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**SOPEMI Report on Labour Migration**

**Austria 2002-03**

**Gudrun Biffl**

**December 2003**

# **SOPEMI Report on Labour Migration**

**Austria 2002-03**

**Gudrun Biffi**

Annual Contribution of the Austrian Institute of Economic  
Research for SOPEMI

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# SOPEMI REPORT ON LABOUR MIGRATION

## AUSTRIA 2002-2003

GUDRUN BIFFL

Table of contents	Page
<b>Abstract</b>	<b>1</b>
<b>Introduction: The economy and the labour market 2002/2003</b>	<b>2</b>
<b>I. Migratory movements</b>	<b>6</b>
1. <i>Immigration and departure of foreigners</i>	7
A) Labour market flows	7
B) Entries and departures of refugees	20
C) Inflow of foreigners due to family reunion	24
D) Legal framework for family reunion of citizens of third country origin	33
2. <i>Emigration and return of nationals</i>	34
<b>II. Foreign residents and residents abroad</b>	<b>35</b>
1. <i>Foreign residents in Austria</i>	35
2. <i>Number of naturalisations</i>	40
3. <i>Development of mixed marriages</i>	43
<b>III. Employment and unemployment of foreign workers</b>	<b>46</b>
1. <i>Employment of foreign workers</i>	46
A) Alien policy measures	48
B) The structure of foreign workers by nationality and gender	50
C) Industrial structure of foreign employment	53
D) Regional distribution of foreign employment	55
2. <i>Unemployment of foreign workers</i>	57
A) Unemployment by occupation and industry	59
<b>IV. Remittances of foreign workers</b>	<b>62</b>
<b>V. Prospective development</b>	<b>64</b>
<b>VI. Statistical commentary</b>	<b>64</b>

## **Abstract**

Austrian economic growth improved only slightly in the year 2002 and reached only 1.1 percent on an annual average. In the current year economic growth will hardly reach 1 percent, but is expected to pick up again in 2004. In consequence, employment has declined by 0.5 percent in 2002, and will increase only slightly in the current year; it is expected to grow by 0.5 percent in 2004.

The employment of foreign workers was, given the economic growth slowdown, very favourable. Foreign employment increased by 1.6 percent in 2002 and is expected to continue to rise in 2003. The share of foreign workers in total employment was 10.6 percent in 2002 and will continue to rise in the current year. 11.8 percent of foreign employment accrues to citizens from the EU/EEA. Foreigners are profiting from the slowdown in labour supply growth of nationals, which is partly a result of population ageing partly a result of family policy.

There is no end to the growing inflow of asylum seekers; Kosovars were the major group in 1999, different Asian ethnic groups increasingly took over in 2000 and 2001. By the end of 2002 37.000 persons had applied for asylum in Austria. In the course of the current year the number of asylum seekers is continuing to rise beyond the levels of the past year as new problem regions surface. By the end of June a total of 14,800 persons applied for asylum in Austria. The majority of the asylum seekers are men (75 percent in 2002). Persons from the Russian Federation take the lead in 2003 (15.4 percent), followed by persons from Turkey (9.7 percent), India (9.3 percent), Afghanistan (9.2 percent), Serbia/Montenegro (7.7 percent), and Iraq (7.4 percent).

1998 marked the beginning of a new rise in the inflow of foreigners. The share of foreigners in the total population increased thus to almost 10 percent in 2002. The share of EU citizens in the total population is 1.4 percent.

In 2002 36,400 foreigners adopted the Austrian citizenship. The naturalisation rate (naturalisations in percent of foreign population) increased continually from 1997 to 2002 – from 2.2 to 4.3 percent.

Foreigners may enter Austria either as temporary or permanent residents. A relatively small number of the annual inflow of settlers and temporary residents is regulated by quotas. In the first half of 2003 some 43,300 resident permits were issued to citizens of third countries for the first time, only 8.8 percent of them on the basis of a quota regulation by the Federal Ministry of the Interior. 64 percent of all resident permits were granted for a temporary stay.

The regional dispersion of settlers and temporary resident 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.

A mid-year stock count (1 July 2003) of the number of valid residence permits showed a figure of 569,300. The number of persons with a residence permit granted on the basis of work only, amounted to 42,100, i.e., 7.4 percent of all residence permits. This was almost double the number of a year ago. The comparatively small inflow of migrants with a work title does not mean that migrant labour supply only rises to that extent. It only shows that targeting worker inflows is not really possible with the current migration policy instruments. The major inflow of migrants is the result of family reunion and on humanitarian grounds.

The amended legislation on migration, which came into effect in 2003, gives long term settlers more rights by granting them a settlement certificate (Niederlassungsnachweis), which has all the attributes of the American green card. In the first half of 2003 alone, 27,700 such certificates were issued.

In mid 2002 the Alien Law was amended. It introduced the possibility for industries with labour scarcities to employ a migrant of third country origin on the basis of a temporary employment contract. This amendment paves the way for the eventual integration of citizens from CEECs, who will become members of the EU shortly. After the lifting of barriers to free mobility of labour, new migratory paths may have developed resulting from temporary work experience in Austria. Economically integrated migrant workers may have better chances of social and economic integration, should they want to migrate with their families, than persons who have had no prior work experience in Austria.

### **Introduction: The economy and the labour market 2002/2003**

After a period of 3 years of uninterrupted strong economic growth in Austria from 1997 till 2000, an equally long phase of economic slow down set in in the second half of 2000. Consequently, economic growth reached only 0.7 percent in the year 2001, 1 percent in the year 2002, and is expected to remain below 1 percent in 2003. The main reasons are sluggish international economic growth, in particular of the main trading partners of Austria, and protracted weak domestic demand.

As to the international arena: the economic upswing in the USA in 2002 was short lived, Japan's economy remained in a state of crisis (for two decades by now), and economic growth in the European Union did not gain momentum after signs of improvement in the first half of 2002. Austria could keep pace with the EU economic growth average, even though Germany, Austria's trading partner number one, continues to have severe economic growth problems (+0.2 percent of GDP 2002 and only slightly more in 2003).

The weak international economic environment and the real effective appreciation of the Euro have a dampening effect on Austria's exports, one of the major driving forces for Austria's economic growth. During 2002, real merchandise export growth declined vs. 2001 from +7.5 percent to 4.2 percent, and is expected to slow down even further to 2.2 percent in

2003. Limited prospects for a rapid turnaround of foreign demand dampen investment in the export-oriented business sector. Consequently, import growth is weak, i.e., after a slight decline in 2002 an increase by 2 percent is expected in 2003. Thus, a current account surplus of 0.4 percent of GDP could be realised in 2002 (after a deficit of 2.2 percent of GDP in 2001). The surplus was short-lived, however. In the current year a balanced current account is expected, to be followed by a deficit as soon as economic growth and domestic demand will pick up in 2004.

Domestic demand remained below the long run development. It declined in 2002 due to negative investment growth (–4.6 percent vs. 2001). Consumption by private households was slack: it grew by 0.9 percent in real terms (after 1.5 percent a year ago). In the current year a slight pick up of growth is expected. Public sector consumption has stagnated in 2002 and will continue to do so in the current year.

In the current year investment is picking up slowly (+1.7 percent vs. 2002); construction investment is benefiting from higher spending on road and railroad construction; the building sector is also experiencing a move to the better, even though the upward movement is rather restrained.

A restrictive fiscal policy and a decline in employment put a brake on the increase of real disposable private household incomes (+1 percent). Real income per capita after taxes will decline the third year in a row in 2003. The main reasons for the decline in real income per capita are modest wage agreements and rising rates. The annual inflation rate is coming down to 1.8 percent in 2002 (after 2.7 percent 2001). In the current year a continued decline to 1.3 percent is expected.

Measures to consolidate the budget of the public sector succeeded to bring about a turnaround from a deficit to a surplus of 0.3 percent of GDP in 2001. This situation turned out to be short-lived, last but not least because of the slack economic development and rising unemployment. In 2002 a budget deficit developed and reached 0.2 percent of GDP; it is expected that the deficit will increase in the current year to around 1 percent of GDP.

Total employment (including self-employed and family helpers but excluding persons on parental leave and conscripts) amounted to 3.4 million in 2002; this was a decline by 11,200 or 0.3 percent versus 2001. Slack economic growth during 2002 was linked with a slight improvement of labour productivity growth to 1.5 percent (GDP/employed) after a stagnation in the year 2001. In the current year, productivity growth is expected to slow down again as GDP growth falls below 1 percent. Labour productivity is fluctuating considerably from year to year, while employment growth has remained rather stable up until the year 2002. In the current year, employment is going to increase slightly by about 9,000 or 0.3 percent versus 2002.

The major bulk of the employed are wage and salary earners; their numbers declined by 14,600 or 0.5 percent to 3.064 million (excluding persons on parental leave and conscripts) in 2002. In the current year, employment will increase by some 6,000 (+0.2 percent).

The employment of foreign workers has increased continuously since 1999. Thus, the employment decline in 2002 only hit nationals; foreign workers experienced only a slow down in employment growth in 2002 to +5,100 or +1.6 percent after +9,500 or +3 percent in 2001; foreign employment is expected to take a boost in the current year by some 14,000 or 4.2 percent as a result of the introduction of legislation modelled after the US-green card, which grants aliens of third country origin who have legally resided in Austria for 5 years, permanent residence status with the right to access the labour market without further need of a work permit.

The share of foreign workers in total employment is thus growing – from 10.5 percent 2001 to 10.6 percent 2002 – and will continue to rise in the current year. Foreigners are profiting from the slow down in labour supply growth of nationals which is only partly demographically induced; another reason are continued early retirement regimes in the public sector and the introduction of a child benefit system which contributes to the withdrawal from the labour market or reduction of working hours of young parents, in the main women.

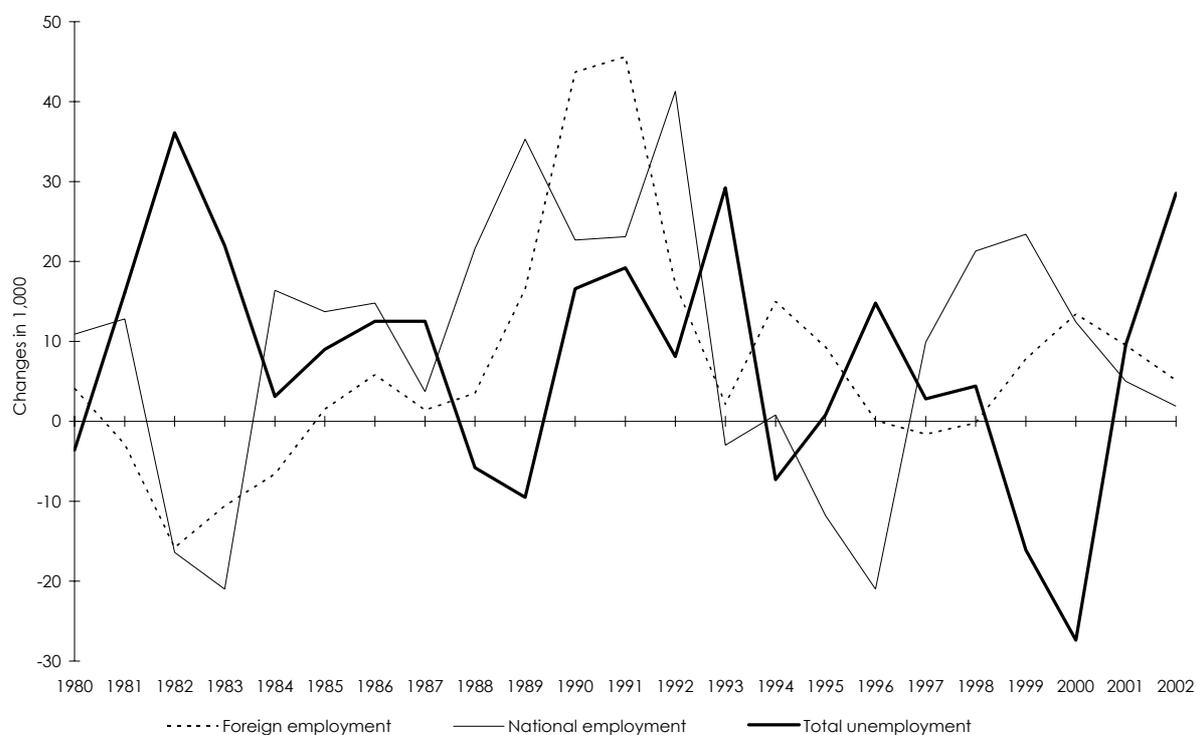
According to social security data, foreign employment (excluding self-employed and persons on parental leave) amounted to 334,400 in 2002 (5,100 or 1.6 percent more than a year ago). This data includes EU citizens – their numbers have continually risen since Austria's EU membership. In the year 2002 39,400 EU citizens were employed in Austria, i.e., 11.8 percent of foreign employment. The employment of foreigners of third country origin, i.e., non-EU citizens, has declined between 1996 and 1998 but increases since 1999. Accordingly, the number of workers of third country origin amounted to 295,000 in 2002 and will rise slightly in the current year.

Protracted slack economic growth was responsible for labour shedding in 2002, as labour hoarding in 2001 had resulted in an unsustainable stagnation of productivity growth. Unemployment increased as a result, in spite of declining labour supply growth. In 2002, 232,400 unemployed were registered with the labour market service, 28,500 or 14 percent more than 2001. The unemployment rate of wage and salary earners, i.e., the traditional national calculation of the unemployment rate which excludes the self-employed from the labour supply base, amounted to 6.9 percent, 0.8 percentage point more than in 2001. In the current year, unemployment is expected to rise by some 8,000 to 240,000; the unemployment rate of wage and salary earners should not rise above the level of 2002.

The labour supply of foreign workers increased during 2002 by 10,600 to reach an annual average of 370,600. The unemployment rate of foreigners rose to 9.8 percent, after 8.5 percent 2001. In the current year, unemployment of foreigners continues to increase, in the main as a result of the rising labour supply of permanent foreign residents and increased inflows of seasonal workers from abroad.

Figure 1: National and foreign labour

1980-2002



Source: WIFO.

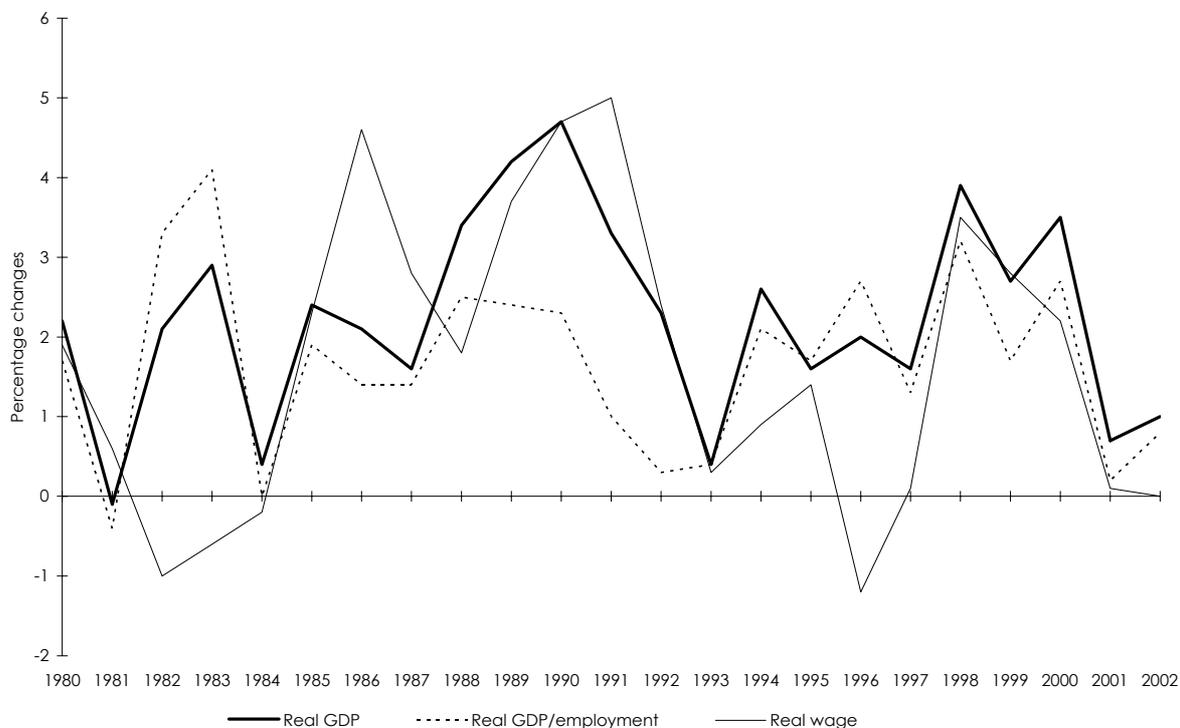
Table 1: National and foreign labour force (wages and salaries)<sup>1</sup>

	Annual average 2002	Change 2001/2002		Change 2000/2001	
		Absolute	Percent	Absolute	Percent
Total labour Force <sup>2</sup>	3,295,929	+13,940	+0.4	+23,217	+0.7
National labour Force	2,925,366	+3,297	+0.1	+8,905	+0.3
Foreign labour Force	370,563	+10,643	+3.0	+14,312	+4.1
Total employment <sup>2</sup>	3,063,511	-14,595	-0.5	+13,648	+0.4
National employment	2,729,079	-19,714	-0.7	+4,184	+0.2
Foreign employment	334,432	+5,119	+1.6	+9,464	+3.0
Total unemployment	232,418	+28,535	+14.0	+9,569	+4.9
National unemployment	196,287	+23,010	+13.3	+4,720	+2.8
Foreign unemployment	36,131	+5,524	+18.0	+4,849	+18.8
		2002	2001	2000	
Total unemployment rate		7.1	6.2	6.0	
National unemployment rate		6.7	5.9	5.8	
Foreign unemployment rate		9.8	8.5	7.5	

Source: WIFO calculations. – <sup>1</sup> Excluding self-employed and family helpers, for whom data is not available on a continuous basis. <sup>2</sup> Excluding formerly employed persons who are currently on parental leave or military service.

Figure 2: Macro-economic indicators

1980-2002



Source: WIFO.

## I. Migratory movements

The scope of flow analysis of migration is in the main limited to administrative data. Detailed flow data exists for certain groups of migrants, in particular foreigners of third country origin, be they asylum seekers or foreign workers. Flow data is the result of institutional procedures linked to the planning and monitoring of foreign employment (of third country origin) and, more recently, of family reunion. With the introduction of a more universal legislation on aliens (since mid 1993, revised 1997, amended 2002), flow data on family reunion of non-EU-citizens is becoming available. Different quotas according to residence status are decided upon by the governors of the federal states together with the Federal Minister of the Interior and the Federal Minister of Labour on a yearly basis. The inflow of foreigners is differentiated by status, the main categories are:

- a) Foreign workers (seasonal and annual workers, cross-border workers and commuters), wage and salary earners or self-employed;
- b) Family reunion;

- c) Foreign students;
- d) Refugees;
- e) Others.

Administrative procedures in the migration field are guided by two regulatory institutions – the Federal Ministry of the Interior and the Ministry of Economic Affairs and Labour. While the former regulates the inflow and resident status of immigrants and short-term movers, the latter regulates access to the labour market. The interaction and co-ordination of policy concerning migrants is laid down in the law. The Chancellery has the position of a mediator in certain situations.

## **1. Immigration and departure of foreigners**

### *A) Labour market flows*

#### **i) Entries of foreigners for work**

In the course of time a highly differentiated system of work permits for different purposes and status of foreigners according to past working time has developed. Initial work permits are issued to foreign citizens (since 1994 only those from outside the EEA/EU), either if they are entering the labour market for the first time ("first" issue, Erstantrag) or if they re-enter the labour market, after a period of unemployment (exceeding 6 months) or a change of work place ("new" issue, Neuaustrag). For the first time a work permit is issued to the firm and not the worker. After one year of work the status of the permit may be transformed into a permit issued to the foreign person (Arbeitserlaubnis), after five years of work to a permanent licence, which allows free mobility within the whole of Austria and marks the termination of firm/work control.

The "first" issue permit (Erstantrag) is only a weak indicator of the inflow from abroad since family members of foreign workers residing in Austria are also amongst this group, if they enter the Austrian labour market for the first time and are not eligible for the "green card". The second type of short term initial permits (Neuaustrag) indicates the degree of fluctuation of employment of foreign workers – a new, in contrast to a first, work permit is issued if the employing firm is changing or if employment with the same firm is interrupted for a certain period of time. In 1994 a break in the series of initial work permits (first entry plus re-entry) occurred as a consequence of Austria entering the European Economic Area (EEA). From 1994 onwards only non-EEA-citizens (third country citizens) need a work permit in Austria, thus reducing the total number of work permits.

Table 2: Initial work permits for foreign workers 1980-2002

Sum of permits over the year

	Male	Female	Total
1980	58,535	36,886	95,421
1981	49,811	32,123	81,934
1982	34,699	22,535	57,234
1983	32,676	19,998	52,674
1984	34,249	20,990	55,239
1985	37,645	22,602	60,247
1986 <sup>1)</sup>	31,087	19,731	50,818
1987	28,401	18,411	46,812
1988	31,931	20,158	52,089
1989	49,686	28,183	77,869
1990	123,052	52,202	175,254
1991	115,170	54,321	169,491
1992	94,963	49,206	144,169
1993	60,114	36,568	96,682
1994 <sup>2)</sup>	46,623	29,232	75,855
1995	35,264	20,863	56,127
1996	32,199	19,682	51,881
1997	32,839	19,900	52,739
1998	29,118	18,619	47,737
1999	27,269	18,421	45,690
2000	24,390	19,913	44,303
2001	28,549	21,580	50,129
2002	29,274	20,207	49,481

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

The total number of initial work permits amounted to 49,500 (sum of permits over the year) in the course of 2002. This was a stagnation of the number of initial work permits versus 2001. Somewhat more men entered the labour market than a year ago and fewer women. 40.8 percent of all initial work permits issued to foreigners in 2002 went to women.

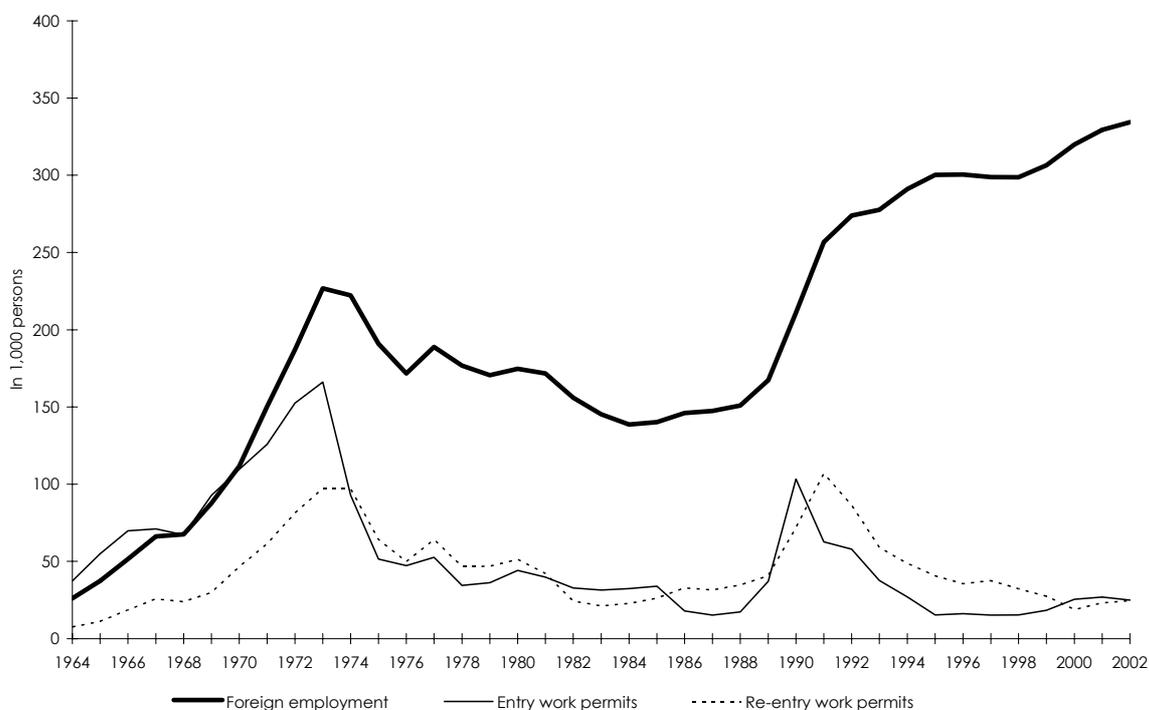
A dis-aggregation of initial work permits into first entry and re-entry permits shows that employment fluctuation of foreign workers increased and that the number of first entries into the labour market declined by 2,000 or 8 percent. The number of first entries into the labour market, be it from abroad or from within the country, amounted to 24,900. 58 percent of the first entry permits were issued to men, in the main seasonal workers from abroad. Since second generation migrants, who have attended the Austrian school system, are eligible for a permanent licence since 1992 they are not counted among the first issue-holders anymore.

Chances of third country foreign workers to enter the labour market have thus deteriorated somewhat in 2002. The number of re-entry permits has increased, however (by 1,400, 6 percent) to 24,600, indicating a higher labour turnover of foreign employment in 2002.

A graph can better clarify the different aspects of the work permit system and its linkage to the stock of foreign employment. First entry permits used to have a high correlation with the development of total foreign employment until 1990. Only in periods of rising demand for

foreign workers does the issue of first entry permits increase. As employment of foreign workers stabilises, other forms of permits take over and regulate continued employment. "New" or re-entry permits mirror active and passive labour fluctuation of foreigners. Job fluctuation occurs in the wake of seasonal employment with intermittent unemployment phases in Austria or across the border (export of seasonal unemployment/inflow of seasonal labour) or in case of transfer possibilities of a permit from one firm to another in order to improve job aspects. There is a clear cyclical component to job fluctuation permits. In phases of economic upswing job fluctuation increases as better job opportunities arise, in recessionary phases job fluctuation declines. In the recent economic decline the typical decline in re-entry did not take place.

Figure 3: Entry and re-entry work permits and total foreign employment  
1965-2002



Source: Austrian Labour Market Service.

Until 1997 severe restrictions on the recruitment of foreign workers prevented the activation of foreign employment through market forces. Since 1998, however, a stabilisation of employment, i.e., a decline in re-entry work permits, and a rise in first work permits, i.e., entry permits into the labour market took place. The year 2000 marked a renewed increase in first entry permits, basically as a result of a renewed intake of foreign workers from abroad, in the main seasonal workers in tourism and agriculture. In the year 2002 no further rise in first entries took place, instead fluctuation of jobs increased.

Table 2a: Initial work permits for foreigners (sum of permits over the year

	Total (first entry + re-entry)	First entry	Of which: youth of 2 <sup>nd</sup> generation	Of which: seasonal <sup>1</sup>
Male				
1987	28,401	9,671	1,204	.
1988	31,931	10,701	728	.
1989	49,686	24,376	373	15,919
1990	123,052	74,503	375	19,854
1991	115,170	41,654	18	11,867
1992	94,963	35,904	1	12,347
1993	60,114	21,914	-	9,582
1994 <sup>2</sup>	46,623	15,058	-	-
1995	35,264	9,138	-	-
1996	32,199	9,590	-	-
1997	32,839	9,185	-	-
1998	29,118	9,206	-	-
1999	27,269	10,719	-	-
2000	24,390	13,313	-	-
2001	28,549	15,231	-	-
2002	29,274	14,463	-	-
Female				
1987	18,411	5,581	764	.
1988	20,158	6,689	492	.
1989	28,183	12,845	280	8,427
1990	52,202	28,892	252	6,416
1991	54,321	20,988	26	5,734
1992	49,206	21,962	6	8,025
1993	36,568	15,750	-	6,253
1994 <sup>2</sup>	29,232	12,080	-	-
1995	20,863	6,275	-	-
1996	19,682	6,679	-	-
1997	19,900	5,998	-	-
1998	18,619	6,204	-	-
1999	18,421	7,589	-	-
2000	19,913	12,126	-	-
2001	21,580	11,741	-	-
2002	20,207	10,467	-	-
Total				
1987	46,812	15,252	1,968	.
1988	52,089	17,390	1,220	.
1989	77,869	37,221	653	24,346
1990	175,254	103,395	627	26,270
1991	169,491	62,642	44	17,601
1992	144,169	57,866	7	20,372
1993	96,682	37,664	-	15,835
1994 <sup>2</sup>	75,855	27,138	-	-
1995	56,127	15,413	-	-
1996	51,881	16,269	-	-
1997	52,739	15,183	-	-
1998	47,737	15,410	-	-
1999	45,690	18,308	-	-
2000	44,303	25,439	-	-
2001	50,129	26,972	-	-
2002	49,481	24,930	-	-

Source: Federal Ministry of Economics and Labour; Austrian Labour Market Service. – <sup>1</sup> Less than 6 months. – <sup>2</sup> Break in the series as a consequence of entry into the EEA; from 1994 onwards only non-EU-members need a work permit in Austria, thus reducing the number of total work permits.

Citizens of the EEA/EU have to apply for an identity card, which is issued along EU guidelines, if they want to reside in Austria. Residence is granted if the EEA/EU-citizen can prove that he/she has found legal employment, either on his/her own account or as dependent employee. The residence permit expires after 5 years, unless it has been issued for a shorter period of time. On request the permit may be extended for another span of 5 years. In case of unemployment the residence permit may be limited for 1 year.

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

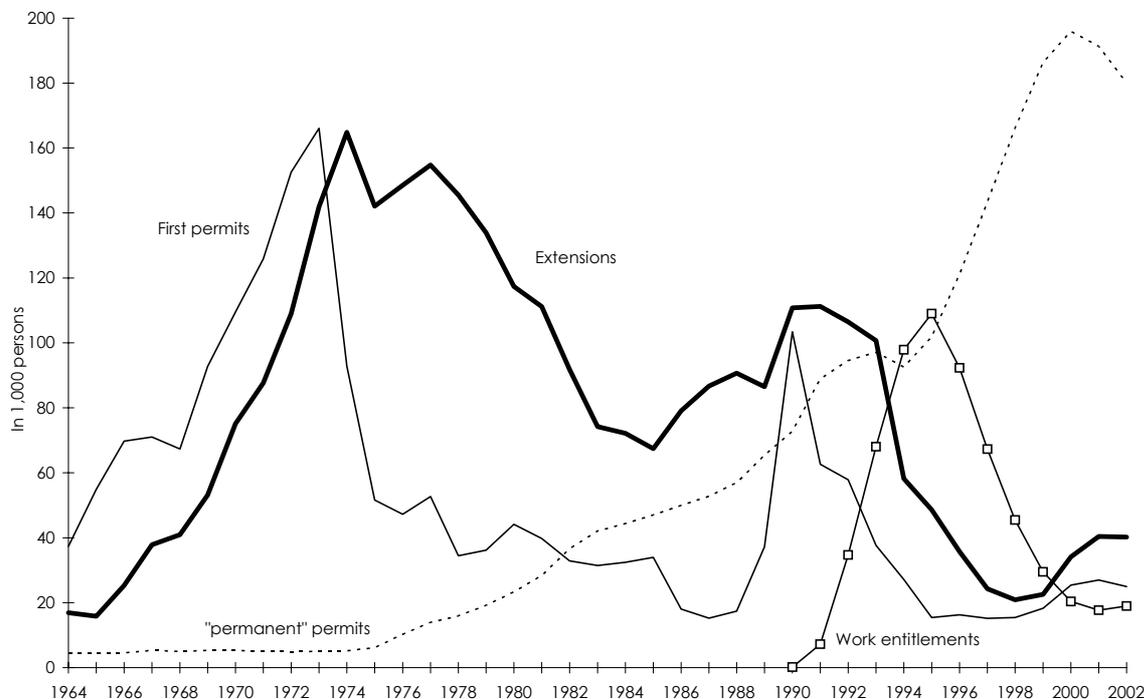
The extension of work permits (Beschäftigungsbewilligung, always granted to the firm for a particular job) mirrors the cyclical and structural medium- to long-term labour market demand for foreign workers. In the 1960s and 1970s the extensions followed the first entry permits with a lag of one year. In the early 1980s, as structural labour market problems led to a continued rise in unemployment, the number of extensions started to decline. Those foreigners, who could apply for Austrian citizenship or a "permanent" work permit, due to their long duration of work in Austria, did so increasingly. Others who were in firms with declining employment could not count on an extension of their permit and had either to return home (export of unemployment in case of insufficient duration of work to allow long-term unemployment benefit) or consume unemployment in Austria. A graph clarifies the relationship between extensions, first permits and increased integration through permanent permits (issued to the person after 5 years of employment) and the rapid rise of work entitlements (issued to the person after 1 year of employment) since the introduction in 1990. The increasing security of employment of the second wave of foreign workers, who entered the labour market at the end of the 1980s and early 1990s, becomes evident in the transformation of work permits into work entitlements and eventually, after 1995, into permanent licences.

The statistical break in the series of extended work permits due to the lifting of the requirement of permits for citizens of the EEA/EU took place in 1994. Ever since then the number of extensions of work permits declined and reached the lowest level ever in 1998 with 20,900 extensions. After that year of decline, the number of extensions began to rise again until 2001, at what point they had doubled versus 1998. In 2002 the numbers remained stable at that high level.

The declining trend in the number of extensions was the result of a transfer of employment permits (Beschäftigungsbewilligung) to a "more secure" work permit in terms of worker rights, i.e., work entitlement or permanent licence, the moment it was possible. As the entry of family members into the labour market is becoming easier, both as a result of the onset of labour scarcities as well as due to efforts to foster the integration of family members of migrants, who have been residing in Austria for some time, the number of extensions of entry permits rises again. In 2002, 60.7 percent of all extensions were granted to men.

Figure 4: First permits, extensions, work entitlements and permanent permits

1965-2002



Source: Austrian Labour Market Service.

Work permits are issued to the firm in order to allow the labour inspectorate to control the working and living conditions of foreigners when they first enter the labour market – to ensure fair and equal treatment and control for social and labour market dumping. As soon as a foreigner switches to a work entitlement (*Arbeitserlaubnis* – after one year of continued legal employment) or a "permanent" licence (*Befreiungsschein* – after 5 years of legal employment) he/she may move freely on the labour market; work site controls are not possible in that case anymore. Foreigners have to register in the district of residence (magistrates) and provide information about the housing conditions as well as the residence status (since mid 1993). The law requires a certain minimum living space per person in the household, which may be ascertained by the police, one reason being the control of clandestine/illegal foreigners and the protection of foreigners against exorbitant rental rates. The original intention of the regulation of the minimum living space had been, to ensure that firms, who employed foreign workers, also provided the customary living conditions. Now that foreign workers have to find their own housing, this part of legislation may turn against the foreign worker. Given the fact that foreigners do not have access to council housing in all provinces

of Austria (e.g., in the city of Vienna), a rather small segment of housing is available to poor foreign workers, which tends to drive up rents for low cost housing.

Table 3: Extended work permits for foreign workers 1980-2002

Sum of permits over the year

	Male	Female	Total
1980	69,628	47,739	117,367
1981	64,961	46,201	111,162
1982	53,843	37,959	91,802
1983	40,465	33,708	74,173
1984	40,586	31,596	72,182
1985	37,791	29,694	67,485
1986 <sup>1</sup>	47,118	31,948	79,066
1987	53,175	33,486	86,661
1988	56,234	34,438	90,672
1989	55,332	31,194	86,526
1990	75,73	35,098	110,828
1991	76,211	35,01	111,221
1992	70,726	35,751	106,477
1993	65,934	34,741	100,675
1994 <sup>2</sup>	36,131	22,08	58,211
1995	29,425	19,179	48,604
1996	22,117	13,635	35,752
1997	14,931	9,385	24,316
1998	12,713	8,143	20,856
1999	13,667	8,893	22,560
2000	20,379	13,705	34,084
2001	23,446	17,003	40,449
2002	24,373	15,803	40,176

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

### iii) The nationality – mix of foreigners with a work permit

The annual average of short term work permits in the year 2002 was 30,000, 1,100 or 3.6 percent less than 2001. This number encompasses first entry and re-entry permits plus extensions and provisional permits (if the administrative procedure for the issue of a permit surpasses a certain time span, the foreigner has the right to work on a provisional basis). The number of short-term work permits started to decline in 1992 as a result of the consolidation of employment of the new wave of foreign workers and later also of refugees, who entered Austria in large numbers between 1989 and 1992. As labour supply started to dry up in 1999 permit numbers of foreign workers of third country origin increased again. The labour market control instruments in place ensure that labour scarcities which could hamper economic growth do not arise. Entry controls for newcomers of third country origin into the labour market are one such instrument. There is a cap on foreign employment of third country origin as a proportion of total employment.

Table 4: Total short term work permits<sup>1</sup>  
Annual average 2002

	Male	Female	Total
Total	18,165	11,786	29,951
Eastern Europe	7,954	3,632	11,586
of which:			
Poland	1,387	527	1,914
Hungary	3,309	1,237	4,546
Former Czechoslovakia	2,095	946	3,041
Romania	518	487	1,005
Others	10,211	8,154	18,365
of which:			
Rest Yugoslavia	2,181	2,033	4,214
Croatia	1,307	1,580	2,887
Slovenia	644	391	1,035
Bosnia	1,689	2,212	3,901
Macedonia	373	184	557
Turkey	1,794	790	2,584

Source: Austrian Labour Market Service. – <sup>1</sup> Includes: first entry, re-entry, extensions, provisional.

Of the total number of so-called third-country citizens requiring a work permit the proportion of persons from CEECs is increasing. In 2002 11,600 or 38.7 percent came from Central and Eastern European countries, in particular from Hungary (4,500), the region of former Czechoslovakia, in particular Slovakia (3,000), Poland (1,900) and Romania (1,000). The number of permits has increased above all in the case of Hungarians. The total number of short term work permits for Central and Eastern Europeans increased by 1,600 or 15.7 percent versus 2001.

Of the remaining 18,400 short term foreign work permits the major share went to citizens of the former region of Yugoslavia. The major numbers pertain to persons of "Rest-Yugoslavia" (4,200 or 23 percent of the 'other' short term work permits), and Bosnia (3,900 or 21 percent). The number of short term work permits increased for every major group of foreign nationals.

#### iv) Work entitlements and long-term work permits

The evolving pattern of work permits demonstrates the changing legal status of foreigners as their duration of employment in Austria is extended. The residence status is linked to the work status of the foreigner. In the course of the 1970s the yearly increase of persons with a "permanent" licence<sup>1</sup> amounted to 1,400 on average. The growth rate picked up to an average yearly increase of 4,600 in the 1980s and gained momentum in the early 1990s. In 1994 a statistical break due to Austria's membership in the EEA took place, resulting in a slight decline of permanent licence holders. The decline in the number of "permanent licence holders" could not be significant, given that only 7 percent of the foreign work force were

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<sup>1</sup> A permanent licence allows free movement on the labour market; such a permit is valid for 5 years and makes a foreigner eligible for a residence permit valid for 5 years.

citizens of the EEA in 1994. From the low of 1994 the number of permanent licence holders increased again continuously until 2000. In 2001 the number started to decline and came down to 180,000 in 2002, as more and more foreigners, who entered Austria in the early 1990s, become eligible for Austrian citizenship. 66 percent of all permanent licence holders are men. Foreign men tend to have more stable employment conditions than foreign women<sup>2</sup>.

In 2003, the alien law has been amended and granted to settlers not only the right to permanent residence but also the right to work either as wage and salary earner or as self-employed, without having to apply for a work permit. This meant that many 'permanent' licence holders applied for the new type of identity card ("green card") with the authorities of the Ministry of Domestic Affairs and dropped out of the licence system of the Labour Market Service/Ministry of Economic Affairs and Labour. The option of a green card is going to contribute to a continued decline in the number of 'permanent' work licence holders.

Apart from permanent licences another type of permit is issued to the person (rather than the firm for a particular job), i.e., the work entitlement (Arbeitserlaubnis) – a permit obtainable after one year of work in a particular firm (Beschäftigungsbewilligung). It allows free movement of labour within federal state boundaries (Bundesländer). The number of work entitlements peaked in 1995 with 109,100 permit holders. Ever since then the number declined, as more and more people became eligible for a transfer to a permanent licence which allows free labour movement within the whole of Austria. As a result of the consolidation of foreign residence and employment, the inflow into work entitlements is losing momentum. In 2002 an annual average of 20,000 work entitlements were issued, 1,300 or 7.3 percent more than 2001. The share of men is slowly coming down to 46.7 percent of all work entitlements, after 65 percent 1997 and 71 percent 1995 – this is also a consequence of the increased settlement of the last wave of foreign workers, which was predominantly male. As family reunion followed suit, entry of the spouses into the labour market is the logical next step of integration and settlement in Austria.

The total number of work permits, short term and longer-term, amounted to 231,400 on an annual average in 2002, i.e., it declined by 10,900 or 4.5 percent vs. 2001.

Of all permanent licence holders 65.8 percent were men, somewhat more than in the case of short-term work permit holders (60.6 percent). The proportion of citizens of Central and Eastern European countries has been rising from the early 1990s to 1998; ever since then a slight decline set in (1995: 5.4 percent of all permanent licenses, 1998: 14.3 percent, and 13.1 percent in 2002). Thus, a renewed inflow of work migrants from CEECs has set in towards the end of the 1990s, which may be short term in character, it could also be the beginning of a renewed increase of migration with the intent of residing longer in Austria, however.

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<sup>2</sup> For an in-depth analysis of the probability of continued employment on the basis of longitudinal social security data see *Biffl (2000) Zuwanderung und Segmentierung des österreichischen Arbeitsmarktes, Ein Beitrag zur Insider-Outsider Diskussion*, in K. Husa, Ch. Pamreiter, I. Stacher (Eds.), *Internationale Migration, Die globale Herausforderung des 21. Jahrhunderts?*, Brandes und Apsel/Südwind (HSK 17), Frankfurt a. M./Wien.

Table 5: "Permanent" licences and work entitlements, provisional work permit

Annual average

	Permanent licences		Work entitlements		Provisional work permit <sup>1</sup>
		Of which: male <sup>2</sup>		Of which: male	
1980	23,352	17,405			
1981	28,387	20,871			
1982	36,628	26,811			
1983	4,206	29,424			
1984	44,407	30,303			
1985	46,986	3,139			
1986	49,954	3,254			
1987	52,764	34,002			
1988	5,692	37,177			
1989	65,406	40,983			
1990	72,763	45,293	174	152	56
1991	8,886	55,878	7,238	5,594	431
1992	94,578	59,627	34,726	26,564	223
1993	<u>97,085</u>	<u>6,077</u>	<u>68,005</u>	<u>50,899</u>	<u>259</u>
1994	92,562	58,328	9,787	7,184	355
1995	101,855	65,334	109,051	7,777	202
1996	121,179	80,912	92,327	62,881	920
1997	143,387	97,722	67,318	43,563	4,471
1998	166,052	11,312	45,472	27,351	4,058
1999	186,312	125,346	29,524	16,889	1,053
2000	195,866	130,493	20,399	11,233	1,558
2001	191,316	126,222	17,685	9,051	2,239
2002	179,952	118,379	18,974	8,852	2,570

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

Table 5a: Permanent licences 2002

Annual average

	Male	Female	Total
Total	118,379	61,572	179,951
Eastern Europe	17,670	5,912	23,582
of which:			
Poland	4,790	1,554	6,344
Hungary	5,073	1,023	6,096
Former Czechoslovakia	4,245	1,665	5,910
Romania	2,848	1,280	4,128
Others	100,709	55,660	156,369
of which:			
Rest Yugoslavia	31,175	24,065	55,240
Croatia	13,300	7,480	20,780
Slovenia	3,681	1,105	4,786
Bosnia	20,296	11,224	31,520
Macedonia	2,925	622	3,547
Turkey	25,700	9,528	35,228

Source: Austrian Labour Market Service.

Table 5b: Work entitlements 2002

Annual average

	Male	Female	Total
Total	8,852	10,122	18,974
Eastern Europe	872	1,104	1,976
of which:			
Poland	167	236	403
Hungary	126	114	240
Former Czechoslovakia	165	198	363
Romania	161	353	514
Others	7,980	9,018	16,998
of which:			
Rest Yugoslavia	1,977	2,321	4,298
Croatia	799	1,396	2,195
Slovenia	80	83	163
Bosnia	2,722	4,213	6,935
Macedonia	158	186	344
Turkey	972	338	1,310

Source: Austrian Labour Market Service.

The majority of permanent licence holders are, of course, still persons originating from former Yugoslavia, whereby the largest numbers pertain to Serbs, i.e., persons from 'Rest-Yugoslavia'. 2002 55,200 permanent licence holders from this region were counted, 30.7 percent of all permanent licences. The second largest nationality group of permanent licence holders are Turkish citizens: 35,200 or 19.6 percent of all permanent licences in 2002. Bosnians (31,500) and Croatians (20,800) are the other two ethnicities with large and increasing numbers of permanent licence holders.

The nationality-mix of foreigners with work entitlements is a reflection of the wave of foreigners entering Austria in the beginning of the 1990s, in particular the refugees from former Yugoslavia. Of the 19,000 work entitlements in 2002, only 10.4 percent went to citizens of Central and Eastern European countries. Of the remaining 17,000 the major group was from Bosnia; this is a reflection of the favourable situation of Bosnians in terms of labour market integration (36.6 percent of all work entitlements). Serbs and Croatians account for another 34.2 percent of all work entitlements.

The differentiation of newly issued "permanent" licences by eligibility status shows the different routes of integration into the Austrian society and their relative importance. Out of a total of newly issued long-term permits of 15,500 in the course of 2002 7,000 or 44.9 percent were issued on the basis of 5 years of work in Austria, and 5,800 or 37.5 percent on the basis of second generation of migrants. Marriage to an Austrian is more or less automatically linked with the issue of a permanent licence (a certain duration of stay or cohabitation is required). Starting 1997 the number of permanent licence holders increased also as a result of the association agreement of Turkey with the EU. This EU-legislation has been introduced into the Austrian body of the foreign worker legislation (article 4c/2 AuslBG). Of the 15,500 new permanent licences about 14 percent were the result of the EU-regulation of favoured nation status of Turkish citizens.

Table 5c: New issue of "permanent" licences (sum over the year)

	Male	Female	Total
Total			
1993	8,359	6,103	14,462
1994 <sup>1</sup>	6,408	3,556	9,964
1995	19,214	7,762	26,976
1996	28,682	11,158	3,984
1997	29,797	12,677	42,474
1998	24,793	16,934	41,727
1999	17,503	12,701	30,204
2000	13,509	10,001	23,510
2001	12,058	8,207	20,265
2002	9,244	6,236	15,480
According to: Employment of 5 years			
1993	4,032	2,209	6,241
1994 <sup>1</sup>	4,859	2,221	708
1995	17,351	6,095	23,446
1996	26,594	9,486	3,608
1997	27,144	10,559	37,703
1998	1,856	943	2,799
1999	13,439	8,596	22,035
2000	8,447	5,846	14,293
2001	6,381	4,099	10,480
2002	4,420	2,538	6,958
Marriage with Austrian			
1993	2,577	2,479	5,056
1994 <sup>1</sup>	75	76	151
1995	46	42	88
1996	81	80	161
1997	122	122	244
1998	173	152	325
1999	150	176	326
2000	201	221	422
2001	220	285	505
2002	270	245	515
Second generation			
1993	1,750	1,415	3,165
1994 <sup>1</sup>	1,474	1,259	2,733
1995	1,817	1,625	3,442
1996	2,007	1,592	3,599
1997	2,531	1,996	4,527
1998	2,763	2,320	5,083
1999	2,826	2,368	5,194
2000	3,331	2,816	6,147
2001	3,398	2,779	6,177
2002	3,212	2,593	5,805
Association Agreement of Turkey with EU			
1997	2,890	2,932	5,822
1998	3,297	5,032	8,329
1999	1,088	1,561	2,649
2000	1,530	1,118	2,648
2001	2,059	1,044	3,103
2002	1,342	860	2,202

Source: Federal Ministry of Economics and Labour; Austrian Labour Market Service. – <sup>1</sup> Break in the series as a consequence of entry into the EEA; from 1994 onwards only non-EU-members need a work permit in Austria, thus reducing the number of total work permits.

## v) The geographic distribution of work permits

In 2002, the number of initial work permits increased only in the regions bordering accession countries, i.e., Upper Austria, Lower Austria, Burgenland, Styria and Carinthia. This goes to show that cross-border commuting is a major source of new foreign labour from abroad.

As to the prolongation of work permits by region, it was again the federal states with long borders to eastern neighbours which have tended to consolidate the employment of citizens by granting extensions of the first permit. This goes to show that foreign workers could take advantage of employment opportunities even in times of economic slowdown.

Table 6: Geographical distribution of initial work permits for foreign workers

Sum over the year

	2001			2002		
	Male	Female	Total	Male	Female	Total
Vienna	4,495	3,156	7,651	3,750	2,392	6,142
Lower Austria	5,230	3,115	8,345	5,485	2,965	8,450
Styria	3,391	2,242	5,633	3,779	2,334	6,113
Carinthia	1,041	802	1,843	1,139	774	1,913
Upper Austria	3,923	2,518	6,441	4,498	2,349	6,847
Salzburg	3,059	3,145	6,204	3,003	2,987	5,990
Tyrol	4,711	4,450	9,161	4,598	4,080	8,678
Vorarlberg	1,333	1,278	2,611	1,235	1,150	2,385
Burgenland	1,366	874	2,240	1,787	1,176	2,963
Austria	28,549	21,580	50,129	29,274	20,207	49,481

Source: Austrian Labour Market Service

Table 7: Geographical distribution of extended work permits for foreign workers

Sum over the year

	2001			2002		
	Male	Female	Total	Male	Female	Total
Vienna	3,098	2,897	5,995	2,388	1,712	4,100
Lower Austria	6,208	3,289	9,497	6,897	3,378	10,275
Styria	4,388	3,250	7,638	4,821	3,326	8,147
Carinthia	570	506	1,076	663	465	1,128
Upper Austria	1,338	854	2,192	1,378	667	2,045
Salzburg	1,216	1,306	2,522	1,023	1,057	2,080
Tyrol	2,164	1,922	4,086	2,107	1,846	3,953
Vorarlberg	1,147	1,020	2,167	1,015	883	1,898
Burgenland	3,317	1,959	5,276	4,081	2,469	6,550
Austria	23,446	17,003	40,449	24,373	15,803	40,176

Source: Austrian Labour Market Service.

B) *Entries and departures of refugees*

i) **Entries of refugees**

Since the mid-1980s the number of asylum seekers rose at first steadily and towards the end of the 1980s abruptly – an experience Austria shared with other western European countries. By the end of December 1991 27,300 asylum seekers were registered in Austria. This was the starting point for a reform of the asylum legislation (Asylum Law 1991) – to a large extent induced by the intergovernmental co-operation within EU-member countries and the prospective new members to harmonise aspects of admission policies for foreign migrants in general and asylum seekers in particular. The reformed asylum legislation, which came into effect 1992, induced 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 procedure, have all added up to reduce the inflow of asylum seekers. By the end of 1992 only 16,238 asylum seekers were registered, –11,100 (–40.5 percent) versus 1991. The downward trend continued until 1993, when the rock bottom of asylum applications was reached, with 4,744 asylum registrations.

Table 8: *Asylum seekers in Austria 1952-2002*

1952	2,457	1978	3,412
1953	1,723	1979	5,627
1954	2,283	1980	9,259
1955	1,941	1981	34,557
1956	169,941	1982	6,314
1957	58,585	1983	5,868
1958	3,599	1984	7,208
1959	3,439	1985	6,724
1960	5,178	1986	8,639
1961	4,116	1987	11,406
1962	3,458	1988	15,790
1963	3,435	1989	21,882
1964	3,611	1990	22,789
1965	4,247	1991	27,306
1966	3,805	1992	16,238
1967	3,872	1993	4,744
1968	7,334	1994	5,082
1969	9,831	1995	5,920
1970	3,085	1996	6,991
1971	2,075	1997	6,719
1972	1,838	1998	13,805
1973	1,576	1999	20,129
1974	1,712	2000	18,284
1975	1,502	2001	30,127
1976	1,818	2002	36,983
1977	2,566		

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

In 1994 the number of asylum seekers started to rise again and plateaued around 1996 with 7,000 persons registering as asylum seekers. In 1997 a somewhat smaller number, i.e., 6,700, were registered. The reduction was only short-lived, however. In 1998 the number of asylum seekers rose to 13,800 by the end of December and took a further steep rise to 20,100 by the end of 1999. The invasion of Kosovo by Serbia and the resulting flight of Albanian Kosovars to neighbouring regions resulted in a new wave of refugees from the war stricken area of former Yugoslavia to Austria. There is no end to the inflow of refugees, even though a certain slowdown of refugee inflow set in in the course of 2000 to 18,300. By the end of 2001 a steep rise to 30,100 asylum seekers had taken place, as the crisis in Afghanistan drove people abroad to look for refuge. In 2002 the number of asylum seekers continued to rise to 37,000. 79.1 percent of all asylum seekers in 2002 were men.

Of all the asylum seekers in the year 2002 47.1 percent originated from Europe, in the main Turkey and Rest-Yugoslavia, 42.8 percent from Asia, in the main from Iraq and Afghanistan, and 4.9 percent from Africa, in the main Nigeria. Only a comparatively small number of asylum seekers originates from South America, in the main Columbia.

Table 9: Asylum seekers by gender and country/region of origin (31 December 2002)

		In percent of Asylum seekers
All Asylum seekers in 2002	36,983	
Men	29,266	79.1
Women	7,717	20.9
Originating from Europe	17,403	47.1
of which:		
Armenia	2,039	5.5
Rest Yugoslavia	4,729	12.8
Macedonia	783	2.1
Turkey	3,563	9.6
Originating from Asia	15,816	42.8
of which:		
Afghanistan	4,322	11.7
Bangladesh	1,104	3.0
India	3,366	9.1
Iraq	4,473	12.1
Iran	711	1.9
Pakistan	358	1.0
Originating from Africa	1,794	4.9
of which:		
Nigeria	1,431	3.9
Sierra Leone	111	0.3
Originating from America	27	0.1
of which:		
Columbia	10	0.0

Source: Federal Ministry of the Interior.

In the course of the current year the number of asylum seekers is continuing to rise beyond the levels of the past year as new problem regions surface. By the end of June a total of 14,800 persons applied for asylum in Austria, 2,300 or 13.5 percent less than in the period January to June 2001. The majority of the asylum seekers are men (75 percent in 2002). Persons from the Russian Federation take the lead in 2003 (15.4 percent), followed by persons from Turkey (9.7 percent), India (9.3 percent), Afghanistan (9.2 percent), Serbia/Montenegro (7.7 percent), and Iraq (7.4 percent). The acceptance rate of asylum cases was highest for Iraqis with 72 percent in 2003, followed by Russian Federation (63 percent) and asylum seekers from Afghanistan and Iran with 60 percent in both cases. Much lower was the acceptance rate in the case of persons from Serbia/Montenegro (15 percent) and Georgia (12 percent), but lowest in the case of Africans and Indians.

The average acceptance rate in the first half of 2003 amounted to 24.2 percent (i.e., the number of admissions as a proportion of the sum of rejections and admissions); if one includes the cases of refoulement decisions in the base the rate was 19.7 percent.

Even though the number of asylum seekers is large and growing, the number of persons, who receive public financial support and shelter does not rise to the same extent, i.e., large and rising numbers of refugees and asylum seekers depend upon the support of NGOs, in particular churches and affiliated institutions like Caritas. On 1 July 2003 7,016 persons were under federal state care, the majority lived in inns, which received payment for food and lodging for the asylum seekers and refugees. The majority were asylum seekers (6,200). This matter has made front pages this autumn as the High Court issued a judgement in which the current situation was not seen as conforming to the spirit of the law. Thus, it can be expected that government will have to finance the major bulk of care for asylum seekers in Austria in the not too distant future.

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.

There is a marked difference in the procedures of refugee intake from Kosovo compared to Bosnia. While Bosnians had hardly registered as asylum seekers – they were called war-refugees rather than asylum seekers – the Albanian Kosovars tend to choose the asylum route. The issue of settlement in Austria is in the forefront with Kosovars, while repatriation had been the general understanding when Bosnians entered a couple of years earlier. As it

turned out, hardly any Bosnians returned to their country of origin, while Albanians tend to return, in relative terms, to a larger extent.

## ii) Outflow of refugees

In the past, i.e., until 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 into place until rather recently, i.e., since the massive inflow of refugees from the region of former Yugoslavia in the early 1990s. The outflow of asylum seekers and refugees was therefore always quite high relative to the inflows. When looking at outflow data one has to bear in mind that there exists no comprehensive information on the outflow of refugees and asylum seekers. Only those figures are available, which are the result of processing emigration through IOM (International Organisation of Migration). These figures show a sharp decline from 1989 until 1995. Since then the outflow increased again, at first slightly and since 1999 markedly without reaching the high level of 1989 (8,300) yet. From 1989 onwards outflows declined and reached 1,300 in 1996, remained at this level in 1997, rose slightly to 1,700 in 1998 and increased sharply thereafter to 5,000 in 1999 and 5,900 in 2000. In the year 2001 the outflow levelled off at 4,100 and declined significantly to 1,100 in 2002.

Table 10: Outflow of refugees<sup>1</sup> via Austria 1972-2002

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

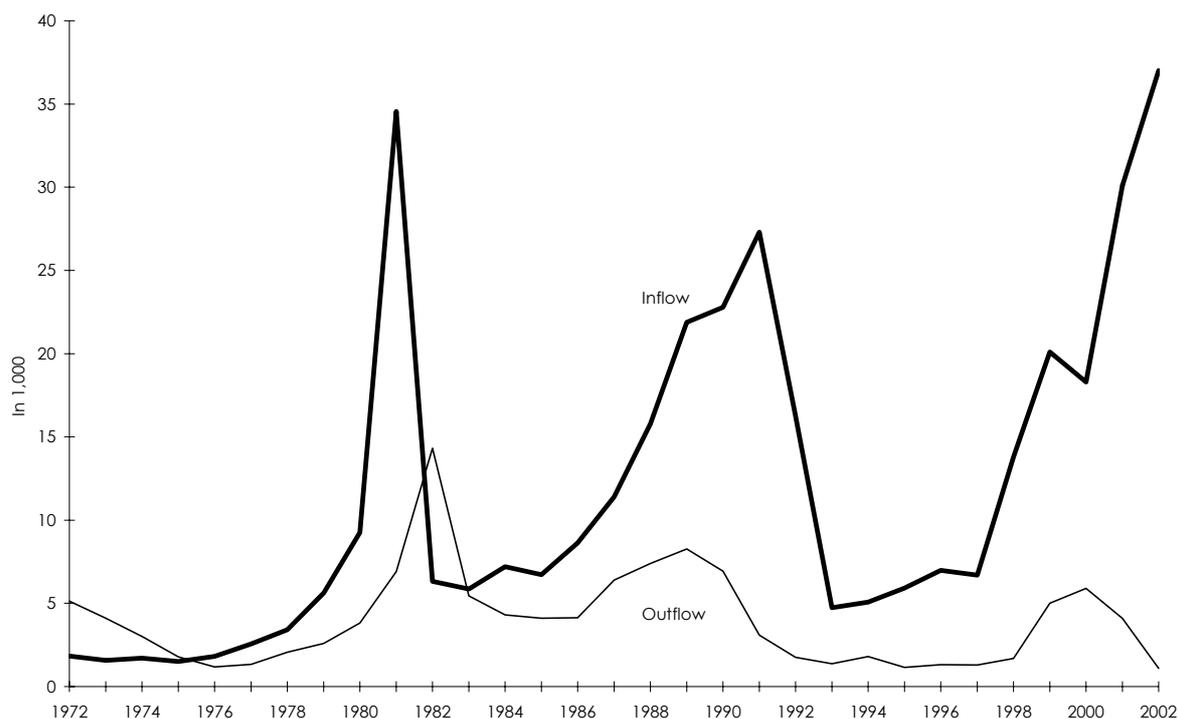
Source: International Organisation for Migration. – <sup>1</sup> Outflow pertains only to refugees who leave Austria with the help of I.O.M.

The decline of registered outflows in the early to mid 1990s was on the one hand the consequence of policy changes in immigration countries – they started to recruit directly from eastern European countries through their diplomatic representations – on the other hand refugees themselves may have preferred to stay closer to their countries of origin. In

1999, as the number of asylum applications reached record levels and integration in Austria became more difficult, asylum seekers tended to leave again in larger numbers, in particular to other countries within Europe and to USA.

Figure 5: Inflow and outflow of refugees via Austria

1972-2002



Source: Statistics Austria.

### C) Inflow of foreigners due to family reunion

By mid 1993 a central alien register had been established in the Federal Ministry of the Interior. This register distinguishes between different types of migrant status. The alien law spells out the conditions under which different groups may enter and reside in Austria. The inflow of some groups of persons from third country origin is capped, i.e., the parliament fixes annual entry quotas for persons with the intention to work and/or to join their family members already residing in Austria. The register of aliens of the Federal Ministry of the Interior does not undertake a full count of foreigners residing in Austria; it establishes only the number of persons of third country origin, who need a residence permit in Austria.

**i) Inflow of migrants by type of status in 2003**

It is important to distinguish between temporary (Aufenthaltserlaubnis) and permanent residence permits (settlers = Niederlassungsbewilligung). Only a relatively small number of the annual inflow of settlers and temporary residents is regulated by quotas. Family members of Austrians or EU/EEA citizens of third country origin face no barriers/waiting lines to entry, neither do artists, people working in the media and some other small groups which are specified in the foreign worker law. Immigration subject to quota regulation pertains only to non-EU citizens, who wish to work in Austria or to join their family, which is already legally residing in Austria.

In the first half of the year 2003 15,500 new settler permits were granted, of which 11,700 or 75.4 percent outside the quota regulation. The reason for the large and rising number of settlement permits outside the quota is that those migrants who had entered Austria in large numbers at the end of the 1980s and early 1990s are increasingly eligible for Austrian citizenship, which they take up. This allows them to bring in their next of kin without any impediments, i.e., outside of quotas.

Those few settlers, who come in on the basis of a quota (which is determined annually by the regional states together with the Federal Minister of the Interior), i.e., 3,800 in the first half of 2003, are in the main family members (83.2 percent). The remaining 16.8 percent obtained a settler residence permit on the basis of scarce skills. In the quota of skilled migration, family members are included, who may not be working but who nonetheless have the right to work/attend school (Table 11). Thus only about 353 persons entered within the settler programme on the basis of actual skilled work, the rest are family members of the highly skilled workers.

The most recent amendment to the alien law came into effect in 2003. Amongst other things it extends the rights of persons who have legally resided in Austria on the basis of a settlement visa for 5 years. They may apply for a permanent resident status ("green card"), which allows them and their family members to access the labour market without any further notice to the labour market service. In the first half of 2003 25,200 such permanent residence certificates have been issued. In addition, persons may receive permanent residence status out of humanitarian reasons – in the first half of 2003 413 persons.

Prolongations of settlement permits are becoming more frequent as immigration proper is taking place. In the first half of 2003 alone, 77,400 settlement permits were either issued for the first time (3,800) or prolonged (36,700), or turned into permanent residence certificates (25,200).

Table 11: Sum of residence permits granted to citizens of third countries (non-EU) by residence status and gender

1 January 2003 to end of June 2003

	Male	Female	Total
<i>Sum of all first settlement permits within the quota regulation</i>	1,382	2,423	3,805
High skilled settlers – dependent	236	101	337
Family reunion with independent high skilled settlers	1	7	8
Family reunion with dependent high skilled settlers	49	107	156
High skilled settlers – independent	14	2	16
Family reunion	1,079	2,086	3,165
Private within the quota regulation	3	120	123
<i>Sum of all first settlement permits outside the quota regulation</i>	5,472	6,217	11,689
Family reunion with EEA – citizen	92	161	253
Family reunion with Austrian	4,685	5,411	10,096
Self-employed	40	17	57
Others	132	248	380
Working for the media	5	5	10
Artists	46	22	68
Other employment outside the foreign worker regulation	248	151	399
Family reunion with Swiss citizens	2	7	9
High skilled settler – agreement	2	2	4
Residence on humanitarian grounds	220	193	413
With right to work	64	43	107
Family reunion	156	150	306
Permanent residence certificate	13,134	12,095	25,229
Permanent residence certificate	13,134	12,095	25,229
Prolongation of settlement permits	17,549	19,132	36,681
With right to work	6,897	4,872	11,769
Family reunion with EEA-citizen	75	140	215
Family reunion with Austrian	5,739	7,619	13,358
Self-employed	98	31	129
Family reunion	3,819	5,555	9,374
Others	372	566	938
Working for the media	14	10	24
Artists	168	83	251
Other employment outside the foreign worker regulation	293	184	477
Family reunion with Swiss citizens	0	1	1
High skilled settlers – dependent	1	2	3
High skilled settlers – independent	59	42	101
Family reunion with independent high skilled settlers	1	9	10
Family reunion with dependent high skilled settlers	12	18	30
High skilled settlers – agreement	1	0	1
Prolongation of settlement permits-within the quota regulation	8	7	15
With right to work	2	0	2
Family reunion	6	7	13
Outside the quota regulation – agreement	0	0	0
High skilled settlers – dependent	0	0	0
<i>Sum of all settlement permits 01/06/2003</i>	37,545	39,874	77,419

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

In addition to settlement visa, the Ministry of the Interior issues temporary residence permits. Their numbers are not regulated by quotas on the part of the Federal Ministry of the Interior. Instead, the Federal Ministry of Economic Affairs and Labour have the legislative power in this area. In the first half of 2003 all in all 27,800 temporary residence permits were issued to persons of third country origin, 15,800 or 56.8 percent for the first time and 12,000 were prolonged.

The largest number of temporary residence permits was issued for contingent work, in the old terminology seasonal workers (8,500 or 54 percent). The Federal Ministry of Economics and Labour determined, together with the social partners, how many seasonal workers may work in Austria in agriculture (basically harvesters) and tourism. In theory, according to the amended law of 2002, also other industries could apply for migrant temporary work permits – if they can prove that they cannot find adequate personnel in Austria.

Contingent work is meant to alleviate short term labour market scarcities. It is granted for 6 months and may be extended for another six months. Then the temporary worker is expected to return home; he/she may take up a job in Austria again after 2 months abroad. Temporary residence status does not envisage the possibility of family reunion and neither can they become eligible for unemployment benefits.

The amendment to the law may be seen as a reorientation of migration policy, paving the way for the integration of citizens from CEECs, who will become members of the EU in 2004. The option of temporary employment contracts to citizens of third countries in industries with labour scarcities helps to ensure continued production and economic growth and integration of migrants into the labour market in the context of regional economic integration without resettlement of total families at the outset. Eventually, after the lifting of barriers to free mobility of labour and families, resettlement of families within the enlarged EU may occur. Then, economically integrated migrant workers have better chances of social and economic integration than persons who have had no prior work experience in Austria.

Table 11 and 11a demonstrate that a relatively small proportion of the annual inflow of persons of third country origin is regulated under a quota regime of the Federal Ministry of the Interior, namely the settler programme. Of all first settlement permits granted (in sum 15,500 in the first half of 2003, only a quarter were amenable to control, i.e., under a quota. The situation is different in the case of temporary residence permits. Of all 15,800 temporary resident permits issued in the first half of 2003, about two thirds are entering on the basis of some bilateral agreement (commuters) or quota determined by the social partners and the Ministry of Economics and Labour.

Table 11a: Sum of temporary residence permits granted to citizens of third countries (non-EU) by residence status and gender

January 1, 2003 to end of June 2003

	Male	Female	Total
Residence permits for which there is no quota	9,236	6,556	15,792
Education	1,044	1,190	2,234
Family reunion with students	37	43	80
Intercompany transferees (rotation)	74	24	98
Family reunion with intercompany transferees	27	66	93
Voluntary work experience	101	57	158
Cross border worker	428	175	603
Commuters	323	59	382
Commuters – agreement	15	2	17
Contingent work	5,463	2,999	8,462
Intercompany transfer (Betriebsentsandt)	335	26	361
No quota in the foreign worker employment law	17	16	33
Self-employed	299	882	1,181
Residence on humanitarian grounds	241	211	452
Artists	263	487	750
Other employment outside the foreign worker regulation	57	238	295
Internship	512	81	593
Residence permits: Prolongation	6,024	6,011	12,035
Education	2,754	2,907	5,661
Family reunion with students	73	115	188
Intercompany transferees (rotation)	80	35	115
Family reunion with intercompany transferees	35	74	109
Voluntary work experience	7	7	14
Cross border worker	1,432	467	1,899
Commuters	343	37	380
Commuters – agreement	8	0	8
Contingent employment	527	279	806
Intercompany transfer (Betriebsentsandt)	134	42	176
No quota in foreign worker employment law	1	6	7
Self-employed	224	1,501	1,725
Residence on humanitarian grounds	48	53	101
Artists	67	187	254
Other employment outside the foreign worker regulation	18	256	274
Internship	273	45	318
Sum of all residence permits	15,260	12,567	27,827

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

## ii) Resident permit holders by type of status: stocks July 2003

A mid-year stock count (1 July 2003) of the number of valid residence permits comes up with a figure of 569,300, 12,800 or 2.3 percent more than a year ago (Table 12). Slightly more than half of the third country citizen population (52 percent) is male. 27 percent of registered third country citizens are below the age of 20 and only 4.9 percent above the age of 61. Women are more than proportionately among the less than 30 and over 61 year olds.

With the duration of stay in Austria the status of residence is changing. People who originally came to join their family members, and who were as a result not allowed to work for 5 years, changed their residence permit after the passage of time (the rule being 4 to 5 years) to one with the option to take up work (jeglicher Aufenthaltzweck). While in July 1998 only 55,600 had the right to settle and work, their number had risen to 231,700 by mid 2003. As a result potential foreign labour supply rises continuously.

The number of persons with a residence permit granted on the basis of work only, amounted to 42,100, i.e., 7.4 percent of all residence permits. This was almost double the number of a year ago. The comparatively small inflow of migrants with a work title does not mean that migrant labour supply only rises to that extent. It only shows that targeting worker inflows is not really possible with the current migration policy instruments. The major inflow of migrants is the result of family reunion and on humanitarian grounds.

The amended legislation on migration, which came into effect in 2003, gives long term settlers more rights by granting them a settlement certificate (Niederlassungsnachweis), which has all the attributes of the American green card. In the first half of 2003 alone, 27,700 such certificates were issued.

Thus, total foreign labour supply of third country citizens amounted to 319,100 by mid 2003, 59,100 or 23 percent more than a year ago. To what extent this group of people actually works can not be deduced from the residence permit data. The two categories of residence permits ('for work' and 'for any purpose') are communicating vessels of a settler-type, which make up somewhat more than half of all residence permits to citizens of third countries.

In that context it has to be mentioned again that two authorities and legislative institutions regulate the status of foreigners, the Federal Ministry of the Interior and the Federal Ministry of Labour and its executive arm, the labour market service. The latter 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 get the legal right to access the labour market. Access to gainful employment before the specified time may be granted to persons with skills which are needed on the labour market. In this case the increasing labour supply is presumed not to contribute to a rise of unemployment of nationals and settled migrants. Other reasons for earlier access are financial pressures and obligations of migrants, who have to provide for other family members.

Explicitly excluded from access to the labour market are pensioners of third country origin and 'Privateers' and until recently also students. The amendment of the alien law of July 2002 allows students to take up employment but not as fulltime workers but only as part-timers, to help cover their living expenses. This amendment is not expected to raise labour supply of migrant students but to legalise the currently clandestine work on the part of students.

Table 12: Residence permits to citizens of non-EU-member states by age

	By 1 July 2000	By 3 July 2001	By 6 July 2002	By 1 July 2003
<b>Men</b>				
0 to 19		78,703	79,985	79,064
20 to 30		48,988	51,063	52,947
31 to 40		68,597	68,098	65,987
41 to 50		48,905	50,742	51,042
51 to 60		26,178	30,379	34,190
over 61		9,911	12,015	13,888
Sum	279,433	281,282	292,282	297,118
<b>Women</b>				
0 to 19		73,992	75,629	74,682
20 to 30		59,836	62,397	63,075
31 to 40		54,462	57,918	60,400
41 to 50		33,271	35,872	36,848
51 to 60		16,873	19,937	22,998
over 61		10,287	12,454	14,179
Sum	244,418	248,721	264,207	272,182
<b>Total</b>				
0 to 19	156,418	152,695	155,614	153,746
20 to 30	107,921	108,824	113,460	116,022
31 to 40	122,617	123,059	126,016	126,387
41 to 50	80,870	82,176	86,614	87,890
51 to 60	38,152	43,051	50,316	57,188
over 61	17,873	20,198	24,469	28,067
Sum	523,851	530,003	556,489	569,300

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

A differentiation of the residence status of aliens, registered with the Federal Ministry of the Interior, shows that many have been residing in Austria for such a long time that they have obtained permanent resident status: in particular Serbs (73 percent), Croatians (70 percent), Bosnians (67 percent), Turks (62 percent), Macedonians (64 percent) and Poles (61 percent). Short term residents, i.e., less than one year in Austria) are to the largest extent persons from our neighbouring countries to the east, e.g., 45 percent of the Slovaks and 39 percent of the Hungarians, but also 28 percent of the Romanians. This is the result of increasing regional economic integration which goes hand in hand with a greater fluidity of people flows across borders.

Table 12a: Reason of residence (status) of citizens of non-EU-member states

By 1 July 2003

Valid temporary residence permits	40,847	31,609	72,456
Education	6,951	7,599	14,550
Family reunion with students	192	302	494
Inter-company transferees (rotation)	312	104	416
Family reunion with inter-company transferees	136	301	437
Voluntary work experience	79	32	111
Cross border worker	4,900	1,410	6,310
Commuters, commuters agreement	1,924	262	2,186
Contingent work	4,758	2,348	7,106
Inter-company transfer (Betriebsentsandter)	311	94	405
No quota in the foreign worker employment law	98	132	230
Self-employed	636	2,081	2,717
Residence on humanitarian grounds	670	772	1,442
Artists	216	180	396
Other employment outside the foreign worker regulation	59	443	502
Internship	932	141	1,073
Family reunion with Austrian	473	630	1,103
Family reunion with foreigner	5,147	8,021	13,168
Wage and salary employment	12,226	5,804	18,030
Pension	430	267	697
Private	71	91	162
Other	326	595	921
Valid residence permits	256,271	240,573	496,844
With right to work (jeglicher Aufenthaltzweck)	139,984	91,746	231,730
With no right to work	8,237	9,319	17,556
Permanent residence certificate	14,528	13,154	27,682
Family reunion with EEA-citizen	779	1,348	2,127
Family reunion with Austrian	36,239	48,554	84,793
Self-employed	150	51	201
Family reunion (with no right to work)	49,902	69,943	119,845
Private ((no) quota)	3,654	4,724	8,378
Working for the media	62	32	94
Artists	637	311	948
Other employment outside the foreign worker regulation	1,737	1,106	2,843
Family reunion with Swiss citizens	2	8	10
High skilled settlers – independent	15	5	20
High skilled settlers – dependent	286	138	424
Family reunion with independent high skilled settlers	2	16	18
Family reunion with dependent high skilled settlers	54	117	171
High skilled settlers agreement	3	1	4
Sum of all valid permits	297,118	272,182	569,300

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

Table 13: Residence status by country of origin and duration of stay

By 1 July 2003

	Less than 5 months	6 to 23 months	24 to 26 months	More than 26 months	Unlimited	Total
Total	4,958	98,696	41,246	77,169	347,231	569,300
Of which:						
Yugoslavia (Serbia)	175	13,586	8,197	12,808	95,717	130,483
Turkey	179	17,084	8,365	14,356	64,243	104,227
Bosnia	137	12,403	7,572	13,855	70,326	104,293
Croatia	787	4,961	3,150	8,762	40,994	58,654
Romania	468	4,551	1,376	3,255	8,157	17,807
Poland	478	3,294	1,426	2,956	12,957	21,111
Hungary	846	6,474	1,177	4,031	6,181	18,709
Slovenia	157	1,166	845	2,516	4,272	8,956
Czech Republic <sup>1</sup>	294	2,144	803	2,328	3,614	9,183
Slovakia <sup>2</sup>	605	4,749	925	1,969	3,748	11,996
Macedonia	44	2,215	1,162	1,706	9,054	14,181
Others	788	26,069	6,248	8,627	27,968	69,700

Source: Federal Ministry of the Interior, Central Alien Register. – <sup>1</sup> Including 109 valid titles for "Czechoslovakians".  
<sup>2</sup> Including 114 valid titles for persons from "Czechoslovakia".

The regional dispersion of settlers and temporary resident 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, Burgenland as well as Vienna are the most important regions for temporary resident permit holders.

The regional clusters are to be seen in the context of the history of migration and eventual settlement of former foreign workers on the one hand, and economic integration with neighbouring countries in the east after the fall of the iron curtain on the other. Burgenland and Vienna are examples of particularly successful regional integration, i.e., above all with Hungary and Bratislava.

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

D) *Legal framework for family reunion of citizens of third country origin*

Every foreigner who is legally residing in Austria on a permanent basis (settler) has as a rule the right to family reunion (partner and dependent children under the age of 15) if an application is filed (§20Alien Law)<sup>3</sup>. Thus family reunion in the main is not capped by an annual quota. Only foreigners of third country origin, who are residing in Austria on the basis of a quota, have to abide to quota rulings in the case of family reunion. In that situation one may distinguish 4 types of family reunion quotas:

1. Highly skilled workers, their partners and dependent children; 2000 the quota for this type of inflow of settlers was 1,010, 2001 the quota was raised to 1,613, 2002 to 1,925 and 2003 to 2,185.
2. Foreigners who came to Austria after January 1, 1998 have to make their interest in family reunion known to the authorities in the year in which they themselves are receiving permanent residence status. In such a case the immigration of family members is included in the quota of the first entrant. 2000, the quota for this type of inflow of settlers was 1,000, 2001 the quota was lowered to 815, 2002 to 475 and 2003 to 220.
3. Foreigners who came to Austria before January 1, 1998 have a right to family reunion. The maximum number of settlers allowed to enter on this basis (quota) was 5,000 in the year 2000, 5,490 in 2001, 2002 and 2003.
4. Other persons of third country origin who want to settle in Austria without wanting to enter the labour market – the ceiling in 2000 was 490, in 2001 420, in 2002 390 and 2003 175.

In order to establish the backlog of cases of family reunion, the Federal Ministry of the Interior asked the regional authorities to inform about the number of applications for family reunion, which were waiting to be processed. By the middle of 2003 5,531 applications for family reunion were filed, 3,035 or 35.4 percent less than in the same period of the previous year. 97 percent of the applications were filed by foreigners who settled in Austria before January 1, 1998.

An analysis of all applications for settlement in Austria shows that a queue of family members waiting to enter Austria is building up in most provinces. Some regions, in particular Carinthia, are very restrictive in granting family reunion or even the inflow of highly skilled workers. This can be seen by comparing the number of applications for settlement in Austria by regional state with the quota in the various categories. While the number of applications in the first half of the year did not reach the ceiling for the inflow of immigrants in the year 2003 on average, this was not the case in the various categories and regions.

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<sup>3</sup> After 4 years of residence may the permanent residence permit (which was issued on the basis of family reunion) be transferred into a permanent settlement permit in its own right.

Table 14: Annual quota and number of applications for settlement

Settlement permits by quota category

	Highly skilled workers	Other workers	Family reunification	Others	Sum
Applications by category (by June 30, 2003)					
Burgenland	6	7	47	3	63
Carinthia	12	0	38	2	52
Lower Austria	73	25	254	45	397
Upper Austria	39	9	188	6	242
Salzburg	41	12	110	22	185
Styria	66	11	178	20	275
Tyrol	38	19	132	6	195
Vorarlberg	19	2	70	14	105
Vienna	342	150	524	224	1,240
Austria	636	235	1,541	342	2,754
Annual quota for 2003					
Burgenland	45	5	160	5	215
Carinthia	55	5	30	5	95
Lower Austria	290	80	1,060	35	1,465
Upper Austria	250	10	1,050	5	1,315
Salzburg	95	10	210	20	335
Styria	285	10	450	30	775
Tyrol	150	10	280	10	450
Vorarlberg	90	10	200	5	305
Vienna	925	80	2,050	60	3,115
Austria	2,185	220	5,490	175	8,070
Difference between applications by mid year and annual quota limit for the whole year 2003					
Burgenland	39	- 2	113	2	152
Carinthia	43	5	- 8	3	43
Lower Austria	217	55	806	- 10	1,068
Upper Austria	211	1	862	- 1	1,073
Salzburg	54	- 2	100	- 2	150
Styria	219	- 1	272	10	500
Tyrol	112	- 9	148	4	255
Vorarlberg	71	8	130	- 9	200
Vienna	583	-70	1,526	-164	1,875
Austria	1,549	-15	3,949	-167	5,316

Source: Federal Ministry of the Interior.

## 2. Emigration and return of nationals

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

30,600 Austrians resided in Switzerland in August 2002, of whom 55 percent male. The great majority of Austrians (24,200 or 79 percent) were permanent residents. The Austrian population residing and working in Switzerland has remained rather stable for a long time. By the end of August 2001 27,300 Austrians were employed in Switzerland, of which 7,558 cross-border workers and 14,530 permanent residents.

In Germany the number of Austrian wage and salary earners continues to be surveyed once a year. In mid 2002 some 61,600 Austrian wage and salary earners were counted. This is a decline versus a year ago by some 1,000 or 1.6 percent. The number of Austrians employed in Germany started to decline in 1993 for the first time since the recession of the early 1980s. Ever since then the employment of Austrians has continued to shrink.

## **II. Foreign residents and residents abroad**

### **1. Foreign residents in Austria**

The integration of the census data of 2001 with the central population registry has had some revisions in the time series of the population and the migratory movements as a consequence. According to the revised data, 8,038,900 persons resided in Austria in the beginning of 2002, and some 28,000 or 0.4 percent were added in the course of 2002. This was a real boost to population growth in 2002, in the main a result of net-immigration of some 26,000. The number of foreign residents in Austria rose between the beginning of 2001 and 2002 hardly at all, but took a steep rise in the course of 2002. More detailed information on the components of migration in 2002 will only be available at a later stage.

The number of naturalisations peaked in the course of 2002 and reached 36,000. This increase is a mirror of the massive inflow of migrants at the beginning of the 1990s and their settlement in Austria. They are increasingly eligible for Austrian citizenship and take it up.

Net migration of Austrians has been negative for a long period of time, whereby net outflows of Austrians had increased in the second half of the 1980s, slowed down again in the early 1990s and picked up again in the second half of the 1990s. In contrast, net immigration of foreigners has taken a steep increase at the end of the 1980s and in the early 1990s, slowed down in the mid 1990s and is rising continuously since 1997.

Total population growth of foreigners is the combined effect of two positive balances, net immigration and natural population growth, and a negative one, i.e., a reduction of the number of foreigners as a result of naturalisations. In the case of Austrians, as a result of foreigners adopting the Austrian citizenship in large numbers, the number of Austrians increases even though the sum of natural population growth of Austrians and net migration is negative. Net out-migration of Austrians, basically into the EU, was more than offset by net immigration of EU citizens.

Table 15: Austrian workers and salaried employees in the Federal Republic of Germany and in Switzerland

	Federal Republic of Germany		Switzerland		Total		
	Changes		Changes		Changes		
	Absolute	Percent	Absolute	Percent	Absolute	Percent	
1970	77,344	+ 23.2	19,920	+ 0.3	97,264	+ 14,625	+ 17.7
1971	93,088	+ 15,744	18,903	- 1,017	111,991	+ 14,727	+ 15.1
1972	99,326	+ 6,238	17,948	- 955	117,274	+ 5,283	+ 4.7
1973	101,000 <sup>3</sup>	+ 1,674	16,374	- 1,574	117,374	+ 100	+ 0.1
1974	96,000 <sup>3</sup>	- 5,000	15,121	- 1,253	111,121	- 6,253	- 5.3
1975	78,000	- 18,000	12,351	- 2,770	90,351	- 20,770	- 18.7
1976	75,997	- 2,003	10,240	- 2,111	86,237	- 4,114	- 4.6
1977	74,985	- 1,012	9,538	- 702	84,523	- 1,714	- 2.0
1978	75,245	+ 260	9,669	+ 131	84,914	+ 391	+ 0.5
1979	83,698	+ 8,453	9,657	- 12	93,355	+ 8,441	+ 9.9
1980	87,212	+ 3,514	10,541	+ 884	97,753	+ 4,398	+ 4.7
1981	87,441	+ 229	10,866	+ 325	98,307	+ 554	+ 0.6
1982	84,811	- 2,630	10,945	+ 79	95,756	- 2,551	- 2.6
1983	82,187	- 2,624	10,518	- 427	92,705	- 3,051	- 3.2
1984	80,596	- 1,591	10,686	+ 168	91,282	- 1,423	- 1.5
1985	80,644	+ 48	11,473	+ 787	92,117	+ 835	+ 0.9
1986	81,478	+ 834	12,269	+ 796	93,747	+ 1,630	+ 1.8
1987	83,306	+ 1,828	14,522	+ 2,253	97,828	+ 4,081	+ 4.4
1988	86,021	+ 2,715	16,227	+ 1,705	102,248	+ 4,420	+ 4.5
1989	88,701	+ 2,680	17,665	+ 1,438	106,366	+ 4,118	+ 4.0
1990	91,380	+ 2,679	20,023	+ 2,358	111,403	+ 5,037	+ 4.7
1991	93,352	+ 1,972	20,827	+ 804	114,179	+ 2,776	+ 2.5
1992	94,333	+ 981	17,458	- 3,369	111,791	- 2,388	- 2.1
1993	93,155	- 1,178	15,781	- 1,677	108,936	- 2,855	- 2.6
1994	88,674	- 4,481	14,949	- 832	103,623	- 5,313	- 4.9
1995	83,587	- 5,087	14,393	- 556	97,980	- 5,643	- 5.4
1996	79,372	- 4,215	13,712	- 681	93,084	- 4,896	- 5.0
1997	74,845	- 4,527	12,802	- 910	87,647	- 5,437	- 5.8
1998	72,185	- 2,660	11,538	- 1,264	83,723	- 3,924	- 4.5
1999	70,179	- 2,006	11,198	- 340	81,377	- 2,346	- 2.8
2000	62,608	- 7,571	11,722	+ 524	74,330	- 7,047	- 8.7
2001	62,605	- 3	12,787	+ 1,065	75,392	+ 1,062	+ 1.4
2002	61,580	- 1,025	-	-	-	-	-

Source: "Arbeits- und sozialstatistische Mitteilungen", Bonn and "Amtliche Nachrichten der Bundesanstalt für Arbeit", Nürnberg; "Die Volkswirtschaft", Bern.  
<sup>-1</sup> June. <sup>-2</sup> August, excluding Austrians with permanent residence status. <sup>-3</sup> Estimate.

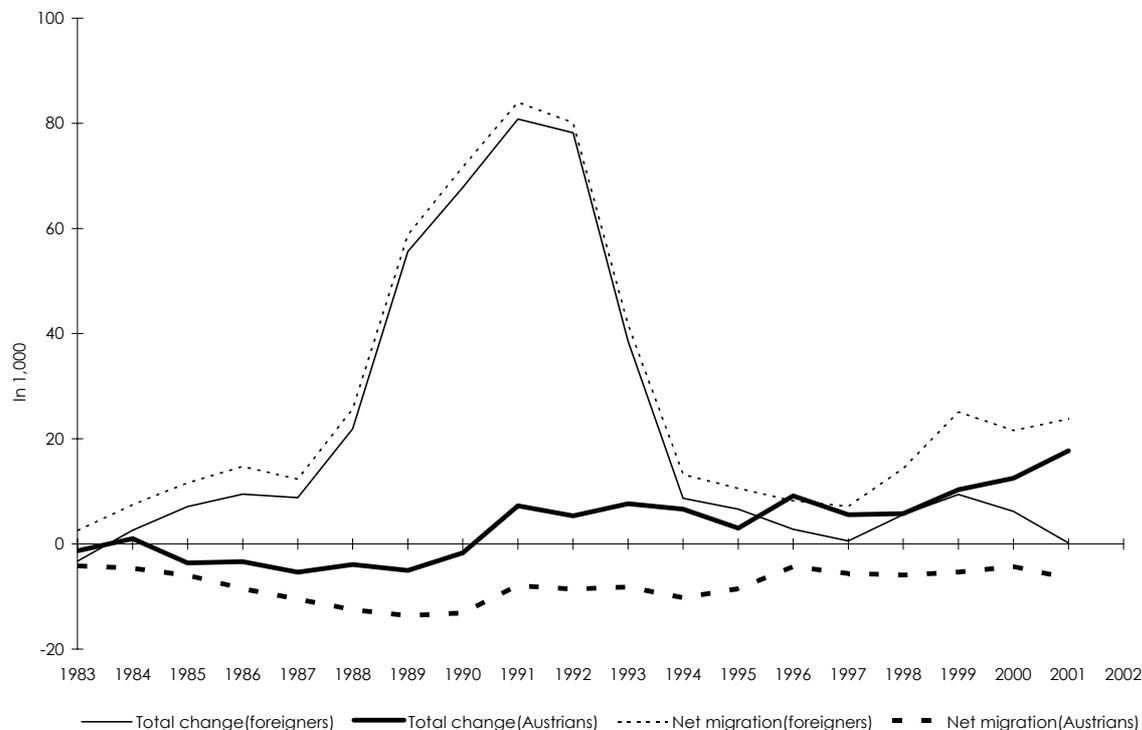
Table 16: Foreign residents in Austria

	Population		Population change between beginning and end of year			
	Beginning of year	End of year	Balance of birth/deaths	Migration balance	Naturalisations	Total change
				Total		
1981	7,553,326	7,584,094	+ 1,249	+ 29,519	.	+ 30,768
1982	7,584,094	7,564,185	+ 3,501	- 23,410	.	- 19,909
1983	7,564,185	7,559,635	- 2,923	- 1,627	.	- 4,550
1984	7,559,635	7,563,233	+ 768	+ 2,830	.	+ 3,598
1985	7,563,233	7,566,736	- 2,138	+ 5,641	.	+ 3,503
1986	7,566,736	7,572,852	- 107	+ 6,223	.	+ 6,116
1987	7,572,852	7,576,319	+ 1,596	+ 1,871	.	+ 3,467
1988	7,576,319	7,594,315	+ 4,789	+ 13,207	.	+ 17,996
1989	7,594,315	7,644,818	+ 5,352	+ 45,151	.	+ 50,503
1990	7,644,818	7,710,882	+ 7,502	+ 58,562	.	+ 66,064
1991	7,710,882	7,798,899	+ 11,201	+ 76,816	.	+ 88,017
1992	7,798,899	7,882,519	+ 12,140	+ 71,480	.	+ 83,620
1993	7,882,519	7,928,746	+ 12,710	+ 33,517	.	+ 46,227
1994	7,928,746	7,943,489	+ 11,731	+ 3,012	.	+ 14,743
1995	7,943,489	7,953,067	+ 7,498	+ 2,080	.	+ 9,578
1996	7,953,067	7,964,966	+ 8,019	+ 3,880	.	+ 11,899
1997	7,964,966	7,971,116	+ 4,613	+ 1,537	.	+ 6,150
1998	7,971,116	7,982,461	+ 2,894	+ 8,451	.	+ 11,345
1999	7,982,461	8,002,186	- 62	+ 19,787	.	+ 19,725
2000	8,002,186	8,020,946	+ 1,488	+ 17,272	.	+ 18,760
2001	8,020,946	8,038,911	+ 691	+ 17,274	.	+ 17,965
2002	8,038,911	8,067,289 <sup>1</sup>	+ 2,268 <sup>1</sup>	+ 26,110 <sup>1</sup>	.	+ 28,378 <sup>1</sup>
				Austrians		
1981	7,265,125	7,264,927	- 4,081	- 3,548	+ 7,431	- 198
1982	7,264,927	7,266,520	- 1,988	- 3,576	+ 7,157	+ 1,593
1983	7,266,520	7,265,229	- 7,011	- 4,175	+ 9,895	- 1,291
1984	7,265,229	7,266,256	- 2,148	- 4,616	+ 7,791	+ 1,027
1985	7,266,256	7,262,681	- 4,900	- 5,983	+ 7,308	- 3,575
1986	7,262,681	7,259,318	- 2,912	- 8,511	+ 8,060	- 3,363
1987	7,259,318	7,253,964	- 1,499	- 10,471	+ 6,616	- 5,354
1988	7,253,964	7,250,081	+ 1,299	- 12,496	+ 7,314	- 3,883
1989	7,250,081	7,245,034	+ 1,247	- 13,599	+ 7,305	- 5,047
1990	7,245,034	7,243,320	+ 2,439	- 13,133	+ 8,980	- 1,714
1991	7,243,320	7,250,584	+ 4,017	- 7,890	+ 11,137	+ 7,264
1992	7,250,584	7,255,969	+ 2,320	- 8,591	+ 11,656	+ 5,385
1993	7,255,969	7,263,632	+ 1,707	- 8,175	+ 14,131	+ 7,663
1994	7,263,632	7,269,697	+ 987	- 10,197	+ 15,275	+ 6,065
1995	7,269,697	7,272,737	- 2,823	- 8,503	+ 14,366	+ 3,040
1996	7,272,737	7,281,877	- 2,181	- 4,306	+ 15,627	+ 9,140
1997	7,281,877	7,287,416	- 4,650	- 5,603	+ 15,792	+ 5,539
1998	7,287,416	7,293,200	- 6,089	- 5,913	+ 17,786	+ 5,784
1999	7,293,200	7,303,537	- 9,028	- 5,313	+ 24,678	+ 10,337
2000	7,303,537	7,316,059	- 7,483	- 4,315	+ 24,320	+ 12,522
2001	7,316,059	7,333,783	- 7,505	- 6,502	+ 31,731	+ 17,724
2002	7,333,783				+ 36,011	
				Foreigners		
1981	288,201	319,167	+ 5,330	+ 33,067	- 7,431	+ 30,966
1982	319,167	297,665	+ 5,489	- 19,834	- 7,157	- 21,502
1983	297,665	294,406	+ 4,088	+ 2,548	- 9,895	- 3,259
1984	294,406	296,977	+ 2,916	+ 7,446	- 7,791	+ 2,571
1985	296,977	304,055	+ 2,762	+ 11,624	- 7,308	+ 7,078
1986	304,055	313,534	+ 2,805	+ 14,734	- 8,060	+ 9,479
1987	313,534	322,355	+ 3,095	+ 12,342	- 6,616	+ 8,821
1988	322,355	344,234	+ 3,490	+ 25,703	- 7,314	+ 21,879
1989	344,234	399,784	+ 4,105	+ 58,750	- 7,305	+ 55,550
1990	399,784	467,562	+ 5,063	+ 71,695	- 8,980	+ 67,778
1991	467,562	548,315	+ 7,184	+ 84,706	- 11,137	+ 80,753
1992	548,315	626,550	+ 9,820	+ 80,071	- 11,656	+ 78,235
1993	626,550	665,114	+ 11,003	+ 41,692	- 14,131	+ 38,564
1994	665,114	673,792	+ 10,744	+ 13,209	- 15,275	+ 8,678
1995	673,792	680,330	+ 10,321	+ 10,583	- 14,366	+ 6,538
1996	680,330	683,089	+ 10,200	+ 8,186	- 15,627	+ 2,759
1997	683,089	683,700	+ 9,263	+ 7,140	- 15,792	+ 611
1998	683,700	689,261	+ 8,983	+ 14,364	- 17,786	+ 5,561
1999	689,261	698,649	+ 8,966	+ 25,100	- 24,678	+ 9,388
2000	698,649	704,887	+ 8,971	+ 21,587	- 24,320	+ 6,238
2001	704,887	705,128	+ 8,196	+ 23,776	- 31,731	+ 241
2002	705,128				- 36,011	

Source: Statistics Austria. - <sup>1</sup> Preliminary.

Figure 6: Net migration and total change in population

1983-2002



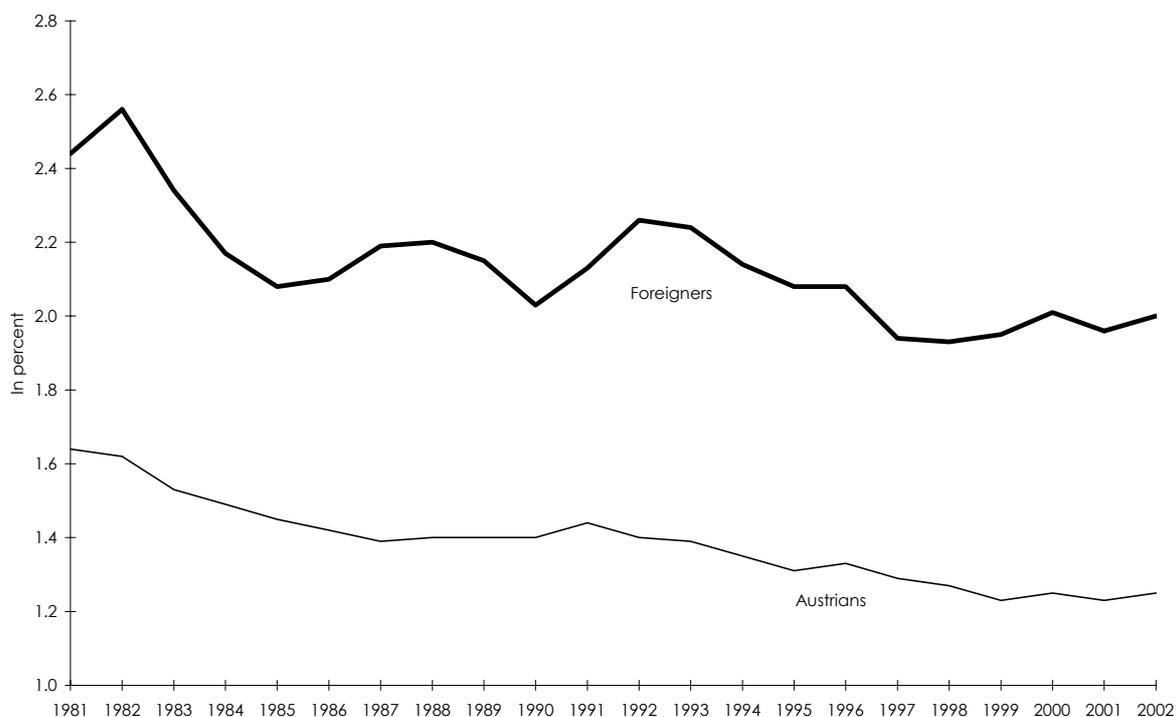
Source: Statistics Austria.

The number of live births in Austria has been declining from a peak of 95,300 in 1992 to 88,700 in 1995. It remained at this level in the following year but took a dip again in 1997. The number of births declined between 1997 and 2001. In 2002 the number of live births increased again to 78,400, 2,900 (+3.9 percent) more than a year ago, but is coming down again in the current year. The increase in births between 1988 and 1992 had thus been short-lived; it had been the consequence of an above average inflow of young migrants who happened to have had at the same time an above average fertility compared to Austrians. The declining number of births since then has to be seen as a result of the declining fertility rate of Austrian and foreign women. The fertility rate of Austrian women has stabilised in 1999 at 1.23, while it increased slightly in the case of foreign women from 1.93 1998 to 2.01 2000, but came down again for foreign women to 1.96 in 2001. In 2002 the fertility rate of both, Austrian and foreign women, increased slightly, which may be a result of the reform of the benefit scheme for childcare in 2002. On a national average the fertility rate increased slightly from 1.33 in 2001 to 1.4 in 2002. The impact of the reform was short-lived, however. In the current year fertility fell back to the pre-reform level.

The total number of births to Austrian mothers amounted to 68,500 in 2002, 2,700 or +4.2 percent versus 2001, and the number of births to foreign women amounted to 9,900, +200 (+2.1 percent) versus 2001. The share of foreign births in the total number of births has increased between 1992 and 2002 from 12.2 percent to 12.7 percent. The increasing number of foreign births between 1992 and 1995 was solely the result of a rising number of young and medium aged foreign women and not the consequence of a rise in the fertility rate of foreign women in Austria. The fertility rate of foreign women decreased over this time span (1992-2001) from 2.26 children per woman to 1.96, i.e., by 13.3 percent. The fertility rate of Austrian women has decreased between 1992 and 2001 by 12.1 percent to 1.23 children per woman.

Figure 7: Total fertility rate of Austrian and foreign women

Average number of children per woman (1981-2002)



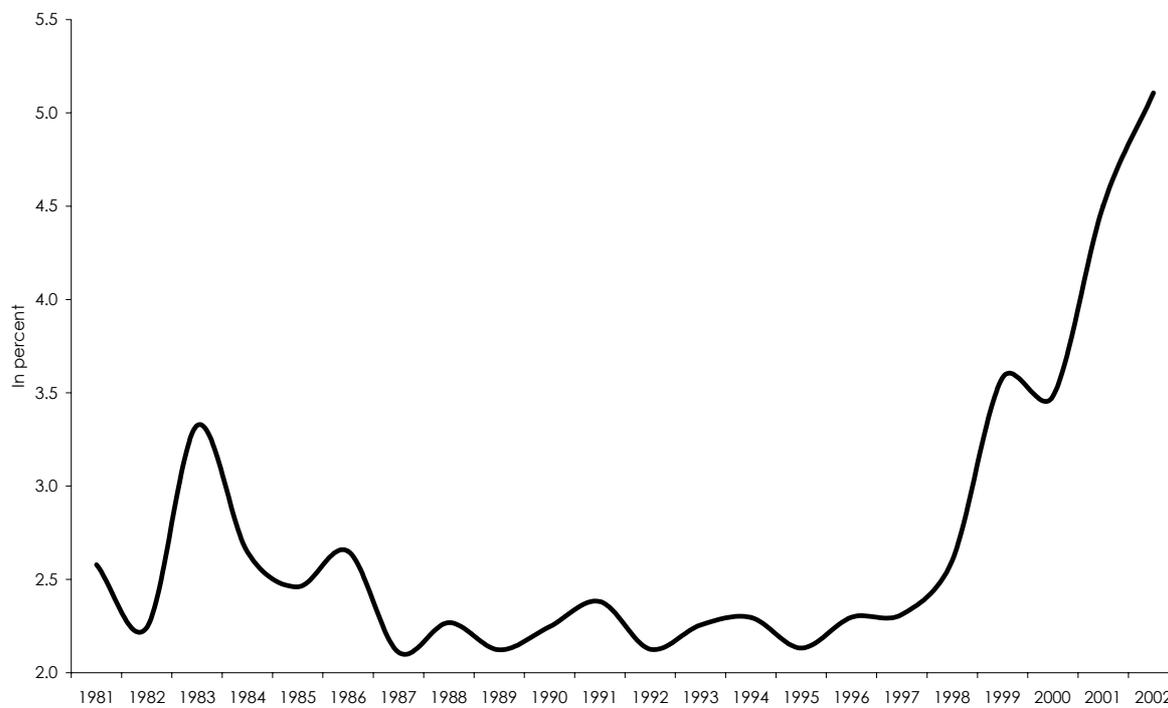
Source: Statistics Austria.

## **2. Number of naturalisations**

In the course of the 1980s many foreigners became naturalised. In Vienna, contrary to western provinces, a conscious integration policy of foreigners through naturalisations had been pursued. The law regulating naturalisation specifies that, given certain conditions, a foreigner may be naturalised after less than 10 years of stay in Austria. In Vienna a valid work permit was reason enough to grant Austrian citizenship after 4 to 5 years. The population of Vienna augmented only due to the influx of foreigners. The authorities in Vienna discontinued the liberal practice of granting Austrian citizenship in 1993 as a consequence of rising xenophobia. The general practice that poor newly naturalised foreigners had preferential access to council housing in Vienna tended to fuel the discontent (foreigners do not have access to council housing in Vienna). In spite of the increasingly narrow interpretation of the law on naturalisation the number of naturalisations augmented significantly since 1991, as foreign worker legislation and residence permit requirements for third country citizens became more restrictive. The increasing propensity of third country citizens to take up the Austrian citizenship is an indicator of the permanent character of a large proportion of migration to Austria. The increasing difficulties of citizens of a non-member country of the EU to access the labour market tend to boost the propensity to apply for Austrian citizenship. The significant boost to naturalisations since 1999 is a result of the eligibility to citizenship of the large wave of immigrants of the late 1980s and early 1990s.

In 2002 36,400 foreigners adopted the Austrian citizenship, 13 percent more than a year earlier. The gender distribution is fairly even with 49.2 percent of all naturalisations going to women. A major part of the new Austrian citizens were former so-called 'guest workers', e.g., Turks (12,600 or 35 percent); the large number of persons from former Yugoslavia (11,300, 31 percent) is the result of the naturalisation of former refugees as well as foreign workers. The third large component of naturalisations concerns citizens from Central and Eastern Europe (4,000, 11 percent), of whom many arrived after the fall of the iron curtain. The naturalisation rate (naturalisations in percent of foreign population) increased continually from 1997 to 2002 – from 2.3 to 5.1 percent. It is basically citizens of non-EU-countries, who adopt the Austrian citizenship, because it enables them not only to move freely within Austria but also within the EU.

Figure 8: Development of the rate of naturalisation in Austria  
(naturalisation in percent of foreign population)



Source: Statistics Austria, WIFO.

Between 1991 and 2002 238,300 foreigners took up Austrian citizenship, about two third from the traditional recruitment areas of migrant workers, the region of former Yugoslavia (70,800, 29.7 percent) and Turkey (71,100, 29.8 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. If one calculates a rate on foreign born in the Austrian population, one comes up with 11.2 percent in 2001, a rate similar to USA, and one of the highest in Europe. A rising share of foreigners is born in Austria. Currently some 147,300 or about 21.6 percent of the total foreign resident population have been born in Austria.

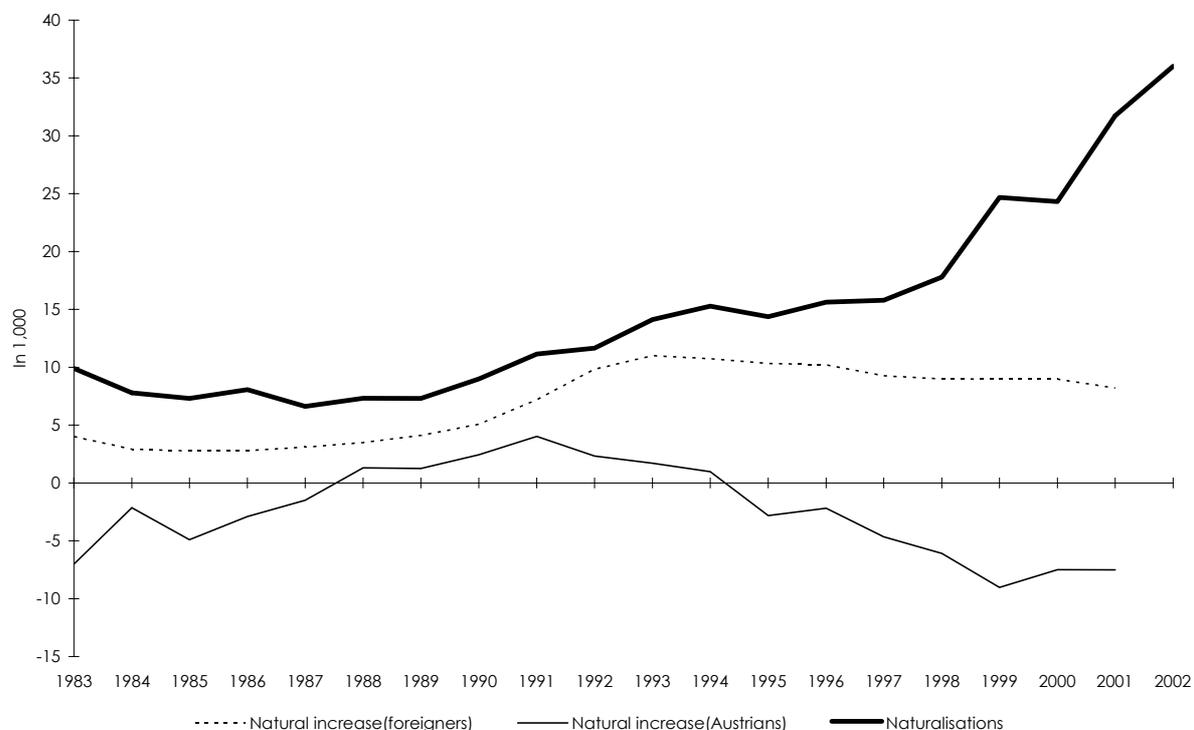
Table 17: Naturalisations in Austria

	Former Yugoslavia	Central and Eastern European Countries	Former nationality		Total	Women
			FRG	Turkey		
1950	182	950	3,723	.	21,416	6,720
1951	119	538	2,390	.	21,176	6,544
1952	83	445	1,760	.	15,979	4,872
1953	136	423	1,128	.	11,484	3,722
1954	128	295	693	.	12,963	4,436
1955	167	308	695	.	21,883	7,077
1956	298	390	1,012	.	18,815	5,874
1957	156	378	1,022	.	10,824	3,222
1958	159	430	989	.	4,959	1,504
1959	186	527	937	.	4,488	1,308
1960	252	419	879	.	3,749	1,131
1961	215	685	808	.	3,597	1,045
1962	204	621	758	.	2,977	855
1963	220	552	656	.	2,624	729
1964	181	566	585	.	2,451	651
1965	193	581	475	.	2,242	608
1966	417	764	743	.	2,975	1,294
1967	721	1,261	1,818	.	5,409	3,380
1968	833	1,153	1,895	.	5,485	3,556
1969	946	1,126	1,834	.	5,460	3,628
1970	978	1,159	1,828	.	5,565	3,711
1971	978	1,117	1,756	.	5,521	3,708
1972	941	1,087	2,114	.	6,017	4,049
1973	952	1,496	1,876	.	6,183	4,025
1974	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	301	7,752	4,835
1983	2,262	1,777	2,804	306	10,904	6,404
1984	1,428	1,129	2,589	323	8,876	4,006
1985	1,449	1,368	2,091	296	8,491	4,025
1986	1,463	2,191	2,299	334	10,015	4,752
1987	1,416	1,847	1,381	392	8,114	3,955
1988	1,731	1,985	1,125	509	8,233	4,012
1989	2,323	1,664	886	723	8,470	4,305
1990	2,641	2,118	517	1,106	9,199	4,704
1991	3,221	2,413	455	1,809	11,394	5,685
1992	4,337	1,839	410	1,994	11,920	6,033
1993	5,791	1,858	406	2,688	14,402	7,490
1994	5,623	2,672	328	3,379	16,270	8,394
1995	4,538	2,588	202	3,209	15,309	7,965
1996	3,133	2,083	140	7,499	16,243	8,604
1997	3,671	2,898	164	5,068	16,274	8,600
1998	4,151	3,850	157	5,683	18,321	9,532
1999	6,745	3,515	91	10,350	25,032	12,649
2000	7,576	4,758	102	6,732	24,645	12,415
2001	10,760	5,155	108	10,068	32,080	15,872
2002	11,293	4,042	85	12,623	36,382	17,898

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

Figure 9: Natural increase and naturalisations

1983-2002



Source: Statistics Austria.

### 3. Development of mixed marriages

The number of total marriages in Austria has been stable for a long time – apart from some temporary increases as a result of marriage premia. The premia never had any long run impact on marriage behaviour, they did, however, have a significant effect upon the number of first marriages for the period, in which tax benefits or a marriage bonus were granted (see Figure 10). Also foreigners had access to marriage premia. In 2002, the number of marriages increased somewhat after a sharp decline in 2001 to 36,600. Every category of marriages could exhibit an increase, i.e., both spouses Austrian, both spouses foreign and mixed marriages.

Figure 10: Total marriages and marriages of nationals



Source: Statistics Austria.

The proportion of marriages with both spouses nationals has declined significantly over the last 27 years. In 1971 94 percent of all marriages were between nationals. In 2002, their share had come down to 71.9 percent. The share of foreign marriages (with both spouses foreigners) increased from 0.7 percent 1971 to 4.2 percent 2002. The number of mixed marriages increased as well. While in 1971 only 5.2 percent of all marriages were with an Austrian spouse and foreign partner, their share rose to 23.8 percent in 2002. 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 14.5 percent 2002. 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 but not to the same extent as for men. In 2002 9.3 percent of all marriages were mixed with the wife being Austrian and the husband foreign.

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.

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

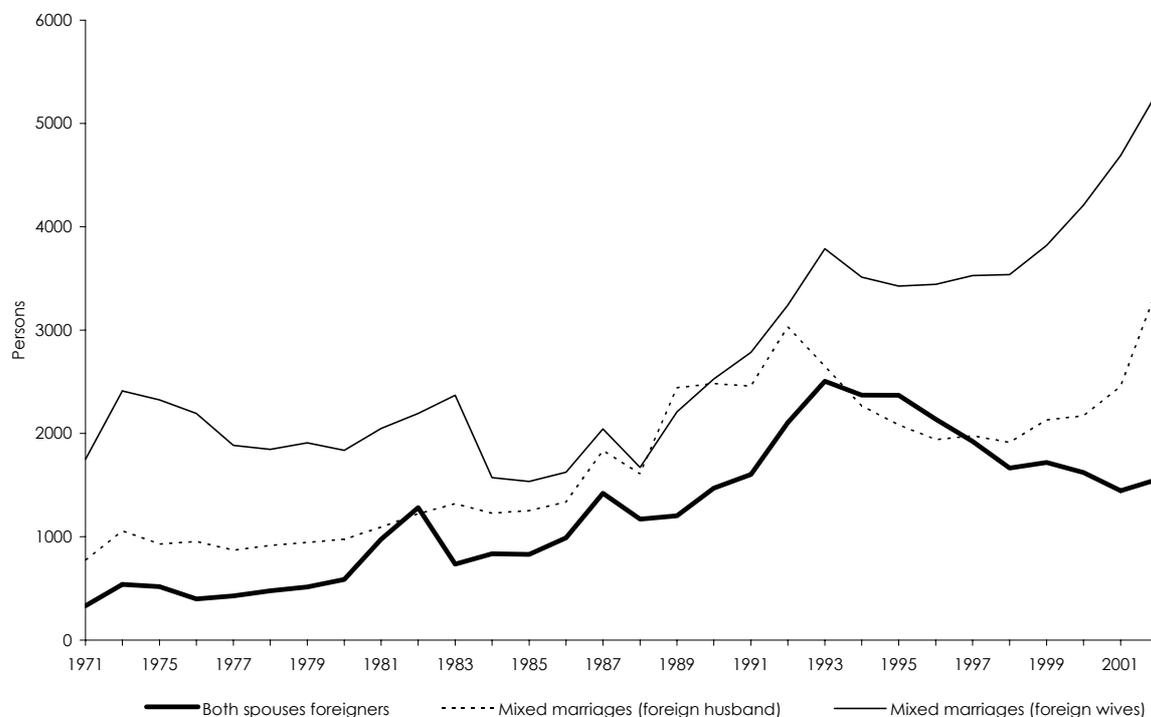
Table 18: Marriages of Nationals and Foreigners

	Total marriages	Both spouses nationals	Both spouses foreigners	Mixed marriages: of which	
				foreign husband	foreign wife
1971	48,166	45,312	331	774	1,749
1972	57,372	53,365	539	1,057	2,411
1975	46,542	42,769	518	930	2,325
1976	45,767	42,220	399	955	2,193
1977	45,378	42,198	428	869	1,883
1978	44,573	41,334	477	916	1,846
1979	45,445	42,077	514	945	1,909
1980	46,435	43,037	586	976	1,836
1981	47,768	43,652	976	1,093	2,047
1982	47,643	42,947	1,281	1,222	2,193
1983	56,171	51,745	736	1,321	2,369
1984	45,823	42,187	836	1,228	1,572
1985	44,867	41,250	830	1,252	1,535
1986	45,821	41,871	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

Source: Statistics Austria.

Figure 11: Mixed marriages and marriages of foreigners

1971-2002



Source: Statistics Austria.

### III. Employment and unemployment of foreign workers

#### 1. Employment of foreign workers

According to social security data 334,400 foreign workers found employment in Austria during 2002, i.e., 5,100 or 1.6 percent more than a year ago. The current year will see a boost to foreign employment as a result of the cyclical downturn and changes in administrative procedures and legal access rights to the labour market of long-term foreign residents. By the end of October 2003, employment of foreigners had increased by 18,200 or 5.4 percent. According to this data the proportion of foreigners in the total of wage and salary earners amounted to 10.6 percent on average in 2002 (after 10.5 percent 2001). In this number, citizens from the EEA/EU are included. Their numbers have been rising steadily by some 2,000 annually since 1994. During 2002 some 39,400 EEA/EU citizens were employed in Austria, 11.8 percent of all foreign workers.

Table 19: Foreign labour in Austria from 1961-2002

Annual average

	Foreign <sup>1</sup> workers	Changes		Share in total employment
		Absolute	Percent	Percent
1961	16,200	.	.	0.7
1962	17,700	+ 1,500	+ 9.3	0.8
1963	21,500	+ 3,800	+ 21.5	0.9
1964	26,100	+ 4,600	+ 21.4	1.1
1965	37,300	+ 11,200	+ 42.9	1.6
1966	51,500	+ 14,200	+ 38.1	2.2
1967	66,200	+ 14,700	+ 28.5	2.8
1968	67,500	+ 1,300	+ 2.0	2.9
1969	87,700	+ 20,200	+ 29.9	3.7
1970	111,700	+ 24,000	+ 27.4	4.7
1971	150,200	+ 38,500	+ 34.5	6.1
1972	187,100	+ 36,800	+ 24.5	7.4
1973	226,800	+ 39,700	+ 21.2	8.7
1974	222,300	- 4,500	- 2.0	8.4
1975	191,000	- 31,300	- 14.1	7.2
1976	171,700	- 19,300	- 10.1	6.4
1977	188,900	+ 17,200	+ 10.0	6.9
1978	176,700	- 12,200	- 6.4	6.4
1979	170,600	- 6,100	- 3.5	6.2
1980	174,700	+ 4,100	+ 2.4	6.3
1981	171,800	- 2,900	- 1.7	6.1
1982	156,000	- 15,800	- 9.2	5.6
1983	145,300	- 10,600	- 6.8	5.3
1984	138,700	- 6,600	- 4.6	5.1
1985	140,200	+ 1,500	+ 1.1	5.1
1986	146,000	+ 5,800	+ 4.1	5.3
1987	147,400	+ 1,400	+ 1.0	5.3
1988	150,900	+ 3,500	+ 2.4	5.4
1989	167,400	+ 16,500	+ 10.9	5.8
1990 <sup>2</sup>	211,100	+ 43,700	+ 26.1	7.2
1991 <sup>2</sup>	256,700	+ 45,600	+ 21.6	8.6
1992	273,900	+ 17,200	+ 6.7	9.0
1993	276,000	+ 2,100	+ 0.8	9.0
1994 <sup>3</sup>	291,000	+ 15,000	+ 5.4	9.5
1995	300,300	+ 9,300	+ 3.2	9.8
1996	300,400	+ 100	+ 0.0	9.9
1997	298,800	- 1,600	- 0.5	9.8
1998	298,600	- 200	- 0.1	9.7
1999	306,400	+ 7,800	+ 2.6	9.9
2000	319,900	+ 13,400	+ 4.4	10.2
2001	329,300	+ 9,500	+ 3.0	10.5
2002	334,400	+ 5,119	+ 1.6	10.6

Source: Federal Ministry of Economics and Labour; Federation of Austrian Social Security Institutions. – <sup>1</sup> Corrected series (permanent licences and persons on parental leave included). – <sup>2</sup> Excluding the institutionally induced short term overshoot of foreign work permits over foreign employment between August 1990 and June 1991 and the overcount of work permits by 1,500 on average during 1993. – <sup>3</sup> Since 1994 foreign employment according to social security data.

Thus, the number of foreigners of third country origin increased only slightly in 2002 by some 1,400 or 0.5 percent to 295,000 2002. The exact number of foreigners is, however, somewhat overestimated in the social security data, because naturalisations of foreigners become known to the social security department only with a certain time lag.

The administrative data of the Ministry of Labour (permit data) suggests that the employment performance of persons of third country origin between mid 2002 and 2003 was more dynamic in absolute terms than for persons from the EEA/EU. Their employment increased by 10,800 (versus +5,900 of EEA/EU citizens). The count of employment permits of persons of third country origin by the labour market service exhibits a somewhat slighter rise of 8,100 mid year 2002/2003; to a certain extent the discrepancy may be due to naturalisations, which are not adequately accounted for in social security data.

During 1997 new legislation on residence and settlement of foreigners came into effect (Fremdengesetz 1997). This legislation was intended to promote the integration of foreigners, who have resided in Austria legally for a longer period of time. It was in particular meant to facilitate access to the labour market of family members, who had arrived in Austria before 1992. But the tighter controls of employment practices of foreigners, which were implemented at the same time, had the opposite effect. The 'habit' of some firms to employ a foreigner of third country origin (who has a residence permit which would in principle allow employment) without applying for a work permit, had to be discontinued. Before a firm is granted a first work permit for a foreigner, four unemployed, who could in principle fill the post (unemployment benefit recipients), have to be rejected by the firm in question. This is an effective entry barrier to foreigners, who never worked in Austria. In 2002, the option of long-term foreign residents to apply for a green card, which allows entry into the labour market without the firm having to apply for a work permit has significantly improved the integration of unskilled migrants into the labour market.

The high and rising numbers of seasonal workers from abroad, who may enter under a quota, has, however, raised competition on the low wage labour market to such an extent that both, employment and unemployment of migrants increased in 2002/2003. Seasonal work represents also for resident migrants an option to enter the labour market.

#### A) *Alien policy measures*

Alien police measures entail a number of measures which may impact on migrants. The measures include expulsions, rejections at the border, refoulement cases, denial of residence etc. In 2002, all in all 75,300 actions were taken/registered, 2000 or 2.5 percent less than a year ago. The majority of actions are taken at the border, i.e., rejections of entry due to information from the SIS (Schengen information system), due to lack of required papers (passport or visa), due to expected black market work, lack of financial means. SIS cases as well as lack of financial means cases are increasing at the border.

Table 20: Statistic of alien police measures

	Sum January to December 2000	Sum January to December 2001	Sum January to May 2000	Sum January to May 2001	Sum January to May 2002	Sum January to May 2003
<i>Rejections at the border</i>						
§ 52/1 FrG (no passport or visa)	10,623	8,973	4,501	3,722	2,496	2,281
§ 52/2/1 FrG (refusal of residence)	1,001	915	515	402	685	516
§ 52/2/2 FrG (SIS – search)	2,644	4,189	1,201	1,526	4,803	3,752
§ 52/2/3/a FrG (security)	1,098	1,082	539	511	447	353
§ 52/2/3/b FrG (clandestine work)	1,441	851	764	373	341	442
§ 52/2/3/c FrG (trafficking of humans)	53	46	28	22	15	15
§ 52/2/4 FrG (lack of financial means)	2,165	1,506	1,115	660	731	1,695
§ 52/2/5 FrG (finance delict)	30	33	12	4	27	19
<i>Total</i>	19,055	17,595	8,675	7,220	9,545	9,073
<i>Removal to home country</i>						
§ 55/1/1 FrG (avoidance of border control)	5,166	4,705	2,023	2,041	1,061	833
§ 55/1/2 FrG (accord to take persons back)	3,270	1,633	1,397	708	505	292
<i>Total</i>	8,436	6,338	3,420	2,749	1,566	1,125
<i>Expulsion from Austria – § 33</i>						
§ 33/1 FrG (illegal residence)	8,319	5,194	3,948	2,431	1,968	2,543
§ 33/2/1 FrG (criminal case)	39	28	2	24	2	6
§ 33/2/2 FrG (illegal purpose)	5	3	0	3	5	3
§ 33/2/3 FrG (prostitution)	9	3	2	1	11	1
§ 33/2/4 FrG (lack of financial means)	142	104	83	54	257	56
§ 33/2/5 FrG (clandestine work)	207	296	63	80	74	175
§ 33/2/6 FrG (illegal entry)	742	354	221	238	89	114
<i>Total</i>	9,463	5,982	4,319	2,831	2,406	2,898
<i>Expulsion from Austria – § 34</i>						
§ 34/1 FrG (false pretence, deceit)	119	207	65	60	125	47
§ 34/2 FrG (lack of employment)	25	15	22	0	6	2
§ 34/3 FrG (unemployable)	4	0	3	0	1	0
<i>Total</i>	148	222	90	60	132	49
<i>Refusal of residence</i>						
§ 36/1 FrG (security)	3,937	8,073	1,284	2,098	3,411	832
§ 36/2/1 FrG (criminal civil case)	1,407	1,298	512	569	562	879
§ 36/2/2 FrG (criminal administration act)	53	48	18	20	20	7
§ 36/2/3 FrG (finance delict)	25	36	12	4	6	8
§ 36/2/4 FrG (prostitution)	21	10	11	7	18	4
§ 36/2/5 FrG (Trafficking of humans)	358	265	132	128	93	90
§ 36/2/6 FrG (false information)	561	527	290	264	113	144
§ 36/2/7 FrG (lack of financial means)	4,754	4,695	1,917	2,145	2,312	3,109
§ 36/2/8 FrG (clandestine work)	1,516	1,405	641	597	568	752
§ 36/2/9 FrG (deceptive marriage)	71	30	24	12	16	36
<i>Total</i>	12,703	16,387	4,841	5,844	7,119	5,861
<i>Deportation</i>						
§ 56/1 FrG	9,638	8,324	3,722	3,687	2,548	4,398

Source: Federal Ministry of the Interior.

Once a person entered Austria successfully and engaged in illegal activities, expulsions and denial of residence rights may be the consequence. The number of expulsions and withdrawals of the right of residence due to limited financial means, clandestine work and un-employability continues to rise (from 4,800 1997 to 8,400 2002). The large majority of apprehended foreigners has entered as tourists and engages in clandestine work. They do not represent a security risk in the narrow sense of the term but represent nonetheless a sizeable number of refusals of residence in Austria.

With Austria's full fledged membership to Schengen, border checks have taken on a new dimension. The number of rejections at the border due to lack of passport or visa could be almost halved in 1997 and continues to be reduced since then (2002 to 6,900). In the current year a further reduction can be expected, which goes to show that the legal requirements for crossing into Schengen country are basically observed.

According to data from the Federal Ministry of the Interior the number of persons captured for trafficking of humans has been reduced substantially over the last couple of years. In the current year hardly more than 100 people have been captured at the border or expelled as a result of trafficking of humans. This may be to some extent the result of concerted action to prosecute smugglers.

#### *B) The structure of foreign workers by nationality and gender*

The structure of foreign workers by nationality is changing slowly. The share of EU-citizens in the foreign work force has been rising from 6.3 percent in 1994 to 11.8 percent 2002. The majority is still from Germany, but increasingly Italians, French, Dutch, and British citizens take up work in Austria. The share of persons from the Federation of Yugoslavia has been declining from 48.8 percent in 1992 to 35.8 percent 2002. The share of persons from Croatia, while being rather small, is continually increasing. The proportion of Bosnians has increased rather more rapidly, as they received preferential treatment on humanitarian grounds when applying for work permits. In 2002 they accounted for 7.6 percent of all foreign workers, i.e., about the same share as German citizens in Austria.

The share of Turks in foreign employment has declined between 1989 and 1997 from 23.4 percent to 17.7 percent. In 1998 their numbers increased again more than proportionately to a share of 18.2 percent of all foreign workers – basically as a result of the implementation of the association agreement of Turkey with the EU (article 4c/2 AuslBG). According to the integration of the association agreement into the Austrian Foreign Worker Law access to the labour market has to be granted (either a work permit or any other type of work entitlement) upon request of the eligible Turkish citizen. In 1999 the number of work permits for Turkish citizens rose proportionately such that their share in foreign employment remained stable at 18.2 percent. 2000 to 2002 saw a slight decline in their share in total foreign employment to 16.8 percent, partly as a result of substantial naturalisations of Turks over that period.

The share of "others", in the main east Europeans, has taken a dip in 1994 and continued to decline until 1999. In 2002 they made up 23.5 percent of all foreign workers, 2.4 percentage points less than in the peak year 1994. Also in the case of citizens of CEECs increased naturalisations account for the declining dynamics in their employment numbers.

Table 21: Foreign workers by nationality 1971-2002 <sup>1</sup>

Annual average

	Foreign workers total	EU	Of which: Germany	EFTA	Yugoslavia	Croatia	Slovenia	Bosnia	Turkey	Others
	Percent									
1971	150,200	.	3.0	.	76.0	.	.	.	13.1	7.9
1972	187,100	.	2.8	.	77.7	.	.	.	11.4	8.0
1973	226,800	.	2.5	.	78.5	.	.	.	11.8	7.2
1974	222,300	.	2.6	.	76.2	.	.	.	13.5	7.7
1975	191,000	.	3.1	.	73.9	.	.	.	14.1	8.8
1976	171,700	.	6.2	.	70.2	.	.	.	14.3	9.3
1977	188,900	.	6.3	.	69.7	.	.	.	14.3	9.7
1978	176,700	.	6.6	.	68.5	.	.	.	14.8	10.0
1979	170,600	.	6.8	.	67.2	.	.	.	15.6	10.3
1980	174,700	.	6.9	.	65.9	.	.	.	16.2	10.9
1981	171,800	.	7.1	.	64.5	.	.	.	16.9	11.5
1982	156,000	.	7.6	.	62.0	.	.	.	18.3	12.0
1983	145,300	.	7.8	.	61.4	.	.	.	19.0	11.8
1984	138,700	.	8.0	.	59.9	.	.	.	20.0	12.1
1985	140,200	.	8.0	.	58.5	.	.	.	20.8	12.8
1986	146,000	.	7.8	.	57.3	.	.	.	21.4	13.4
1987	147,400	.	7.8	.	56.0	.	.	.	22.2	14.1
1988	150,900	.	7.9	.	55.1	.	.	.	22.7	14.3
1989	167,400	.	7.4	.	54.3	.	.	.	23.4	14.9
1990 <sup>2</sup>	217,600	.	6.0	.	50.8	.	.	.	23.2	20.0
1991 <sup>2</sup>	266,500	7.2	5.1	0.7	48.5	.	.	.	21.6	22.0
1992	273,900	6.9	5.0	0.7	48.8 <sup>3</sup>	0.4	0.5	.	20.3	22.4
1993	277,500	6.9	5.0	0.7	45.6	2.3	1.6	1.2	19.6	22.1
1994 <sup>4</sup>	291,000	6.3	4.2	0.3	44.4	1.3	0.9	2.3	18.6	25.9
1995	300,300	7.0	4.5	0.1	43.1	1.6	0.9	3.6	18.2	25.5
1996	300,400	7.8	4.9	0.1	42.0	1.8	1.0	4.5	17.8	25.0
1997	298,800	8.3	5.2	0.1	41.3	1.9	1.1	5.0	17.7	24.6
1998	298,600	9.0	5.7	0.1	41.0	2.1	1.1	5.5	18.2	23.0
1999	306,400	9.7	6.1	0.1	40.1	2.3	1.1	6.0	18.2	22.5
2000	319,900	10.1	6.5	0.1	38.8	2.6	1.1	6.6	17.9	22.8
2001	329,300	10.8	7.1	0.1	37.3	3.0	1.1	7.3	17.3	23.1
2002	334,400	11.8	7.9	0.1	35.8	3.2	1.2	7.6	16.8	23.5

Source: Federal Ministry of Economics and Labour; Federation of Austrian Social Security Institutions (1994). Official series, not corrected for statistical breaks. – <sup>1</sup> 1971-1976 estimate. – <sup>2</sup> Including work permits in surplus of employment of foreign workers. – <sup>3</sup> Starting with 1992 new frontiers. – <sup>4</sup> Since 1994 foreign employment according to social security data.

Ever since 1992, as measures to restrict new inflows of foreign workers were introduced, the employment opportunities of foreign women improved vis-à-vis foreign men. The share of women in foreign employment rose from 33.5 percent in 1992 to 38.9 percent in 2002. The proportion of women in foreign employment remained clearly below the Austrian average of 45.1 percent in 2002.

Table 22: Foreign workers by gender 1971-2002

	Male	Female Percent	Total
September 1971	70.9	29.1	100.0
September 1972	68.5	31.5	100.0
September 1973	69.0	31.0	100.0
September 1974	67.3	32.7	100.0
September 1975	63.8	36.2	100.0
September 1976	61.3	38.7	100.0
September 1977	61.3	38.7	100.0
September 1978	61.5	38.5	100.0
September 1979	61.6	38.4	100.0
September 1980	60.9	39.1	100.0
September 1981	61.0	39.0	100.0
September 1982	60.4	39.6	100.0
September 1983	60.4	39.6	100.0
September 1984	61.1	38.9	100.0
September 1985	60.9	39.1	100.0
September 1986	60.4	39.6	100.0
September 1987	61.3	38.7	100.0
September 1988	62.1	37.9	100.0
September 1989	62.6	37.4	100.0
Annual average 1989	61.6	38.4	100.0
Annual average 1990	64.9	35.1	100.0
Annual average 1991	66.1	33.9	100.0
Annual average 1992	66.5	33.5	100.0
Annual average 1993	66.3	33.7	100.0
Annual average 1994 <sup>1</sup>	63.8	36.2	100.0
Annual average 1995	63.2	36.8	100.0
Annual average 1996	62.6	37.4	100.0
Annual average 1997	62.5	37.5	100.0
Annual average 1998	62.8	37.2	100.0
Annual average 1999	62.7	37.3	100.0
Annual average 2000	62.2	37.8	100.0
Annual average 2001	61.3	38.7	100.0
Annual average 2002	61.1	38.9	100.0

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

The share of women in foreign employment differs greatly by country of origin. Women from the Federation of Yugoslavia have the highest share of foreign female employment, and continued to do so in 2001 (44.2 percent). Next in line are Bosnians (41.5 percent) and Croatians (39.8 percent). The lowest proportion of women in total employment is amongst

Turks (27.3 percent) and Macedonians (21.6 percent). The lifting of labour market entry barriers to Turkish citizens as a result of the implementation of agreements of the EU with Turkey in 1997 tended to increase the share of women in the employment of Turks in Austria by 1.8 percentage points.

Table 23: Foreign workers of third country origin by gender and nationality

Annual average

Nationalities	2001			2002		
	Male	Female	Total	Male	Female	Total
Yugoslavia	39,536	31,286	70,822	35,333	28,419	63,752
Croatia	15,587	10,299	25,886	15,406	10,456	25,862
Slovenia	4,403	1,602	6,005	4,405	1,579	5,984
Bosnia	23,968	17,013	40,981	24,707	17,649	42,356
Macedonia	3,403	936	4,339	3,456	992	4,448
Turkey	31,727	11,932	43,659	28,466	10,656	39,122
Others	34,356	14,013	48,369	33,623	13,729	47,352
Of whom:						
Eastern Europe	26,825	10,726	37,551	26,496	10,639	37,135
Total	152,980	87,081	240,061	145,396	83,480	228,876

Source: Austrian Labour Market Service.

### C) Industrial structure of foreign employment

The industrial structure of employment in the middle of the year (end of June 2002/2003) provides a relatively good estimate of the average annual employment development in the current year. According to this data foreign employment in manufacturing industries excluding construction stagnated between mid 2002 and 2003. Some structurally weak manufacturing industries like textiles/clothing and stone/glass exhibited negative employment growth. Those manufacturing industries had experienced an abrupt increase in competition as a result of the opening up of CEECs; production of standardised mature goods, like food, textile and clothing has been transferred to the eastern neighbouring countries to a large extent. Foreign workers, who tend to be core workers in these industries, could, however, not only hold their place but in certain cases even increase their employment shares in these industries. Other manufacturing industries, which are highly export oriented and are major supplier industries in a world of increasing intra-industry trade, in particular metal industries, could expand output and employment. In the current year, foreign workers could increase their share in employment in most industries, except in the case of the textile industry. This may, however, also be the result of naturalisations of foreigners, who have been residing and working long enough in these industries in Austria.

Employment of foreign workers increased substantially in the construction sector thus raising their share in employment above 19 percent in June 2003. This is a result of the labour supply

rise of foreigners in that period, which increased competition in the low skilled jobs, thus promoting substitution. Total employment in the construction sector declined between June 2002 and 2003 by 2,700 or 1 percent to 254,100. Foreign workers could increase their employment share in the construction industry.

Table 24: Employment of wage and salary earners by industry

By end of June

	Total	2002 Foreigners	Foreigners in percent of total	Total	2003 Foreigners	Foreigners in percent of total
<i>Agriculture and forestry</i>	30,501	9,124	29.9	31,288	10,314	33.0
Agriculture and forestry	30,501	9,124	29.9	31,288	10,314	33.0
<i>Mining and manufacturing</i>	896,702	124,585	13.9	882,626	125,189	14.2
Mining, stones and minerals	13,630	753	5.5	13,571	790	5.8
Food, drinks, tobacco	73,393	12,264	16.7	73,156	12,662	17.3
Textiles, clothing, leather	35,573	9,184	25.8	32,211	8,051	25.0
Wood, paper, printing, publishing	79,547	7,770	9.8	77,874	7,745	9.9
Chemicals, recycling	60,409	8,048	13.3	60,572	8,132	13.4
Stone and glassware	30,120	3,842	12.8	29,470	3,782	12.8
Production and processing of metals	279,385	30,199	10.8	276,390	30,443	11.0
Furniture, jewellery, musical instruments etc.	40,504	4,118	10.2	38,232	4,020	10.5
Energy and water supplies	27,376	251	0.9	27,063	310	1.1
Construction	256,765	48,156	18.8	254,087	49,254	19.4
<i>Services</i>	2,163,212	209,512	9.7	2,181,222	223,938	10.3
Trade, repair works	493,285	48,130	9.8	490,542	50,882	10.4
Restaurants and hotels	159,677	46,623	29.2	161,526	48,652	30.1
Transport, telecommunications	220,981	21,525	9.7	214,540	22,646	10.6
Financing, insurance	109,853	2,874	2.6	109,484	3,299	3.0
Business-oriented services	278,667	47,089	16.9	286,586	51,148	17.8
Public administration, social security	466,427	12,227	2.6	474,094	13,587	2.9
Education and research	125,439	3,109	2.5	128,601	3,857	3.0
Health, veterinary and social services	159,341	11,738	7.4	165,686	12,787	7.7
Other public and private services, extraterritorial organisations	145,816	15,528	10.6	146,658	16,447	11.2
Private households	3,726	669	18.0	3,505	633	18.1
All industries	3,090,415	343,221	11.1	3,095,136	359,441	11.6
Military service	12,313			12,251		
Parental leave	79,189			101,955		
Unknown		691			661	
Total	3,181,917	343,912	10.8	3,209,342	360,102	11.2

Source: Federation of Austrian Social Security Institutions.

Employment in services continued to increase in June 2003 (+18,100, +0.8 percent versus 2002), with a rising share of foreign workers (from 9.7 percent to 10.3 percent). The most dynamic industries were business services (+7,900, +2.8 percent), which include the catch-all of temporary work agencies. The share of foreign workers increased slightly to 17.8 percent. The increased use of temporary work agencies, which may hire out all sorts of skills and occupations to different industries, tend to blur the employment structure by industry. The other services with above average employment growth were health and social services, education and public administration.

According to social security data, foreign employment rose by 16,200 or 4.7 percent to 360,100 in June 2003 versus a year ago. The industrial concentration of foreign workers, which had intensified in the early 1990s, has declined somewhat around the middle of the 1990s. In the second half of the 1990s, however, certain industries could only keep their competitive edge with the help of foreign workers. The primary sector for instance (agriculture and forestry) has increased the foreign worker share to 33 percent in June 2003. The supply of Austrian nationals for seasonal work, help in harvesting, etc., is not sufficient. Agriculture and forestry have now together with tourism industries (30.1 percent) and textiles-clothing-leather industries (25 percent) the highest foreign worker density.

Next in line are construction (19.4 percent), household services (18.1 percent), and business services (17.8 percent). The relatively high share of foreign workers in business oriented services is the result of a polarised skill structure of the foreign work force – on the lower end cleaning services account for the high share, on the upper end highly skilled consultants and computer specialists.

#### *D) Regional distribution of foreign employment*

The regional distribution of foreigners remained more or less unchanged between 2001 and 2002. Five federal states increased their share of foreign workers in total employment (Vienna, Carinthia, Upper Austria, Tyrol, Burgenland), 1 (Styria) remained stable and the remaining 3 had declining shares. As economic growth slowed down, it affected regions differently, accentuating the long run regional strengths and weaknesses.

Foreign workers profit from the decline in overall labour supply growth as well as the onset of relative labour scarcities.

The regional concentration of foreign workers differs somewhat by the nationality of foreigners. On average 33.3 percent of all foreign workers were working in Vienna in 2002 – this share has been relatively stable for some time now. The share of Yugoslavs (34.9 percent) is somewhat above average, the share of Turks (30 percent) somewhat below it. The greatest concentration upon Vienna is given in the case of the mix of 'others'. These people are either persons from CEECs, who tend to settle in Vienna, in particular Poles and Slovaks, on the other hand international corporations and their management tend to have their headquarters in

Vienna just as international organisations thus contributing to the high share of 'others' upon Vienna (35.7 percent).

Table 25: Regional distribution of foreign labour in Austria

Annual average

	2001			2002		
	Total employment	Foreigners <sup>1</sup>	Percent	Total employment	Foreigners <sup>1</sup>	Percent
Vienna	767,300	111,400	14.5	797,490	111,495	14.7
Lower Austria	520,800	49,600	9.5	520,789	48,842	9.4
Styria	432,900	23,600	5.5	433,610	24,037	5.5
Carinthia	192,800	12,000	6.2	193,003	12,233	6.3
Upper Austria	539,300	42,600	7.9	543,525	43,510	8.0
Salzburg	213,800	25,400	11.9	217,580	25,652	11.8
Tyrol	266,600	27,900	10.5	271,148	30,505	11.3
Vorarlberg	133,700	25,400	19.0	135,200	25,438	18.8
Burgenland	81,000	8,500	10.5	82,816	9,003	10.9
Austria	3,148,200	329,300	10.5	3,155,161	334,432	10.6

Source: Federation of Austrian Social Security Institutions. – <sup>1</sup> In the total number of foreign employment 2,300 (2000), 3,000 (2001) and 3,700 (2002) foreign citizens are included, who work in mining and railway systems, and who can not be attributed to a province.

Table 26: Foreign workers by region and nationality 2001 and 2002

Annual average

	Foreign workers <sup>1</sup>		Among them from							
	Total		Germany		Former Yugoslavia		Turkey		Others	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
	Percent									
Vienna	33.8	33.3	23.9	22.9	35.3	34.9	29.9	30.0	36.5	35.7
Lower Austria	15.1	14.6	10.2	9.5	13.0	12.8	17.4	16.7	18.7	18.1
Styria	7.2	7.2	7.7	7.5	7.7	7.9	2.7	2.8	8.9	8.6
Carinthia	3.6	3.7	4.7	4.4	5.1	5.2	0.8	0.8	2.5	2.6
Upper Austria	12.9	13.0	12.0	11.7	14.2	14.4	11.0	11.2	12.0	12.0
Salzburg	7.7	7.7	11.7	11.0	9.1	9.1	6.1	6.2	5.0	5.1
Tyrol	8.5	9.1	14.4	16.5	7.4	7.5	13.1	13.6	5.9	6.9
Vorarlberg	7.7	7.6	12.2	12.6	5.9	5.8	17.9	17.5	3.2	3.2
Burgenland	2.6	2.7	1.4	1.4	1.3	1.3	0.7	0.7	6.5	6.7
Austria	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Federation of Austrian Social Security Institutions. – <sup>1</sup> In the total number of foreign employment 2,300 (2000), 3,000 (2001) and 3,700 (2002) foreign citizens are included, who work in mining and railway systems, and who can not be attributed to a province.

Germans are more dispersed over Austria with an above average share in the west and south, i.e., Carinthia and Styria as well as Salzburg, Tyrol, and Vorarlberg. Yugoslavs on the other hand tend to concentrate apart from Vienna in the south, in Styria, Carinthia, and the

west, in Salzburg and Upper Austria. Turks, given their occupational specialisation in textiles, clothing and leather, are more than proportionally represented in Vorarlberg, Tyrol and Lower Austria.

## **2. Unemployment of foreign workers**

Apart from a slight decline of unemployment in 1994 the numbers of (registered) unemployed have been increasing between 1989 and 1998, in spite of intermittent phases of substantial economic growth and concomitant employment increases. The slight decline in unemployment during 1994 remained short-lived as it was not the consequence of a significant improvement of employment but much rather the result of a rush into early retirement and disability pensions as well as a rise in the number of discouraged workers and thus supply reductions. The period of economic upswing between 1997 and 2000 allowed unemployment to decline from 1998 to 2000. In 2001 unemployment started to rise again as the economy entered into a downward trend and continued to rise well into the current year. Unemployment increased in 2002 by 28,500 or 14 percent on a yearly average to 232,400.

The share of foreign workers in total unemployment amounted to 36,100 or 15.5 percent in 2002, a rise by 0.5 percentage point compared to 2001. The number of foreign unemployed increased by 5,500 or 18 percent, i.e., more than proportionately. A significant rise of long-term unemployment of foreign workers had been expected as a result of the verdict of the European supreme court of July 1996, which denied the Austrian labour authorities the right to discontinue to pay benefits to foreign workers in case of long-term unemployment. In Austria unemployed have the right to continue to receive benefits (out of the unemployment insurance fund) after the maximum period of 1 year has expired, in case of a positive needs test. Austria always understood the needs tested unemployment benefits as a type of welfare payment, from which migrants with temporary work permits could be excluded and migrants with a permanent licence limited to one year of needs tested long-term benefit. Austrians can, in contrast, receive needs tested benefits for a potentially unlimited time. The correction for this unequal treatment did not lead to a substantial increase in registered long-term unemployment of foreign workers. The implementation of equal treatment of permanent permit holders with Austrians came at a time when policy towards long-term unemployment changed, not least as a result of co-ordinated EU policy which strives to activate the unemployed, i.e., to move away from welfare to employment promotion.

The share of women in total unemployment, which had been rising continually from 1993 to 1998 (45.6 percent), declined thereafter and reached 42.4 percent in 2002. As a result, the differential in unemployment rates between men and women, which had been growing in the past, has declined in the last couple of years. In the year 2002, the unemployment rate of men surpassed the rate of women. It reached a level of 7.2 percent and was thus 0.8 percentage point higher than the rate for women.

Table 27: Total unemployed and unemployed foreigners 1975-2002

Annual average

	Unemployed			Of which foreigners		
	Male	Female	Total	Male	Female	Total
1975	25,433	30,032	55,464	3,360	1,432	4,792
1976	26,548	28,709	55,257	2,817	1,073	3,890
1977	23,511	27,654	51,165	2,522	1,019	3,541
1978	28,846	29,724	58,570	4,188	1,346	5,534
1979	28,524	28,195	56,719	3,565	1,055	4,620
1980	26,544	26,617	53,161	2,815	868	3,683
1981	38,008	31,286	69,295	4,787	1,269	6,056
1982	65,126	40,220	105,346	8,467	1,741	10,208
1983	79,819	47,556	127,376	7,466	2,067	9,533
1984	80,599	49,870	130,469	5,994	1,968	7,961
1985	84,155	55,292	139,447	5,969	2,169	8,139
1986	88,856	63,116	151,972	6,371	2,597	8,967
1987	95,015	69,453	164,468	7,191	3,107	10,297
1988	89,829	68,802	158,631	6,896	3,088	9,984
1989	81,001	68,176	149,177	7,266	3,298	10,564
1990	89,032	76,762	165,795	12,984	5,367	18,351
1991	98,984	86,044	185,029	14,737	6,090	20,827
1992	107,202	85,896	193,098	15,864	6,113	21,977
1993	126,681	95,584	222,265	19,363	7,722	27,086
1994	120,567	94,374	214,941	17,500	7,945	25,445
1995	120,004	95,712	215,716	17,163	7,728	24,891
1996	128,025	102,482	230,507	19,145	8,460	27,605
1997	128,580	104,768	233,348	18,687	8,845	27,532
1998	129,429	108,365	237,794	18,746	9,717	28,463
1999	121,518	100,224	221,743	17,925	9,282	27,207
2000	107,509	86,804	194,314	16,805	8,953	25,758
2001	115,324	88,560	203,883	20,201	10,406	30,607
2002	134,377	98,041	232,418	24,022	12,109	36,131

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

The share of women in total foreign unemployment is, contrary to Austrian women, smaller than their employment share, but rising; it amounted to 33.5 percent in 2002. The unemployment rates of foreign women have thus almost always been lower than those of foreign men. The unemployment rate of foreign women surpassed the rate of men only in a very short period in the past (1987/88). In 2002, the unemployment rate differential between foreign men and women reached an unprecedented high level of 2 percentage points.

In 2002, the unemployment rate of foreign men amounted to 10.5 percent after 9.1 percent a year ago. It is thus significantly higher than the national average unemployment rate of men of 7.2 percent. Foreign women had an unemployment rate of 8.5 percent, after 7.6 percent a year ago. The national average unemployment rate of women amounted to 6.4 percent in 2002.

Turkish workers have traditionally had the highest unemployment rates of any foreign worker group. This was also the case in 2002. The unemployment rate of Turks had declined continuously between 1997 and 2000, but rose again in 2001 and 2002 to 12.1 percent. The unemployment rate of Yugoslavs rose to 10.4 percent (after 8.6 percent 2001), thus raising the differential between Turks and Yugoslavs to 1.7 percentage points.

Table 28: Total unemployment rates and unemployment rates of foreigners

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

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

#### A) Unemployment by occupation and industry

The unemployment rates by occupation are not strictly comparable after 1995 with the years ahead due to a change in the occupational classification of employment. The structure of unemployment rates by occupation and nationality conveys, however, an idea of the relative severity of the incidence of unemployment in the different occupations for indigenous and foreign workers.

Table 29: Unemployment rates of indigenous and foreign labour according to selected occupations

1992-2002

Selected occupations	1992	1993	1994	1995 <sup>1</sup>	1996	1997	1998	1999	2000	2001	2002
<i>Nationals</i>											
Agriculture and forestry	14.4	16.0	13.8	14.3	14.3	14.2	15.0	14.7	14.0	14.2	15.0
Stone- and mineral workers	3.9	4.5	4.1	3.8	4.6	4.4	4.3	4.0	3.8	3.9	4.2
Construction	7.7	8.4	7.8	8.0	8.6	8.3	8.4	8.2	7.9	8.9	9.5
Metalworkers, electricians	5.7	7.2	7.0	8.4	8.9	8.2	7.8	7.2	5.9	6.1	7.4
Wood processing	4.1	4.9	4.5	4.5	5.1	5.3	5.4	5.4	4.6	5.1	6.3
Textile workers	3.6	5.0	4.6	5.6	6.4	6.2	5.4	5.1	4.2	4.5	5.7
Clothing, shoe industry	11.7	14.2	14.3	14.2	15.9	15.9	15.7	14.6	12.8	12.0	13.3
Trade	4.2	4.7	4.7	4.2	4.5	4.8	5.0	4.7	3.9	3.9	4.5
Tourism	18	19.2	18.1	17.8	18.4	18.5	18.5	17.1	15.3	15.4	16.2
<b>Total</b>	<b>5.8</b>	<b>6.6</b>	<b>6.4</b>	<b>6.4</b>	<b>6.9</b>	<b>6.9</b>	<b>7.0</b>	<b>6.5</b>	<b>5.7</b>	<b>5.8</b>	<b>6.5</b>
<i>Foreigners</i>											
Agriculture and forestry	12.5	12.7	16.4	14.8	14.0	12.8	12.4	11.7	10.5	11.0	10.3
Stone- and mineral workers	5.8	7.4	5.1	4.7	6.1	5.4	5.4	5.8	5.1	4.9	5.9
Construction	9.7	11.1	9.6	9.9	11.1	10.9	11.2	11.2	11.1	13.3	14.2
Metalworkers, electricians	8	10.8	8.5	8.8	10.4	9.7	9.6	8.7	7.2	8.2	10.8
Wood processing	4.6	6.5	4.8	4.7	6.3	6.5	6.3	6.0	5.2	5.5	6.5
Textile workers	4.7	8.6	6.0	6.6	7.4	5.8	4.9	5.3	4.2	3.8	4.6
Clothing, shoe industry	7.1	9.3	11.3	8.2	8.3	8.6	8.9	8.2	7.6	8.1	9.2
Trade	2.1	2.8	2.0	1.8	2.0	2.3	2.6	2.4	2.1	2.6	3.3
Tourism	7.8	9.6	10.9	10.5	10.9	11.3	11.7	10.9	10.0	9.8	10.2
<b>Total</b>	<b>7.4</b>	<b>8.9</b>	<b>8.0</b>	<b>7.7</b>	<b>8.4</b>	<b>8.4</b>	<b>8.7</b>	<b>8.2</b>	<b>7.5</b>	<b>8.5</b>	<b>9.8</b>

Source: Federal Ministry of Economics and Labour; Austrian Labour Market Service; Social Security Department, WIFO calculations. HSV = social security base of employment, BMWA/AMS = registered unemployment. – <sup>1</sup> Break in the employment dis-aggregation due to switch in system.

The unemployment rates of Austrians were particularly high in tourist services with 16.2 percent in 2002, followed by agricultural occupations with 15 percent and by work in clothing and leather industries with 13.3 percent. Foreign workers, in contrast, tended to have a slightly different ranking, with construction workers taking the lead (14.2 percent), followed by metal workers and electricians (10.8 percent), agricultural workers (10.3 percent), tourism (10.2 percent), and workers in the leather, clothing and shoe industry (9.2 percent). Unemployment rates increased in all major occupations for both nationals and foreign workers.

In tourism the unemployment rate of Austrians remains substantially higher than for foreigners – this is partly due to the seasonal inflow of foreign workers which does not allow the attainment of the right to unemployment benefits to the same extent as for people with long term residence in Austria.

Table 30: Unemployment rates by industry of Austrians and foreigners 2000/2002

	Total labour force		Austrians		Foreigners	
	2001	2002	2001	2002	2001	2002
Agriculture and forestry	12.7	13.4	13.1	13.9	11.5	11.8
Mining and manufacturing		8.9	7.5	8.5	9.8	11.3
Mining, stones and minerals	5.0	5.8	4.7	5.4	10.3	12.0
Food, drinks, tobacco	5.7	6.5	5.6	6.4	6.2	7.2
Textiles, clothing, leather	8.4	10.2	9.1	10.7	6.5	8.5
Wood, paper, printing, publishing	7.9	9.1	7.8	9	8.3	10.4
Chemicals, recycling	5.2	6.1	5.2	6	5.6	7
Stone and glassware	6.0	7.3	5.7	6.9	8.0	10.2
Production and processing of metals	4.2	5.2	4.1	5.1	5.1	6.6
Furniture, jewellery, musical instruments etc.	5.7	7.1	5.4	6.8	7.9	9.9
Energy and Water supplies	1.6	1.9	1.6	1.8	6.9	8.4
Construction	13.9	15.2	13.5	14.8	15.5	16.8
Services	5.0	5.6	4.8	5.4	7.0	7.9
Trade, repair works	6.6	7.5	6.7	7.5	6.6	7.8
Restaurants and hotels	16.5	17.3	18.1	19	11.9	12.6
Transport, telecommunications	3.6	4.1	3.4	4	4.8	5.4
Financing, insurance	2.0	2.4	2.0	2.3	2.9	3.4
Business-oriented services	5.1	5.8	4.8	5.5	6.1	7
Public administration, social security	1.4	1.5	1.4	1.5	2.2	2.4
Education and research	1.6	1.7	1.5	1.7	4.1	4.6
Health-, veterinary and social services	3.4	3.7	3.4	3.7	3.2	3.5
Other public and private services, exterritorial organisations	6.0	7.1	5.8	6.9	6.9	8.5
Private households	11.3	12.4	12.2	13.2	6.9	8.2
Sum of industries	5.9	6.7	5.7	6.3	8.2	9.2
Total	6.1	6.9	5.8	6.5	8.5	9.8

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

A slightly different picture emerges, if one calculates unemployment rates by industry. While one thing holds true, i.e., industries which have a strong seasonal employment component, have the highest unemployment rates. Tourism industries take the lead with 17.3 percent 2002, followed by construction (15.2 percent); agriculture is number 3 in this industry ranking of unemployment rates (13.4 percent). Unemployment rates of people working in private households (12.4 percent), are, however, almost equally high as for people working in agriculture.

While the average unemployment rate of foreigners is higher than for indigenous workers, this is not the case in the seasonal industries – tourism and agriculture – as well as in private households. Also in textile-clothing-leather industries, in trade and repair work, and in health services foreigners tend to have lower unemployment rates than Austrians. In all other industries foreign workers tend to have higher unemployment rates than Austrians. This is to a large extent due to the type of jobs foreigners tend to have, i.e., the less skilled, low wage and low adjustment cost jobs. These types of jobs tend to have a higher turnover than higher skilled, high wage jobs.

In industries, in which unemployment rates between nationals and foreigners differ, foreign workers tend to be complementary to nationals.

#### **IV. 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 (AS 245 million or € 17.8 million). In the course of 1996 a slight decline to € 17.5 million (AS 241 million) set in again.

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 (AS 1,649 million) 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 (AS 1,529 million).

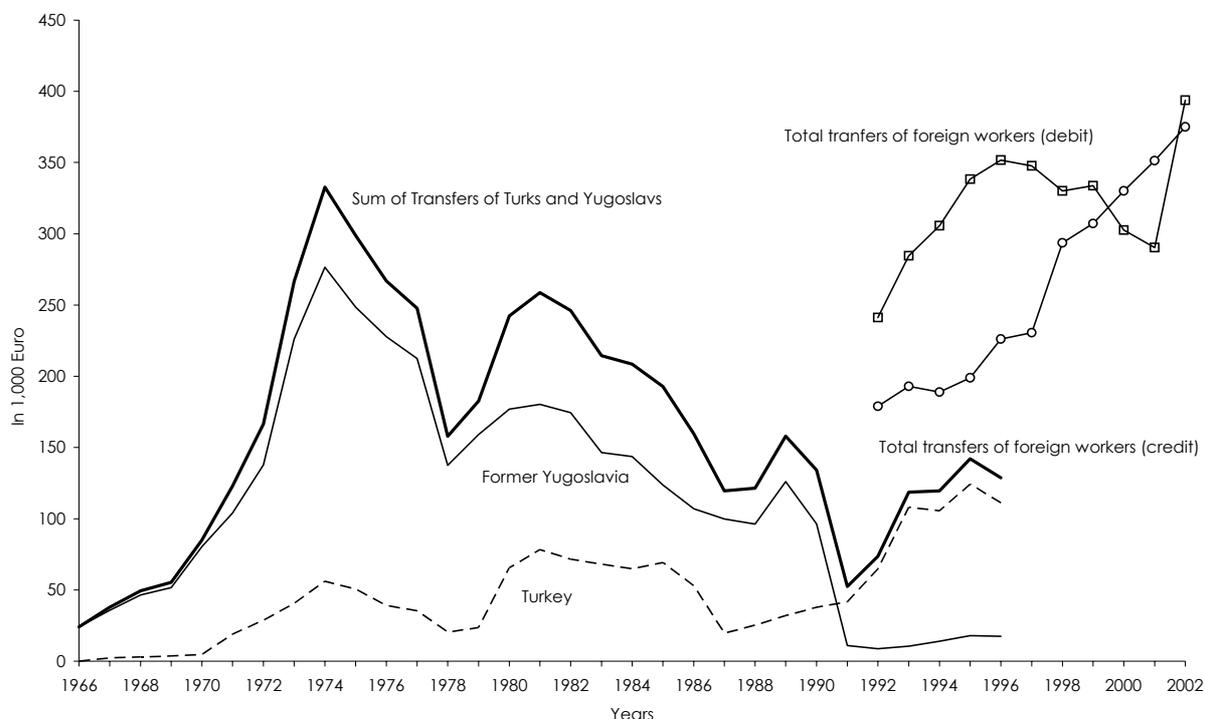
Regulatory changes by the Austrian National Bank pertaining to the registration of money transfers abroad brought about a break in the series. The amount of money, which an individual wants to transfer abroad must be registered, if it surpasses € 5,087 (AS 70,000). This is a rather high amount of money,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

In the light of the relatively small amount of money which is being transferred home by foreign workers and registered with the Austrian National Bank, no differentiation by country of destination or nationality in Austria is possible. As a result the information on remittances by foreign workers has lost a lot of its former significance and analytical content.

New time series are being developed on the basis of money transfers of foreign workers. According to this data (available since 1992) both in- and outflows have increased in the early 1990s, outflows (debit) reached their peak by mid 1996 and declined thereafter until 2001. In the year 2002, money outflows, i.e., transfers abroad have taken a strong upswing, thus reaching similar levels as inflows of money from abroad.

Figure 12: Remittances of foreign workers to their home countries

1966-2002



Source: Austrian National Bank (OeNB).

It is hard to understand the causality behind these flows; one explanation may be that in the period of economic upswing of the Austrian economy between 1998 and 2000, foreign workers were the last to be able to profit from it, as they are at the lower end of the 'food chain', i.e., of employment growth. As foreign employment improved and the legal rights of migrants with long-term residence status provided more security and chances of employment, particularly since 2002, remittances picked again.

Inflows of money from abroad were until 1999 somewhat smaller than outflows, but started to surpass them slightly between 2000 and 2001. In 2002, the two balanced each other more or less out (in and outflows around €0.4million). This point makes clear that Austria is a country of immigration as well as emigration; while until 1999 the impact of the transfers on the balance of payments tended to be negative, this changed in 2000 and the balance became slightly positive. The deficit in the balance of payments of foreign workers reached a maximum in 1995 with some €0.14 million (AS 1.9 million) and declined to €0.04 million by mid 1999. In 2000 the balance turned positive to €0.6 million. The balance of payments of foreign workers thus had a positive impact on the total balance of payments of Austria in 2000 and 2001. In 2002 it was more or less neutral in its impact.

## **V. Prospective development**

Given optimistic assumptions about the international business cycle, the Austrian economy should grow by somewhat less than 1 percent in the current year, but allow a more substantial increase in 2004 due to the turning point in the business cycle towards the end of 2003. The upswing in the US economy is expected to boost economic growth also in Europe. Limited investment continues to be a concern, but one hopes that an improvement of foreign demand will promote economic growth. The crisis of the construction sector is expected to come to an end as public sector spending on roads and railways has been decided. A matter of concern is the slack employment growth in services industries arising from public sector reform which is not accompanied by measures which would allow the third sector, i.e., NGOs and NPOs, to take on many of the tasks provided by the public sector, which are now being downsized. Unemployment is thus expected to continue to rise and the unemployment rate to remain at 7 percent of the dependent labour force in 2003. Even if employment growth picks up in 2004, unemployment rates will hardly decline, even in the face of a continued marked outflow of older workers into retirement.

Population ageing acts as a brake on economic growth and hampers the potential for reductions of the budget deficit, given that retirement pay regulations are an important element of Austria's (structural) budget deficit.

Foreign workers are expected to be able to participate in the labour market more than in the last couple of years; this is a result of both institutional factors, in particular a more integrative foreign worker policy more in line with EU migration and employment policy, and labour demand and supply effects. Labour supply growth of Austrians is slowing down as strong birth cohorts reach the age of retirement. The youth cohorts entering the labour market will, however, rise until about 2009 and make the battle against youth unemployment a challenge for education and labour market policy.

Labour supply growth is, however, expected to slow down in the medium term thus facilitating the integration of migrants. The introduction of temporary employment permits in other than seasonal industries will help alleviate labour scarcities, which are expected to arise in certain industries and occupations in the medium term.

## **VI. Statistical commentary**

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

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