bodies representing stakeholder interests

and who are transferred (“Rotation“) within the enterprise to a specific place of assignment.

The admission process for rotational workers is rather complex. In a first step the employer has to apply for a “conditional assurance” (Sicherungsbescheinigung) at the local LMS. There the application is checked. If the requirements are met, the LMS issues a conditional assurance. Then the employer forwards it to the prospective rotational worker. For rotations that last more than six months, the prospective worker has to apply for a residence permit via the Austrian representation abroad. This has to be done within the validity period of the conditional assurance, which usually is 26 weeks (maximum 36 weeks).

The Austrian representation forwards the application for a residence to the respective residence authority in Austria. The latter checks whether the requirements for the issuance of a residence permit are met. If yes, it informs the Austrian representation, which then issues a visa to the applicant such that he or she can pick up the residence permit at the respective residence authority in Austria. Then the worker has to forward the residence permit to the employer who submits it to the local LMS together with the application for an employment permit. After the LMS has issued the employment permit, the rotational worker can take up employment in Austria. In practice, the rotational worker tends to reside in Austria after having picked up the residence permit at the domestic residence authority, i.e. there are “costs” for the business migrant while waiting for the LMS to issue the employment permit. It may not come as a surprise that the annual inflow and the extension of intercompany transfers is quite small with 379 permits issued in the course of 2013. If one includes the family members accompanying the ICT (438), their numbers rise to 817. In addition, 181 temporary residence permits were issued to third country migrants working as posted workers (Mode 4 services mobility). This is by no means a full account of the extent of temporary business migration as only stays beyond 6 months are captured in the alien register. (Table 12)

V Irregular migration

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

According to estimates by Kovacheva—Vogel (2009) the number of irregular migrants in Austria, i.e. of irregular residents, amounted to 18,000-54,000 in 2008. This means that 0.2% to 0.6% of total population were irregular migrants, and thus between 2.1 and 6.2% of all foreign citizens in Austria⁽⁴⁶⁾. 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.

⁴⁶ Database on Irregular Migration, HWWI - Hamburg Institute of International Economics, <http://irregular-migration.net/>

Table 38: Estimates of irregular migration in the EU-MS (2008)

Estimates of Irregular Foreign Migrants in Europe in 2008

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

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

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

Table taken from Biffi 2012: p59.

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

Various data sources provide a fragmented picture of the numbers and characteristics of persons residing illegally in Austria, e.g., apprehensions of persons entering or residing without proper papers, recorded by the Criminal Intelligence Services (Ministry of the Interior) or client data of NGOs and welfare institutions working in the field of migration and asylum (NCP 2005). These data can only serve as an indicator without, however, providing a clear picture of the actual numbers. Of the few estimates that exist, each refers to a particular group of migrants and status (irregular residence, irregular employment but regular residence, overstayers, change in purpose of entry, etc.) but does not encompass information on all aspects of this complex phenomenon. To give an example, *Biffi* (2002) estimates that among 6 to 15 year olds about 5,000 to 7,000 children and adolescents are residing in Austria without the adequate papers, by identifying differences in school enrolment data and the population register by citizenship. Other studies concentrate on the number of persons unlawfully residing and working in Austria (*BMI*, 2005), while others look at the number of persons in an informal employment status, while residence is legal, or still irregular residence due to human smuggling and trafficking (*BMI*, 2007/2008/2009/2010/2011/2012).

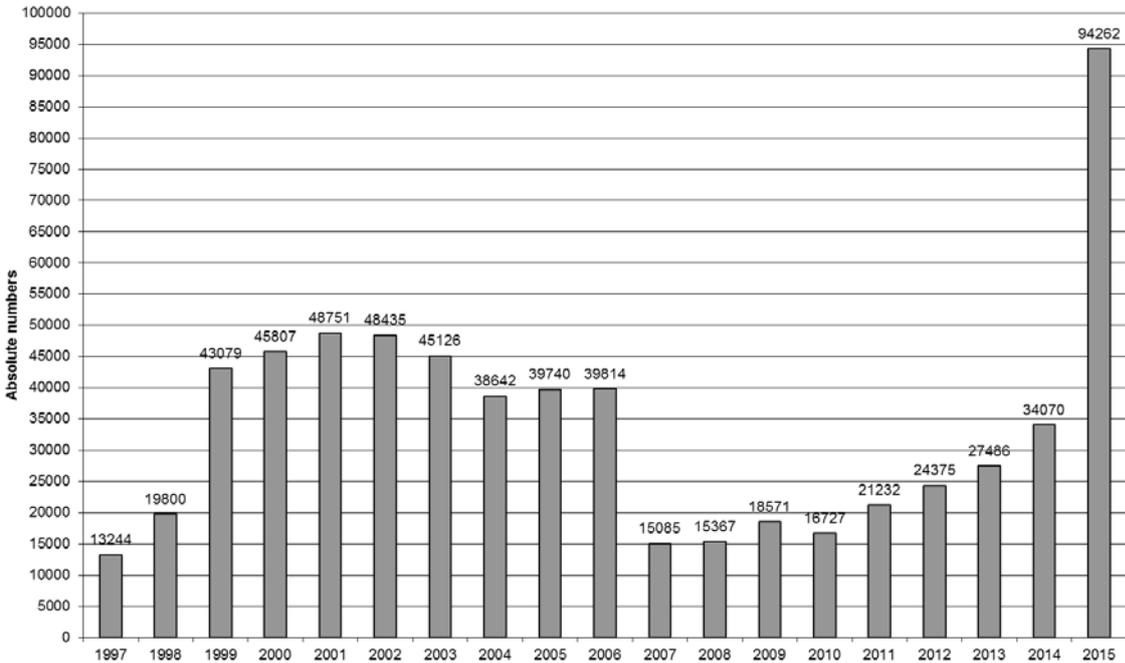
1 Unlawful entry and residence in Austria

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 2014. These numbers have risen between 1997 and 2001/2002, were they reached a peak with 48,800. The numbers declined thereafter somewhat to 39,800 in 2006. In 2007 the number of apprehensions took a deep dip to 15,100, where it remained until 2008 (*BMI*, 2005/06/07/08/09/10/11/12). Since then the rejections at the border declined further to 649 in 2015.

According to the annual report on organised smuggling of the Ministry of Interior (*Organisierte Schlepperkriminalität*), the numbers of apprehended persons (smuggled persons, unlawfully entering and/or residing persons) halved in 2007 versus 2006 and remained more or less at that level until 2010. In 2011, however, the number of apprehensions increased sharply by 27% to 21,200 and further to 24,400 in 2012 (+14.8%). This increase is largely due to the North-African (Arab) spring and the civil war in Syria which brought about large increases in migration and refugee flows. In 2013 and 2014 the number of apprehensions increased substantially such that by the end of 2014 34,070 persons were apprehended in Austria (+6,600 or 24% vs 2013). The boost in apprehensions is seen by the police as a result of the withdrawal of the International Security Assistance Force (ISAF) from Afghanistan⁴⁷ which resulted in a sudden increase of refugee flows from that area. As migration pressure built up in the Middle East, Austria experienced the spillover. **This made the year 2015 a special case. (Figure 53) In the course of 2015 a total of 94,300 were intercepted (+177% vs 2014). With the help of NGOs, private voluntary helpers and public administration the refugees were allowed to transit through Austrian territory from neighbouring countries in the East and Southeast to Germany, many of them without any registration or control of identity.**

⁴⁷ ISAF was one of the largest coalitions of countries and NATO's most challenging mission, lasting from 2003 to 2014. At its height, the force was more than 130,000 strong, with troops from 51 NATO and partner nations. At the end of 2014 Afghan security forces took over. For more see http://www.nato.int/cps/en/natohq/topics_69366.htm

Figure 53: Sum of apprehensions of persons unlawfully entering or residing in Austria

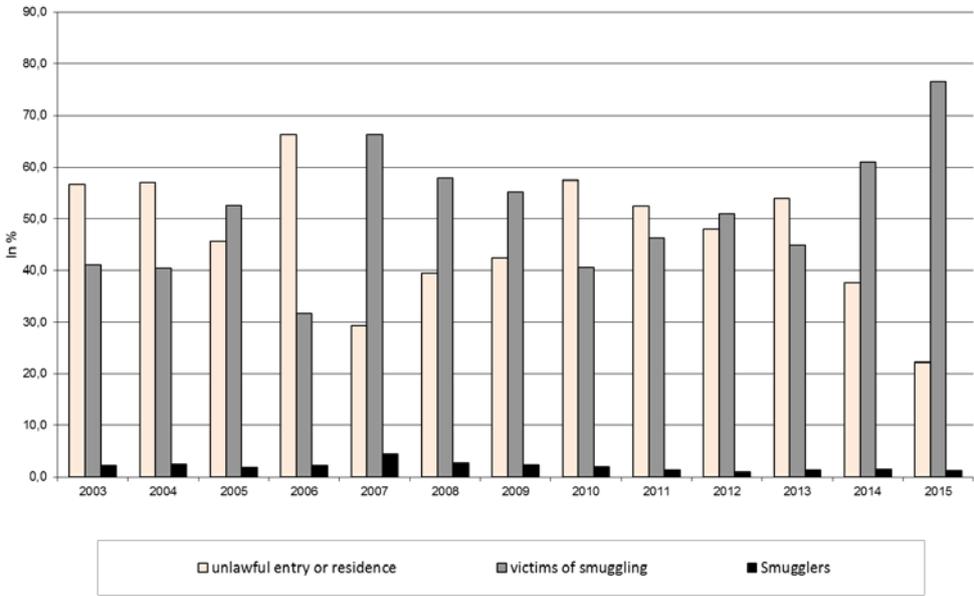


Source: Ministry of the Interior, Illegal Migration Report (Schlepperberichte 2006-2015).

The abrupt decline between 2006 and 2007 had been in the main the result of a decline in the number of apprehended persons from Romania, who since EU-membership of Romania (in January 2007) have the right to stay in Austria. Accordingly, not only the number of apprehensions declined but also the composition changed. It was above all the number of persons unlawfully residing in Austria which declined, reducing the share to 29 percent of all persons apprehended in 2007. Since then the number of apprehensions has risen and the share of apprehensions of unlawfully residing migrants has been unstable, dependent upon the numbers of apprehended smuggled persons; accordingly, in 2014, only 12,800 persons or 37.5% of the apprehended persons were unlawfully residing in Austria, while the numbers of smuggled persons rose to 20,800 or 61% of all apprehended persons. In 2015, the situation got out of hand. The numbers of apprehended smugglers more than doubled vs 2014, reaching 1,108. The smugglers tended to transport the refugees in closed delivery vans, often up to 80 persons in cramped circumstances. One particularly horrendous case made the public media in August 2015, namely the suffocation of 71 persons, some of them children, in a lorry which was intercepted in Austria close to the Hungarian border.

As far as smuggled migrants are concerned: their numbers have been fluctuating over time, from 12,600 in 2006 to 6,800 in 2010; they rose thereafter to the levels of 2006 in 2012 and beyond in 2013, 2014 and of course 2015. Accordingly, the proportion of apprehensions of smuggled persons has been quite volatile. In 2015 it amounted to 76.6%, after 61% in 2014 and 32% in 2006. The number of smugglers of human beings is smaller and has been declining from 2006 (864) to 2012 (to 235). Their numbers rose again, at first slowly and in 2015 abruptly to 1,108, making up 1.2 percent of all apprehensions in 2015. (Figure 54)

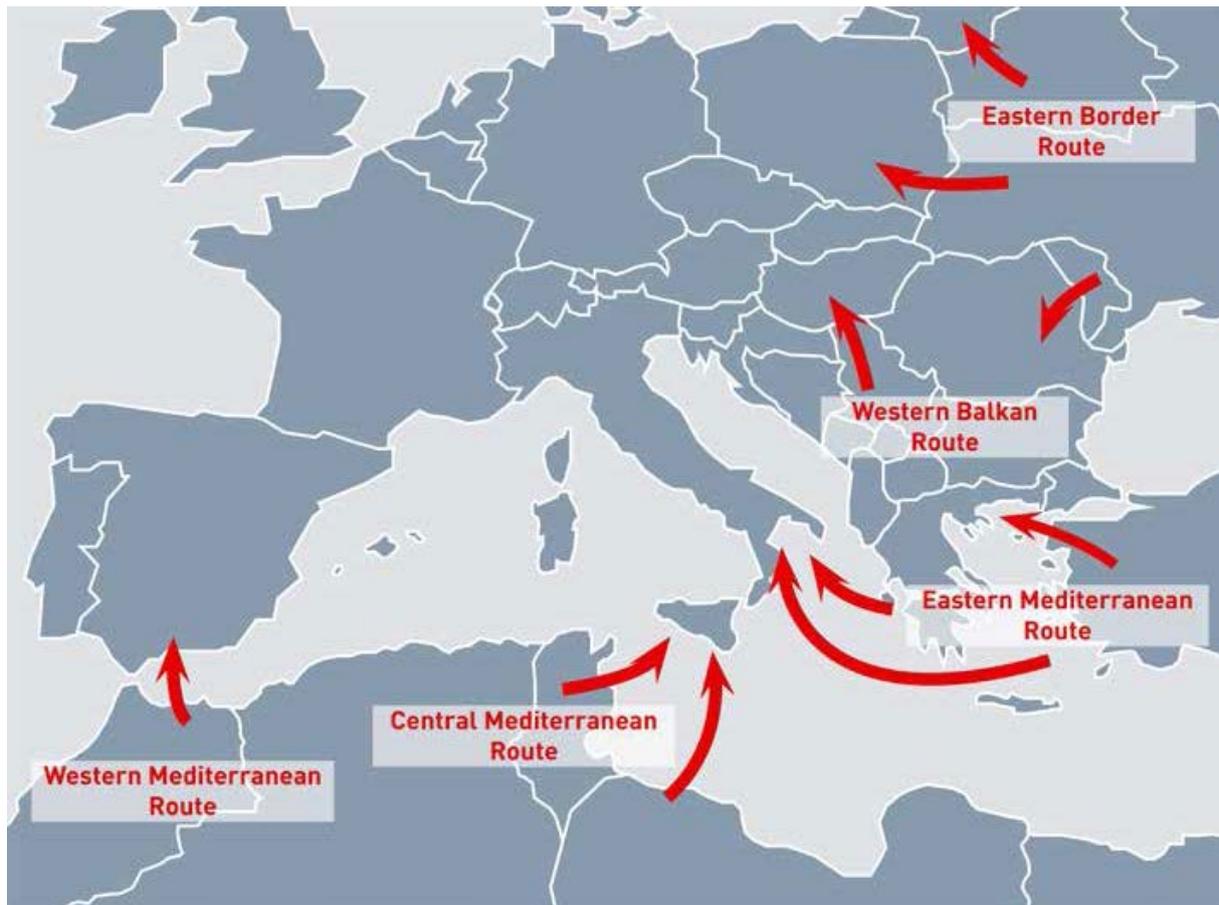
Figure 54: Composition of apprehensions of unlawfully residing migrants and smugglers in Austria (in %)



Source: Ministry of the Interior, Illegal Migration Report (Schlepperberichte 2006-2015).

In 2015, the main routes of unlawful entry into Austria were from Hungary (46.7% of all apprehensions) and Slovenia (15.9%). This means that the Western Balkan Route is the major source of smuggled migrants in Austria. (Figure 55) Preferred transportation of irregular entrants are the truck and car, followed by the train and airplanes. The preferred means of transport have not changed much over the years.

Figure 55: Main routes of smugglers



While apprehensions of persons from the Russian Federation and Turkey declined, the numbers of all others increased, in particular of Syrians, Afghans, Iraqis, Somalians as well as Kosovars.

The largest ethnic groups unlawfully residing in Austria were Syrians (4,100), followed by persons from Eritrea (3,169), Afghanistan (1,761), Iraq (1,556) and Nigeria (1,151). The major nationalities of smuggled persons were Syrians (21,500), Afghans (20,400), Iraqis (12,700), Iranians (2,700), Pakistanis (2,600), Kosovars (1,800) and Somalians (1,500). The majority of the smuggled migrants were men (77%), largely young or middle aged: 41% were 19-30 years old and 16% were 15-18 years old and another 16% were 31-40 years old.

In 2015, the major nationalities of smugglers were Serbs (190), Romanians (141), Hungarians (139), Kosovars (74), Syrians (62), Austrians (57), Iraqis (42), Bulgarians (35), Russians (30) and Pakistani (26). They are largely male (93%) and well represented in all age groups. As human smuggling is a well organised crime, administrative 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.

Figure 56: Major nationalities of smuggled persons 2015

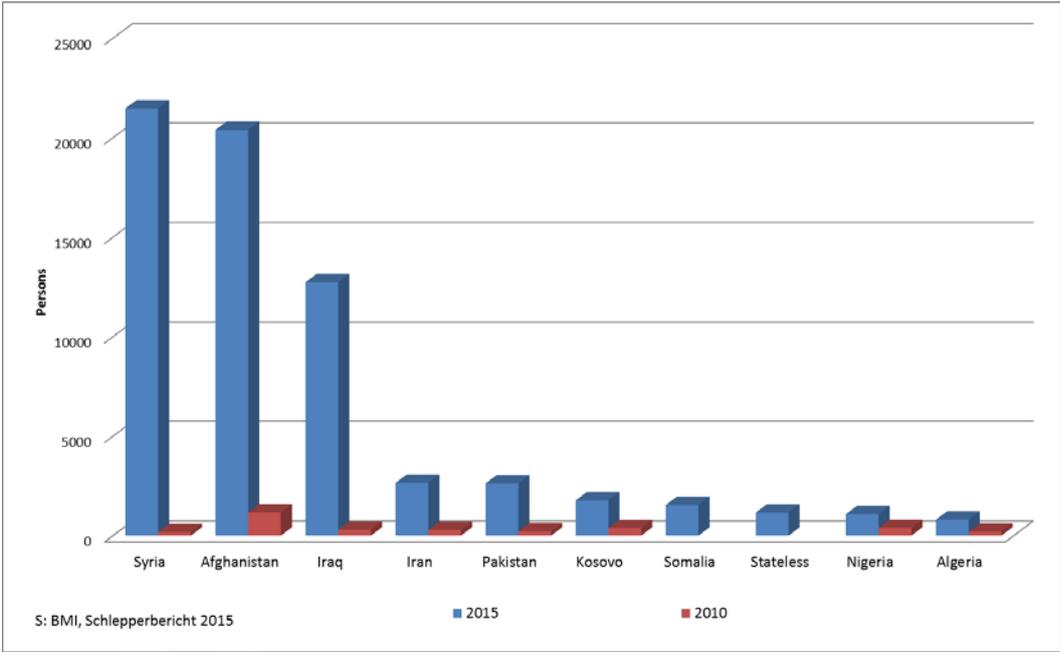
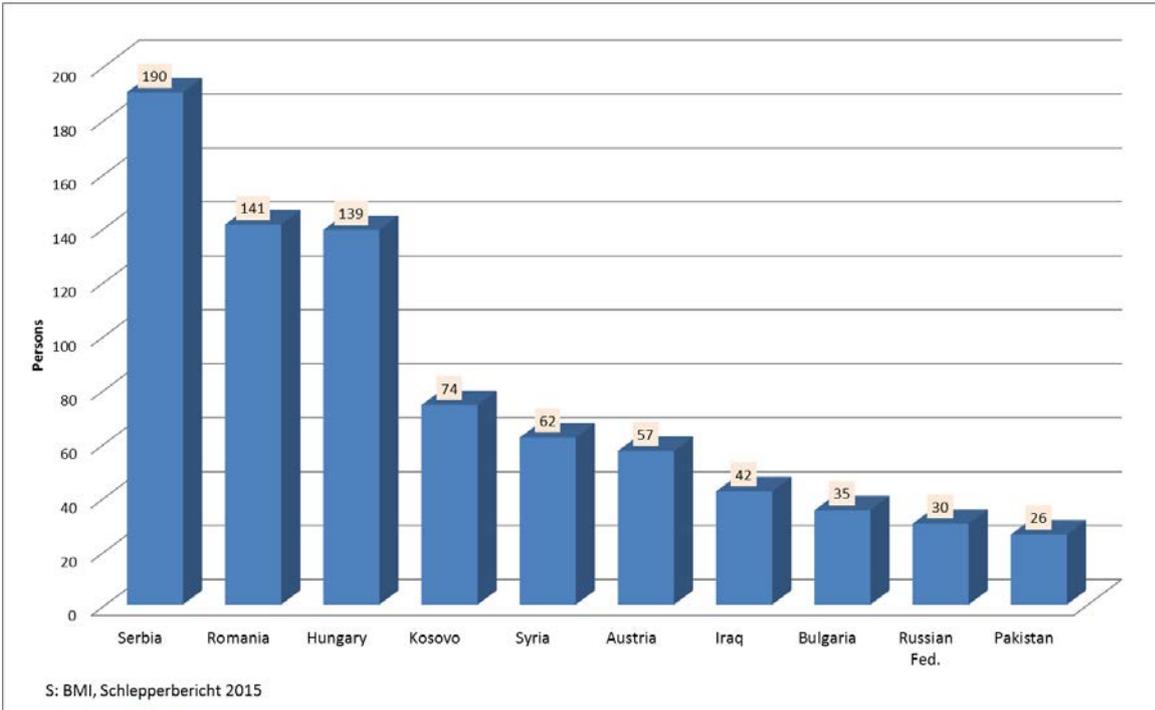


Figure 57: Major nationalities of smugglers 2015



In 2015, the bilateral cooperation with Czech, Slovak and Hungarian investigation authorities as to information exchange and analyses was intensified. The Austrian Central Service for Combating Human Smuggling and Human Trafficking was restructured in 2015 and staff numbers were raised. There are now three operational units and one unit responsible for information exchange and analyses. Austria continues to play a leading part in the projects coordinated by EUROPOL – EMPACT (European Multidisciplinary Platform against Criminal Threats).

Smuggling of human beings plays 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. One example of such a project was the operation *sunflower*, where Austrian and Bulgarian police captured smugglers who were smuggling Syrians in trucks loaded with sunflower seeds from Bulgaria, across Romania and Hungary to Austria. The destination countries were Germany and Sweden. The fee per person was 10,000 euro. The group of smugglers was successful in at least 21 tours carrying at least 500 Syrian refugees. In 2015, the most spectacular operation was *Mahmoud*, where Austrian police cooperated with Greece, Hungary, Serbia and Germany, under the coordination of Europol; in consequence, all in all 23 persons could be arrested who were involved in the criminal organisation *Jamal*, involving persons amongst others from Palestine, Algeria and Syria.

Austria has 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, 2015). 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.

2 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 (Biffi *et al.*, 2002), the majority of irregular migrant workers came from Poland or Slovakia on the one hand and the successor states of Former Yugoslavia on the other. Jandl, *et al.* estimate that illegal employment is most pronounced in construction and catering/tourism (with some 15% of total employment) as well as in agriculture (13%) (*ibid.*).

Ever since then, no comprehensive information has been made available on clandestine work by nationality. But some of the complex administrative procedures regarding access to the labour market of migrants from third countries (and for citizens of new EU-MS for as long as the transition regulations apply) have to be understood as instruments to combat clandestine work, in particular seasonal work in tourism and harvesting. The actual numbers of permits granted annually are in the order of 60.000 to 70,000 – for a limited time period, obviously. On an annual average the numbers are quite small in comparison though (5,600 in 2012 and 8,200 in 2011), taking into account that

some may only work a few weeks and have a tradition of coming to the same employer over years. While this system is efficiently **combating clandestine work, it also** makes sure that every **seasonal worker** has social security coverage during the period of work in Austria.

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

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

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

3 Alien police measures and forced return migration

Alien police measures entail a number of measures which may impact on migrants. The measures include expulsions, rejections at the border, refoulement cases, denial of residence etc. With EU enlargement the number of police measures halved, as citizens of the new EU-MS could settle in Austria. This explains why the decline was basically the result of a massive reduction of rejections at the border. They used to constitute half of the police actions. They could be reduced from 31,200 in 2006 to 7,600 in 2007 and further to 263 in 2012. They started to rise again slightly thereafter to 649 in 2015 (after 456 in 2014). In addition 6,798 irregular migrants were returned, largely because of illegal entry (5,900 cases).

In addition, police may issue visa at airports or other borders. This entailed 358 visa in total in 2015.⁴⁸ In 15 cases the issue of visa for Austria was denied.

⁴⁸ For more see Ministry of the Interior: Fremdenpolizei, Visawesen 2015.

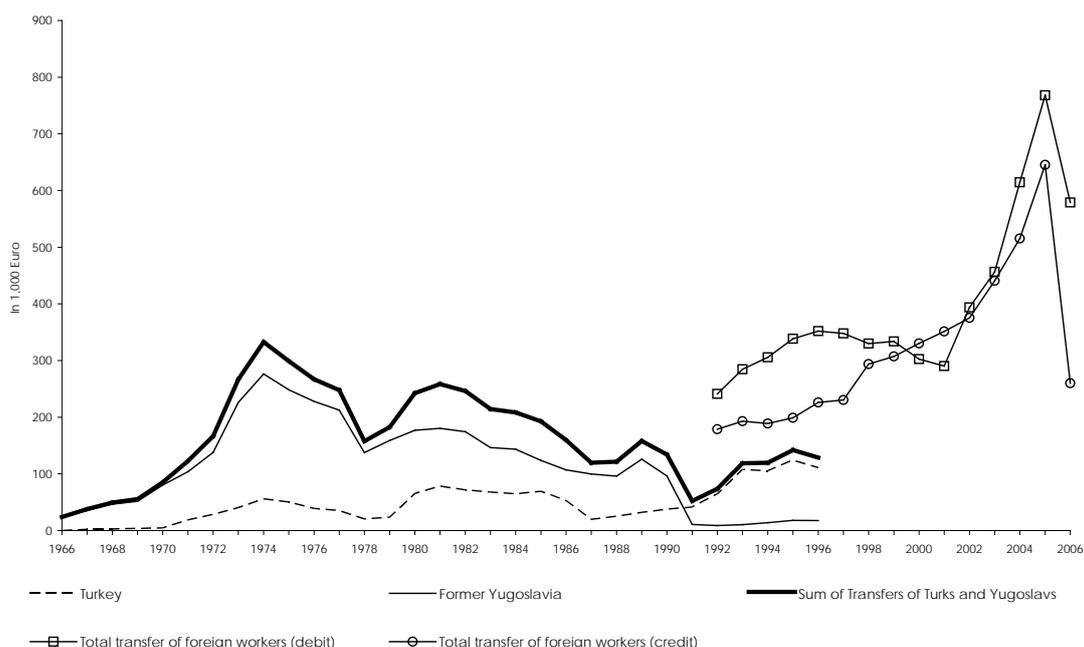
VI. Remittances of foreign workers

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 58)

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

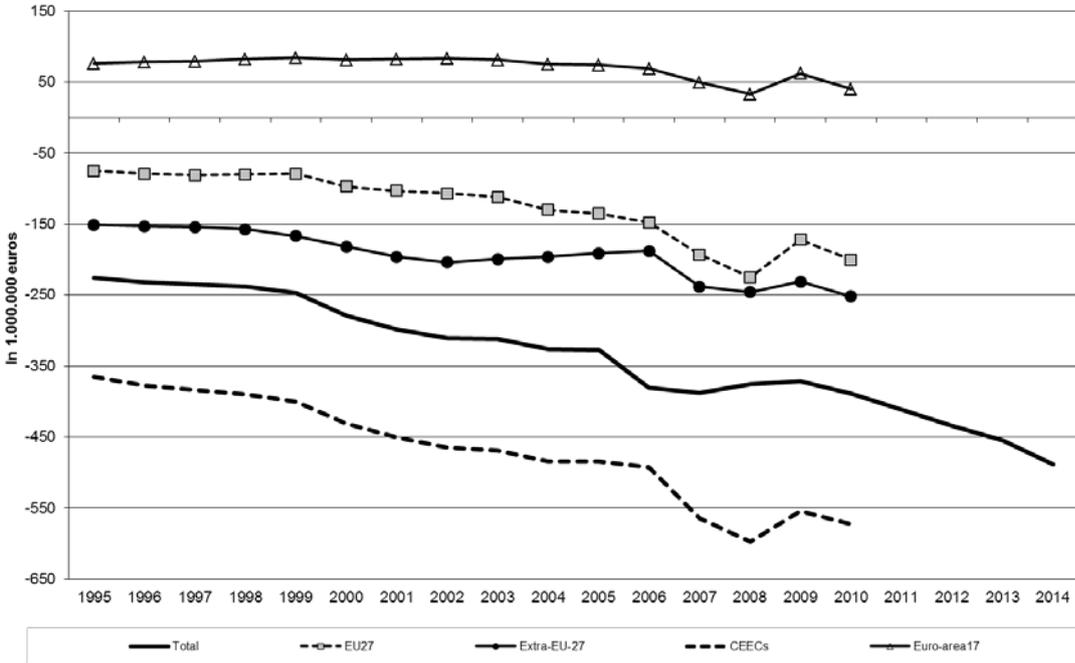


Source: Austrian National Bank (OeNB).

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 and further to 488 mill € in 2014. 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 59: Net financial remittances of migrants in Austria to their source regions in million € 1995-2014

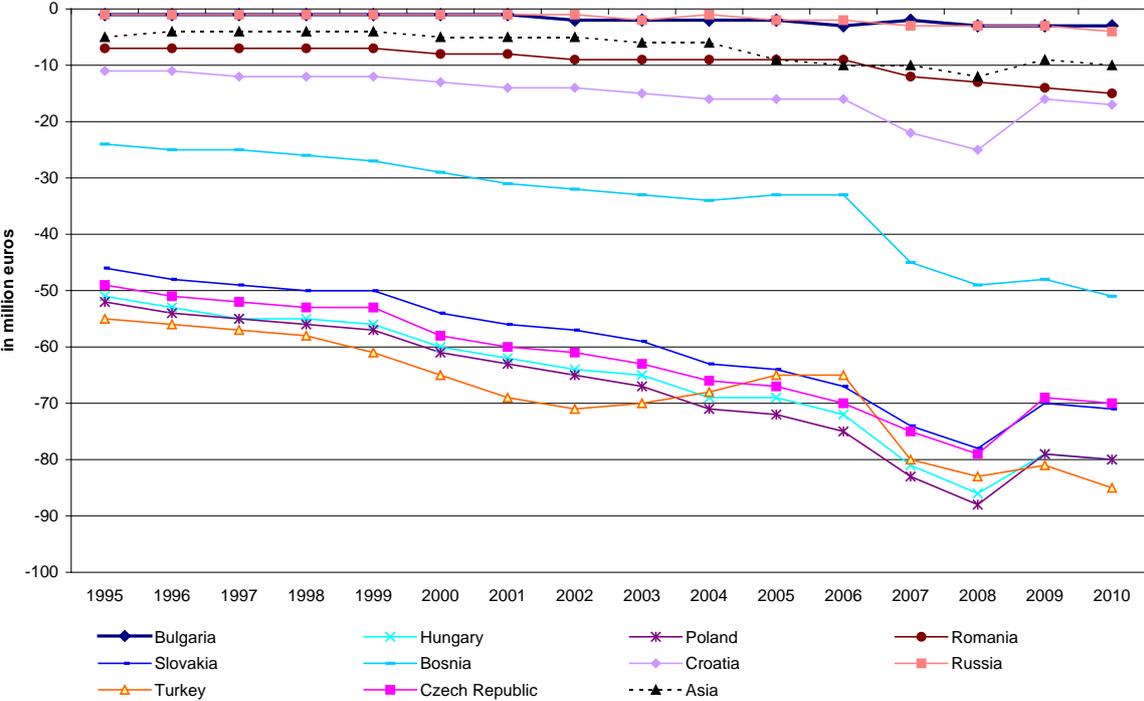


Source: Austrian National Bank (OeNB).

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 59 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 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; since then the net outflows have declined to 58 million € in 2014. 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 60: Net financial flows of migrants in Austria to their home countries in million Euros 1995-2010



Source: Austrian National Bank (OeNB).

VII. Integration of migrants

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

1 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 was 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. **In 2015 a law granting the right to accreditation/validation of one's skills and qualifications went into the houses of parliament for consultation. It came into effect in 2016.**

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.

In addition, in 2013, the Ministry of Europe, Integration and Foreign Affairs proposed - upon the advice of the expert council in integration (bmeia 2013) - to raise the minimum age for the

achievement of the compulsory school leaving certificate to 18 years. **The proposal led to the amendment of the Laws on education and training (Ausbildungspflichtgesetz - APfLG), which came into effect in the summer of 2016.** The objective of this amendment is to reduce the number of youth without a school leaving certificate, and to promote their propensity to engage in further education and training.

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.

As many nursery schools are privately run and as the qualification criteria of nursery teachers are not regularly controlled, the Minister of Integration, Mr Kurz, had some of the Muslim Kindergarten examined in 2015 (Aslan 2016).⁴⁹ The investigation into the quality of education and training indicated that some of the Nursing schools were run by Salafist organisations, indoctrinating children from an early age onwards, thereby enticing radicalisation. While the city of Vienna had not allowed access to all nursery schools in Vienna, they committed themselves to do so from now on. In 2016 the examination of nursing schools is extended to all provinces in Austria. The study is to be finalised by 2017.⁵⁰

2 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

⁴⁹ For more see ORF-reports <http://wien.orf.at/news/stories/2759923/>

⁵⁰ The research will be undertaken by Prof. Aslan (University of Vienna, Islam Studies, together with Susanne Heine (University Vienna, Theology Faculty), Maria Fürstaller (Univ. Vienna), Elisabeth Raab-Steiner (FH Campus Wien), Prof. Wolfgang Mazal (University Vienna) and Kenan Güngör. <http://tinyurl.com/zwz9455>

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 was complemented by the reform of migration policy towards a point based system of immigration (2011). 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.

In 2015 the implementation of a **structured welcome culture** has had a good start. Some provinces in Austria have developed a 'welcome check' for all local institutional actors, in particular the municipalities, the LMS, the education and training institutions, the various associations in the recreation field, the employers and their representatives as well as migrant associations. The objective is to promote the wellbeing of the whole communities and their actors, thereby hoping to attract skilled workers and entice them to settle. (Biffel et al. 2015)

In addition, an initiative of the Ministry of the Interior to welcome immigrants already in the source country has come into effect in cooperation with Turkey in 2014. Turkish citizens with the right to settlement in Austria (Family migration) receive reception information and advice in the Austrian embassy in Ankara thereby facilitating integration in Austria. The initiative runs under the slogan 'Integration von Anfang an' (Integration from the very beginning). As this integration service abroad is successful, it has been implemented also in Serbia (Belgrade) by the Ministry of Integration, European and Foreign Affairs.

Perhaps one of the most important policy initiatives to promote integration was the adaptation of the **Islam-Law in Austria**. It has taken some three years of public debate before the law, which dated back to the multicultural and multireligious Austro-Hungarian Empire, could be adapted. It came into effect in March 2015, ensuring the right to practice one's religion and specifying the rights and duties of the various Muslim denominations. The law was drawn up in close cooperation with the Muslim associations in Austria and accepted by them.

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.

3 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)

4 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 effectiveness⁵¹.

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 pacts⁵². 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).

⁵¹ For a first attempt to collect information about integration measures in the various regions see *IOM – BMI* (2005).

⁵² 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.

Migrant women and youth: the challenge of labour market integration

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

The integration of first and increasingly second generation migrants, particularly of women, has become a challenge in view of changing demands on migrant skills and a failure to promote the education of migrant children adequately. Research indicates that it is the combination of different immigration and welfare regimes which account for different employment opportunities of migrant women in the various EU-MS (Baldwin-Edwards 2002, Adsera & Chiswick 2004, Freeman 2004). Educational attainment and employment opportunity of migrant youth in contrast are largely determined by the education system and the role of social status of the parents for the educational outcome of their children, in addition to the capacity to speak the host language (OECD 2006A/B).

The employment opportunities of migrants depend to a large extent on their immigrant status, which tends to define the access rights to the labour market. For example, asylum seekers may or may not access work (depending on national immigration regime) while waiting for their case to be decided. In contrast, target workers (employer nomination scheme, intercompany transferees, seasonal workers etc.) are almost by definition employed. Settlers who are joining their partners (family formation or reunification) may adapt their employment behaviour to that of the host country, e.g. work in the formal or informal sector. 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 rate⁵³), encompassing regulations as diverse as wages, working hours and general working conditions. The bargaining system ensures that wages are in line with productivity developments, thereby stabilising inflation and ensuring economic stability (Fuess—Millea 2001, Aidt—Tzannatos 2001). As a result of the regulative density, wages in the formal sector in Austria do not differ much by nationality, as there is little room for different treatment of immigrants.

⁵³ The bargaining coverage is lower in most other EU-MS, ranging from 47% in the UK, 50% in Switzerland, 69% in Denmark to 89% in Sweden. (Aidt—Tzannatos 2001)

Women 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 system⁵⁴. (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.

5 Public opinion and discrimination

In order to provide a factual background for integration measures Austria has developed integration indicators and published them since 2009, the year of the drafting of the NAP.I, the National Action Plan for Integration. (Statistics Austria 2011/2012/2014/2015, 2016)⁵⁵ The set of indicators includes also an 'integration barometer', i.e. subjective feelings about the integration process on the basis of a sample survey of natives and migrants. The results of the opinion polls are showing signs of improvement until 2014. As a result of the massive inflow of refugees the atmosphere has deteriorated. Accordingly, in 2015 12.6% of the Austrians meant that integration was not working at all (compared to 12.5% 2014); but it is still better than in 2010, when 17.9% were of that opinion. However, 48.3% meant that integration was working more or less ok (compared to 40.5% 2014 and 27.2% 2010). The pessimistic views on the integration process were not spread evenly across socio-economic groups and regions. Men were more often than women inclined to judge integration as not working well. Older persons, persons with high as well as low educational attainment level are more pessimistic than persons with medium skills. The views are independent of the extent of contact with migrants, contrary to an often held hypothesis. The survey did not ask for the reasons for the views

⁵⁴ 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)

⁵⁵ Migration&integration: zahlen.daten.indikatoren 2016, Statistik Austria/öif/bmi,gfk, Vienna. <http://www.integrationsfonds.at/fileadmin/content/migrationintegration-2016.pdf>

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 91.1% (compared to 90.3% 2014). Only 5.8% of migrants do not feel at home at all in Austria, after 6.8% in 2014. The optimism of migrants relative to integration has increased over time and duration of stay. 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: 93.1% of persons from former Yugoslavia feel at home in Austria but only 87.8% of Turkish migrants, up from 81.6% in 2014. Turkish migrants feel increasingly at home in Austria. Accordingly, the former pronounced difference between Yugoslavs and Turks is starting to vanish.

The optimistic view of migrants relative to integration is highly correlated with their improvement of their personal living conditions in Austria. The proportion of migrants who state that their living conditions have improved between 2015 and 2010 remained fairly stable at close to 30%, but the proportion of those who experienced a deterioration declined (from 30.5% to 23.6%). The majority (47.3%) meant that their situation remained fairly stable over the last 5 years.

The proportion of natives who think that migrants are disadvantaged or discriminated is higher than the proportion of migrants who believe that they are always disadvantaged (20.9% versus 11.5%). There is a declining tendency of discrimination or feeling of being discriminated. The proportion of migrants who feel that they are discriminated against is highest for unskilled and poor persons and above all of Turkish migrants. In 2015, 18.6% of Turkish migrants say that they feel disadvantaged versus 7.2% 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. However, racist items and statements are increasingly supported by Austrians (5.7% in 2015 vs 2.5% a year ago) and unquestioning voices in favour of migration have declined as well to 13.5%, after 17% in 2014.

In order to promote equal treatment, the Ministry of Integration, European and Foreign Affairs has implemented a Hotline against discrimination, thereby hoping to empower migrants and non-migrants to inform about observed cases and helping.⁵⁶

⁵⁶ <https://www.bmeia.gv.at/integration/hotline-gegen-diskriminierung/>

VIII. Fiscal aspects of migration

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

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

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

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

In contrast, foreign workers pay into a public housing fund without very often being able to draw benefits from it as long as they are aliens. The legislation on these matters is regional and no

comprehensive statistical information is available on a national basis. (*Csasny— Hartig— Schöffmann 2000, Deutsch — Spielauer in Biffi et al. 1997, Biffi et al. 2002*)

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

The composition of migrants at a particular time informs us only about the balance of the social transfer system at that time. In order to know more about the longer term relationship, these partial analyses need to be complemented by dynamic process analyses. This calls for longitudinal data of migrants and natives over the life cycle. In such a generations model, it becomes necessary to take into account the number of children, their use of educational resources, the income of immigrants, their health status and their life expectancy. If, for example, an immigrant has no or only one child over the life cycle and earns an above average income, then he/she is a net contributor to the social budget during the working life. When entering retirement, the situation changes, particularly if the period of retirement is long. Simulations of various phases in life would need to be made for the various categories of immigrants, low income earners with many children, rich ones with few children, retirees staying or returning to their country of origin, etc., and compared with natives.⁵⁷

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

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

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

⁵⁷ Simulations of that kind (overlapping generations models) are starting to be undertaken in Austria see *Karin Mayr (2004)*.

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 Labour, Social Affairs and Consumer Protection (BMASK). Data on wage- and salary earners is from the Main Association of Austrian Social Insurance Institutions (HSV). The employment and unemployment data are easily accessible on a common data-platform (<http://www.dnet.at/bali/>), also time series. Data pertaining to the residence status of foreigners of third country origin are produced by the Federal Ministry of the Interior (BMI, FIS = Alien Register), similarly data on asylum seekers and refugees. Demographic data is provided by Statistics Austria.

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

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