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SOPEMI Report on Labour Migration

Austria 2003-04

Gudrun Biffl

December 2004

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Annual Contribution of the Austrian Institute of Economic
Research for SOPEMI

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Abstract

Austrian economic growth was weak in the year 2003 and reached only 0.7 percent on an annual average. In the current year economic growth will pick up and attain 1.9 percent, but is expected to grow substantially in 2005. In consequence, employment has risen only slightly in 2003 (0.2 percent), but is expected to grow by 0.6 percent in 2004.

The employment of foreign workers was strong in 2003 (+15,900 or 4.8 percent) in spite of the weak economic situation. This was the 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 administrative procedures, i.e., a work permit. In 2004, the employment increase of foreign workers slowed down somewhat to 13,000 or 3.7 percent as the institutional impact abated. The share of foreign workers in total employment is thus growing – from 11.0 percent 2002 to 11.5 percent 2003 – and will continue to rise in the current year.

In the year 2003 45,000 EU citizens were employed in Austria, i.e., 12.9 percent of foreign employment. The number of workers of third countries amounted to 305,300 in 2003 and will rise to some 311,000 in the current year. So far, some 45,000 citizens from the new member states have been working in Austria, i.e., as many as from the EU (15). As a result of EU enlargement, a boost to the employment of migrants from the NMS is expected such that on average some 100,000 migrants from the EU (25) will be working in Austria, i.e., 28 percent of all foreign citizens.

Recently the inflow of asylum seekers is losing speed. In 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, but in 2003 the inflow rate slowed down to 32,400 by the end of the year. In the course of the current year the number of asylum seekers continues to decline. By the end of October a total of 20,900 persons applied for asylum in Austria, 7,300 or 35 percent less than in the period January to October 2003. Persons from the Russian Federation take the lead in 2004, followed by persons from Serbia/Montenegro, Nigeria, India, Georgia and Moldavia. The acceptance rate of asylum cases is highest for asylum seekers from the Russian Federation, (93 percent), from Afghanistan (87 percent) and Serbia/Montenegro (31 percent), and lowest in the case of Africans and Indians.

Population growth has entered a new phase in 2001, with annual growth rates in the last three years three times those of the second half of the 1990s. They are about half the rate of the early 1990s, when the opening up of CEECs and the civil war in Yugoslavia had resulted in unprecedented population growth rates of some 80,000 or 1 percent of total population annually. Demographers and policy are still at awe at the substantial increase in population and migratory flows, and check to what extent these increases are real or the result of difficulties to capture all outflows of temporary migrants in the Central Population Register.

A positive migration balance started to gain momentum in 2001, as it increased from 17,300 to 33,000 in 2001, continued to rise slightly in 2002 and somewhat more to 36,300 in 2003. This relatively large rate of immigration is the result of a substantial increase in gross flows across borders incoming as well as outgoing. In contrast, natural population growth, i.e., the balance of births and deaths, is minimal and in 2003 even slightly negative.

This substantial increase in migratory flows has to be seen in the context of Eastern enlargement of the EU, as it is not the traditional source countries of Austria's migrant workers, Turkey and former Yugoslavia, who account for the substantial increase of the foreign population in 2003.

The number of naturalisations continues to rise; in the course of the year 2003, 44,700 foreigners adopted the Austrian citizenship, i.e., 5.9 percent of all foreigners. This increase is an indicator of the settlement of the massive inflow of migrants of the beginning of the 1990s.

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 the year 2004, 15,900 first settler permits were granted, of which 12,900 or 81 percent outside the quota. 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., 3,000 in the first half of 2004, are in the main family members (89 percent). The remaining 11 percent obtained a settler residence permit on the basis of scarce skills. In addition, as a result of an amendment to the alien law in 2004, family reunion can be granted on humanitarian grounds, if the authorities did not act within three years of application¹.

A mid-year stock count (July 1, 2004) of the number of valid residence permits comes up with a figure of 575,900, 6,600 or 1.2 percent more than a year ago. One may distinguish 2 types of residence titles, settlement permits (of which permanent settlement certificates) and temporary resident permits. By mid 2004, the majority of the permits were settlement permits, namely 510,700 or 88.7 percent. Of these 103,800 or 20 percent were 'green card' holders.

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.

¹ This legislative amendment is the implementation of an EU guideline concerning family reunion, which is in preparation (2003/86/EG).

Introduction: The economy and the labour market 2003/2004

The year 2003 was the third year in a row with weak economic growth (+0.7 percent). The main reason was sluggish economic growth in the EU, in particular of the main trading partners of Austria, and protracted weak domestic demand. Only in the current year 2004, economic growth started to pick up; economic growth is expected to reach 1.9 percent in 2004, after 0.7 percent in the year 2003.

In 2003, economic growth in the EU (15) remained weak (+0.7 percent), even though GDP growth in the USA and Japan was rather strong, with +3.1 percent and + 2.7 percent respectively. The latter are profiting from China's remarkable economic boom, while Europe with its comparatively limited trading links with China cannot expect a similar boost to its exports. Austria could not even keep pace with the EU economic growth average of 0.8 percent in 2003, since Germany, Austria's trading partner number one, slipped into a recession (-0.1 percent). The recovery of GDP growth in Germany to 1.7 percent in the current year is a major reason for Austria's improved economic performance in 2004.

That Austria exhibited a more favourable economic growth than Germany and Italy was to a large extent due to increasing trade with CEECs. The CEECs, which joined the EU in May 2004, exhibited a clear economic upswing in 2003, which continued well into the current year. In 2003, real GDP growth amounted to 3.6 percent and is expected to rise to 4 percent in 2004. In these countries not only industrial production expanded but also incomes, which boosted private consumption. Exports were dynamic, partly due to devaluations of the currency (Hungary and Poland).

In Austria, the major driving force behind economic growth in 2003 was increased investment demand. Investment demand for new machinery and equipment rose by more than 5 percent; a major part of investment demand could not be satisfied by domestic production but by imports. Thus, the current account deficit increased to € 2.04 billion or 0.9 percent of GDP. In the current year, export demand picked up and became the major pillar for economic growth in 2004.

Demand of private households for consumer goods picked up somewhat (+1.3 percent in real terms after +0.7 percent in 2002), partly as a result of a significant increase in the demand for cars. Disposable income grew somewhat faster (+1.4 percent); the difference between consumption and income increases augmenting the savings rate from 8.2 percent in 2002 to 8.4 percent. In the current year, the savings rate is expected to stagnate while rising income will fully show up in increased consumption. Public sector consumption continues to be limited, to satisfy the requirements of the stability pact.

According to the harmonised consumer price index, Austria is among the countries in Euroland with the most stable prices. In 2003, the CPI rose by 1.3 percent (Euro-space 2.1 percent); only Germany had a lower inflation rate. In the current year, the inflation rate is expected to rise in the wake of oil price rises to 2.1 percent.

In the face of the weak economic performance, the situation on the labour market remained unsatisfactory. The number of wage and salary earners increased only slightly by 0.2 percent.

Unemployment continued to rise to 240,000, i.e., an unemployment rate of 7.3 percent of the total active labour force excluding self-employed.

Government revenue was limited given the modest economic growth rate. At the same time, expenditures increased substantially, in particular child care benefits, a result of the new paternal leave regulation, old age part-time – basically an early retirement scheme, and unemployment benefits. Accordingly, the budget of the public sector moved into a deficit of 1.1 percent of GDP. In 2004 the budget deficit is expected to continue to rise to 1.3 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 2003; this was an increase by 8,500 or 0.2 percent versus 2002. Slack economic growth during 2003 was accompanied by a weak labour productivity growth rate of 0.8 percent (GDP/employed), i.e., half the rate of the year ahead. In the current year, productivity growth is expected to pick up again as GDP growth is expected to rise to 1.9 percent. Labour productivity is fluctuating considerably from year to year, while employment growth has remained rather stable up until now. In the current year, employment is expected to rise significantly for the first time in many years, i.e., by 20,700 or 0.6 percent versus 2003.

The major bulk of the employed are wage and salary earners; their numbers rose by 5,500 or 0.2 percent to 3.057 million (excluding persons on parental leave, conscripts and unemployed on training measures) in 2003. In the current year, the number of wage and salary earners is expected to rise substantially, i.e., by 17,500 (+0.6 percent).

The employment of foreign workers has increased continuously since 1999. This is in stark contrast to the native population; the latter has experienced employment declines in 2002 and 2003. Only in the current year did labour demand pick up to such an extent that also native workers had rising employment numbers (+4,500 or 0.2 percent), in the main part-time work. The employment of foreign workers was particularly strong in 2003 (+15,900 or 4.8 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. In 2004, the employment increase of foreign workers slowed down somewhat to 13,000 or 3.7 percent as the institutional impact abated.

The share of foreign workers in total employment is thus growing – from 11 percent 2002 to 11.5 percent 2003 – 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 schemes 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.

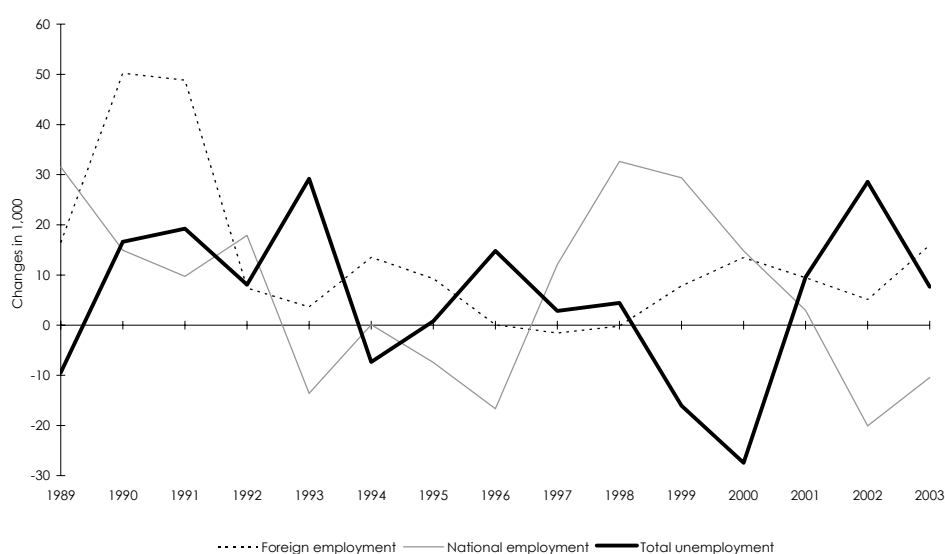
According to social security data, foreign employment (excluding self-employed and persons on parental leave) amounted to 350,400 in 2003 (15,900 or 4.8 percent more than a year ago). This data includes EU citizens – their numbers have continually risen since Austria's EU membership. In the year 2003 45,000 EU citizens were employed in Austria, i.e., 12.9 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 305.300 in 2003 and will rise to some 311,000 in the current year. In 2004, the number of EU citizens working in Austria will increase more than previously as the members of an enlarged Europe, who have already been working in Austria as third country citizens, are counted among them. So far, some 45,000 citizens from the new member states have been working in Austria, i.e., as many as from the EU (15) together. As a result of EU enlargement, a boost to the employment of migrants from the NMS is expected such that on average some 100,000 migrants from the EU (25) will be working in Austria, i.e., 28 percent of all foreign citizens.

Protracted slack economic growth was responsible for continued labour shedding in 2003, and employment growth in 2004 will not suffice to stabilise unemployment numbers. In 2003, 240,100 unemployed were registered with the labour market service, 7,700 or 3 percent more than 2002. 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 7.3 percent, 0.2 percentage point more than in 2002. In the current year, unemployment is expected to rise by some 3,900 to 244,000; the unemployment rate of wage and salary earners should come down to the level of 2002.

The labour supply of foreign workers increased during 2003 by 18,000 to reach an annual average of 388,600. The unemployment rate of foreigners remained at 9.8 percent. 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 labour¹
1989-2003



Source: WIFO. – ¹ Excluding formerly employed persons who are currently on parental leave or military service and unemployed in education and training measures.

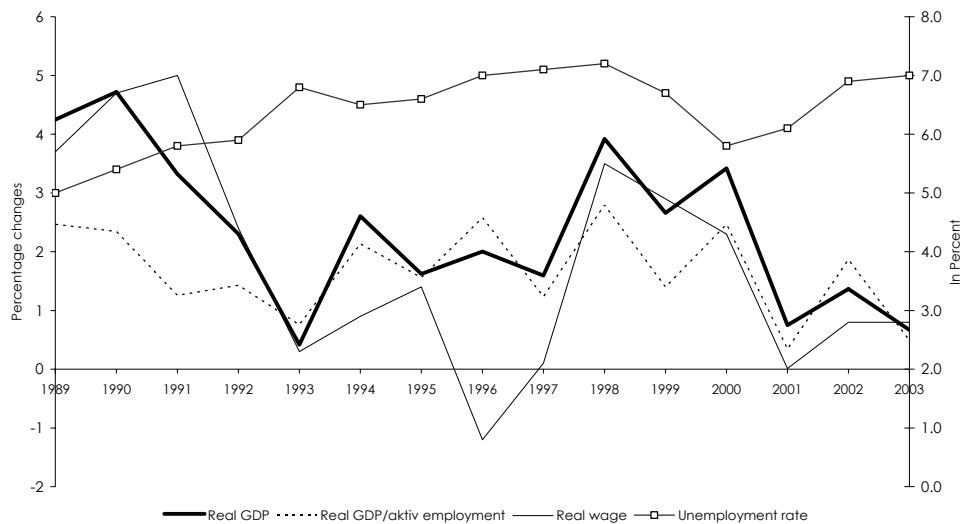
Table 1: National and foreign labour force (wage and salary earners)* and unemployment rate of wage and salary earners:

	Annual average	Change 2002/2003		Change 2001/2002	
	2003	Absolute	Percent	Absolute	Percent
Total labour force ¹	3,297,488	+ 13,145	+ 0.4	+ 2,354	+ 0.1
National labour force	2,908,917	- 4,862	- 0.2	- 8,289	- 0.3
Foreign labour force	388,570	+ 18,007	+ 4.9	+ 10,643	+ 3.0
Total employment ¹	3,057,409	+ 5,484	+ 0.2	- 14,954	- 0.5
National employment	2,707,047	- 10,446	- 0.4	- 31,299	- 1.1
Foreign employment	350,361	+ 15,929	+ 4.8	+ 5,119	+ 1.6
Total unemployment	240,079	+ 7,661	+ 3.3	+ 28,535	+ 14.0
National unemployment	201,870	+ 5,584	+ 2.8	+ 23,011	+ 13.3
Foreign unemployment	38,209	+ 2,077	+ 5.7	+ 5,524	+ 18.0

	2001	2002	2003
Total unemployment rate	6.2	7.1	7.3
National unemployment rate	5.9	6.7	6.9
Foreign unemployment rate	8.5	9.8	9.8

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

Figure 2: Macro-economic indicators 1989-2003



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

I. Migratory movements

1. Legal framework

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, since the early 1990s, of family reunion. With the introduction of a more universal legislation on aliens (since mid 1993, revised 1997, amended 2002 and 2003), 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) Highly skilled workers;
- c) Family reunion;
- d) Foreign students;
- e) Refugees;
- f) 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.

The inflow of workers of third country origin is regulated by quotas, whereby the following groups of persons may come outside a quota regulation:

1. persons working for foreign media with sufficient income
2. artists with sufficient income
3. wage and salary earners who may access the labour market freely (groups of persons concerned spelled out in the foreign worker law)
4. partners and dependants of Austrians and citizens of the EEA, who are third country citizens

In 2003 the foreign worker law (Ministry of Economic Affairs and Labour) was amended by allowing executives and highly reputable researchers and scientists of third countries to access the labour market without any quota restriction. Also their partners have the right to

access the labour market, and all receive the settlement visa outside any quota restrictions. In addition, young researchers of third country origin, who have not yet international reputation, may access the labour market without any restrictions. The access of their partners to the labour market is, however, subject to an analysis of the labour market needs.

In addition, in January 2003, an amendment to the alien law came into effect (Ministry of the Interior), according to which the inflow of unskilled workers of third countries is not anymore possible. The argument is that in the wake of family reunion the supply of unskilled labour is continually increasing; in order to promote their employment opportunities and those of native unskilled, an additional inflow from abroad should be avoided. Thus, an annual quota is only fixed for highly skilled migrants of third countries, whose access to the labour market is not explicitly free according to the foreign worker law. They may enter on the basis of an employer nomination scheme, if scarcity of their skills can be documented (indicators of occupational labour market scarcities). Not only is scarcity a requirement, but in addition a minimum earnings requirement which is to ensure that dumping does not occur; in actual fact the ceiling is set fairly high, above the average entry wages of young university graduates. The person's monthly gross earnings have to be 60 percent or more of the social security contribution ceiling (€ 2,070 or more in 2003). Besides, the highly skilled person has to fulfil at least one of the following requirements:

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

In addition, in 2003, a permanent resident certificate, i.e., a permanent resident card similar to the US-'green card', was introduced; accordingly, persons who have resided legally in Austria for 5 years (on the basis of a settlement permit) may have their legal residence status consolidated, which allows them to access the labour market like any Austrian or EEA-citizen.

2. 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, Neuantrag). 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 (Neuantrag) indicates the degree of fluctuation of employment of foreign workers – a new, in contrast to a first, work permit is issued if the employing firm is changing or if employment with the same firm is interrupted for 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 (first and re-entries) for foreign workers 1980-2003

Sum of permits over the year

	Male	of which: first entries	Female	of which: first entries	Total	of which: first entries
1980	58,535	-	36,886	-	95,421	-
1981	49,811	-	32,123	-	81,934	-
1982	34,699	-	22,535	-	57,234	-
1983	32,676	-	19,998	-	52,674	-
1984	34,249	-	20,990	-	55,239	-
1985	37,645	-	22,602	-	60,247	-
1986 ¹	31,087	11,231	19,731	6,803	50,818	18,034
1987	28,401	9,671	18,411	5,581	46,812	15,252
1988	31,931	10,701	20,158	6,689	52,089	17,390
1989	49,686	24,376	28,183	12,845	77,869	37,221
1990	123,052	74,503	52,202	28,892	175,254	103,395
1991	115,170	41,654	54,321	20,988	169,491	62,642
1992	94,963	35,904	49,206	21,962	144,169	57,866
1993	60,114	21,914	36,568	15,750	96,682	37,664
1994 ²	46,623	15,058	29,232	12,080	75,855	27,138
1995	35,264	9,138	20,863	6,275	56,127	15,413
1996	32,199	9,590	19,682	6,679	61,471	16,269
1997	32,839	9,185	19,900	5,998	61,924	15,183
1998	29,118	9,206	18,619	6,204	56,943	15,410
1999	27,269	10,719	18,421	7,589	45,690	18,308
2000	24,390	13,313	19,913	12,126	44,303	25,439
2001	28,549	15,231	21,580	11,741	50,129	26,972
2002	29,274	14,811	20,207	9,740	49,481	24,551
2003	29,362	15,044	19,232	9,023	48,594	24,067

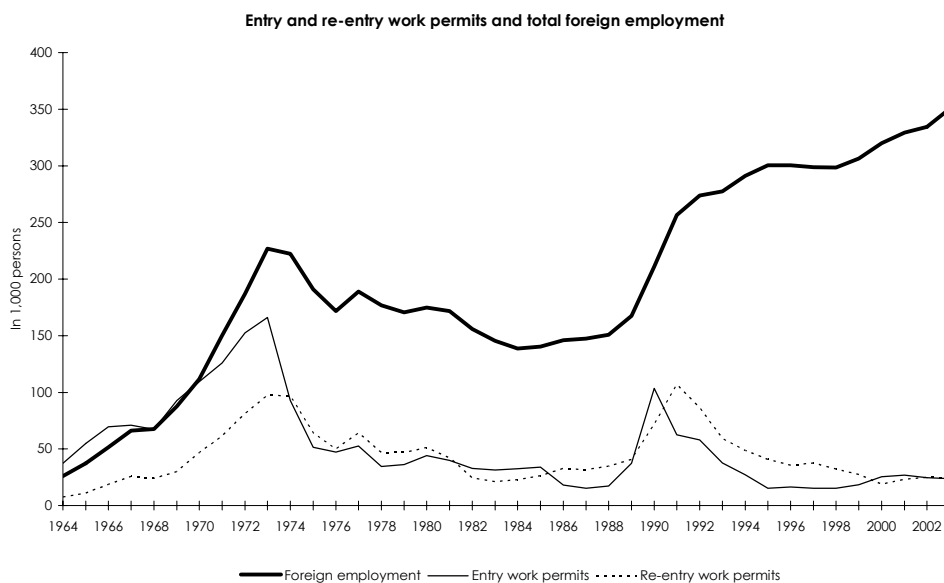
Source: Federal Ministry of Economics and Labour; Austrian Labour Market Service. – ¹ Administrative practice not strictly comparable with year ahead. – ² Break in the series as a consequence of entry into the EEA; from 1994 onwards only non-EU-members need a work permit in Austria, thus reducing the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

The total number of initial work permits amounted to 48,600 (sum of permits over the year) in the course of 2003. This was more or less the same as in the two previous years. Somewhat more men entered the labour market than a year ago and fewer women. 39.6 percent of all initial work permits issued to foreigners in 2003 went to women.

A dis-aggregation of initial work permits into first entry and re-entry permits shows that employment fluctuation of foreign workers and the number of first entries into the labour market were almost equal in numbers and remained fairly stable in the last couple of years. The number of first entries into the labour market, be it from abroad or from within the country, amounted to 24,100. About two thirds of the first entry permits were issued to men, in the main seasonal workers from abroad. Also in the case of re-entry permits men have the higher share (58 percent of the permits).

A graph can better clarify the different aspects of the work permit system and its linkage to the stock of foreign employment. First entry permits used to have a high correlation with the development of total foreign employment until 1990. Only in periods of rising demand for foreign workers does the issue of first entry permits increase. As employment of foreign workers stabilises, other forms of permits take over and regulate continued employment. "New" or re-entry permits mirror voluntary and involuntary labour fluctuation of foreigners. Job fluctuation occurs in the wake of seasonal employment with intermittent unemployment phases in Austria or across the border (export of seasonal unemployment/inflow of seasonal labour) or in case of transfer possibilities of a permit from one firm to another in order to improve job aspects. There is a clear cyclical component to job fluctuation permits. In phases of economic upswing job fluctuation increases as better job opportunities arise, in recessionary phases job fluctuation declines. 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 1964-2003



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 and 2003 no further rise in first entries took place and job fluctuation of jobs stabilised. It is apparent from Figure 3 that the significant rise in foreign employment in 2003 did not show up in the first entry permits, since the majority of these persons had resided in Austria for 5 years legally (green card) and had thus the right to access the labour market without the need of a permit.

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. Citizens of the new EU member states in 2004 are treated somewhat differently. While they have the right to move to Austria and settle, they may not yet enter the labour market (exception Malta and Cyprus who are treated equally with EU-15 citizens), unless they have worked in Austria already before Eastern enlargement of the EU. A transition period of two years has been decided in the first instance, subject to prolongation for another 3 years (plus 2) in case of a potential disruption of the labour market.

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

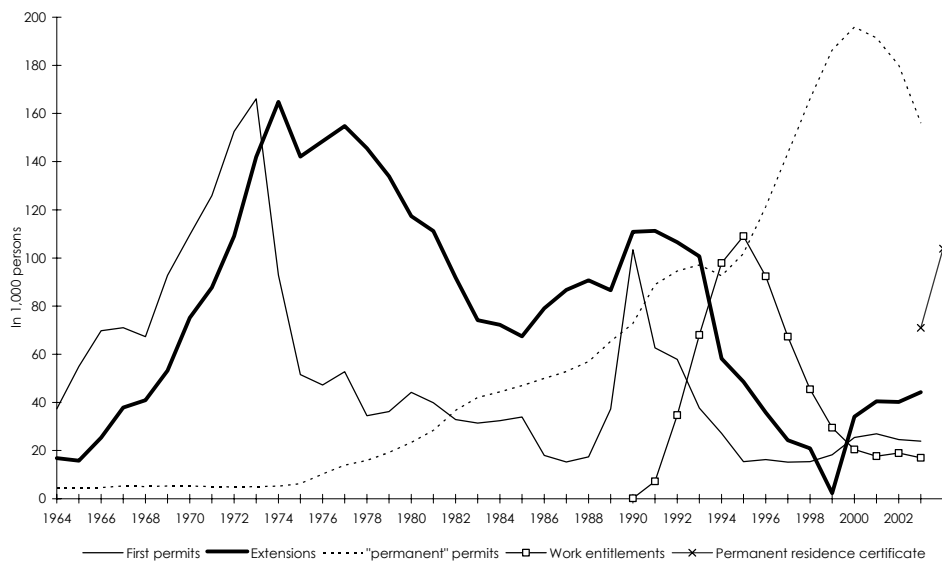
The extension of work permits (Beschäftigungsbewilligung, always granted to the firm for a particular job) mirrors the cyclical and structural medium- to long-term labour market demand for foreign workers. In the 1960s and 1970s the extensions followed the first entry permits with a lag of one year. 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. In 2003, the introduction of the permanent residence certificate allowed the transformation of 'permanent' work permits into these settlement cards; this together with increasing naturalisation of settlers explains the drop in the number of 'permanent' work permits.

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 those years of decline, the consolidation of new inflows from abroad showed up in a renewed rise in the number of extensions. By 2001, there numbers had doubled versus 1998. Since then they continue to rise, albeit at a lower rate. In 2003, 44,300 extensions were registered, 4,100 or 10 percent more than in 2002.

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. In 2003, 63 percent of all extensions were granted to men.

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.

Figure 4: First permits, extensions, work entitlements permanent permits and permanent residence certificate
1964-2003



Source: Austrian Labour Market Service.

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

abandoned in that case. 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 1980-2003

Sum of permits over the year

	Male	Female	Total
1980	69,628	47,739	117,367
1981	64,961	46,201	111,162
1982	53,843	37,959	91,802
1983	40,465	33,708	74,173
1984	40,586	31,596	72,182
1985	37,791	29,694	67,485
1986 ¹	47,118	31,948	79,066
1987	53,175	33,486	86,661
1988	56,234	34,438	90,672
1989	55,332	31,194	86,526
1990	75,730	35,098	110,828
1991	76,211	35,010	111,221
1992	70,726	35,751	106,477
1993	65,934	34,741	100,675
1994 ²	36,131	22,080	58,211
1995	29,425	19,179	48,604
1996	22,117	13,635	35,752
1997	14,931	9,385	24,316
1998	12,713	8,143	20,856
1999	13,667	8,893	22,560
2000	20,379	13,705	34,084
2001	23,446	17,003	40,449
2002	24,373	15,803	40,176
2003	27,736	16,523	44,259

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

iii) The nationality-mix of foreigners with a work permit

The annual average stock of short term work permits in the year 2003 was 47,500, i.e., a significant rise against 2002 by 17,500 or 59 percent. 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 started to increase again, at first (in 2000) slightly but then, depending on short-term demand fluctuations at times significantly. 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 permits¹

Annual average 2003

	Male	Female	Total
Total	28,319	19,158	47,477
Eastern Europe	10,370	5,199	15,569
of which:			
Poland	1,902	796	2,698
Hungary	4,169	1,639	5,808
Former Czechoslovakia	2,561	1,282	3,843
Romania	959	754	1,713
Others	17,949	13,959	31,908
of which:			
Rest Yugoslavia	4,038	3,441	7,479
Croatia	2,704	2,643	5,347
Slovenia	752	464	1,216
Bosnia	4,160	4,138	8,298
Macedonia	705	316	1,021
Turkey	2,975	1,526	4,501

Source: Austrian Labour Market Service. - ¹ Includes: first entry, re-entry, extensions, provisional.

Of the total number of so-called third-country citizens requiring a work permit, every major source region is increasing its numbers. The proportion of persons from the various regions of the former Yugoslavia is increasing fastest such that, in 2003, they made up 23,400 or 49 percent of all short-term work permits. Also persons from Central and Eastern European countries came in increasing numbers to Austria on the basis of a short-term work permit, the largest numbers coming from Hungary (5,800), the region of former Czechoslovakia, in particular Slovakia (3,800), Poland (2,700) and Romania (1,700). 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 4,000 or 34 percent versus 2002, accounting for 33 percent of all short-term work permits.

Of the remaining 31,900 short term foreign work permits (67 percent of all permits) the major share went to citizens of the former region of Yugoslavia. The major numbers come from Bosnia (8,300 or 26 percent of the 'other' short term work permits), and "Rest-Yugoslavia" (7,500 or 23 percent).

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" licence² amounted to 1,400 on average. The growth rate picked up to an average yearly increase of 4,600 in the 1980s and gained momentum in the early 1990s. In 1994 a statistical break due to Austria's membership in the EEA took place, resulting in a slight decline of permanent licence holders. The decline in the number of "permanent licence holders" was not significant, as only 7 percent of the foreign work force were citizens of the EEA in 1994. From the low of 1994 the number of permanent licence holders increased again continuously until 2000. In 2001 the number started to decline and came down to 156,000 in 2003, as more and more foreigners, who entered Austria in the early 1990s, become eligible for Austrian citizenship and as, in 2003 large numbers of permanent licence holder converted their permit into a 'green card'³. 66 percent of all permanent licence holders are men. Foreign men tend to have more stable employment conditions than foreign women⁴.

Apart from permanent licences another type of permit is issued to the person (rather than the firm for a particular job), i.e., the work entitlement (*Arbeitserlaubnis*) – a permit obtainable after one year of work in a particular firm (*Beschäftigungsbewilligung*). It allows free movement of labour within federal state boundaries (*Bundesländer*). The number of work entitlements peaked in 1995 with 109,100 permit holders. Ever since then the number declined, as more and more people became eligible for a transfer to a permanent licence which allows free labour movement within the whole of Austria or a 'green card'. As a result of the consolidation of foreign residence and employment, the inflow into work entitlements is losing momentum. In 2003 an annual average of 17,000 work entitlements were issued, 2,000 or 10 percent less than 2002. The share of men is less than half of all entitlements (48 percent in 2003), 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.

A significant feature of 2003 is the marked increase in provisional permits (from 2,600 in 2002 to 21,100 2003); this is an indication for slack administrative procedures, and the importance of automatic mechanisms to overcome slow bureaucratic procedures in order to promote individual integration.

² 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.

³ This meant that those 'permanent' licence holders, who applied for the new type of identity card ("green card") with the authorities of the Ministry of Domestic Affairs, dropped out of the licence system of the Labour Market Service/Ministry of Economic Affairs and Labour.

⁴ 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. Parnreiter, I. Stacher (Eds.), *Internationale Migration, Die globale Herausforderung des 21. Jahrhunderts?*, Brandes und Apsel/Südwind (HSK 17), Frankfurt a. M./Wien.

The total number of work permits, short term and longer-term, amounted to 203,400 on an annual average in 2003, i.e., it declined by 28,000 or 12 percent vs. 2002.

Of all permanent licence holders 66 percent were men, somewhat more than in the case of short-term work permit holders (59.6 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 13.4 percent in 2003).

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'. 2003 46,400 permanent licence holders from this region were counted, 30 percent of all permanent licences. The second largest nationality group of permanent licence holders are ex aequo Bosnians (29,400) and Turkish citizens (29,100) or 19 percent respectively of all permanent licences in 2003. Croatians (18,400) are the other ethnicity with large but, since 2003 declining numbers of permanent licence holders as the permanent residence certificate (green card) is increasingly adopted.

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

Annual average

	Permanent licences		Work entitlements		Provisional work permit ¹
		Of which: male ²		Of which: male	
1980	23,352	17,405			
1981	28,387	20,871			
1982	36,628	26,811			
1983	4,206	29,424			
1984	44,407	30,303			
1985	46,986	3,139			
1986	49,954	3,254			
1987	52,764	34,002			
1988	5,692	37,177			
1989	65,406	40,983			
1990	72,763	45,293	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	2,568
2003	155,955	103,090	17,009	8,211	21,050

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

Table 5a: Permanent licences 2003

Annual average

	Male	Female	Total
Total	103,090	52,865	155,955
Eastern Europe	15,789	5,164	20,953
of which:			
Poland	4,362	1,384	5,746
Hungary	4,641	915	5,556
Former Czechoslovakia	3,989	1,535	5,524
Romania	2,288	1,013	3,301
Others	87,301	47,701	135,002
of which:			
Rest Yugoslavia	26,055	20,310	46,365
Croatia	11,833	6,588	18,421
Slovenia	3,429	1,003	4,432
Bosnia	19,032	10,376	29,408
Macedonia	2,599	547	3,146
Turkey	21,493	7,572	29,065

Source: Austrian Labour Market Service.

Table 5b: Work entitlements 2003

Annual average

	Male	Female	Total
Total	8,211	8,798	17,009
Eastern Europe	997	1,130	2,127
of which:			
Poland	193	255	448
Hungary	136	120	256
Former Czechoslovakia	204	194	398
Romania	155	323	478
Others	7,214	7,668	14,882
of which:			
Rest Yugoslavia	2,005	2,197	4,202
Croatia	636	1,166	1,802
Slovenia	112	81	193
Bosnia	1,801	3,247	5,048
Macedonia	198	200	398
Turkey	1,035	294	1,329

Source: Austrian Labour Market Service.

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, who are now increasingly taking up Austrian citizenship and or permanent residence certificates. Of the 17,000 work entitlements in 2003, only 12.5 percent went to citizens of Central and Eastern European countries. Of the remaining 14,900 the major group was from Bosnia; this is a reflection of the favourable situation of Bosnians in terms of labour market integration (29.7 percent of all work entitlements). Serbs and Croatians account for another 35.3 percent of all work entitlements.

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

	Male	Female	Total
Total			
1995	19,214	7,762	26,976
1996	28,682	11,158	39,840
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
2003	5,934	4,440	10,374
<i>According to: Employment of 5 years</i>			
1995	17,351	6,095	23,446
1996	26,594	9,486	36,080
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
2003	2,069	1,201	3,270
<i>Marriage with Austrian</i>			
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
2003	187	222	409
<i>Second generation</i>			
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
2003	2,558	1,827	4,385
<i>Association Agreement of Turkey with EU</i>			
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
2003	1,120	1,190	2,310

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

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 10,400 in the course of 2003, 3,300 or 31.5 percent were issued on the basis of 5 years of work in Austria, and 4,400 or 42.3 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 10,400 new permanent licences about 22.3 percent were the result of the EU-regulation of favoured nation status of Turkish citizens.

v) The geographic distribution of work permits

In 2003 as in the years ahead, the number of initial work permits (total of 48,500) increased only in regions bordering accession countries, i.e., Upper Austria, Lower Austria, Burgenland, Styria. This goes to show that cross-border commuting is a major source of new foreign labour from abroad.

Table 6: Geographic distribution of initial work permits of foreign workers

Sum over the year

	2002			2003		
	Male	Female	Total	Male	Female	Total
Vienna	3,750	2,392	6,142	3,126	1,909	5,035
Lower Austria	5,485	2,965	8,450	5,834	3,042	8,876
Styria	3,779	2,334	6,113	4,471	2,538	7,009
Carinthia	1,139	774	1,913	1,088	633	1,721
Upper Austria	4,498	2,349	6,847	4,700	2,326	7,026
Salzburg	3,003	2,987	5,990	2,761	2,555	5,316
Tyrol	4,598	4,080	8,678	4,108	3,773	7,881
Vorarlberg	1,235	1,150	2,385	1,016	1,009	2,025
Burgenland	1,787	1,176	2,963	2,258	1,447	3,705
Austria	29,274	20,207	49,481	29,362	19,232	48,594

Source: Austrian Labour Market Service.

Table 7: Geographic distribution of extended work permits of foreign workers

Sum over the year

	2002			2003		
	Male	Female	Total	Male	Female	Total
Vienna	2,388	1,712	4,100	2,095	1,223	3,318
Lower Austria	6,897	3,378	10,275	8,338	3,922	12,260
Styria	4,821	3,326	8,147	5,874	3,584	9,458
Carinthia	663	465	1,128	843	436	1,279
Upper Austria	1,378	667	2,045	1,673	769	2,442
Salzburg	1,023	1,057	2,080	1,230	1,092	2,322
Tyrol	2,107	1,846	3,953	2,072	1,730	3,802
Vorarlberg	1,015	883	1,898	852	727	1,579
Burgenland	4,081	2,469	6,550	4,759	3,040	7,799
Austria	24,373	15,803	40,176	27,736	16,523	44,259

Source: Austrian Labour Market Service.

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, in particular Lower Austria, Styria, Burgenland, Carinthia and Upper Austria, but also Salzburg. This goes to show that foreign workers could take advantage of employment opportunities even in times of economic slowdown.

B) Entries and departures of refugees

i) Entries of refugees

Since the mid-1980s the number of asylum seekers rose at first steadily and towards the end of the 1980s abruptly – an experience Austria shared with other western European countries. By the end of December 1991 27,300 asylum seekers were registered in Austria. This was the starting point of a reform of the asylum legislation (Asylum Law 1991) – to a large extent induced by the intergovernmental co-operation within EU-member countries and the prospective new members to harmonise aspects of admission policies for foreign migrants in general and asylum seekers in particular. A major amendment of asylum legislation was carried out in 1997 and again in 2003, the latter came into effect 2004 – all a consequence of EU-wide coordination of asylum legislation and procedures, i.e., harmonisation of legislation.

Table 8: Sum of Asylum seekers in Austria by the end of the year: 1952-2003

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	2003	32,364

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

The first major reform of the asylum legislation, which came into effect 1992, entailed 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.

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 the number declined slightly to 6,700. 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, but in 2003 the inflow rate slowed down to 32,400 by the end of the year.

Of all the asylum seekers in the year 2003, 73.4 percent were men. 54.4 percent of all asylum seekers originated from Europe, in the main Turkey and Rest-Yugoslavia, 32.5 percent from Asia, in the main from India and Afghanistan, and 10.9 percent from Africa, in the main Nigeria. Only a comparatively small number of asylum seekers originates from South America, in the main Columbia.

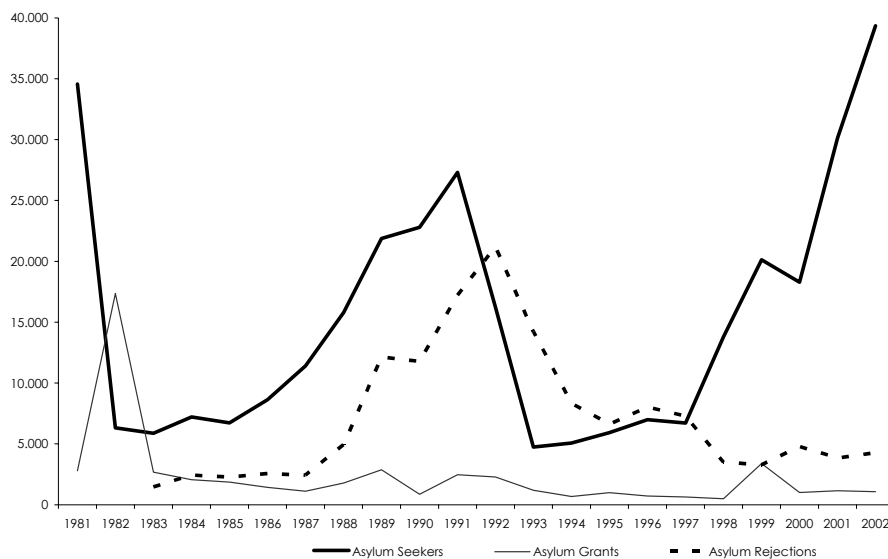
Table 9: Asylum seekers by gender and country/region of origin (December 31, 2003)

		In percent of Asylum seekers
All Asylum seekers in 2003	32,364	
Men	23,754	73.4
Women	8,610	26.6
Originating from Europe	17,591	54.4
of which:		
Armenia	1,112	3.4
Rest Yugoslavia	2,521	7.8
Macedonia	412	1.3
Turkey	2,843	8.8
Originating from Asia	10,513	32.5
of which:		
Afghanistan	2,360	7.3
Bangladesh	887	2.7
India	2,823	8.7
Iraq	1,452	4.5
Iran	981	3.0
Pakistan	508	1.6
Originating from Africa	3,543	10.9
of which:		
Nigeria	1,846	5.7
Sierra Leone	90	0.3
Originating from America	42	0.1
of which:		
Columbia	9	0.0

Source: Federal Ministry of the Interior.

In the course of the current year the number of asylum seekers is declining. By the end of October a total of 20,900 persons applied for asylum in Austria, 7,300 or 35 percent less than in the period January to October 2003. Persons from the Russian Federation take the lead in 2004, followed by persons from Serbia/Montenegro, Nigeria, India, Georgia and Moldavia. The acceptance rate of asylum cases is highest for asylum seekers from the Russian Federation, (93 percent), from Afghanistan (87 percent) and Serbia/Montenegro (31 percent), and lowest in the case of Africans and Indians.

Figure 5: Asylum procedures: Inflows, acceptances and rejections 1981-2002



Source: ST.AT, WIFO-calculations.

In the course of the years between 1981 and 2002 a total of 335,900 asylum applications were registered, of whom a total of 50,900 were accepted as refugees according to the Geneva Convention, i.e., 15 percent, and 142,600 got their case rejected, i.e., 42 percent. The remaining 142,300 or 42 percent of all asylum applicants moved on before the procedures were terminated in Austria. (Figure 5 and 6) The average acceptance rate in the year 2003 amounted to 29.6 percent (i.e., the number of admissions as a proportion of the sum of rejections and admissions). If refoulement cases are included, the acceptance rate is somewhat smaller, i.e., 21.4 percent. Currently some 5,900 asylum cases are pending, i.e., waiting for decisions.

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.

Even though the number of asylum seekers is large and growing in Austria, the number of asylum seekers receiving public financial support and shelter has not until legislative reform in 2004 been comprehensive. This means that until 2004, large numbers of asylum seekers depended on the support of NGOs, in particular churches and affiliated institutions like Caritas. In 2003, a total of 10,200 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 (9,500). This matter has made front pages in autumn 2003 as the High Court issued a judgement in which the current situation was not seen as conforming to the spirit of the law. Thus, new legislation was drawn up and put in place by May 1, 2004, ensuring that the federal government and the states cooperate in financing the livelihood of asylum seekers in Austria. Not only do the states have to provide shelter and other basic needs, but the local LMS is called upon to provide employment opportunities for asylum seekers after a waiting period of 3 months. Access to the labour market is regulated by the foreign worker law, i.e., they may get a temporary work permit. Asylum seekers cannot expect preferential treatment. In case of rejection of the case, the access to legal employment is denied. This puts the group of persons under stress, who for humanitarian reasons may not be sent back to their countries of origin. In 2002, a total of 1,400 asylum seekers had a work permit. Employment projects for asylum seekers under the EU-subsidised Equal-programme have been established in 2002. In 2003, a total of 1,500 asylum seekers found work within Equal. (www.equal-esf.at) Various regional integration programmes, e.g. EPIMA and jobshop, concentrate on improving skills/educational attainment level of young asylum seekers, also in view of improving their prospects to enter adequate employment (decent work). This development is in contrast to many EU-countries, who do little to promote the employability of asylum seekers, quite in contrast to the Directive of the European Parliament of 25. 4. 2004, which aims at the promotion of integration of asylum seekers and refugees (www.refugeenet.org).

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 1998 and increased sharply thereafter to 5,000 in 1999 and 5,900 in 2000. In the year 2001 the outflow became smaller and continued to decline until today. This goes to show that asylum seekers increasingly stay in Austria, in case of an acceptance of their case.

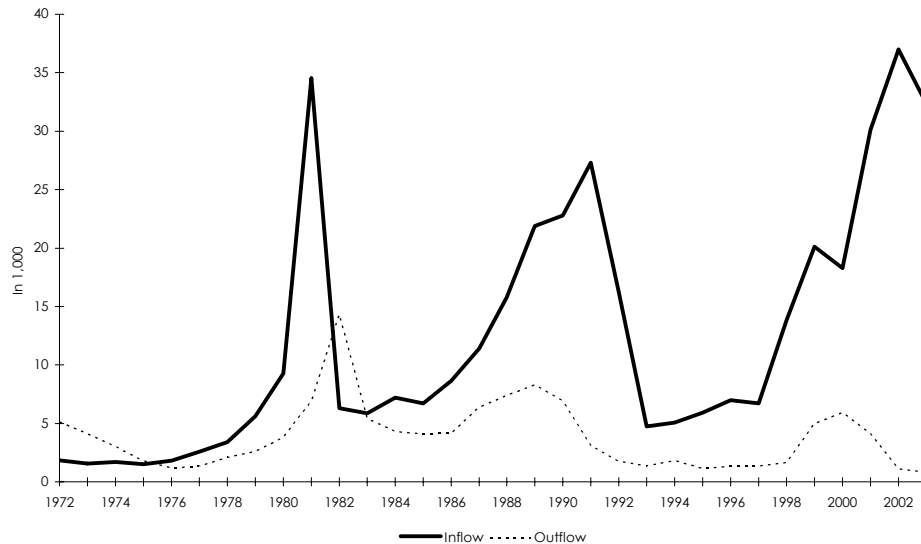
Table 10: Outflow of refugees¹ via Austria 1972-2003

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	2003	823

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

The decline of registered outflows in the early to mid 1990s and since 2000 was on the one hand the consequence of policy changes in immigration countries – they started to recruit directly from Eastern European countries through their diplomatic representations – on the other hand refugees themselves may have preferred to stay closer to their countries of origin. In 1999, as the number of asylum applications reached record levels and integration in Austria became more difficult, asylum seekers tended to leave again in larger numbers, in particular to other countries within Europe and to USA. This behaviour came obviously to a halt.

Figure 6: Inflow and outflow of refugees via Austria
1972-2003



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 2004

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 countries face no barriers/waiting lines to entry, neither do artists, people working in the media, scientists and executives 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 2004 15,900 first settler permits were granted, of which 12,900 or 81.1 percent outside the quota. 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., 3,000 in the first half of 2004, are in the main family members (89 percent). The remaining 11 percent obtained a settler residence permit on the basis of scarce skills (or other reasons – see introduction of Migratory Movements, legal situation). 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, in the first half of 2004, only about 323 persons entered within the settler programme on the basis of highly skilled work, the rest are family members of the highly skilled workers. In addition, as a result of an amendment to the alien law in 2004, family reunion can be granted on humanitarian grounds, if the authorities did not act within three years of application⁵. In total, 455 such settlement permits were granted in the first half of 2004.

The amendment to the alien law of 2003 concerning the rights of settlers, i.e., the establishment of a 'green card', shows up in increasing numbers of permanent residents with a settlement certificate. In the first half of 2004 25,900 such permanent residence certificates have been issued.

Prolongations of settlement permits are becoming more frequent as immigration and integration proceeds. In the first half of 2004 alone, 79,700 settlement permits were either issued for the first time (3,000) or prolonged (37,400), or turned into permanent residence certificates (26,000).

In addition to settlement permits, 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 has the legislative authority in this area, as it affects the access to the labour market on a temporary basis. The Ministry of the Interior has to provide the right to reside on a temporary basis. In the first half of 2004 all in all 32,100 temporary residence permits were issued to persons of third countries, 19,000 or 59 percent for the first time and 13,100 were prolonged.

The largest number of temporary residence permits was issued for contingent work, basically seasonal workers in agriculture/forestry and in tourism (9,600 or 50 percent). Their numbers are decided upon by the Federal Ministry of Economics and Labour and the social partners. In theory, according to the amended law of 2002, not only agriculture and tourism but also other industries could apply for migrant temporary work permits – if they can prove that they cannot find adequate personnel in Austria.

⁵ This legislative amendment is the implementation of an EU guideline concerning family reunion, which is in preparation (2003/86/EG)

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

January 1, 2004 to end of June 2004

	Male	Female	Total
Sum of all first settlement permits within the quota regulation	1,068	1,930	2,998
High skilled settlers – wage & salary earners	209	92	301
Family reunion with self-employed highly skilled settlers	2	8	10
Family reunion with highly skilled – wage & salary earners	44	102	146
Highly skilled settlers – self-employed	18	4	22
Family reunion	792	1,617	2,409
Private within the quota regulation	3	107	110
Sum of all first settlement permits outside the quota regulation	6,073	6,816	12,889
Family reunion with EEA – citizen	84	168	252
Family reunion with Austrian	5,476	6,041	11,517
Self-employed	31	8	39
Others	251	479	730
Working for the media	2	5	7
Artists	25	22	47
Other employment outside the foreign worker regulation	198	85	283
Family reunion with Swiss	4	8	12
Highly skilled settlers – agreement	2	0	2
Residence on humanitarian grounds	251	204	455
With right to work	70	45	115
Family reunion	181	159	340
Settlement certificate	13,241	12,718	25,959
Settlement certificate	13,241	12,718	25,959
Prolongation of settlement permits	17,304	20,085	37,389
With right to work	5,304	3,555	8,859
Family reunion with EEA – citizen	78	102	180
Family reunion with Austrian	7,199	9,144	16,343
Self-employed	69	17	86
Family reunion	3,732	6,264	9,996
Others	320	548	868
Working for the media	12	6	18
Artists	137	76	213
Other employment outside the foreign worker regulation	286	165	451
Family reunion with Swiss	0	6	6
Highly skilled settlers – wage & salary earners	5	7	12
Highly skilled settlers – self-employed	53	34	87
Family reunion with self-employed highly skilled settlers	2	7	9
Family reunion with highly skilled wage & salary earners	11	18	29
High skilled settlers – agreement	2	3	5
Prolongation of settlement permits - within the quota regulation	1	0	1
With right to work	0	0	0
Family reunion	1	0	1
Outside the quota regulation – agreement	0	0	0
High skilled settlers – wage & salary earners	0	0	0
Sum of all settlement permits 01/06/2004	37,938	41,753	79,691

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

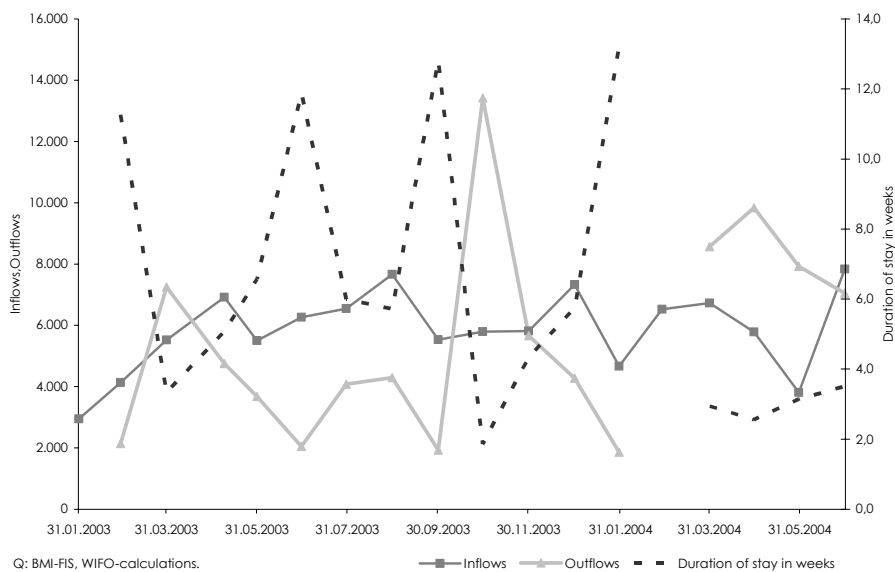
Contingent work is meant to alleviate short term labour market scarcities. It is granted for 6 months and may be extended for another six months. Then the temporary worker is expected to return home; he/she may take up a job in Austria again after 2 months abroad. Temporary residence status does not 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 became members of the EU in spring 2004. As it is, an accumulation of seasonal work permits paved the way for citizens of new member states (NMS), to reside and work in Austria and to bring their family members along. If they had an employment permit valid for one year at the time of EU-accession and had resided in Austria legally for one year, they could bring their family members along, who also have the right to access the labour market.

The option of temporary employment contracts to citizens of third countries in industries with labour scarcities allows a relatively quick reaction to bring in migrants to ensure continued production and economic growth 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 countries is regulated under a quota regime of the Federal Ministry of the Interior, namely the settler programme of third country families. Of all first settlement permits granted (in sum 15,900 in the first half of 2004, only 19 percent were amenable to control, i.e., under a quota). The situation is different in the case of temporary residence permits. Of all 19,000 new temporary resident permits issued in the first half of 2004, about two thirds are entering on the basis of some bilateral agreement (commuters) or on the basis of a quota determined by the social partners and the Ministry of Economics and Labour.

Figure 7: Monthly inflows and outflows of temporary residents/workers from third countries 2003-2004



A graph can help visualise the strong seasonal fluctuations of temporary workers from third countries in Austria. Accordingly, the temporary workers stayed on average 5.1 weeks in Austria in the first half of 2004, and 7.6 weeks in the first half of 2003.

Table 11a: Sum of no annual quota limitations by status and gender (January 1, 2004 to end of June 2004)

	Male	Female	Total
<i>Residence permits for which there is no quota</i>	10,496	8,504	19,000
Students of higher education	1,176	1,187	2,363
Family reunion with students of higher education	55	59	114
Intercompany transferees	63	21	84
Family reunion with intercompany transferees	25	57	82
Voluntary work experience	239	74	313
Cross border worker	168	67	235
Commuters	587	102	689
Commuters - agreement	15	4	19
Temporary employment	6,058	3,530	9,588
Employed persons in multi national companies	781	30	811
No quota in terms of foreign worker regulation	35	6	41
Self - employed	150	848	998
Residence on humanitarian grounds	127	141	268
Artists	423	1,316	1,739
Other employment outside the foreign worker regulation	443	999	1,442
Stageairs	151	63	214
<i>Residence permits: Prolongation</i>	6,226	6,894	13,120
Students of higher education	89	116	205
Family reunion with students of higher education	91	35	126
Intercompany transferees	39	67	106
Family reunion with intercompany transferees	20	11	31
Voluntary work experience	1,015	256	1,271
Cross border worker	239	45	284
Commuters	18	3	21
Commuters - agreement	492	390	882
Temporary employment	145	64	209
Employed persons in multi national companies	11	3	14
No quota in terms of foreign worker regulation	251	1,448	1,699
Self - employed	35	49	84
Residence on humanitarian grounds	24	244	268
Artists	107	42	149
Other employment outside the foreign worker regulation	39	388	427
Stageairs	46	26	72
<i>Sum of all residence permits</i>	16,722	15,398	32,120

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

ii) Resident permit holders by type of status: stocks July 2004

A mid-year stock count (July 1, 2004) of the number of valid residence permits comes up with a figure of 575,900, 6,600 or 1.2 percent more than a year ago (Table 12). Slightly more than half of the third country citizen population (51.7 percent) is male. A quarter of registered third country citizens are below the age of 20 and only 5.5 percent above the age of 61. Women are more than proportionately among the less than 30 and over 61 year olds.

One may distinguish 2 types of residence titles, settlement permits (of which permanent settlement certificates) and temporary resident permits. By mid 2004, the majority of the

permits were settlement permits, namely 510,700 or 88.7 percent. Of these 103,800 or 20 percent were 'green card' holders.

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 barred from work for 5 years unless their skills were scarce and sought after, 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).

The number of persons with a residence permit granted on the basis of work only, amounted to 41,100, i.e., 7.1 percent of all residence permits. This was almost the same 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.

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

	By July 3, 2001	By July 6, 2002	By July 1, 2003	By July 1, 2004
Men				
0 to 19	78,703	79,985	79,064	75,662
20 to 30	48,988	51,063	52,947	55,245
31 to 40	68,597	68,098	65,987	62,899
41 to 50	48,905	50,742	51,042	50,992
51 to 60	26,178	30,379	3,419	37,224
over 61	9,911	12,015	13,888	15,830
Sum	281,282	292,282	297,118	297,852
Women				
0 to 19	73,992	75,629	74,682	71,709
20 to 30	59,836	62,397	63,075	64,487
31 to 40	54,462	57,918	60,400	61,899
41 to 50	33,271	35,872	36,848	38,185
51 to 60	16,873	19,937	22,998	25,895
over 61	10,287	12,454	14,179	15,840
Sum	248,721	264,207	272,182	278,015
Total				
0 to 19	152,695	155,614	153,746	147,371
20 to 30	108,824	11,346	116,022	119,732
31 to 40	123,059	126,016	126,387	124,798
41 to 50	82,176	86,614	87,890	89,177
51 to 60	43,051	50,316	57,188	63,119
over 61	20,198	24,469	28,067	31,670
Sum	530,003	556,489	569,300	575,867

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

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.

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

	2004			Change 2003/2004 absolut	Change 2003/2004 in percent
	Men	Women	Total	Total	Total
1 Education §7/4 Z1 FRG	7,123	7,666	14,789	7,278	96.9
2 Family reunion with students §7/4 Z3	213	289	502	251	100.0
3 Inter-company transferees (rotation) §7/4 Z2 FRG	280	94	374	177	89.8
4 Family reunion with inter-company transferees §7/4	115	236	351	150	74.6
5 Voluntary work experience §12/2 FRG	124	33	157	66	72.5
6 Cross border worker §1/11 FRG	2,461	698	3,159	620	24.4
7 Commuters §§1/2, 113/3 FRG	1,672	248	1,920	1,140	146.2
8 Commuters agreement §1/5 AUSLBG	56	13	69	44	176.0
9 Contingent work §12/2 FRG	5,138	2,987	8,125	1,050	14.8
10 Inter-company transfer (Betriebsentsandter) §12/2 FRG	440	90	530	249	88.6
11 No quota in foreign worker employment law §18/2 AUSL	22	10	32	0	0.0
12 Self-employment §7/4 Z4 FRG	627	1,986	2,613	343	15.1
13 Residence on humanitarian grounds §10/4 FRG	216	307	523	121	30.1
14 Temporary artists self-employed §90/4 FRG	50	457	507	353	229.2
15 Temporary artists employed §12/2 FRG	249	99	348	181	108.4
Other employment outside the foreign worker regulation §§					
16 1/2, 1/4 AUSLBG	282	1,078	1,360	858	170.9
17 Trainee §12/2 FRG	484	165	649	-314	-32.6
18 Jeglicher aufenthaltszweck §13/2 FRG	16,441	11,067	27,508	14,969	119.4
19 Beneficiary third country origin EEA §4	425	721	1,146	664	137.8
20 Beneficiary third country origin-Austira § 49	23,376	30,047	53,423	29,963	127.7
21 Self-employment §30/2 FRG	324	98	422	221	110.0
22 Family reunion §20/1 FRG	12,317	19,137	31,454	17,127	119.5
23 Privat-quotenpflichtig §18/4 FRG	347	464	811	403	98.8
24 Privat-quotenfrei §19/5 FRG	1,223	2,254	3,477	2,329	202.9
25 Working for the media §19/2 Z1	37	25	62	29	87.9
26 Artists §19/2 Z2 FRG	370	207	577	265	84.9
Other employment outside the foreign worker regulation					
27 §19/2 Z3 FRG	1,254	695	1,949	1,038	113.9
28 Beneficiary third country origin-Switzerland §48A FRG	11	22	33	23	230.0
29 Highly skilled - self-employed §18/1 Z1 FRG	65	37	102	82	410.0
30 Highly skilled - employed § 18/1 Z1 FRG	596	290	886	462	109.0
31 Family reunion with highly skilled self-employed §18/1 Z1 FRG	18	28	46	28	155.6
32 Family reunion with highly skilled employed §18/1 Z1 FRG	110	263	373	202	118.1
33 Highly skilled agreement §1/5 AUSLBG	5	7	12	8	200.0
34 Permanent residence certificate	54,043	49,799	103,842	76,160	275.1
61 Student	103	114	217	-5,032	-95.9
62 Family reunion with student	2	8	10	-221	-95.7
63 Pupil	58	69	127	-1,413	-91.8
64 Family reunion with pupil				-12	-100.0
65 Inter-company transferees (rotation)	14	6	20	-199	-90.9
66 Family reunion with inter-company transferees	2	9	11	-225	-95.3
67 Voluntary work experience				-20	-100.0
68 Cross border worker	1,866	455	2,321	-1,450	-38.5
69 Commuter	441	44	485	-896	-64.9
70 Seasonal worker	10	1	11	-20	-64.5
71 Inter-company transfer (Betriebsentsandter)	2		2	-122	-98.4
72 Self-employed without settlement	14	5	19	-428	-95.7
73 Residence on humanitarian grounds	145	157	302	-738	-71.0
74 With right to work	96,225	62,250	158,475	-60,716	-27.7
75 Family reunion with EEA-citizen	423	742	1,165	-480	-29.2
76 Family reunion with Austrian	15,289	20,936	36,225	-25,108	-40.9
77 Permanent residence except employment	5,807	6,616	12,423	-5,133	-29.2
78 Family reunion except emploment	19,312	26,939	46,251	-19,178	-29.3
79 Family reunion except total emploment	10,804	13,805	24,609	-15,480	-38.6
80 Private	2,064	2,401	4,465	-2,357	-34.5
81 Working for the media	16	7	23	-38	-62.3
82 Artist	159	79	238	-398	-62.6
83 Other employment outside the foreign worker regulation	424	239	663	-1,269	-65.7
84 Trainee	2		2	-108	-98.2
85 Other employment outside the foreign worker regulation	24	9	33	-165	-83.3
86 Artist	11	4	15	-60	-80.0
87 School attendance	75	77	152	-60	-28.3
88 Family reunion with Austrian	388	521	909	-194	-17.6
89 Other	256	496	752	-169	-18.3
90 Family reunion with foreigner	3,794	5,843	9,637	-3,531	-26.8
91 Pension	374	232	606	-91	-13.1
92 Private	65	76	141	-21	-13.0
93 University study	7	22	29	-9	-23.7
94 Self-employment	139	37	176	-50	-22.1
95 Employment	9,023	4,199	13,222	-4,582	-25.7
Total	297,852	278,015	575,867	6,567	1.2

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

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.

A differentiation of the residence status of aliens, registered with the Federal Ministry of the Interior, by duration of stay and source country shows that many have been residing in Austria for such a long time that they have obtained permanent resident status: in particular Serbs, Croats and Bosnians, each 64 percent of all permits, followed by Poles (58.5 percent) and Turks (55.9 percent). Short term residents, i.e., less than two years in Austria, are to the largest extent persons from our neighbouring countries to the east, e.g., 41.2 percent of the Slovaks and 29.7 percent of the Hungarians, but also 32.2 percent of the Romanians. This is the result of increasing regional economic integration which goes hand in hand with a greater fluidity of people flowing across borders (commuting).

*Table 13: Residence status by country of origin and duration of stay
By July 1, 2004*

	Less than 5 months	6 to 23 months	24 to 26 months	More than 26 months	Unlimited	Total
Total	5,189	104,197	43,491	104,348	318,642	575,867
Of which:						
Yugoslavia (Serbia)	515	18,238	8,720	20,898	85,790	134,161
Turkey	202	18,913	9,440	17,128	57,928	103,611
Bosnia	471	11,229	7,313	19,421	66,168	104,602
Croatia	735	5,165	3,378	12,672	38,320	60,270
Romania	655	5,288	1,529	3,284	7,686	18,442
Poland	103	2,757	1,444	3,995	11,692	19,991
Hungary	104	4,780	1,136	4,367	6,032	16,419
Slovenia	12	849	657	2,616	4,322	8,456
Czech Republic ¹	88	1,794	722	2,185	3,639	8,428
Slovakia ²	108	3,661	897	2,054	3,661	10,381
Macedonia	36	2,597	1,578	3,206	8,182	15,599
Others	2,160	28,926	6,677	12,522	25,223	75,508

Source: Federal Ministry of the Interior, Central Alien Register. – ¹ Including 168 valid titles for "Czechoslovakians". – ² 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 in context with the history of migration and eventual settlement of former foreign workers on the one hand, and economic integration with neighbouring countries in the east 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)⁶. Thus family reunion is not capped by an annual quota. Only foreigners of third countries, who are residing in Austria on the basis of a quota, have to abide by quota rulings in the case of family reunion. In that situation one may distinguish 3 types of family reunion quotas:

1. Highly skilled workers, their partners and dependent children; for 2004 the inflow quota was fixed at 2,030 settlement permits.
2. Foreigners who came to Austria to work and who want their family to join them: in 2004, their quota was set at 5,490 settlement permits.
3. Other persons of third countries who want to settle in Austria without wanting to enter the labour market – the ceiling in 2004 was 360.

In order to establish the backlog of cases of family reunion, the Federal Ministry of the Interior asks the regional authorities regularly by mid year about the number of applications for family reunion, which cannot be processed in the current year because of the ceiling. By the middle of 2004 some 2,200 applications will have to be postponed to the following year; this is a significant reduction of the backlog in application processing and in the main the result of the legislative reform, which allows settlement on humanitarian grounds automatically, if the applicants have had to wait for 3 years or more.

3. Emigration and return of nationals

The Austrian labour market is to a certain extent integrated with the industrialised countries bordering Austria in the west, and increasingly also the east and south-east. Until 2002 reliable employment data of Austrians abroad was regularly available for Germany and Switzerland.

⁶ 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. For a detailed account of legislation, quotas, and actual inflows see Biffi & Bock-Schappelwein 2004, Zur Niederlassung von Ausländern in Österreich (http://www.bmi.gv.at/downloadarea/asyl_fremdenwesen/NLV_2004endg.pdf).

With the coming into effect of the bilateral agreement on the part of Switzerland with the EU in 2002 no distinction of the employment status of Austrians in Switzerland is available any longer.

In Germany, the number of Austrian wage and salary earners continues to be surveyed once a year. In mid 2003 some 60,000 Austrian wage and salary earners were counted. This is a decline versus a year ago by some 1,600 or 2.6 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. The major share of Austrians is working in Bavaria. In 2003, some 33,000 or 55.0 percent of all Austrians, were working in Bavaria as wage and salary earners.

Table 14: Austrian workers and salaried employees in the Federal Republic of Germany

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

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

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, 8,102,200 persons resided in Austria in the beginning of 2003, and some 38,000 or 0.5 percent were added in the course of 2003. Thus, population growth has entered a new phase in 2001, with annual growth rates in the last three years three times those of the second half of the 1990s. They are about half the rate of the early 1990s, when the opening up of CEECs and the civil war in Yugoslavia had resulted in unprecedented population growth rates of some 80,000 or 1 percent of total population annually. Demographers and policy are still at awe at the substantial increase in population and migratory flows, and check to what extent these increases are real or the result of difficulties to capture all outflows of temporary migrants in the Central Population Register. It is, however, obvious that population movements have increased substantially in the last couple of years. As a result, more detailed information will only come forward when some remaining questions pertaining to the register are resolved.

The positive migration balance between the beginning and end of year has started to pick up in 2000, as it increased from 17,300 to 33,000 in 2001, continued to rise slightly in 2002 and somewhat more to 36,300 in 2003. This relatively large rate of immigration is the result of a substantial increase in gross flows across borders incoming as well as outgoing. In contrast, natural population growth, i.e., the balance of births and deaths, is minimal and in 2003 even slightly negative.

The number of naturalisations continues to rise; in the course of the year 2003, 44,700 foreigners adopted the Austrian citizenship, i.e., 5.9 percent of all foreigners of the beginning of the year 2003. This increase is an indicator of the eventual settlement of the massive inflow of migrants of the beginning of the 1990s 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 2002, the net outflow of Austrians has taken a steep rise, from -4,500 to -20,300 (2000), and has -14,800 in 2003. 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. In 2002, net immigration of foreigners doubled versus a year ago, and remained at that level in 2003. This substantial increase in migratory flows has to be seen in the context of Eastern enlargement of the EU, as it is not the traditional source countries of Austria's migrant workers, Turkey and former Yugoslavia, who account for the substantial increase of the foreign population in 2003. A clear understanding of the mechanisms and driving forces behind these increased inflows is not yet possible; detailed information on the major source countries, the age and gender of the migrants is necessary before conclusions can be drawn, not least as to the impact on the labour market, in particular the break-up between formal and informal sector work.

Table 15: Migration flows in Austria
1997-2001

	Total					Austrians					Foreigners				
	1997	1998	1999	2000	2001	1997	1998	1999	2000	2001	1997	1998	1999	2000	2001
<i>Total</i>															
Inflows	70,122	72,723	86,710	79,278	89,928	13,227	13,494	14,331	13,324	15,142	56,895	59,229	72,379	65,954	74,786
Outflows	68,585	64,272	66,923	62,006	72,654	18,830	19,407	19,644	17,639	21,644	49,755	44,865	47,279	44,367	51,010
Net migration	1,537	8,451	19,787	17,272	17,274	-5,603	-5,913	-5,313	-4,315	-6,502	7,140	14,364	25,100	21,587	23,776
<i>Men</i>															
Inflows	37,730	38,930	45,364	42,492	49,036	8,207	8,349	8,798	8,422	9,081	29,523	30,581	36,566	34,070	39,955
Outflows	39,365	36,536	37,173	34,640	41,377	11,413	11,429	11,413	10,584	12,554	27,952	25,107	25,760	24,056	28,823
Net migration	-1,635	2,394	8,191	7,852	7,659	-3,206	-3,080	-2,615	-2,162	-3,473	1,571	5,474	10,806	10,014	11,132
<i>Woman</i>															
Inflows	32,392	33,793	41,346	36,786	40,892	5,020	5,145	5,533	4,902	6,061	27,372	28,648	35,813	31,884	34,831
Outflows	29,220	27,736	29,750	27,366	31,277	7,417	7,978	8,231	7,055	9,090	21,803	19,758	21,519	20,311	22,187
Net migration	3,172	6,057	11,596	9,420	9,615	-2,397	-2,833	-2,698	-2,153	-3,029	5,569	8,890	14,294	11,573	12,644
	Per 1,000 inhabitants														
<i>Total</i>															
Inflows	8.7	9.0	10.7	9.8	11.1	1.8	1.8	2.0	1.8	2.1	77.7	80.3	96.7	87.0	97.8
Outflows	8.5	8.0	8.3	7.6	8.9	2.6	2.6	2.7	2.4	2.9	67.9	60.9	63.2	58.5	66.7
Net migration	0.2	1.0	2.4	2.1	2.1	-0.8	-0.8	-0.7	-0.6	-0.9	9.7	19.5	33.5	28.5	31.1
<i>Men</i>															
Inflows	9.6	9.9	11.5	10.8	12.4	2.3	2.4	2.5	2.4	2.6	73.5	76.2	90.2	83.2	97.0
Outflows	10.0	9.3	9.5	8.8	10.5	3.2	3.2	3.2	3.0	3.5	69.6	62.6	63.5	58.8	70.0
Net migration	-0.4	0.6	2.1	2.0	1.9	-0.9	-0.9	-0.7	-0.6	-1.0	3.9	13.6	26.7	24.5	27.0
<i>Woman</i>															
Inflows	7.8	8.1	9.9	8.8	9.8	1.3	1.3	1.4	1.3	1.6	82.7	85.3	104.5	91.5	98.9
Outflows	7.0	6.7	7.1	6.6	7.5	1.9	2.1	2.2	1.8	2.4	65.9	58.8	62.8	58.3	63.0
Net migration	0.8	1.5	2.8	2.3	2.3	-0.6	-0.7	-0.7	-0.6	-0.8	16.8	26.5	41.7	33.2	35.9

Source: Statistics Austria.

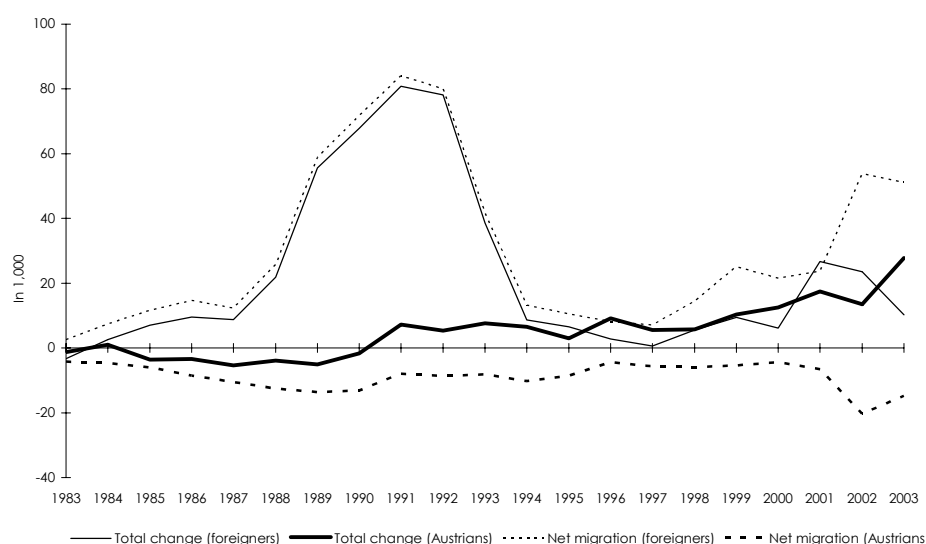
Table 16: Foreign residents in Austria

	Population		Population change between beginning and end of year			
	Beginning of year	End of year	Balance of birth/deaths	Migration balance	Naturalisation	Total change
			Total			
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	8,065,146	691	32,964	.	44,200
2002	8,065,146	8,102,175	2,268	33,507	.	37,029
2003	8,102,175	8,140,122	-265	36,297	.	37,947
			Austrians			
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	7,333,515	-7,505	-	31,731	17,456
2002	7,333,515	7,347,051	-5,911	-20,283	36,011	13,536
2003	7,347,051	7,374,819	-7,521	-14,802	44,694	27,768
			Foreigners			
1983	297,665	294,406	4088	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	731,631	8,196	-	-31,731	26,744
2002	731,631	755,124	8,179	53,790	-36,011	23,493
2003	755,124	765,303	7,256	51,099	-44,694	10,179

Source: Statistics Austria.

Total population growth affects Austrians and foreigners alike. While the native Austrian population declines, basically as a result of a negative balance of births over deaths and a net outflow abroad, the number of Austrians increases nonetheless due to an increasing naturalisation rate of foreign residents. In 2003, the number of Austrians increased by 27,800 or 0.4 percent to 7,374,800 by the end of 2003. In contrast, the number of foreigners rose by 10,200 or 1.3 percent to 765,300; whereby the reduction due to naturalisations was more than compensated by the positive balance of births over deaths and the substantial increase of immigration. The proportion of foreigners in the total population has thus increased to 9.4 percent in 2003, after 9.3 percent in 2002.

Figure 8: Net migration and total change in population 1983-2003



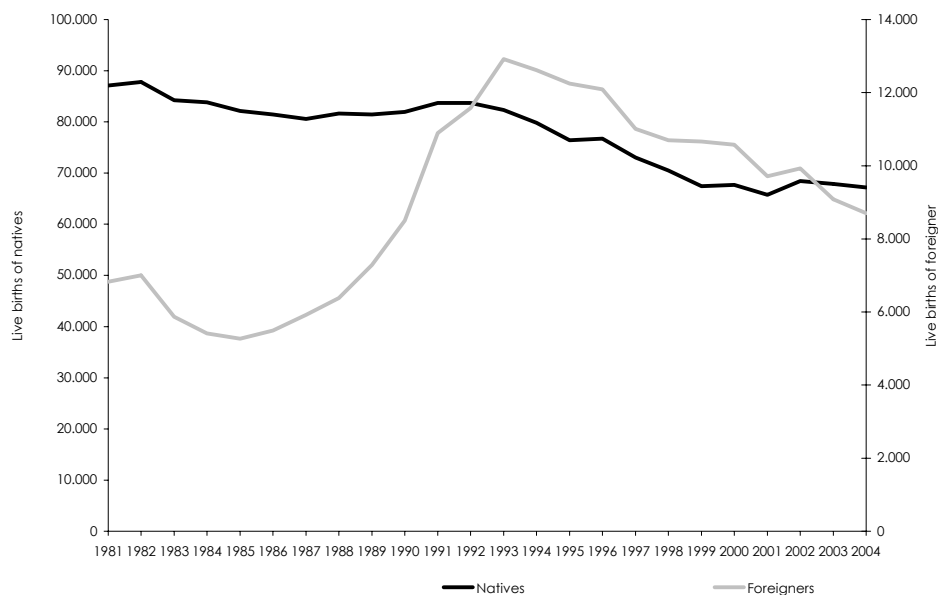
Source: Statistics Austria.

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 declined again in 2003 to 76,900. 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 had at the same time an above average fertility compared to Austrians. The declining number of births since then has to be seen as a result of the declining fertility rate of Austrian and foreign women. The fertility rate of Austrian women has stabilised in 1999 at 1.25, while it increased slightly in the case of foreign women from 2.10 1998 to 2.09 2000, but came down again for foreign women to 1.99 in 2001. In 2002 the fertility rate of both, Austrian and foreign women, increased slightly, which

may be a result of the reform of the benefit scheme for childcare in 2002. On a national average the fertility rate increased slightly from 1.33 in 2001 to 1.4 in 2002. The impact of the reform was short-lived, however. In the current year fertility fell back to the pre-reform level.

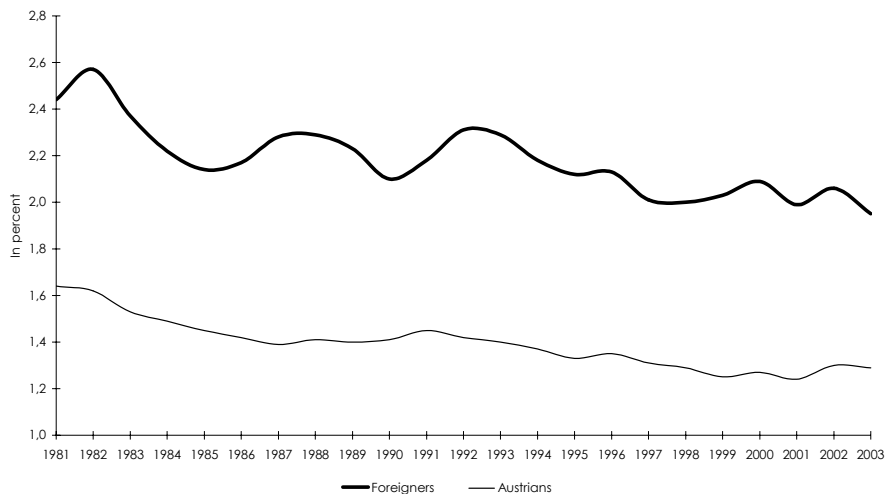
The total number of births to Austrian mothers amounted to 68,500 in 2002, 2,700 or +4.2 percent versus 2001, and the number of births to foreign women amounted to 9,900, +200 (+2.1 percent) versus 2001. The share of foreign births in the total number of births has increased between 1992 and 2002 from 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 2.37 children per woman to 1.99, i.e., by 13.9 percent. The fertility rate of Austrian women has decreased between 1992 and 2001 by 12.7 percent to 1.24 children per woman. The slight increase in the fertility rate of both native and foreign women in 2002, was short lived and may have been motivated by the new regulation of paternal leave and the increased family allowance. Particularly migrant women had to realise that the eligibility criteria were difficult, particularly in the context of increased labour market competition and thus job insecurity. In 2003, their fertility rate declined from 2.06 to 1.95, i.e., by 5 percent, while it declined only slightly from 1.3 to 1.29 in the case of native women.

Figure 9: Live births of natives and foreigners 1981-2004)



Source: Statistics Austria; 2004 WIFO estimate.

Figure 10: Total Fertility Rate of Austrian and Foreign Women
Average number of children per woman (1981-2003)



Source: Statistics Austria.

2. Number of naturalisations

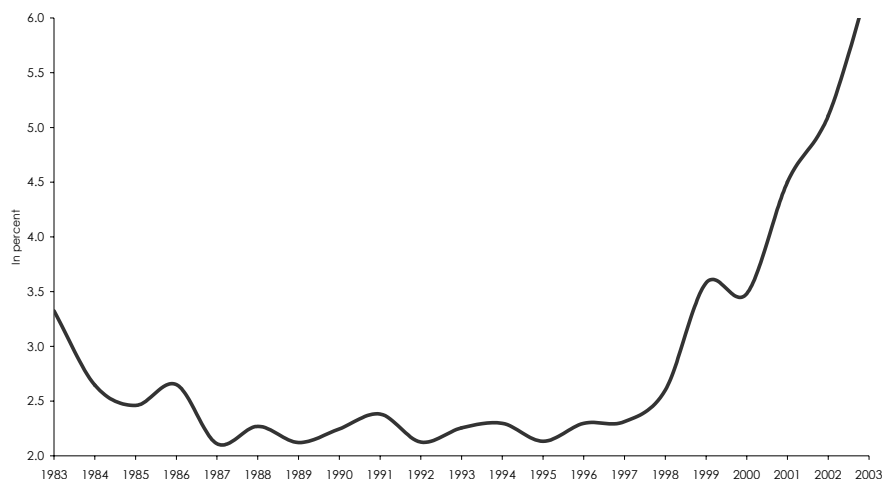
The development of the rate of naturalisations over time follows with a certain time lag the waves of migrant inflows. It increased in the course of the 1970s, in the wake of the consolidation of foreign worker employment, family reunion and eventual settlement; it declined in the early 1980s and fluctuated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

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

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

Austrian citizenship. The significant boost to naturalisations since 1999 is a result of the eligibility to citizenship of the large wave of immigrants of the late 1980s and early 1990s.

Figure 11: Development of the rate of naturalisation in Austria (naturalisation in percent of foreign population), 1983-2003

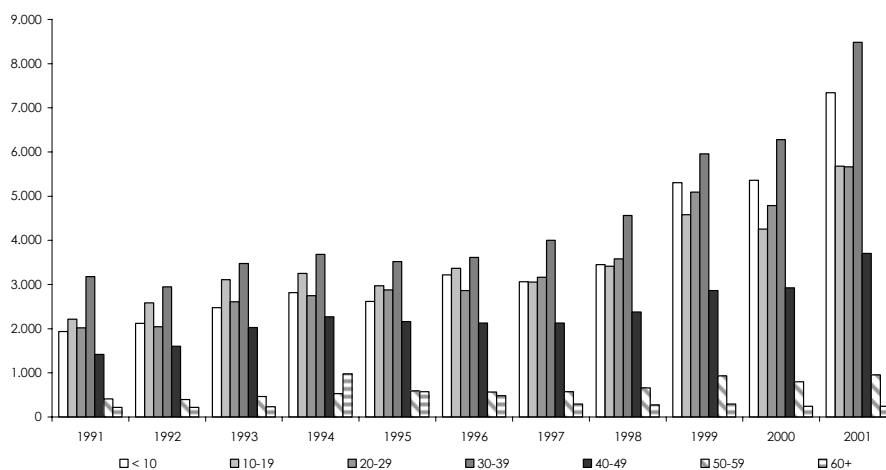


Source: Statistics Austria, WIFO.

A rising proportion of the naturalised Austrians are children under 10 years of age; in 2001, they made up 23 percent of all naturalised citizens, compared to 17 percent in 1991, while the proportion of the 10-19 year olds declined somewhat (from 19.4 percent to 17.7 percent). Otherwise, the age structure of the 'new' Austrians has not changed much between then and now (see Figure 12).

In 2003, 44,700 foreigners adopted the Austrian citizenship, 24 percent more than a year earlier. The gender distribution is even with 50.5 percent of all naturalisations going to women. A major part of the new Austrian citizens were former so-called 'guest workers', e.g., Turks (13,700 or 31 percent); the large number of persons from former Yugoslavia (18,900, 42.3 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 (4,100, 9 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 2003 – from 2.3 to 5.9 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.

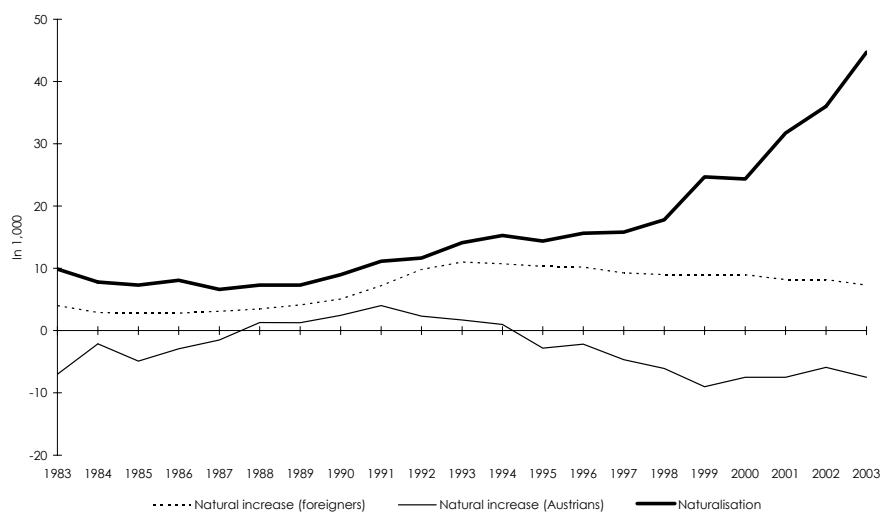
Figure 12: Number of naturalisations by age
1991-2001



Source: Statistics Austria.

Between 1991 and 2003 283,000 foreigners took up Austrian citizenship, about two third from the traditional recruitment areas of migrant workers, the region of former Yugoslavia (89,700, 32 percent) and Turkey (84,800, 30 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 of 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.

Figure 13: Natural increase and naturalisation
1983-2003



Source: Statistics 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
2003	18,890	4,074	106	13,665	44,694	22,567

Source: Statistics Austria, Statistical Handbook of the Republic of 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, i.e., in the 1970s and 1980s (see Figure 14&15). Also foreigners had access to marriage premia. In the 1990s one discontinued with the policy to provide incentives to marry, as these incentives did not have the effect hoped for, to raise the fertility rate.

In 2003, the number of marriages increased to 37,200, i.e., by 1.7 percent versus 2002. This was the second year in a row that the propensity to marry 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. Two third of the marriages in 2003 were first marriages.

Figure 14: Total marriages and marriages of nationals
1972-2003

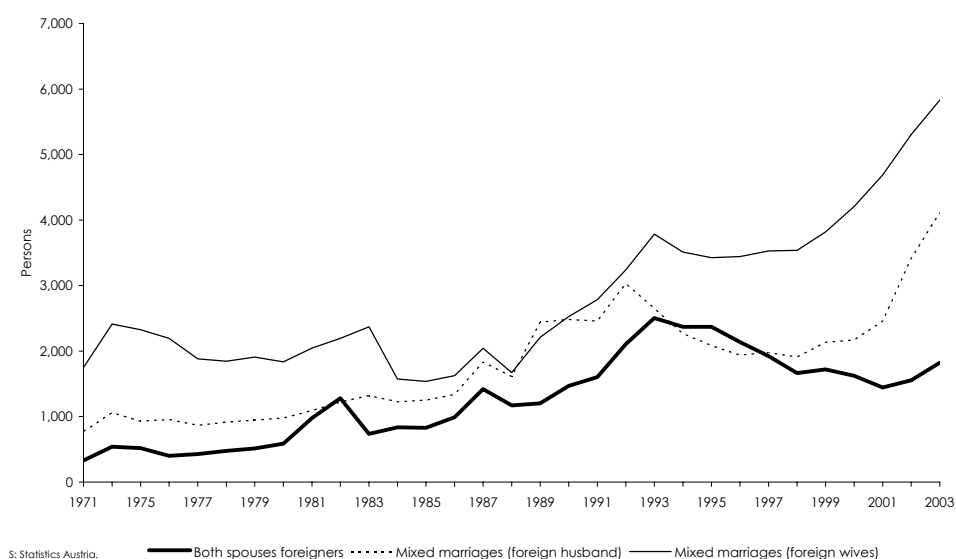


Source: Statistics Austria.

The proportion of marriages with both spouses nationals has declined significantly over the last 28 years. In 1971 94 percent of all marriages were between nationals. In 2003, their share had come down to 69.1 percent. The share of foreign marriages (with both spouses foreigners) increased from 0.7 percent 1971 to 4.9 percent 2003. 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 26.7 percent in 2003. Traditionally the

propensity to marry a foreigner is higher with Austrian men. Their share in total marriages amounted to 3.6 percent 1971 and rose to 15.7 percent 2003. 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 2003 11.1 percent of all marriages were mixed with the wife being Austrian and the husband foreign. It was above all in the recent past, particularly since 2001, that Austrian women married increasingly foreign partners.

Figure 15: Mixed marriages and marriages of foreigners
1971-2003



Source: Statistics Austria.

The reasons for the disparate development of marriages are complex and not solely due to demographic change. Behavioural factors are also responsible, e.g., Austrians tend not to marry to the same extent and at such an early age as in the olden days, i.e., the 1960s and 1970s. In addition, Austria's immigrant population tends to look for potential spouses in their countries of origin, often also third generation immigrants. In 1999 the Citizenship Law was amended to the extent that in the case of mixed marriages the partner of third country origin is eligible for Austrian citizenship after 5 years of marriage with the same partner.

In 2003, the nationality mix of the 9,900 foreign spouses of Austrians was rather diverse; there is, however, a clear linkage with the traditional migrant source countries, i.e., former Yugoslavia and Turkey – 15 percent of all foreign partners, Hungary and Czech/ Slovak Republic – 3 percent.

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
2003	37,195	25,713	1,823	4,111	5,832

Source: Statistics Austria.

III. Employment and unemployment of foreign workers

1. Employment of foreign workers

According to social security data 350,400 foreign workers found employment in Austria during 2003, i.e., 15,900 or 4.8 percent more than a year ago. The current year will see another boost to foreign employment as a result of the cyclical upswing and changes in administrative procedures and legal access rights to the labour market of highly skilled migrants and researchers, and easy access of family members of temporary workers of NMS, who had at the time of accession an employment contract valid for one year.

According to social security data of wage and salary earners, the proportion of foreigners amounted to 11.5 percent on average in 2003 (after 11.0 percent 2002). In this number, citizens from the EEA/EU are included. Their numbers have been rising steadily by some 2,000 annually since 1994. During 2003 some 45,000 EEA/EU citizens were employed in Austria, 12.9 percent of all foreign workers. The proportion of workers from the NMS was equally high in 2003 and is expected to rise in the current year as a result of the promotion of cross-border temporary work. Cross-border workers from the NMS do not need a temporary resident permit from May 1, 2004 onwards, as all EU citizens, also those from the NMS, have the right to settle in Austria.

Thus, the number of foreigners of third country origin increased significantly, i.e., by some 10,300 or 3.5 percent, to 305,300 in 2003. 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) shows that the number of third country citizens in need of a work permit has been declining continuously since the mid 1990s. While in 1994, 268,800 work permits were registered with the LMS, this number has come down to 220,400, i.e., by 48,400 or 18 percent. This situation is going to continue, as migrants, who have been residing in Austria legally for 5 years, may access the labour market without a permit.

The first step towards promoting labour market integration of migrants has been taken in 1997. Then new legislation on residence and settlement of foreigners came into effect (Fremdengesetz 1997). This legislation was intended to promote the integration of foreigners, who have resided in Austria legally for a longer period of time. It was in particular meant to facilitate access to the labour market of family members, who had arrived in Austria before 1992. But at the same time, the enterprises were checked as to the implementation of the law, which in effect proved counterproductive. The 'habit' of some firms to employ a foreigner of a third country (who had a residence permit which would in principle allow employment) without applying for a work permit, had to be discontinued. Before a firm is granted a first work permit for a foreigner, four unemployed, who could in principle fill the post (unemployment benefit recipients), have to be rejected by the firm in question. This is an effective entry barrier to foreigners. The second, and more effective legal reform step took place in 2003, with the introduction of the 'green card'. The option of long-term foreign residents to apply for a green card, which allows entry into the labour market without the firm having to apply for a work permit, has significantly improved the 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 end of the labour market to such an extent that both, employment and unemployment of migrants increased in 2003. Seasonal work represents also for resident migrants an option to enter the labour market.

Table 19: Foreign wage and salary earners in Austria from 1961-2003

Annual average

	Foreign ¹ workers	Changes		Share in total active employment in percent
		Absolute	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	111,715	24,015	27.4	4.7
1971	150,216	38,501	34.5	6.1
1972	187,065	36,849	24.5	7.4
1973	226,801	39,736	21.2	8.7
1974	222,327	– 4,474	– 2.0	8.4
1975	191,011	– 31,316	– 14.1	7.2
1976	171,673	– 19,338	– 10.1	6.4
1977	188,863	17,190	10.0	6.9
1978	176,709	– 12,154	– 6.4	6.4
1979	170,592	– 6,117	– 3.5	6.2
1980	174,712	4,120	2.4	6.3
1981	171,773	– 2,939	– 1.7	6.1
1982	155,988	– 15,785	– 9.2	5.6
1983	145,347	– 10,641	– 6.8	5.3
1984	138,710	– 6,637	– 4.6	5.1
1985	140,206	1,496	1.1	5.1
1986	145,963	5,757	4.1	5.3
1987	147,382	1,419	1.0	5.3
1988	150,915	3,533	2.4	5.5
1989	167,381	16,466	10.9	6.0
1990 ²	217,611	50,230	30.0	7.6
1991 ²	266,461	48,850	22.4	9.1
1992	273,884	7,423	2.8	9.3
1993	277,511	3,627	1.3	9.4
1994 ³	291,018	13,507	4.9	9.8
1995	300,303	9,285	3.2	10.1
1996	300,353	50	0.0	10.2
1997	298,775	– 1,578	– 0.5	10.1
1998	298,582	– 193	– 0.1	10.0
1999	306,401	7,819	2.6	10.1
2000	319,850	13,449	4.4	10.5
2001	329,314	9,464	3.0	10.7
2002	334,432	5,118	1.6	11.0
2003	350,361	15,929	4.8	11.5

Source: Federal Ministry of Economics and Labour; Federation of Austrian Social Security Institutions. – ¹ Corrected series (permanent licences and persons on parental leave included). – ² 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. – ³ Since 1994 foreign employment according to social security data.

A) Alien police measures

Table 20: Statistic of alien police measures

	Sum January to December 2002	Sum January to December 2003	Sum January to May 2001	Sum January to May 2002	Sum January to May 2003	Sum January to May 2004
<i>Rejections at the border</i>						
§ 52/1 FrG (no passport or Visa)	6,888	6,491	3,722	2,496	2,281	3,577
§ 52/2/1 FrG (refusal of residence)	1,499	1,238	402	685	516	663
§ 52/2/2 FrG (SIS - search)	10,557	8,765	1,526	4,803	3,752	4,325
§ 52/2/3/a FrG (security)	960	1,216	511	447	353	444
§ 52/2/3/b FrG (clandestine work)	959	1,172	373	341	442	238
§ 52/2/3/c FrG (trafficking of humans)	19	124	22	15	15	25
§ 52/2/4 FrG (lack of financial means)	2,356	3,321	660	731	1,695	2,024
§ 52/2/5 FrG (finance delict)	42	44	4	27	19	21
<i>Total</i>	23,280	22,371	7,220	9,545	9,073	11,317
<i>Removal to home country</i>						
§ 55/1/1 FrG (avoidance of border control)	3,544	2,119	2,041	1,061	833	1,372
§ 55/1/2 FrG (accord to take persons back)	1,190	1,016	708	505	292	436
<i>Total</i>	4,734	3,135	2,749	1,566	1,125	1,808
<i>Expulsion from Austria - § 33</i>						
§ 33/1 FrG (illegal residence)	5,883	6,415	2,431	1,968	2,543	2,201
§ 33/2/1 FrG (criminal case)	5	16	24	2	6	15
§ 33/2/2 FrG (illegal purpose)	6	8	3	5	3	3
§ 33/2/3 FrG (prostitution)	15	13	1	11	1	5
§ 33/2/4 FrG (lack of financial means)	312	120	54	257	56	61
§ 33/2/5 FrG (clandestine work)	339	436	80	74	175	165
§ 33/2/6 FrG (illegal entry)	289	379	238	89	114	182
<i>Total</i>	6,849	7,387	2,831	2,406	2,898	2,632
<i>Expulsion from Austria - § 34</i>						
§ 34/1 FrG (false pretense, deceit)	190	134	60	125	47	75
§ 34/2 FrG (lack of employment)	18	9	0	6	2	5
§ 34/3 FrG (unemployable)	2	1	0	1	0	7
<i>Total</i>	210	144	60	132	49	87
<i>Refusal of residence</i>						
§ 36/1 FrG (security)	6,768	2,072	2,098	3,411	832	766
§ 36/2/1 FrG (criminal civil case)	1,533	2,147	569	562	879	1,140
§ 36/2/2 FrG (criminal administr.act)	39	17	20	20	7	8
§ 36/2/3 FrG (finance delict)	18	16	4	6	8	3
§ 36/2/4 FrG (prostitution)	28	7	7	18	4	9
§ 36/2/5 FrG (Trafficking of humans)	206	178	128	93	90	72
§ 36/2/6 FrG (false information)	299	383	264	113	144	217
§ 36/2/7 FrG (lack of financial means)	6,311	8,416	2,145	2,312	3,109	1,926
§ 36/2/8 FrG (clandestine work)	1,438	1,657	597	568	752	306
§ 36/2/9 FrG (deceptive marriage)	51	164	12	16	36	70
§ 36/2/1 FrG (deceptive adoption)						12
<i>Total</i>	16,691	15,057	5,844	7,119	5,861	4,529
<i>Deportation</i>						
§ 56/1 FrG	6,842	8,073	3,687	2,548	4,398	4,200

Source: Federal Ministry of the Interior.

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 2003, all in all 72,000 actions were taken/registered, 3,300 or 4.4 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 have declined, however rejections due to trafficking have increased, and above all rejections due to lack of financial means and intentions to engage in clandestine work.

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. 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 (2003 to 6,500). In the current year a rise is taking place, possibly linked to the enlargement of the EU and lacking information on the legal requirements for crossing into a Schengen country.

According to data from the Federal Ministry of the Interior the number of persons captured for trafficking of humans has increased in 2003, after reductions over the last couple of years. This may be to some extent the result of concerted action to prosecute smugglers in humans.

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 12.9 percent 2003. 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 33.4 percent 2003. The share of persons from Croatia, while being rather small, is continually increasing (to 3.2 percent 2003). The proportion of Bosnians has increased rather more rapidly, as they received preferential treatment on humanitarian grounds when applying for work permits. In 2003 they accounted for 7.6 percent of all foreign workers.

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 AusIBG).

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. Since then their share in foreign employment is declining and reached 15.3 percent in 2003; this is the lowest share in foreign employment since the late 1970s. This is not the result of a reduction in inflows but rather of rapid increases in the naturalisation rates.

Table 21: Foreign workers by nationality 1971-2003¹

Annual average

	Foreign workers total	EU (15)	of which: Germany	EFTA	Yugoslavia	Croatia	Slovenia	Bosnia	Turkey	Others including acc. countries
	in percent									
1971	150,216	.	3.0	.	76.0	.	.	.	13.1	7.0
1972	187,065	.	2.8	.	77.7	.	.	.	11.4	7.2
1973	226,801	.	2.5	.	78.5	.	.	.	11.8	6.4
1974	222,327	.	2.6	.	76.2	.	.	.	13.5	7.0
1975	191,011	.	3.1	.	73.9	.	.	.	14.1	8.0
1976	171,673	.	6.2	.	70.2	.	.	.	14.3	8.3
1977	188,863	.	6.3	.	69.7	.	.	.	14.3	8.7
1978	176,709	.	6.6	.	68.5	.	.	.	14.8	8.9
1979	170,592	.	6.8	.	67.2	.	.	.	15.6	9.2
1980	174,712	.	6.9	.	65.9	.	.	.	16.2	9.8
1981	171,773	.	7.1	.	64.5	.	.	.	16.9	10.3
1982	155,988	.	7.6	.	62.0	.	.	.	18.3	10.6
1983	145,347	.	7.8	.	61.4	.	.	.	19.0	10.5
1984	138,710	.	8.0	.	59.9	.	.	.	20.0	10.7
1985	140,206	.	8.0	.	58.5	.	.	.	20.8	11.4
1986	145,963	.	7.8	.	57.3	.	.	.	21.4	12.1
1987	147,382	.	7.8	.	56.0	.	.	.	22.2	12.6
1988	150,915	.	7.9	.	55.1	.	.	.	22.7	14.3 ²
1989	167,381	.	7.4	.	54.3	.	.	.	23.4	14.9 ²
1990 ³	217,611	.	6.0	.	50.8	.	.	.	23.2	20.0 ²
1991 ³	266,461	7.2	5.1	0.7	48.5	.	.	.	21.6	22.0 ²
1992	273,884	6.9	5.0	0.7	48.8 ⁴	0.4	0.5	.	20.3	22.4
1993	277,511	6.9	5.0	0.7	45.6	2.3	1.6	1.2	19.6	22.1
1994	291,018	6.3	4.2	0.3	44.4	1.3	0.9	2.3	18.6	25.9
1995	300,303	7.0	4.5	0.1	43.1	1.6	0.9	3.6	18.2	25.5
1996	300,353	7.8	4.9	0.1	42.0	1.8	1.0	4.5	17.8	25.0
1997	298,775	8.3	5.2	0.1	41.3	1.9	1.1	5.0	17.7	24.6
1998	298,582	9.0	5.7	0.1	41.0	2.1	1.1	5.5	18.2	23.0
1999	306,401	9.7	6.1	0.1	40.1	2.3	1.1	6.0	18.2	22.5
2000	319,850	10.1	6.5	0.1	38.8	2.6	1.1	6.6	17.9	22.8
2001	329,314	10.8	7.1	0.1	37.3	3.0	1.1	7.3	17.3	23.1
2002	334,432	11.8	7.9	0.1	35.8	3.2	1.2	7.6	16.8	23.5
2003	350,361	12.9	9.6	0.1	33.4	3.2	1.1	7.6	15.3	26.3

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

The share of "others", in the main east Europeans, has taken a dip in 1994 and continued to decline until 1999. Since 2000, their share is rising, and in 2003 their share took a leap forward to 26.3 percent of all foreign workers.

Ever since 1993, the employment opportunities of foreign women improved relative to foreign men. The share of women in foreign employment rose from 33.5 percent in 1992 to 39.3 percent in 2003. The proportion of women in foreign employment remained clearly below the Austrian average of 45 percent in 2003.

Table 22: Foreign workers by gender 1971-2003

	Male	Female Percent	Total
Sep-71	70.9	29.1	100.0
Sep-72	68.5	31.5	100.0
Sep-73	69.0	31.0	100.0
Sep-74	67.3	32.7	100.0
Sep-75	63.8	36.2	100.0
Sep-76	61.3	38.7	100.0
Sep-77	61.3	38.7	100.0
Sep-78	61.5	38.5	100.0
Sep-79	61.6	38.4	100.0
Sep-80	60.9	39.1	100.0
Sep-81	61.0	39.0	100.0
Sep-82	60.4	39.6	100.0
Sep-83	60.4	39.6	100.0
Sep-84	61.1	38.9	100.0
Sep-85	60.9	39.1	100.0
Sep-86	60.4	39.6	100.0
Sep-87	61.3	38.7	100.0
Sep-88	62.1	37.9	100.0
Sep-89	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 ¹	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
Annual average 2003	60.7	39.3	100.0

Source: Federal Ministry of Economics and Labour; Federation of Austrian Social Security Institutions. – ¹ 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 2003 (44.7 percent). Next in line are Bosnians (41.5 percent) and Croatians (40.7 percent). The lowest proportion of women in total employment is amongst Macedonians (23.3 percent) and Turks (26.9 percent) – in the latter case declining further. Women from CEECs have low employment shares, but are rising – in 2003 to 30 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 countries by gender and nationality

Annual average

Nationalities	2002			2003		
	Male	Female	Total	Male	Female	Total
Yugoslavia	35,333	28,419	63,752	32,098	25,948	58,046
Croatia	15,406	10,456	25,862	15,173	10,397	25,570
Slovenia	4,405	1,579	5,984	4,293	1,548	5,841
Bosnia	24,707	17,649	42,356	24,993	17,761	42,754
Macedonia	3,456	992	4,448	3,502	1,063	4,565
Turkey	28,466	10,656	39,122	25,503	9,392	34,895
Others	33,623	13,729	47,352	34,058	14,712	48,770
of whom:						
Eastern Europe	26,496	10,639	37,135	27,212	11,493	38,705
Total	145,396	83,480	228,876	139,620	80,821	220,441

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 2003-04) provides a relatively good estimate of the average annual employment development in the current year. According to this data employment in manufacturing industries excluding construction declined for both natives and foreign workers marginally. 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. But also certain elements of machine and metal industries in a value added and production chain. Foreign workers, who tend to be core workers in traditional craft skills and as un- and semiskilled labourers, were amongst the losers in the reallocation of elements of production from West to East. Some of these 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 at the higher end of the skill segment.

In the current year, foreign workers in manufacturing industries and construction reduced their share in employment slightly, in particular in textile, clothing industries and in metal industries. This may, however, also be the result of naturalisations of foreigners, who have been residing and working long enough in these industries in Austria.

Table 24: *Employment of wage and salary earners by industry*
By end of June

	2003			2004		
	Total	Foreigners	Foreigners in percent of total	Total	Foreigners	Foreigners in percent of total
<i>Agriculture and forestry</i>	31,288	10,314	33.0	32,734	11,242	34.3
Agriculture and forestry	31,288	10,314	33.0	32,734	11,242	34.3
<i>Mining and manufacturing</i>	882,626	125,189	14.2	877,961	123,893	14.1
Mining, stones and minerals	13,571	790	5.8	13,398	788	5.9
Food, drinks, tobacco	73,156	12,662	17.3	73,820	12,770	17.3
Textiles, clothing, leather	32,211	8,051	25.0	30,542	7,430	24.3
Wood, paper, printing, publishing	77,874	7,745	9.9	77,669	7,712	9.9
Chemicals, recycling	60,572	8,132	13.4	59,549	8,104	13.6
Stone and glassware	29,470	3,782	12.8	29,114	3,727	12.8
Production and processing of metals	276,390	30,443	11.0	276,255	30,224	10.9
Furniture, jewellery, musical instruments etc.	38,232	4,020	10.5	37,645	3,998	10.6
Energy and Watersupplies	27,063	310	1.1	27,110	349	1.3
Construction	254,087	49,254	19.4	252,859	48,791	19.3
<i>Services</i>	2,168,087	223,938	10.3	2,194,404	236,455	10.8
Trade, repairworks	490,542	50,882	10.4	495,775	53,273	10.7
Restaurants and hotels	161,526	48,652	30.1	165,130	50,804	30.8
Transport, telecommunications	214,540	22,646	10.6	214,354	23,962	11.2
Financing, insurance	109,484	3,299	3.0	109,743	3,698	3.4
Businessoriented services	286,586	51,148	17.8	296,340	54,775	18.5
Public administration, social security ¹	460,959	13,587	2.9	448,960	12,473	2.8
Education and research	128,601	3,857	3.0	145,124	6,203	4.3
Health-, veterinary and social services	165,686	12,787	7.7	171,134	13,834	8.1
Other public and private services, extritorial organisations ¹	146,658	16,447	11.2	144,459	16,821	11.6
Private households	3,505	633	18.1	3,385	612	18.1
All Industries	3,082,001	359,441	11.7	3,105,099	371,590	12.0
Military service	12,251	.		11,872	.	
Parental leave	101,955	.		111,950	.	
Unknown	.	661		.	840	
Total	3,209,342	360,102		3,228,921	372,430	

Source: Federation of Austrian Social Security Institutions. – ¹ 2004 excluding unemployed in education and training measures (13,135).

As jobs for migrants started to dry up in manufacturing industries and thus tradeables, they increasingly turned to services and non-tradeables. As a result, their numbers increased in services from 224,000 in June 2003 to 236,000 in June 2004 (+5.6 percent). Thus their share in services employment increased from 10.3 percent to 10.8 percent.

The most dynamic industries were business services which include the catch-all of temporary work agencies. The share of foreign workers increased to 18.5 percent, after 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 research, tourism and retail trade.

According to social security data, foreign employment rose by 12,100 or 3.4 percent to 371,200 in June 2004 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 34 percent in June 2004. The supply of Austrian nationals for seasonal work, help in harvesting, etc., is not sufficient. Agriculture and forestry have now together with tourism industries (30.8 percent) and textiles-clothing-leather industries (24 percent) the highest foreign worker density.

Next in line are construction (19.3 percent), household services (18.1 percent), and business services (18.5 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 2002 and 2003. Every federal state increased the share of foreign workers in total employment, and the rank order changed little. The region with the highest share of migrant workers is Burgenland, the easternmost province, which used to have the lowest share of migrant workers before the lifting of the Iron curtain. Second in line is Vienna, followed by Vorarlberg, the westernmost province. The rank order may be affected by inflow dynamics, the mix of temporary workers and settlers, and the regionally differing propensity to grant citizenship to foreigners.

The regional concentration of foreign workers differs somewhat by the nationality of foreigners. On average 32.2 percent of all foreign workers were working in Vienna in 2003 – this share has been relatively stable for some time now. The share of Yugoslavs (34.7 percent) is somewhat above average, the share of Turks (30.2 percent) somewhat below it. The greatest concentration upon Vienna is given in the case of the mix of 'others'. These migrants

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 (33 percent).

Table 25: Regional distribution of foreign labour in Austria

Annual average

	2002			2003		
	Total employment ¹	Foreigners ²	Percent	Total employment ¹	Foreigners ²	Percent
Vienna	738,684	111,495	15.1	734,064	112,940	15.4
Lower Austria	502,415	48,842	09.7	502,547	49,281	9.8
Styria	79,962	9,003	11.3	81,063	9,615	11.9
Carinthia	418,659	24,037	05.7	419,418	25,664	6.1
Upper Austria	186,471	12,233	06.6	186,599	13,169	7.1
Salzburg	524,641	43,510	08.3	530,192	47,676	9.0
Tyrol	210,155	25,652	12.2	210,908	26,983	12.8
Vorarlberg	260,797	30,505	11.7	261,850	33,983	13.0
Burgenland	130,142	25,438	19.5	130,768	26,336	20.1
Austria	3,051,925	334,432	11.0	3,057,409	350,361	11.5

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

Table 26: Foreign workers by region and nationality 2002 and 2003

Annual average

	Foreign workers ¹		Among them from							
	Total		Germany		Former Yugoslavia		Turkey		Others	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
	Percent									
Vienna	33.4	32.3	22.9	21.4	34.9	34.7	30.0	30.2	35.7	33.0
Lower Austria	14.6	14.1	9.5	9.0	12.8	12.7	16.7	16.4	18.1	16.6
Styria	7.2	2.7	7.5	1.3	7.9	1.4	2.8	0.7	8.6	6.5
Carinthia	3.7	13.6	4.4	12.2	5.2	14.7	0.8	11.5	2.6	13.4
Upper Austria	13.0	7.3	11.7	7.1	14.4	8.0	11.2	3.0	12.0	8.7
Salzburg	7.7	3.8	11.0	4.2	9.1	5.1	6.2	0.8	5.1	3.1
Tyrol	9.1	7.7	16.5	11.1	7.5	9.1	13.6	6.3	6.9	5.1
Vorarlberg	7.6	9.7	12.6	17.2	5.8	7.5	17.5	13.7	3.2	8.5
Burgenland	2.7	7.5	1.4	13.6	1.3	5.6	0.7	16.8	6.7	3.6
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. – ¹ In the total number of foreign employment 3,700 (2002) and 4,700 (2003) foreign citizens are included, who work in mining and railway systems, and who can not be attributed to a province.

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 Carinthia. Turks, given their

occupational specialisation in textiles, clothing and leather, are more than proportionally represented in Vorarlberg, Burgenland, Lower Austria and Carinthia.

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 1999 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 2003 by 7,700 or 3.3 percent on a yearly average to 240,100.

The share of foreign workers in total unemployment amounted to 38,200 or 15.9 percent in 2003, a rise by 0.4 percentage points compared to 2002. The number of foreign unemployed increased by 2,100 or 5.8 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 41.8 percent in 2003. 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 2003, the unemployment rate of men surpassed the rate of women. It reached a level of 7.5 percent and was thus 1 percentage point higher than the rate for women.

Table 27: Total unemployed and unemployed foreigners 1975-2003

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
2003	139,717	100,362	240,079	25,216	12,992	38,209

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 34 percent in 2003. 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 had reached an unprecedented, high level of 2 percentage points. This differential remained stable also in 2003.

In 2003, the unemployment rate of foreign men amounted to 10.6 percent after 10.5 percent a year ago. It is thus significantly higher than the national average unemployment rate of men of 7.5 percent. Foreign women had an unemployment rate of 8.6 percent, after 8.5 percent a year ago. The national average unemployment rate of women amounted to 6.5 percent in 2003.

Turkish workers have traditionally had the highest unemployment rates of any foreign worker group. This was also the case in 2003. The unemployment rate of Turks had declined continuously between 1997 and 2000, but rose again in 2001 until 2003 to 12.6 percent. The unemployment rate of Yugoslavs rose to 10.8 percent (after 10.4 percent 2002), thus keeping the differential between Turks and Yugoslavs constant.

Table 28: Total unemployment rates and unemployment rates of foreigners

	Unemployment rates			Unemployment rates of foreigners				
	Male	Female	Total	Male ¹	Female ¹	Total	Of which: (Former) Yugoslavs	
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	4.5	4.4	5.9	5.4	6.2
1989	-	-	-	6.6	4.9	-	-	-
1990 ²	4.9	6.0	5.4	8.4	6.6	7.8	6.3	7.3
1991 ²	5.3	6.5	5.8	7.5	6.3	7.1	7.0	7.5
1992	5.7	6.2	5.9	8.0	6.3	7.4	7.2	8.5
1993	6.7	6.9	6.8	9.5	7.6	8.9	8.8	10.5
1994	6.4	6.7	6.5	8.6	7.0	8.0	8.2	9.8
1995	6.4	6.8	6.6	8.3	6.5	7.7	7.7	9.2
1996	6.9	7.3	7.0	9.2	7.0	8.4	8.2	10.5
1997	6.9	7.4	7.1	9.1	7.3	8.4	8.1	11.0
1998	6.9	7.5	7.2	9.1	8.0	8.7	8.4	10.8
1999	6.5	6.9	6.7	8.5	7.5	8.2	8.0	9.9
2000	5.8	5.9	5.8	7.8	6.9	7.5	7.4	9.0
2001	6.2	5.9	6.1	9.1	7.6	8.5	8.6	10.6
2002	7.2	6.4	6.9	10.5	8.5	9.8	10.4	12.1
2003	7.5	6.5	7.0	10.6	8.6	9.8	10.8	12.6

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

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

1994-2003

Selected occupations	1994	1995 ¹	1996	1997	1998	1999	2000	2001	2002	2003
<i>Nationals</i>										
Agriculture and forestry	13.8	14.3	14.3	14.2	15.0	14.7	14.0	14.2	15.0	15.7
Stone- and mineralworkers	4.1	3.8	4.6	4.4	4.3	4.0	3.8	3.9	4.2	4.5
Construction	7.8	8.0	8.6	8.3	8.4	8.2	7.9	8.9	9.5	9.7
Metalworkers, electricians	7.0	8.4	8.9	8.2	7.8	7.2	5.9	6.1	7.4	7.5
Woodprocessing	4.5	4.5	5.1	5.3	5.4	5.4	4.6	5.1	6.3	6.2
Textile workers	4.6	5.6	6.4	6.2	5.4	5.1	4.2	4.5	5.7	5.8
Clothing, shoe industry	14.3	14.2	15.9	15.9	15.7	14.6	12.8	12.0	13.3	13.6
Trade	4.7	4.2	4.5	4.8	5.0	4.7	3.9	3.9	4.5	4.8
Tourism	18.1	17.8	18.4	18.5	18.5	17.1	15.3	15.4	16.2	16.6
Total	6.6	6.7	7.1	7.2	7.2	6.7	5.8	6.0	6.7	6.9
<i>Foreigners</i>										
Agriculture and forestry	16.4	14.8	14.0	12.8	12.4	11.7	10.5	11.0	10.3	9.3
Stone- and mineralworkers	5.1	4.7	6.1	5.4	5.4	5.8	5.1	4.9	5.9	5.6
Construction	9.6	9.9	11.1	10.9	11.2	11.2	11.1	13.3	14.2	13.8
Metalworkers, electricians	8.5	8.8	10.4	9.7	9.6	8.7	7.2	8.2	10.8	10.7
Woodprocessing	4.8	4.7	6.3	6.5	6.3	6.0	5.2	5.5	6.5	5.9
Textile workers	6.0	6.6	7.4	5.8	4.9	5.3	4.2	3.8	4.6	5.4
Clothing, shoe industry	11.3	8.2	8.3	8.6	8.9	8.2	7.6	8.1	9.2	9.8
Trade	2.0	1.8	2.0	2.3	2.6	2.4	2.1	2.6	3.3	3.7
Tourism	10.9	10.5	10.9	11.3	11.7	10.9	10.0	9.8	10.2	10.2
Total	8.0	7.7	8.4	8.4	8.7	8.2	7.5	8.5	9.8	9.8

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. – ¹ Break in the employment disaggregation due to switch in system. Total employment without formerly employed persons who are currently on parental leave or military service and unemployment in education and training measure.

The unemployment rates of Austrians were particularly high in tourist services with 16.6 percent in 2003, followed by agricultural occupations with 15.7 percent and by work in clothing and leather industries with 13.6 percent. Foreign workers, in contrast, tended to have a slightly different ranking, with construction workers taking the lead (13.8 percent), followed by metal workers and electricians (10.7 percent), tourism (10.2 percent), agricultural workers (9.3 percent), and workers in the leather, clothing and shoe industry (9.8 percent). Unemployment rates increased in all major occupations for nationals, with the exception of wood processing. In the case of migrants, the unemployment rates declined in three major occupational groups, i.e., agriculture and forestry, Stone- and mineral works, in construction and wood processing.

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 2002-03

	Total active labour force		Austrians		Foreigners	
	2002	2003	2002	2003	2002	2003
Agriculture and forestry	13.4	12.9	13.9	13.6	11.8	10.9
Mining and manufacturing	8.9	9.1	8.5	8.7	11.3	11.3
Mining, stones and minerals	5.8	5.8	5.4	5.4	12.0	11.4
Food, drinks, tobacco	6.5	6.9	6.4	6.8	7.2	7.3
Textiles, clothing, leather	10.2	11.1	10.7	11.5	8.5	10.0
Wood, paper, printing, publishing	9.1	9.1	9.0	9.0	10.4	10.2
Chemicals, recycling	6.1	6.2	6.0	6.1	7.0	6.8
Stone and glassware	7.3	7.8	6.9	7.4	10.2	10.0
Production and processing of metals	5.2	5.4	5.1	5.2	6.6	6.6
Furniture, jewellery, musical instruments etc.	7.1	7.3	6.8	7.0	9.9	9.4
Energy and Watersupplies	1.9	2.0	1.8	1.9	8.4	9.2
Construction	15.2	15.2	14.8	14.9	16.8	16.5
Services	5.6	5.8	5.4	5.6	7.9	7.9
Trade, repairworks	7.5	7.7	7.5	7.6	7.8	7.7
Restaurants and hotels	17.3	17.3	19	19.2	12.6	12.6
Transport, telecommunications	4.1	4.4	4	4.3	5.4	5.5
Financing, insurance	2.4	2.6	2.3	2.5	3.4	3.4
Businessoriented services	5.8	6.0	5.5	5.8	7	7.0
Public administration, social security	1.5	1.6	1.5	1.6	2.4	2.2
Education and research	1.7	1.7	1.7	1.7	4.6	3.8
Health-, veterinary and social services	3.7	3.8	3.7	3.8	3.5	3.6
Other public and private services, extritorial organisations ¹	7.1	7.9	6.9	7.7	8.5	9.4
Private households	12.4	13.1	13.2	13.8	8.2	9.7
Sum of industries	7.1	7.3	6.7	6.9	9.8	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, followed by construction (15.2 percent) – both unchanged versus a year ago; agriculture is number 3 in this industry ranking of unemployment rates (12.9 percent) in 2003. Unemployment rates of people working in private households (13.1 percent), are, however, somewhat higher than for people working in agriculture.

While the average unemployment rate of foreigners is higher than for native 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, 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 (ATS 245 million or € 17.8 million). In the course of 1996 a slight decline to € 17.5 million (ATS 241 million) set in again.

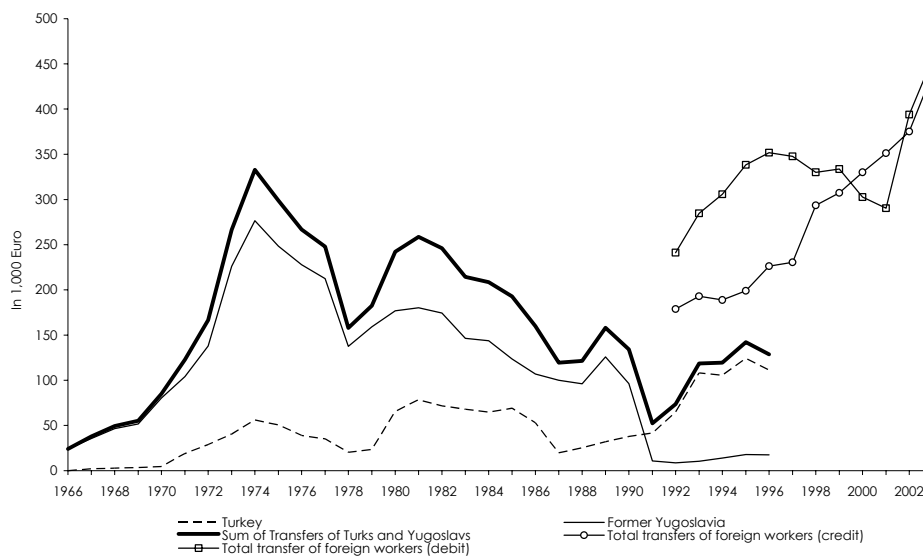
The development of remittances to Turkey follows a very different pattern over time. The pattern is anti-cyclical; the remittances increased in periods of economic slack and growing unemployment in Austria. Ever since 1987, when a very low level of money transfers to Turkey was reached, the remittances started to rise on a continuous basis until 1995. Then € 119.8 million (ATS 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 (ATS 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 (ATS 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, which continued well into 2003, thus reaching similar levels as inflows of money from abroad.

Figure 16: Remittances of foreign workers to their home countries⁵
1966-2003



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 € 0.4 million). 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 (ATS 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 and 2003 it was more or less neutral in its impact.

V. Prospective development

Given optimistic forecasts about the international business cycle, the Austrian economy should grow by somewhat less than 2 percent in the current year, but allow a more

substantial increase in 2005 (+2.5 percent) due to increased exports and the timing of tax reductions which are meant to boost consumer demand. Thus, Austria expects that even though the growth of world trade is going to slow down, it will be able to postpone the slow down. There is a risk above all due to the uncertainties around the development of oil prices and the effect of tax reductions on consumer demand, which is supposed to take over the role of growth motor from investment and export demand.

Employment is going to expand as a result of continued economic growth. A matter of concern is the polarised employment growth, i.e., the rapid increase of labour demand in the higher skill segments and the hollowing of medium skills, in particular in the industrial sector. Even if employment growth picks up in 2005, unemployment rates will hardly decline, while labour scarcities may arise in certain specialised skills. The former may be to a certain extent due to a closure of early exit routes from the labour market of older workers, the latter due to the slow speed of implementation of modular up- and re-skilling of the work force.

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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