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SOPEMI Report on Labour Migration

Austria 2005-06

Gudrun Biffl

November 2006

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Abstract

In the year 2005, Austrian economic growth slowed down somewhat versus a year ago, in line with the weak economic performance of the Euro-area. Real GDP growth amounted to 1.9 percent (after +2.4 percent in 2004). In the current year we may expect a more dynamic economic situation with a growth rate beyond 3 percent.

The labour market situation was remarkably dynamic in spite of the economic slowdown in 2005. Labour demand increased by 37,200 or 1.1 percent, i.e., by more than the previous year (2004: +25,000, +0.7 percent). Unemployment did not, however, decline, the reason being that labour supply increased even more than demand, i.e., by 45,900 or 1.2 percent.

Labour supply increases due to substantial migrant worker inflows from abroad on the one hand and a boost to activity rates of Austrians (closing down of early exit routes) and migrants within the country on the other.

The share of foreign workers in total employment is thus constantly growing and reached 12 percent in 2005. In the current year it is expected to rise to 12.4 percent.

374,200 foreign wage and salary earners were employed in 2005, 62,000 citizens from the EEA/EU 14 – 16.6 percent of foreign employment, and 46,000 citizens from the EU 10 – 12.2 percent of all foreign employed. Almost all citizens from the new EU-MS are enjoying the right of free labour movement as the citizens from the old EU-MS.

The employment of citizens from third countries stagnated in 2005. Thus, two thirds of the increased employment of foreign citizens in Austria in 2005 was the result of larger inflows from old EU-MS and one quarter resulted from larger inflows from new MS. However, third country citizens still represent the large majority of migrant workers in Austria, namely 266,000 or 71 percent of all foreign employed. EEA 24 citizens are altogether 108,000 or 29 percent of foreign workers.

The unemployment rate rose for both native and of foreign workers – to 7.1 percent and 10.6 percent respectively. In the current year, unemployment will probably decline slightly for both Austrian and foreign workers.

Population growth continued to be dynamic in 2005 as a result of substantial immigration. The total net inflow of migrants amounted to 49,200, the result of a net inflow of foreigners of 54,000 and a net outflow of nationals of 4,800. **Between 2001 and 2005 the average annual net inflow of foreigners amounted to 53,000, which puts Austria amongst the countries with the highest immigration rates per capita in Europe and overseas.**

The net flow figures can be disaggregated into gross flows by gender and citizenship only with a time lag of one year. Accordingly, in 2004, gross inflows amounted to 127,400 inflows (of whom 108,900 foreigners) and 76,800 outflows (of whom 48,300 foreigners). The inflow rate (inflows per 1,000 inhabitants) has thus reached a peak in 2004 with 15.6. The outflow rate, however, is declining since 2002 to 9.4 in 2004. **If we compare these migration flows with the number of resident permits granted to third country citizens in 2004, it can be established that**

of the 60,600 net inflows of foreigners in 2004 more than half were settlers of third countries, namely 31,800 (see Tables 2 and 6).

As to the inflows of asylum seekers, we notice a constant decline since 2002 to 22,500 asylum applications in 2005. This may be seen as a result of EU enlargement and the 'safe havens' neighbouring countries represent for asylum seekers crossing through one of them (Table 3).

As to the outflow of refugees there is very little of it lately. In the year 2005 the outflow amounted to 967 cases, after a high of 5,900 in 2000.

The major inflow of settlers into Austria is through family reunification. **This represents a change in paradigm as far as the Austrian migration regime is concerned: the very beginnings of migration in the 1960s until 1993 were essentially a foreign worker model; with the introduction of a new immigration legislation in 1993, which was modelled after the US-legislation, a switch-over to family reunion has taken place.** As a result it became increasingly difficult for third country migrant workers to settle in Austria. In 2003, worker immigration was scrapped altogether except for a very narrowly defined highly skilled elite.

A relatively small proportion of the annual inflows of settlers (NB = Niederlassungsbewilligung) are regulated by quotas. In the year 2005 a sum total of 53,400 resident permits were issued to newcomers from third countries, 32,200 or 60 percent to settlers. The remaining 40 percent of the resident permits are temporary resident permits (until 2005 AE = Aufenthaltserlaubnis, from 2006 AB = Aufenthaltsbewilligung). The latter are able to reside on the basis of regulations of labour market institutions (seasonal or other employment contracts of more than 6 months stay), university or other school access rights or on humanitarian grounds.

The annual inflow of settlers has been fairly stable over the last couple of years with 32,000 to 35,000 third country citizens. In contrast, the number of temporary resident permits has somewhat declined, partly because of new institutional settings (in particular enlargement of the EU 2004), from 35,000 in 2003 to 21,000 in 2005. With the change in procedures in 2006, i.e., a switch from resident permits to work visas in case of work for less than 6 months, the declining trend will continue (Table 6).

Of all the settlement permits issued in the first half of the year 2006, a quarter were issued within a quota (which is determined annually by the regional states together with the Federal Minister of the Interior), i.e., 1,300 (-2,000 or 61 percent versus the first half of 2005). Only 208 were highly skilled workers, i.e., 16 percent of all quota-permits. The rest are family members who may access the labour market subject to labour market testing (Table 7).

The largest number of temporary residence permits goes to students of higher education, namely 6,300 or 68 percent of all temporary resident permits. Seasonal work has become less prominent a figure as it is often very short term, in particular in harvesting (Table 8). The amendment of the Alien Law of July 2002 allowed **students** to take up employment but not as fulltime workers but only as part-timers, to help cover their living expenses. This amendment was not expected to and did not raise labour supply of migrant students but was to legalise the clandestine work on the part of students.

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

The new Foreign Residence Law (NAG 2005) did not only affect the statistics pertaining to the residence of third country citizens but also of EU citizens. Accordingly, the inflow of citizens from the EEA is documented since January 2006.

Citizens of the EEA, who have the right to free mobility and their family members may have their residence status documented (Anmeldebescheinigung) – in first half of 2006, 3,300 citizens of the EEA. In addition third country citizens who have a permanent residence status in another country of the EEA may choose to settle in Austria. They get a settlement permit (Daueraufenthaltskarte) – 655 in the first half of 2006. In addition, 2,500 settlers of another EU-MS, who are third country citizens, settled in Austria (Table 12).

In 2004, the proportion of foreign born in the Austrian population rose to 13 percent, while the share of foreign citizens increased to 9.5 percent, thus increasing the gap to 3.5 percentage points.

Illegal migration to Austria gained momentum in 2005, i.e., the reduction in the numbers of apprehended persons (smuggled persons, illegally entering and/or residing persons) in 2004 was short-lived. According to the 'illegal migration' report of the Ministry of the Interior, the number amounted to 39,485 in 2005 (+800 or 2 percent versus a year ago). In addition, there was a shift in the structure of apprehensions. The proportion of smuggled persons increased (from 18,000 to 20,800), while the number of illegal entrants/stayers declined by 18 percent.

About two thirds of the apprehended persons in Austria, who were smuggled applied for asylum upon apprehension.

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

Integration of migrants is a relatively loose term in the new law regulating the residence and settlement of foreigners (Niederlassungs- und Aufenthaltsgesetz – NAG 2005), leaving it up to the states to devise an institutional and budgetary framework to organise the integration of migrants. Due to the strong regional focus of policy formulation and implementation and the horizontal character of integration, comprising areas as diverse as education, employment, housing, health, social services, cultural activities and the like, little is known on a federal level about the amount of money spent on integration in the various regions, the instruments and measures implemented and their respective effectiveness.

Thus, Austria has fairly diverse regional systems of integration, which take into account the different needs of migrants as well as host communities.

Introduction: The economy and the labour market 2005/2006

While global economic and trade growth has an impact on the Austrian economy, it is above all the economic development of the EU which determines Austrian GDP growth. Thus, in the year 2005, Austrian economic growth slowed down somewhat versus a year ago, in line with the weak economic performance of the Euro-area, in spite of a continued robust world economy.

Real GDP growth in Austria amounted to 1.9 percent (after +2.4 percent in 2004). The growth rate was thus somewhat higher than in the EU 15 – 1.5 percent – and the Euro-area (1.4 percent). The Austrian economy was faring better than the main trading partners – Germany and Italy – basically as a result of the growing trade linkages with non-EU regions of the world, particularly North America and the Far East, and growing market shares.

The economic slowdown came to an end in the course of the second half of 2005; then economic growth gained momentum and continued to do so into the current year. As a result we may expect an economic growth rate of somewhat more than 3 percent for 2006.

In Austria in 2005, the major driving force behind economic growth was export growth. Commodity exports increased by 3.2 percent in real terms. Austria is gaining market shares, partly as a result of the favourable development of unit labour costs compared to the major Austrian trading partners, mainly due to strong productivity increases and modest wage rises. USA has taken rank number 3 of Austria's major trading partners, after Germany and Italy, thus moving Hungary one rank back. Also trade with South-East-European countries continued to improve, but these countries have a rather small weight in Austrian trade.

With increasing international integration and outsourcing of elements/stages of production in a value added chain, exports and imports are rising in tandem: between 1995, the year Austria joined the EU, and 2005 the share of commodity exports in GDP increased from 24 percent to 38.1 percent (imports 38.7 percent). Austrian exports are focused on the EU 15 with 58.6 percent of all exports, and here again largely on Germany (31.9 percent of all exports). The concomitant rise in imports is to a large extent induced by exports. The input-output table of 2000 indicates that 39 percent of the value of Austria's exports are imported components (import-content of exports).

Tourism has been very dynamic in 2005 such that – with 5 percent of GDP – Austria takes the lead in the EU 15 in terms of revenues from tourism, followed by Portugal (4.5 percent of GDP) and Spain (4.2 percent).

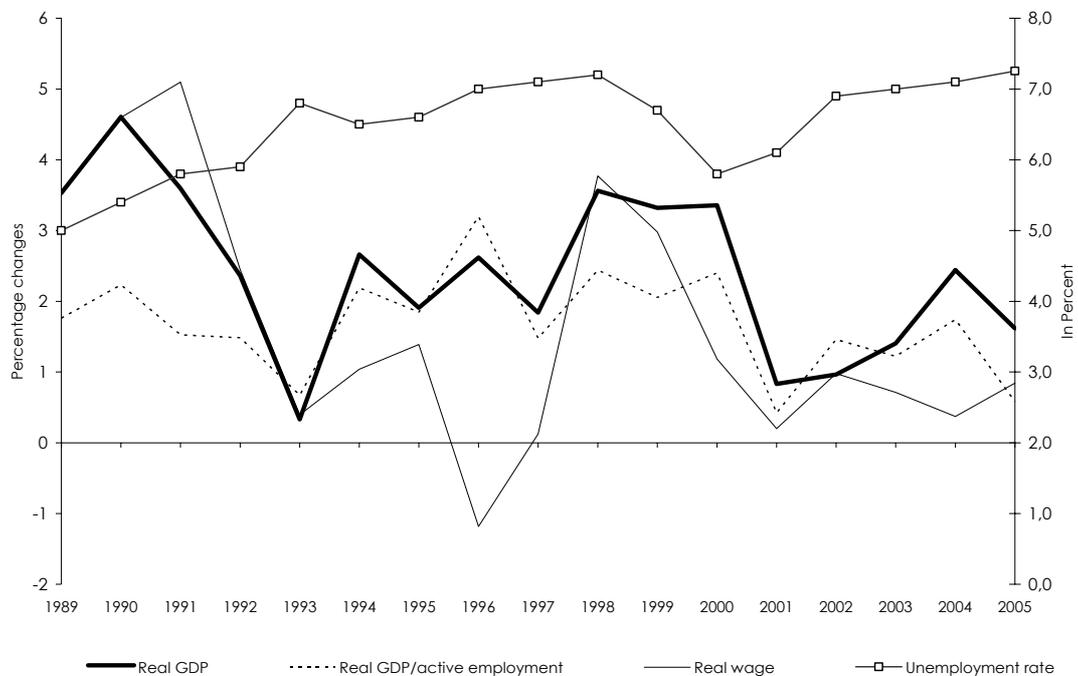
Investment demand was weak in 2005 (+1.1 percent in real terms) in spite of a good profit situation. However, the construction sector was dynamic, in the main the non-housing sector. Investment on the part of the public sector in infrastructure, above all roads, was a major reason for the upswing.

Domestic demand continues to be depressed. In spite of the tax reform 2004, which tended to raise disposable income in 2005, spending of private households remained – with +1.4 percent versus 2004 – below the long run average. Effective income per capita increased only slightly on a real basis (+0.4 percent) and consumer sentiment remained

pessimistic in view of high and rising unemployment. Also inflation gained momentum, partly as a result of oil price rises. After 1.3 percent in 2003, the inflation rate increased over the whole of 2004 and reached 2.1 percent 2004 and 2.3 percent 2005 on an annual average, which is about the average of Euro land. It is above all utilities, housing in general, transport and various services, and health care services that are becoming increasingly expensive. These cost increases bite into the household budgets of the poor and middle class. During the current year, price rises lost momentum such that the inflation rate is expected to decline to 1.6 percent in 2006 on an annual average.

The economic slowdown had a negative impact on the public sector budget in 2005. The budget deficit increased slightly to -1.5 percent of GDP (after -1.1 percent 2004). The public sector debt declined only marginally to 62.9 percent of nominal GDP (2004 63.6 percent).

Figure 1: Macro-economic indicators
1989-2005



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

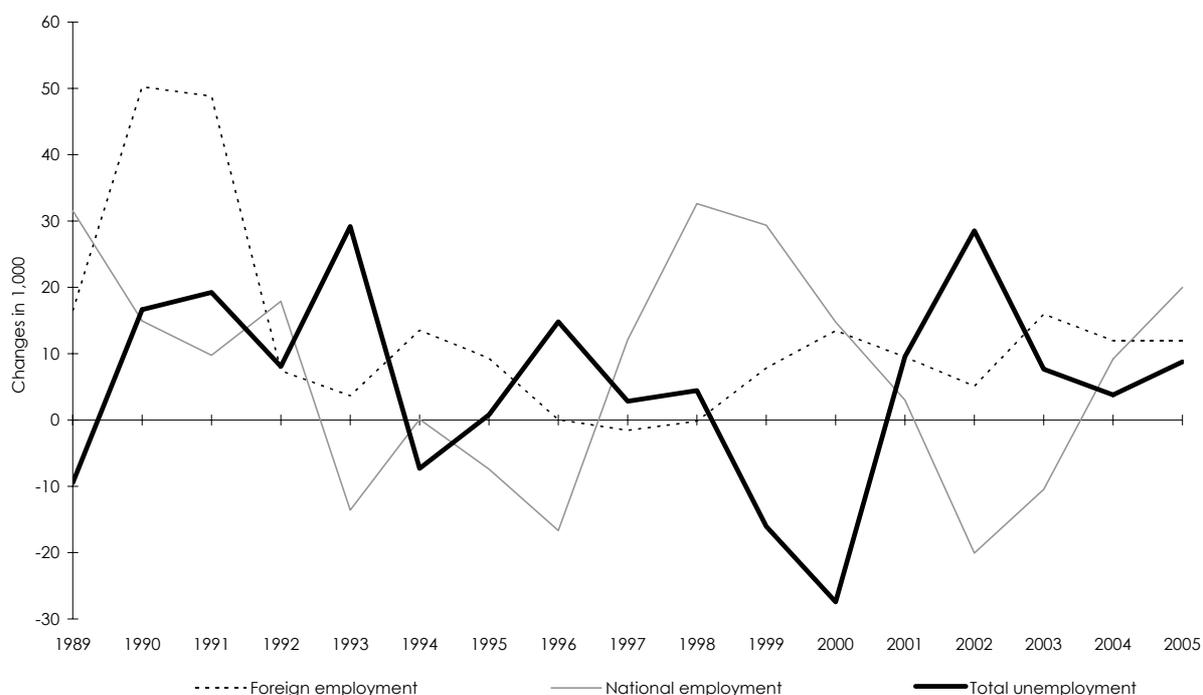
The labour market situation was remarkably dynamic in spite of the economic slowdown in 2005. Labour demand increased by 37,200 or 1.1 percent, i.e., by more than the previous year (2004: +25,000, +0.7 percent). Unemployment did not, however, decline, the reason being that labour supply increased even more than demand, i.e., by 45,900 or 1.2 percent. Labour supply rises due to substantial migrant worker inflows from abroad on the one hand and a boost to activity rates, in particular older workers as a response to closing early exit routes from the labour market.

The major bulk of the employed are wage and salary earners; their numbers rose by 31,900 or 1 percent to 3.110 million (excluding persons on parental leave, conscripts and unemployed on training measures) in 2005. In the current year, the number of wage and salary earners is

expected to rise by 46,000 (+1.5 percent). Unemployment rose by 8,800 or 3.6 percent to 252,700. Thus the unemployment rate increased by 0.2 percentage points to 7.5 percent of the total active labour force excluding self-employed, which is the traditional national calculation of unemployment rates in Austria (Figure 1).

Total employment (including self-employed and family helpers but excluding persons on parental leave and conscripts) amounted to 3.5 million in 2005; this was an increase by 37,200 or 1.1 percent versus 2004. The economic slowdown was thus not accompanied by a slowdown in employment growth but rather by a significant slowdown in productivity growth. Labour productivity growth amounted to 1.6 percent (GDP/employed), after 2.5 percent in 2004. In the current year, productivity growth is expected to increase again as GDP growth is expected to rise to more than 3 percent. Employment is expected to rise more than during 2005, i.e., by 51,500 or 1.5 percent versus 2005.

Figure 2: National and foreign labour¹
1989-2005



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

The employment of foreign workers has increased continuously since 1999, in contrast to the native work force; the latter has experienced employment declines in 2002 and 2003. Those were transitory, however. In 2004 and 2005 the number of employed Austrians increased again. In comparison, the employment growth rate of foreign workers peaked in 2003 (+15,900 or 4.8 percent), and declined thereafter slightly to +11,900 or 3.4 percent, where it remained until 2005. The marked rise in the employment of foreigners is on the one hand the result of a significant increase of EU citizens, above all Germans, on the other the result of new

legislation (modelled after the US-green card) which grants third country citizens who have legally resided in Austria for 5 years permanent residence status with the right to access the labour market without the need of a work permit (labour market testing). In 2006, the employment increase of foreign workers is expected to be higher than in 2005 (Figure 2).

The share of foreign workers in total employment is thus constantly growing – from 11 percent 2002 to 12 percent in 2005. In the current year it is expected to rise to 12.4 percent.

According to social security data, foreign employment (excluding self-employed and persons on parental leave) amounted to 374,200 in 2005 (11,900 or 3.3 percent more than a year ago). This data includes EU citizens – their numbers have continually risen since Austria's EU membership. In the year 2005 62,000 citizens from the EEA/EU 14 were employed in Austria, i.e., 16.6 percent of foreign employment. Particularly Germans started to increasingly flow into Austria as reforms of their unemployment benefit system and the deterioration of the German labour market enticed them to look for work elsewhere. In 2005, 47,000 Germans were working on an annual average in Austria, 8,000 or 20 percent more than a year ahead.

In addition to increased immigration from old EU-MS rising numbers of migrant workers from new MS enter the labour market. In 2005, 46,000 citizens from the EU 10 worked in Austria on an annual average, i.e., 3,500 or 8 percent more than the year ahead. The comparatively small increase indicates that the transition agreements on the movement of workers has had the expected effect of reducing the potential inflows. Only those citizens from the new member states could obtain free labour movement who had been legally employed in Austria for 12 months prior to enlargement; in addition, the family members who had been residing in Austria legally with a family member who had the right to free labour mobility obtained free mobility of labour. It was above all Hungarians (15,600), Poles (13,900), Slovaks (6,400) and Slovenes (5,100), who obtained free labour movement; comparatively few Czechs (3,800) applied for that certificate. Thus almost all citizens from the new MS are enjoying free labour movement in Austria. In 2005, only some 3 percent of the citizens from the new MS who are working in Austria legally do so on the basis of the old quota system, i.e., it has to be proven that no legal resident with the right to enter the labour market or no unemployed can fill the particular job opening (employment test).

The employment of citizens from third countries stagnated in 2005. Thus, two thirds of the increased employment of foreign citizens in Austria in 2005 was the result of larger inflows from old EU-MS and one quarter resulted from larger inflows from new MS. However, third country citizens still represent the large majority of migrant workers in Austria, namely 266,000 or 71 percent of all foreign employed. EEA 24 citizens are altogether 108,000 or 29 percent of foreign workers.

In 2005, 252,700 unemployed were registered with the labour market service, 8,800 or 3.6 percent more than 2004. 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 7.5 percent, a slight rise over 2004. In the current year, unemployment is expected to drop by some 11,000 to 241,700; the unemployment rate of wage and salary earners should thus fall to 6.9 percent. The positive unemployment

development in the current year is on the one hand the result of the significant economic growth, on the other the result of substantial increases in education and training measures for unemployed (active labour market policy).

The labour supply of foreign workers increased during 2005 by 15,800 to reach an annual average of 418,500. The unemployment rate rose for both native and of foreign workers, i.e., to 7.1 percent and 10.6 percent respectively. In the current year, unemployment of foreigners will probably decline slightly, in the main as a result of significant employment growth (Table 1).

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

	Annual average	Change 2003/2004		Change 2004/2005	
	2005	Absolute	Percent	Absolute	Percent
Total labour force ¹	3,363,062	24,936	0.8	40,638	1.2
National labour force	2,944,573	10,814	0.4	24,842	0.9
Foreign labour force	418,489	14,123	3.6	15,796	3.9
Total employment ¹	3,110,408	21,135	0.7	31,864	1.0
National employment	2,736,221	9,198	0.3	19,976	0.7
Foreign employment	374,187	11,938	3.4	11,888	3.3
Total unemployment	252,654	3,801	1.6	8,774	3.6
National unemployment	208,352	1,616	0.8	4,866	2.4
Foreign unemployment	44,302	2,185	5.7	3,908	9.7
		2003	2004	2005	
Total unemployment rate		7.3	7.3	7.5	
National unemployment rate		6.9	7.0	7.1	
Foreign unemployment rate		9.8	10.0	10.6	

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.

I. Migratory movements

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

In addition, detailed flow data exist for certain groups of migrants, in particular foreigners of third country origin, be they asylum seekers or foreign workers. Flow data are the result of institutional procedures linked to the planning and monitoring of various categories of migrants, be they asylum seekers, foreign workers and, since the early 1990s, family members (reunion). With the introduction of a more universal legislation on aliens (since mid 1993, revised 1997, amended 2002/2003 and again 2005), flow data on family 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.

1. Legal framework

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

The inflow of workers of third country origin is regulated by quotas, 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 without a labour market test (specific groups of persons defined in the foreign worker law),
4. partners and dependants of Austrians and citizens of the EEA, who are third country citizens.

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

Thus, family reunion is essentially unregulated and uncapped for third country origin citizens who are partners of or are dependent children of an Austrian or EU citizen¹. Also third country

¹ After 4 years of residence the permanent residence permit (which was issued on the basis of family reunion) may be transferred into a permanent settlement permit in its own right. For a detailed account of legislation, quotas, and

citizens who have the right to settlement in another EU country (after 5 years of legal residence), may settle in Austria.

The new residence and settlement law (NAG 2005) introduced a minimum income requirement for family reunification, in line with regulations in the main immigration countries overseas. Thus, in order to bring a partner into Austria, the Austrian citizen has to prove the capacity to provide a decent living for the partner. This amendment has reduced the inflow of unskilled migrants with low income earning capacity as partners of Austrians who are on permanent welfare (long-term unemployment benefit (Notstandshilfe) and social assistance). In addition, forced and/or arranged marriages are increasingly a target of control (human rights have to be ensured).

Thus, only **the inflow for settlement of third country citizens and of their third country family members is regulated by quotas**. Access to the labour market is granted to settlers – regulated by the Settlement and Temporary Residence Law (NAG 2005), i.e., by the Federal Ministry of the Interior, and to temporary residents according to the rules of the Foreign Worker Law (Federal Ministry of Economic Affairs and Labour). Persons residing less than 6 months for purposes of work in Austria are granted a work-visa rather than a temporary resident permit.

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

1. Highly skilled workers (§§2/5 and 12/8 AuslBG and § 41 NAG), their partners and dependent children (§46/3 NAG); for 2006 the inflow quota was fixed at 1,300, 335 less than in 2005. Applications for settlement and work of highly skilled migrants for 2006 show that the quota was too restrictive, thereby limiting the inflow of highly skilled persons and their families to Austria. Not all provinces had surpassed their quota – the quota is determined by the provinces. Only Vienna, Salzburg, Upper Austria and Tyrol had set the limit too narrowly and had to reject applications of highly skilled third country citizens for settlement. **In view of population ageing such a low inflow quota for the highly skilled is a short-sighted strategy**. This is starting to be acknowledged by employers and certain regional decision making bodies.
2. Third country citizens who are permanent residents in another EU country and who want to come to Austria for the purpose of work (§8/1/3 NAG) or who want to settle in Austria without accessing the labour market (§49/1 NAG). This is a new quota in the new residence law of 2005 and has been applied for the first time in 2006. So far less than 10 people entered Austria under this heading, not least because the EU-Directive has not yet been universally introduced into state law by all EU-MS.

actual inflows see *Biffl – Bock-Schappelwein* (2006), Zur Niederlassung von Ausländern und Ausländerinnen in Österreich http://www.bmi.gv.at/begutachtungdownload/NLV_2007_WIFO-Studie%20.pdf

3. Family members of third country citizens (§46/4 NAG): the age of dependent children was raised from 15 to 18 years; the inflow quota for 2006 was 4,480, almost 1,000 less than a year ago.
4. Third country citizens, who have a permanent residence permit on the basis of family reunion without access to work and who want to have this title transferred to access the labour market (§§47/4 and 56/3 NAG). This is a new quota (645 for 2006), speeding up labour market integration of family members of settlers.
5. Third country citizens and their family members who settle in Austria without wanting to enter the labour market (§§ 42 and 46 NAG); the regulations were amended in the new law requiring the proof of regular monthly income (double the minimum of unemployment benefits as regulated in § 293 ASVG). The quota was lowered to 260 in 2006 (after 440 in 2005).

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, and for third country family members of third country citizens.

The inflow regulations for highly skilled migrants are very restrictive indeed. The inflow of third country workers from abroad has become increasingly difficult in the course of the 1990s and early 2000. **This represents a change in paradigm as far as migration regimes are concerned: the very beginnings of migration in the 1960s until 1993 were essentially a foreign worker model; with the introduction of a new immigration legislation in 1993, which was modelled after the US-legislation, a switch-over to family reunion has taken place.** In 2003, worker immigration was scrapped altogether except for a very narrowly defined highly skilled elite.

Highly skilled workers may enter on the basis of an employer nomination scheme, if scarcity of their skills can be documented (indicators of occupational labour market scarcities). Not only is scarcity a requirement, but in addition a minimum earnings requirement which is to ensure that wage dumping does not occur; in actual fact the wage 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. 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.

2. Migration movements by category

A) *Population flows of nationals and foreigners*

Austria experienced two waves of significant net immigration since the early 1980s; the first started in the mid 1980s, to a large extent triggered off by asylum seekers (many from Poland – Solidarnosz), culminating in 1991 with 76,100 net immigration; the steep rise towards the end of the 1980s is linked to the fall of the iron curtain and German reunion. Austria profited from the boost to economic growth of German reunion and attracted many migrants from traditional source countries as well as Central and Eastern European Countries (CEECs) who were looking for work (combination of push and pull forces, for more see *Biffli*, 1996) The net inflow continued to be high for another year or so due to substantial refugee inflows from the civil war in former Yugoslavia.

The second wave of immigration set in towards the tail-end of the 1990s and has reached its peak in 2004, where it stabilised (2004: 50,600 net immigration flow, 2005: 49,200). It is basically the echo-effect of the first wave in the early 1990s; through the acquisition of Austrian citizenship, the first wave migrants could bring in their families outside of quotas. As Austrians, they have no restrictions to family reunion; from 2006 onwards, however, they can only bring their next of kin to Austria if they can prove a certain minimum income. Thus, the major driver of immigration in the late 1990s and early 2000 became family reunion, followed by asylum seekers; in contrast, targeted labour migration is playing an increasingly smaller role in immigration, as family members are becoming a rich source of labour.

Net immigration flows are the result of significant net-immigration of foreigners; Austrians, in contrast, are on balance emigrating. In 2005, the total net inflow of migrants amounted to 49,200, the result of a net inflow of foreigners of 54,000 and a net outflow of 4,800 nationals (Figure 3).

The net flow figures can be disaggregated into gross flows by gender and citizenship only with a time lag of one year. Accordingly, in 2004, gross inflows amounted to 127,400 inflows (of whom 108,900 foreigners) and 76,800 outflows (of whom 48,300 foreigners). The inflow rate (inflows per 1,000 inhabitants) has thus reached a peak in 2004 with 15.6, after 14 in 2003. The outflow rate, however, is declining since 2002 (from 9.9 to 9.4 in 2004). **If we compare these migration flows with the number of resident permits granted to third country citizens in 2004, it can be established that of the 60,600 net inflow of foreigners in 2004 more than half were settlers of third countries, namely 31,800** (see Table 6).

A differentiation of the inflow and outflow data by gender is only available up until 2003. Turnover, i.e., inflows and outflows, tend to rise over time; gross flows are higher for men than women.

Figure 3: Net migration of Austrians and Foreigners
1983-2005



Source: Statistics Austria.

Inflows of men and women have increased more or less continuously over time. The inflow rate of men has reached 17.6 in 2004 (after 15.7 in 2003), up from about 10 per thousand inhabitants in the late 1990s. The inflow rate of women is somewhat lower, reaching 13.7 in 2004 (after 12.4 in 2003), after some 8 per thousand inhabitants in the late 1990s.

Outflows are smaller than inflows for both men and women. The outflow rate of men is higher than for women; it reached 11.3 persons per 1,000 inhabitants in 2004, after close to 10 per thousand inhabitants in the late 1990s. It is declining slightly since 2002.

The outflow rate of women was 7.6 in 2004, and showing rather little variation over time.

The picture is very different for natives and foreigners. While the inflow rate of native men and women is lower than the outflow rate, the contrary is true for foreigners. The inflow rate of native men is higher than for women (3.3 versus 1.7 in 2004), as well as the outflow rate (4.7 versus 3.1 in 2004). The inflow rate of foreign men is somewhat higher than for foreign women (143.5 versus 137 in 2004); however, the outflow rate of foreign men is significantly higher than for foreign women (70.0 versus 53.9 per thousand inhabitants in 2004) (Table 2).

Table 2: Migration flows in Austria
1999-2004

	Total				Austrians				Foreigners						
	2000	2001	2002	2003	2004	2000	2001	2002	2003	2004	2000	2001	2002	2003	2004
Total															
Inflows	79,278	89,928	113,165	113,554	127,399	13,324	15,142	20,598	16,390	18,452	65,954	74,786	92,567	97,164	108,947
Outflows	62,006	72,654	79,658	77,257	76,817	17,639	21,644	40,881	31,192	28,491	44,367	51,010	38,777	46,065	48,326
Net migration	17,272	17,274	33,507	36,297	50,582	-4,315	-6,502	-20,283	-14,802	-10,039	21,587	23,776	53,790	51,099	60,621
Men															
Inflows	42,492	49,036	62,674	61,690	69,789	8,422	9,081	12,583	10,571	11,883	34,070	39,955	50,091	51,119	57,906
Outflows	34,640	41,377	46,097	46,074	44,991	10,584	12,554	22,417	18,158	16,735	24,056	28,823	23,680	27,916	28,256
Net migration	7,852	7,659	16,577	15,616	24,798	-2,162	-3,473	-9,834	-7,587	-4,852	10,014	11,132	26,411	23,203	29,650
Woman															
Inflows	36,786	40,892	50,491	51,864	57,610	4,902	6,061	8,015	5,819	6,569	31,884	34,831	42,476	46,045	51,041
Outflows	27,366	31,277	33,561	31,183	31,826	7,055	9,090	18,464	13,034	11,756	20,311	22,187	15,097	18,149	20,070
Net migration	9,420	9,615	16,930	20,681	25,784	-2,153	-3,029	-10,449	-7,215	-5,187	11,573	12,644	27,379	27,896	30,971
	Per 1,000 inhabitants														
Total															
Inflows	9.9	11.2	14.0	14.0	15.6	1.8	2.1	2.8	2.2	2.5	94.0	104.1	124.5	127.9	140.4
Outflows	7.7	9.0	9.9	9.5	9.4	2.4	3.0	5.6	4.2	3.9	63.2	71.0	52.2	60.6	62.3
Net migration	2.2	4.1	4.1	4.5	6.2	-0.6	-0.9	-2.8	-2.0	-1.4	30.8	33.1	72.4	67.3	78.1
Men															
Inflows	11.0	12.6	16.0	15.7	17.6	2.4	2.6	3.6	3.0	3.3	92.2	105.7	128.3	128.8	143.5
Outflows	8.9	10.6	11.8	11.7	11.3	3.0	3.6	6.4	5.1	4.7	65.1	76.3	60.6	70.3	70.0
Net migration	2.0	2.0	4.2	4.0	6.2	-0.6	-1.0	-2.8	-2.1	-1.4	27.1	29.5	67.6	58.5	73.5
Woman															
Inflows	8.9	9.9	12.1	12.4	13.7	1.3	1.6	2.1	1.5	1.7	96.0	102.4	120.4	127.0	137.0
Outflows	6.6	7.5	8.1	7.5	7.6	1.9	2.4	4.8	3.4	3.1	61.2	65.2	42.8	50.0	53.9
Net migration	2.3	2.3	4.1	4.9	6.1	-0.6	-0.8	-2.7	-1.9	-1.4	34.9	37.2	77.6	76.9	83.1

Source: Statistics Austria.

B) *Entries and departures of refugees*

i) **Entries of refugees**

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

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

In 1994 the number of asylum applications started to rise again and plateaued around 1996 with 7,000 persons registering as asylum seekers in the course of the year. 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, which this time showed up in asylum applications. This course of events goes to show that applications for asylum are guided by many factors, among them also institutional ones. More about this later.

After a temporary slowdown in asylum inflows in the year 2000, inflows of asylum seekers continued to rise rapidly until 2002, partly as a result of the crisis in Afghanistan. In 2002 the number of asylum seekers peaked at 37,000. Ever since then the numbers of applications for asylum declined. In 2005 only 22,500 asylum applications were filed, 2,200 or 8.8 percent less than in 2004).

The constant decline since 2002 may be seen as a result, amongst other factors, of the increasing recognition of our neighbouring countries as 'safe havens', implying that asylum

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

Table 3: Asylum seekers in Austria by the end of the year: 1952-2005

1952	2,457	1979	5,627
1953	1,723	1980	9,259
1954	2,283	1981	34,557
1955	1,941	1982	6,314
1956	169,941	1983	5,868
1957	58,585	1984	7,208
1958	3,599	1985	6,724
1959	3,439	1986	8,639
1960	5,178	1987	11,406
1961	4,116	1988	15,790
1962	3,458	1989	21,882
1963	3,435	1990	22,789
1964	3,611	1991	27,306
1965	4,247	1992	16,238
1966	3,805	1993	4,744
1967	3,872	1994	5,082
1968	7,334	1995	5,920
1969	9,831	1996	6,991
1970	3,085	1997	6,719
1971	2,075	1998	13,805
1972	1,838	1999	20,129
1973	1,576	2000	18,284
1974	1,712	2001	30,127
1975	1,502	2002	36,983
1976	1,818	2003	32,364
1977	2,566	2004	24,676
1978	3,412	2005	22,471

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

Harmonisation of asylum legislation within the EU has brought about major changes in the treatment and deployment of asylum seekers in Austria. The most recent legislative change, which took place in 2005, had substantial financial implications for the state and regions. As of 2005, every applicant has the right to financial support by the state for the period of the asylum procedures. The financial burden is shared by all federal states according to their population size.

In the course of the years 2000 the share of men amongst asylum seekers has declined somewhat from 77.8 percent in 2001 to 71.1 percent in 2005. The number of asylum seekers from Europe has almost doubled over that time span and reached 14,200 in 2005. These were 44 percent of all asylum seekers in that year. The major source areas in Europe are Yugoslavia (Serbia and Montenegro), the Russian Federation, Moldavia, Georgia and Armenia, as well as Turkey.

The second most important source region of asylum seekers is Asia with 17.5 percent of all asylum seekers in 2005. The largest numbers are originating from India, followed by Afghanistan, Pakistan, Bangladesh and China.

A relatively small number of asylum applications refer to Africa as a source region, namely 6.6 percent in 2005. The largest single country of origin is Nigeria. Only a comparatively small number of asylum seekers originate from South America, namely 25 or 0.1 percent in 2005 (Table 4).

In the course of the current year the number of asylum seekers continues to decline. By the end of October a total of 10,900 persons applied for asylum in Austria, 6,800 or 38 percent less than in the period January to October 2005. The largest numbers of applications are from persons from Serbia (2,100), followed by persons from the Russian Federation (1,900) and Moldavia (8,700).

Table 4: Asylum seekers by gender and country/region of origin by 31 December: 2001-2005

Asylum seekers						In % of asylum seekers				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Total	30.135	36.983	32.364	24.676	22.471					
Men	23.457	29.266	23.754	17.755	15.974	77,8	79,1	73,4	72,0	71,1
Women	6.678	7.717	8.610	6.921	6.497	22,2	20,9	26,6	28,0	28,9
Originating from Europe	7.598	17.403	17.591	15.227	14.229	20,5	47,1	54,4	47,0	44,0
of which:										
Armenia	1.259	2.039	1.112	414	520	3,4	5,5	3,4	1,3	1,6
Rest Yugoslavia (Serbia, Montenegro)	1.649	4.729	2.521	2.840	4.408	4,5	12,8	7,8	8,8	13,6
Macedonia	935	783	412	324	454	2,5	2,1	1,3	1,0	1,4
Russian Federation	365	2.221	6.713	6.184	4.359	1,0	6,0	20,7	19,1	13,5
Moldavia	166	819	1.175	1.350	1.210	0,4	2,2	3,6	4,2	3,7
Georgia	597	1.921	1.517	1.743	953	1,6	5,2	4,7	5,4	2,9
Turkey	1.876	3.563	2.843	1.113	1.067	5,1	9,6	8,8	3,4	3,3
Originating from Asia	19.701	15.816	10.513	5.871	5.676	53,3	42,8	32,5	18,1	17,5
of which:										
Afghanistan	12.957	4.322	2.360	757	928	35,0	11,7	7,3	2,3	2,9
Bangladesh	949	1.104	887	331	548	2,6	3,0	2,7	1,0	1,7
China Peoples Republic	95	666	569	565	460	0,3	1,8	1,8	1,7	1,4
India	1.804	3.366	2.823	1.842	1.530	4,9	9,1	8,7	5,7	4,7
Iraq	2.113	4.473	1.452	231	222	5,7	12,1	4,5	0,7	0,7
Iran	733	711	981	347	306	2,0	1,9	3,0	1,1	0,9
Pakistan	487	358	508	575	498	1,3	1,0	1,6	1,8	1,5
Originating from Africa	2.398	1.794	3.543	3.246	2.126	6,5	4,9	10,9	10,0	6,6
of which:										
Nigeria	1.037	1.431	1.846	1.829	881	2,8	3,9	5,7	5,7	2,7
Sierra Leone	202	111	90	58	51	0,5	0,3	0,3	0,2	0,2
Originating from America	25	27	42	35	25	0,1	0,1	0,1	0,1	0,1
of which:										
Columbia	19	10	9	0	0	0,1	0,0	0,0	0,0	0,0

Q: BMI; Asyl- und Fremdenstatistik - Dezember.

Source: Federal Ministry of the Interior.

The number of asylum seekers includes all persons applying for asylum in Austria who have their application procedures running. In case of recognition of the case, the asylum seeker is

granted refugee status and has the right to reside in Austria with all the rights accorded to an Austrian citizen. In the year 2005, a total of 4,600 asylum cases have been granted, about as many as in 2004. More than that number of cases has been rejected in 2005, namely 5,600. The procedures have been reformed in 2004, amongst other factors by increasing personnel. This has contributed to faster case treatment. Negative cases result in a rejection of the application and the requirement to leave the country, unless a return to the country of origin is unfeasible on humanitarian grounds.

The acceptance rate of asylum applications has fluctuated over time and it differs by country of origin. In 2005, the acceptance rate (positive cases in percent of positive and negative judgements) amounted to 44.7 percent, somewhat less than in 2004 (49.5 percent). This is more than double the rate of the years 2001/2002.

Figure 4: Asylum procedures: Inflows, acceptances and rejections 1981-2005



Source: Statistics Austria, WIFO-calculations.

Over the whole period of 1981 till 2005, a total of 413,000 asylum applications were registered, of whom a total of 62,300 were accepted as refugees according to the Geneva Convention, i.e., 15.1 percent, and 157,900 got their case rejected, i.e., 38 percent. The remaining 192,800 or 47 percent of all asylum applicants moved on before the procedures were terminated in Austria (Figures 4 and 5).

In the current year (January till 31 October 2006), the average rejection rate amounted to 37 percent (i.e., the number of negative statements as a proportion of the sum of positive and negative decisions). Currently some 38,800 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 was 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 tended to choose the asylum route. The issue of settlement in Austria was 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 tended to return, in relative terms, to a larger extent.

Even though the number of asylum seekers continues to be large in Austria, the number of asylum seekers receiving public financial support and shelter has not until the 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. Since 2004 the states do not only 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 after a 3 month waiting period (§19 Asylum law), mainly in seasonal jobs. Asylum seekers who have received the right to stay in Austria after residing in Austria for one year, may since January 2006 enter the labour market without any legal restrictions. 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.

Since 2002 an increasing number of asylum seekers is receiving education and training as well as employment through innovative labour market policy initiatives, funded by the ESF (EQUAL-projects). Ever since then some 1,500 asylums seekers annually have received education and/or work within Equal (www.equal-esf.at). Various regional integration

programmes, e.g., EPIMA and job shop, concentrate on improving skills/educational attainment level of young asylum seekers, also in view of improving their prospects to enter adequate employment (decent work). Also in the more recent Equal-programmes various projects target asylum seekers, e.g. First aid in integration. This development is in line with the objective of the EC to promote the employability of asylum seekers, documented in the Directive of the European Parliament of 25 April 2004, which aims at the promotion of integration of asylum seekers and refugees (www.refugeenet.org).

ii) Outflow of refugees

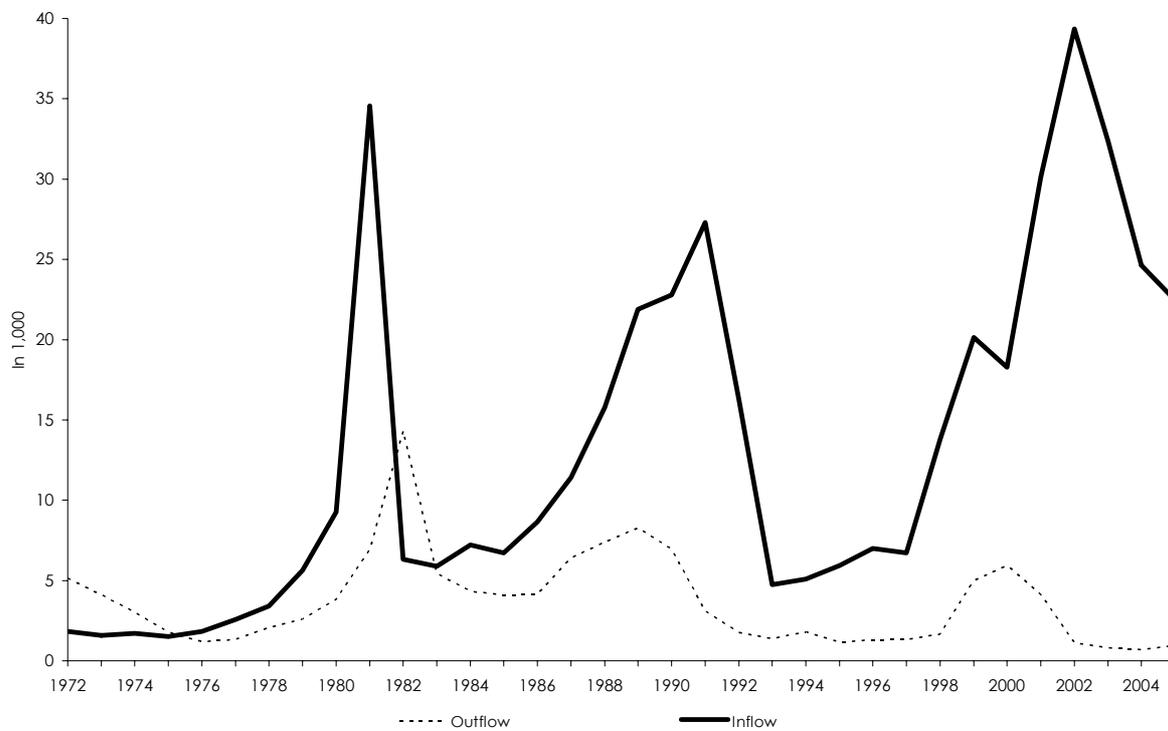
Until 1989, i.e., the fall of the Iron Curtain, asylum seekers and refugees (the majority from Eastern Europe) used Austria as a stepping stone for emigration to the traditional immigration countries overseas. Austria never conceived herself as an immigration country. Therefore an active integration scenario for refugees or immigrants was not put in place until rather recently, i.e., since the massive inflow of refugees from the region of former Yugoslavia in the early 1990s. The outflow of asylum seekers and refugees was therefore always quite high relative to the inflows. When looking at outflow data one has to bear in mind that 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, followed by an increase till 2000 and a swift decline after that. In the year 2005 the outflow came almost to a halt (967) after a high of 5,900 in 2000.

Table 5: Outflow of refugees¹⁾ via Austria 1972-2005

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

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

Figure 5: Inflow and outflow of refugees via Austria
1972-2005



Source: Statistics Austria.

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 as asylum seekers increasingly remain in Austria, often on humanitarian grounds.

C) *Inflow of foreigners due to family reunion*

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

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

Since 2006, temporary residence permits are issued only for persons residing in Austria for more than 6 months. Thus, due to administrative changes the data on the residence status of third country citizens are not strictly comparable with the years ahead.

Figure 6: Structure of valid residence permits in Austria (1994-2006, mid year count)

		Settlement Certificate (NN)		Permanent residence (Daueraufenthalt)	
		Temporary Residence Permit (AE)		Settlement Permit (NB)	
		Residence Permit (AB)		Temporary Residence Permit (AB)	
		Family Member (FamAng)		2006 -	
		1998-2003		2003-2005	
				2006	
			2004	2005	2006
	AB	25.624	19.022	AB	19.008
	AE	39.583	24.182	NB	85.617
	NB	482.318	359.175	Family Member (FamAn)	17.882
	NN	27.682	103.842	Permanent Residents	354.346
	Total	575.207	506.221	Total	476.853

The number of valid residence permits of third country citizens (mid year count) has increased continuously from 280,500 in 1994 to 575,200 in 2004. In 2005 the number of permits to third country citizens declined to 506,200 (-70,000 or 12 percent), a result of eastern enlargement of the EU in May 2004. The citizens of new EU-MS have, of course, the right to reside/settle in Austria without any qualifications.

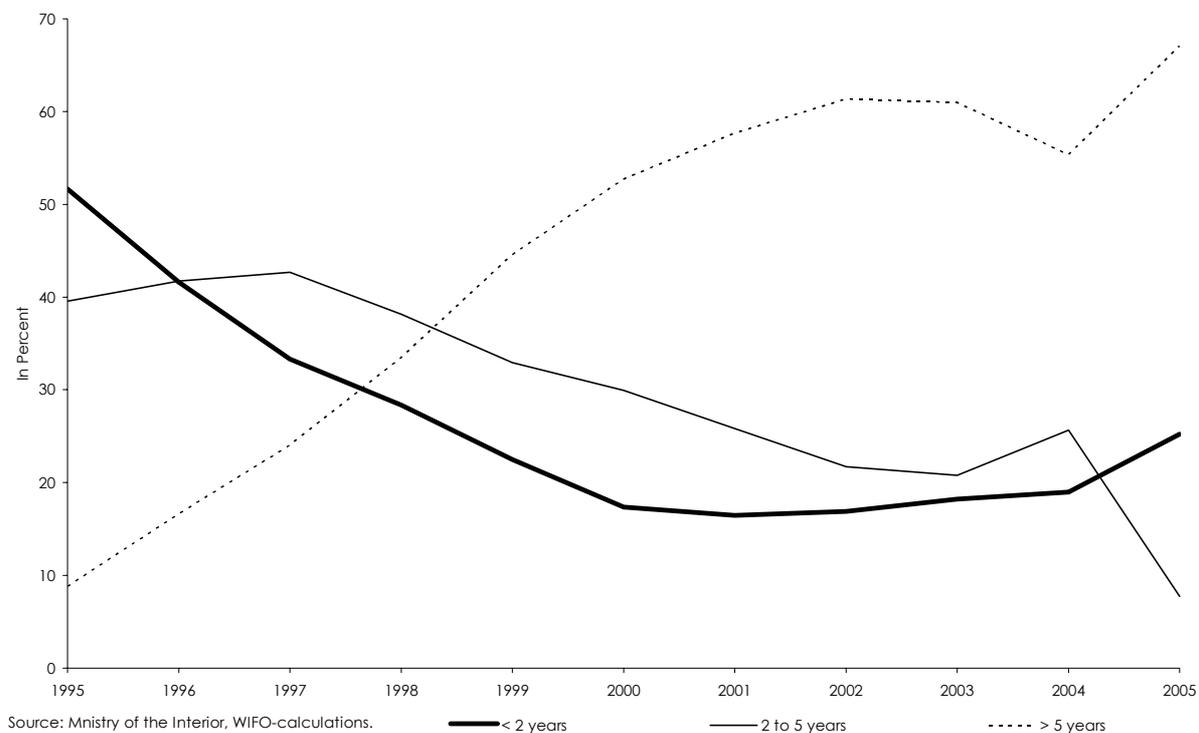
In 2006 (mid year count), 476,900 valid residence permits were counted, 29,400 less than a year ago. The decline was in the main the result of the reduction in the number of short term permits (AE/AB of less than 6 months of stay); short stays of that order are from January 2006 onwards granted through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

Of the total number of permits (mid year count in 2006), 354,300 or 74 percent were permanent residents, another 18 percent (85,600) had a settlement permit (NB) and 17,900 or 3.8 percent were a third country family member of an Austrian or other EEA citizen. Only 19,000 or 4 percent of all valid residence permits were temporary.

The structure of permits by duration of residence has changed over time. Basically the duration of stay has increased, indicating settlement and increasing integration of migrants between the mid 1990s and 2005. In 2004, the proportion of short term residents started to

increase again, indicating increased inflows of temporary third country residents. In 2005, 67 percent of all residence permits were long-term settlement permits and 25 percent for residents, who have stayed less than 2 years in Austria (Figure 7).

Figure 7: Structure of residence permits by duration of stay (mid year count)



i) Inflow of third country migrants by type of permit

It is important to remember that a relatively small proportion of the annual inflows of settlers (NB = Niederlassungsbewilligung) are regulated by quotas; temporary residents (until 2005 AE = Aufenthaltserlaubnis, from 2006 AB = Aufenthaltsbewilligung) are able to reside on the basis of regulations of labour market institutions (seasonal or other employment contracts), university or other school access rights or on humanitarian grounds. Over the year 2005 a sum total of 53,400 resident permits were issued to newcomers from third countries, 32,200 or 60 percent to settlers. The annual inflow of settlers has been fairly stable over the last couple of years with 32,000 to 35,000 third country citizens. In contrast, the number of temporary resident permits has somewhat declined, partly because of new institutional settings (in particular enlargement of the EU 2004), from 35,000 in 2003 to 21,000 in 2005. With the change in procedures in 2006, i.e., a switch from resident permits to work visas in case of work for less than 6 months, the declining trend will continue.

Table 6: Annual inflows of settlers and temporary residents of third countries

Residence Permits issued in the course of the Year 1999-2005

Annual Sum by end of December

	1999	2000	2001	2002	2003	2004	2005
First issue settler	18.661	16.213	23.475	27.166	34.564	31.835	32.166
First Issue temporary resident	15.288	19.610	33.735	38.801	35.405	32.209	21.200
	33.949	35.823	57.210	65.967	69.969	64.044	53.366
<i>Men</i>							
First issue settler	8.186	6.904	10.051	11.976	15.158	14.471	14.508
of which within quota regulation	2.233	2.348	3.376	2.745	2.977	1.840	2.287
outside quota	5.953	4.556	6.675	9.231	12.181	12.631	12.221
Prolongation of settlement	96.505	0	0	0	34.332	33.443	36.484
extension of settlement permit	96.379				34.332	33.443	36.484
transfer of other title to settlement	126						
First issue temporary resident	9.009	11.342	18.939	21.257	19.891	16.903	11.374
of which within quota regulation	117	57	112				
outside quota	8.892	11.285	18.827	21.257			
Prolongation of temporary stay	7.067	0	0	0	13.943	10.757	9.994
extension of residence permit	7.052				13.943	10.757	9.994
transfer of other title resident title	15						
Total	120.767	18.246	28.990	33.233	83.324	75.574	72.360
<i>Women</i>							
First issue settler	10.475	9.309	13.424	15.190	19.406	17.364	17.658
of which within quota regulation	3.045	2.927	4.400	3.851	5.050	3.298	3.971
outside quota	7.430	6.382	9.024	11.339	14.356	14.066	13.687
Prolongation of settlement	87.868	0	0	0	37.214	38.304	41.883
extension of settlement permit	87.711				37.214	38.304	41.883
transfer of other title to settlement	157						
First issue temporary resident	6.279	8.268	14.796	17.544	15.514	15.306	9.826
of which within quota regulation	61	18	21				
outside quota	6.218	8.250	14.775	17.544			
Prolongation of temporary stay	5.000	0	0	0	13.381	12.731	12.508
extension of residence permit	4.992				13.381	12.731	12.508
transfer of other title resident title	8						
Total	109.622	17.577	28.220	32.734	85.515	83.705	81.875
<i>Total</i>							
First issue settler	18.661	16.213	23.475	27.166	34.564	31.835	32.166
of which within quota regulation	5.278	5.275	7.776	6.596	8.027	5.138	6.258
outside quota	13.383	10.938	15.699	20.570	26.537	26.697	25.908
Prolongation of settlement	184.373	0	0	0	71.546	71.747	78.367
extension of settlement permit	184.090	0	0	0	71.546	71.747	78.367
transfer of other title to settlement	283	0	0	0	0	0	0
First issue temporary resident	15.288	19.610	33.735	38.801	35.405	32.209	21.200
of which within quota regulation	178	75	133	0	0	0	0
outside quota	15.110	19.535	33.602	38.801	0	0	0
Prolongation of temporary stay	12.067	0	0	0	27.324	23.488	22.502
extension of residence permit	12.044	0	0	0	27.324	23.488	22.502
transfer of other title resident title	23	0	0	0	0	0	0
Total	230.389	35.823	57.210	65.967	168.839	159.279	154.235

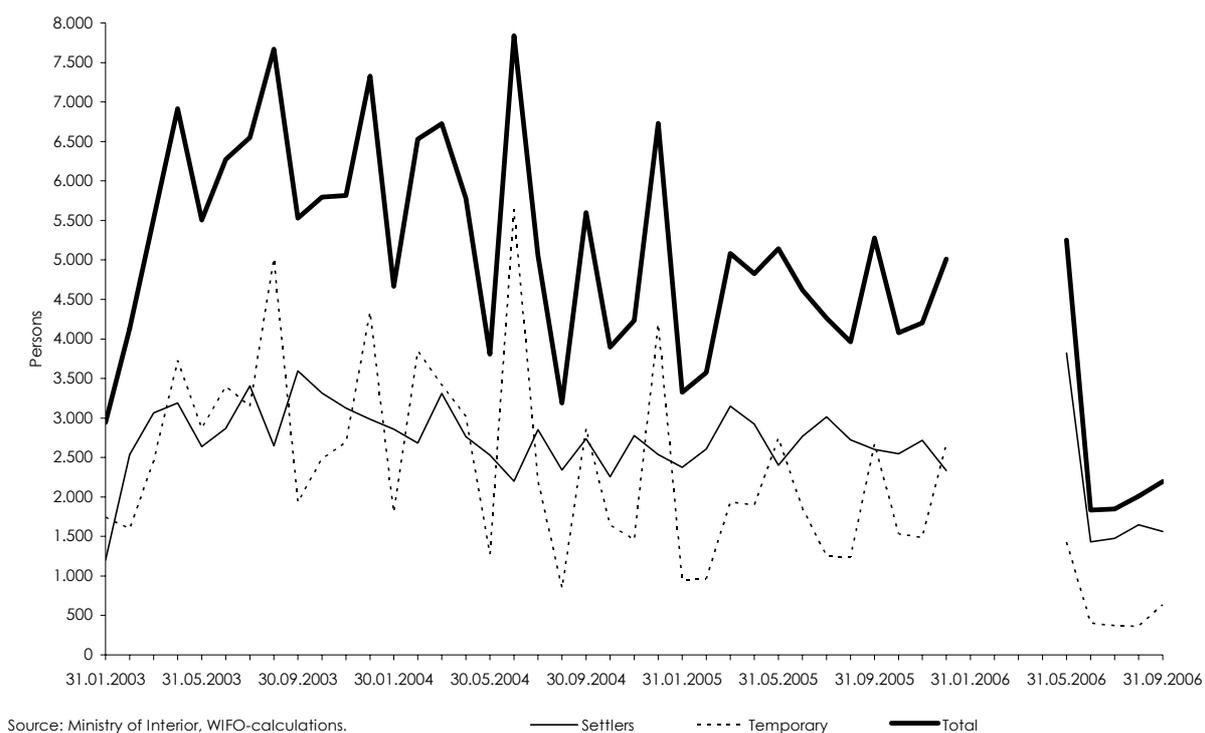
Source: Ministry of the Interior.

Of the 32,200 new settlers in 2005, only 6,300 or 19.5 percent were issued on the basis of a quota, i.e., either due to high skills (Schlüsselarbeitskraft) or as a family member of a third country citizen, who is a settler in Austria within a quota. Thus, 80 percent of the new settlers have the right to join their Austrian or EEA-family members or may settle on humanitarian grounds (Tables 6 and 7).

As to the newly issued temporary resident permits: of the total of 21,200 issued to third country citizens in 2005, 22 percent (4,500) concerned students and their family members, 77 percent persons working in Austria temporarily (and their family members), and 1 percent could stay on humanitarian grounds, in the main asylum seekers.

Temporary resident permits may be granted on the basis of various regulations, e.g., a temporary employment permit granted by the Federal Ministry of Economic Affairs and Labour in the case of seasonal workers, or as a result of a bilateral cross-border agreement (commuters from Hungary) or other arrangements (students, training and work experience schemes, sports and entertainment schemes etc, see Table 7). Thus, some temporary resident permits are linked to employment contracts, which have a ceiling, e.g., in the case of seasonal workers and cross-border commuters. Others are uncapped, e.g. researchers, students etc. Of all the 21,200 temporary resident permits issued in 2005, about half of them were somehow capped by quotas/agreements.

Figure 8: Monthly inflow of third country citizens by status (2003-2006)



It is obvious from Figure 8 that temporary inflows are more volatile and have a strong seasonal component, but the annual average in terms of numbers is quite stable in the case of settlers and declining over time in the case of temporary residents. In 2005, 60 percent of all resident titles went to settlers compared to 50 percent in 2004.

In the first half of the year 2006 5,300 first settler permits were issued, 11,000 or 68 percent less than in the first half of 2005. The sharp decline is a result of the new migration laws, which came into effect in 2006. It is above all the requirement to prove a certain minimum income/earnings – either own earnings of the applicant from abroad or on the part of the family member who is applying from Austria for family reunification – which is responsible for the decline. While the number of highly skilled persons who enter and settle for work has not changed much, the number of family members who want to join has declined substantially. It is above all the number of persons wanting to join their Austrian and/or EEA family members outside a quota regulation which has declined. Thus a long-term unemployed Austrian or EEA citizen with no other source of income will find it increasingly hard to have the third country partners come and settle in Austria. It is the inflow of low educated partners with limited earnings potential that has been made more difficult; children may continue to join as the income requirement for children is covered by the Austrian child benefits paid out to the parents residing in Austria.

Of all the settlement permits issued in the first half of the year 2006, a quarter were issued within a quota (which is determined annually by the regional states together with the Federal Minister of the Interior), i.e., 1,300 (-2,000 or 61 percent versus the first half of 2005). Only 208 were highly skilled workers, i.e., 16 percent of all quota-permits. The rest are family members who may access the labour market subject to labour market testing (Table 7).

The settler permits issued to third country citizens in the first half of 2006, for whom no quota limit is given, are either family members of Austrians (or of citizens of the EEA) or they have obtained settlement rights in another EU-MS, or else may reside in Austria on humanitarian grounds. As far as the first group is concerned, they have unlimited access to the labour market (3,000 family members), the latter may access work on the basis of labour market testing.

The authorities (Federal Ministry of the Interior) do not only issue first settlement permits but may also prolong existing settlement permits (NB) or transfer another type of permit into a settlement permit. In the event of a legal stay beyond 5 years, settlers may opt for obtaining a settlement certificate, which is available since 2003, modelled after the American 'green card'. Prolongations of settlement permits are becoming more frequent as immigration and integration proceeds. In the first half of 2006 alone, 47,300 settlement permits were prolonged or the result of a transfer. Thus, adding the various categories of settlement permits up, the newly issued ones and the prolongations a total of 52,600 is counted by the middle of 2006, 10 percent as first entry settler permits. It is safe to say that the figures for the first half of 2006 will double by the end of the year, as the distribution of issues is fairly even over the 12 months of the year, i.e., there is hardly a seasonal component in settler flows (Figure 8).

In addition to settlement permits, the Federal Ministry of the Interior issues temporary residence permits to persons who have obtained the right to enter for study, work and business purposes as well as on the basis of humanitarian reasons. In the first half of 2006 all in

all 1,200 first temporary residence permits were issued, 2,300 extended and 5,700 issued to students of higher education, about half the number of the first half of 2005. This major break with the past is due to new administrative procedures in the area of temporary stays of third country citizens. As from January 2006 onwards only stays beyond 6 months are in need of a temporary residence permit (Table 8).

Table 7: Sum of settlement permits granted to citizens of third countries (Non-EU) by residence status and gender

1 January 2006 to end of June 2006

	Male	Female	Total
<i>Sum of all first settlement permits within the quota regulation</i>	529	738	1,267
No access to work	14	20	34
Limited access to work (Family reunion)	320	614	934
Limited access to work (Family reunion, highly skilled self-employed)	7	8	15
Limited access to work (Family reunion, highly skilled salary earner)	25	47	72
Limited access to work (independent mobility)		2	2
Limited access to work (dependent mobility)		2	2
Highly skilled settler (self-employed)	11	1	12
Highly skilled settler (wage and salary earners)	152	44	196
<i>Sum of all first settlement permits outside the quota regulation</i>	514	488	1,002
Family Member	173	182	355
No access to work	3	6	9
No access to work (Family reunion European agreement)		1	1
Limited access to work (European agreement)	6	2	8
Limited access to work (Family reunion)	313	280	593
Limited access to work (Family reunion humanitarian)	9	11	20
Limited access to work (humanitarian cases)	10	6	16
<i>First settlement permits: Family reunification</i>	1,188	1,796	2,984
Family reunification	1,188	1,796	2,984
Sum of all first settlement permits	2,231	3,022	5,253
<i>Prolongation of settlement permits</i>	9,531	10,633	20,164
Family reunification	386	1,053	1,439
No access to work	140	217	357
Limited access to work (employment test)	4,830	4,932	9,762
High skilled settler (independent)	8	3	11
High skilled settler (dependent)	43	25	68
Unlimited access to work	4,124	4,403	8,527
<i>Prolongation of other settlement permits</i>	13,123	14,027	27,150
Permanent Residence – European Community Agreement	6,486	5,144	11,630
Permanent Residence – Family member EEA	568	779	1,347
Permanent Residence – Family Member Austrian	6,069	8,104	14,173
Sum of all longer term settlement permits 01/06/2006	22,654	24,660	47,314
Sum of all settlement permits 01/06/2006	24,885	27,682	52,567

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

Table 8: Sum of temporary residence permits granted to citizens of third countries (Non-EU) by residence status and gender

1 January 2006 to end of June 2006

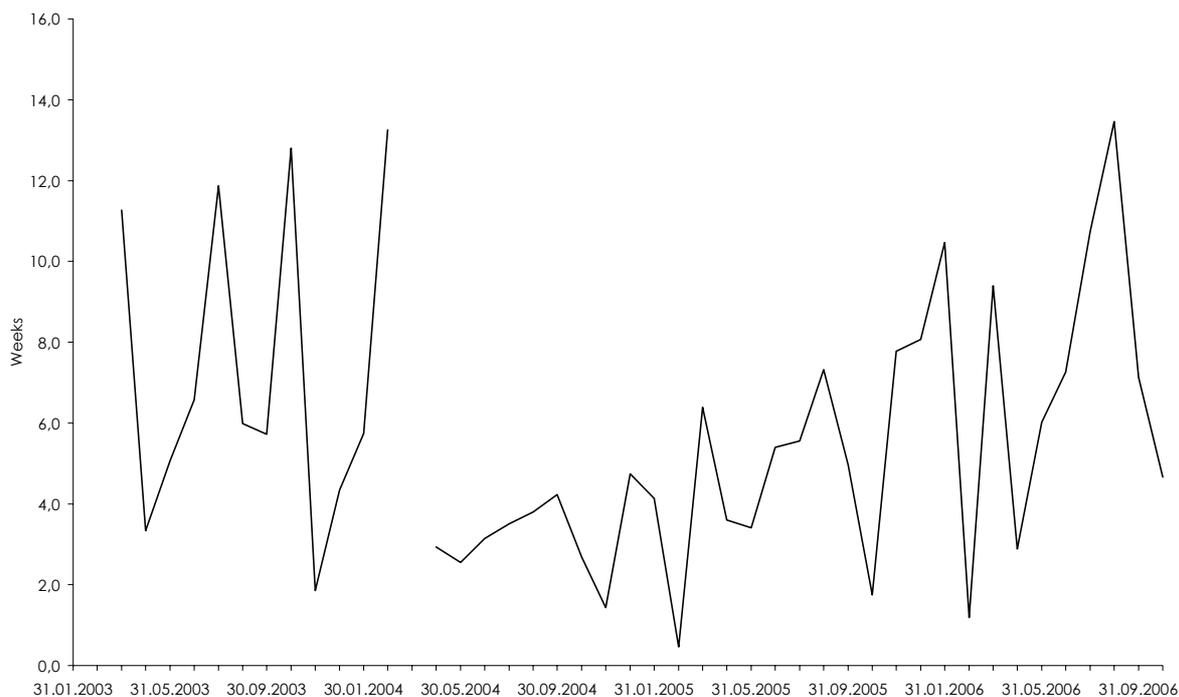
	Male	Female	Total
<i>First temporary residence permits</i>	451	786	1,237
Employed persons on basis of GATS (mode 4)	62	57	119
Family reunion (with researcher)	2	3	5
Family reunion (with artist)	5	3	8
Family reunion (with intercompany transferees)	8	29	37
Family reunion (with dependent worker)	24	55	79
Family reunion (with students of higher education)	20	25	45
Researcher	17	12	29
Humanitarian grounds	21	28	49
Artist (access to work on the basis of contract)	16	10	26
Researcher (self-employed)	8	6	14
Intercompany transferees	46	19	65
Pupil	53	67	120
Self-employed	5	2	7
Special cases of dependent employment (researchers etc)	163	468	631
Social workers	1	2	3
Students of higher education	293	302	595
<i>Extensions of temporary residence permits</i>	3,805	4,272	8,077
Employed persons on basis of GATS (mode 4)	33	22	55
Family reunion (with researcher)			
Family reunion (with artist)	10	13	23
Family reunion (with intercompany transferees)	23	52	75
Family reunion (with dependent worker)	65	121	186
Family reunion (with students of higher education)	72	94	166
Researcher	7	4	11
Humanitarian grounds	15	20	35
Artist (access to work on the basis of contract)	31	30	61
Researcher (only independent)	48	21	69
Intercompany transferees	58	26	84
Pupil	303	461	764
Self-employed	5	1	6
Special cases of dependent employment (researchers etc)	309	474	783
Social workers	5	11	16
Students of higher education	2,821	2,922	5,743
Sum of all temporary residence permits	4,256	5,058	9,314

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

The largest number of temporary residence permits are students of higher education, namely 6,300 or 68 percent of all temporary resident permits. Seasonal work has become less prominent a figure as it is often very short term, in particular in harvesting. Seasonal work is meant to alleviate short term labour market scarcities. It is granted for up to 6 months and may be extended for another 6 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. Accordingly, the duration of stay of temporary residents is comparatively short, amounting to an average of 6 weeks in 2005, after 4 weeks in

2004; in 2006 the duration of stay has increased as a result of administrative procedures to 7 weeks between January and September 2006.

Figure 9: Duration of stay of temporary residents
2003-2006



Source: Federal Ministry of the Interior.

ii) Resident permit holders by type of status: stocks July 2006

A mid-year stock count (July 1, 2006) of the number of valid residence permits comes up with a figure of 476,900, which is a decline by 29,400 or 6 percent versus a year ago (Figure 6 and Table 9). The decline was almost totally the result of not obliging third country citizens, who stay less than half a year in Austria, to obtain a residence permit (24,000). The rest was basically due to the introduction of an income/earnings barrier for family reunification (some 5,000 permits).

The gender mix has been fairly stable over time; also in 2006, slightly more than half of the third country citizens are male (50.8 percent). A quarter of registered third country citizens are below the age of 19 (23.4 percent) and only 8 percent over the age of 60. Women are more than proportionately 20 to 40 years old, whereas men tend to be on average somewhat older than women.

Table 9: Stock of valid residence permits to citizens of non-EU-member states by age
Count by 1 July 2005/06

	2005	2006
Male	258,013	242,179
0 to 18	63,925	57,598
19 to 29	50,226	46,483
30 to 39	50,952	45,917
40 to 49	41,439	39,531
50 to 59	33,521	33,419
over 60	17,950	19,231
SUM	258,013	242,179
Female	248,208	234,684
0 to 18	60,067	54,041
19 to 29	55,022	51,070
30 to 39	53,293	49,634
40 to 49	34,685	33,363
50 to 59	27,124	27,658
over 60	18,017	18,918
SUM	248,208	234,684
Total	506,221	476,863
0 to 18	123,992	111,639
19 to 29	105,248	97,553
30 to 39	104,245	95,551
40 to 49	76,124	72,894
50 to 59	60,645	61,077
over 60	35,967	38,149
SUM	506,221	476,863

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

By mid 2006, the majority of the permits were settlement permits, namely 457,800 or 96 percent (numbers 11-14, 24-41 in Table 10). Of these 300,900 or 63 percent were 'green card' holders. Thus permanent residence certificate holders have become the single largest group of residence permit holders. Only 19,000 or 4 percent of all residence permits were temporary permits (numbers 1-10, 15-23 and 42). The permits which had been granted on the basis of legislation before 1997 (Aufenthaltsbewilligung = AB) have been integrated (transferred) into the new permit system of 2006 (Table 10).

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 Aufenthalt-zweck). The comparatively small number of migrants, who have received a permit for the explicit reason of work does not mean that they are the only source of migrant labour. It only shows that to target migrants for specific work is not really possible in the current migration system. The major source of labour is flowing out of family reunion and humanitarian intake.

Table 10: Legal basis on which residence is granted to citizens of non-EU-member states
1 July 2006

	Men	Women	Total
1 Residence permit – Pupil	374	544	918
2 Residence permit – Student of higher education	3,285	3,342	6,627
3 Residence permit – Formerly education	2,502	2,573	5,075
4 Residence permit – Family reunion (with student of higher education)	164	261	425
5 Residence permit – Intercompany transferees	217	84	301
6 Residence permit – Family reunion (with intercompany transferees)	73	186	259
7 Residence permit – Employed persons on basis of GATS (mode 4)	94	78	172
8 Residence permit – former intercompany transferee	0	1	1
9 Residence permit – Humanitarian grounds	120	165	285
10 Residence permit – Self-employment	10	3	13
11 Settlement permit – Limited access to work (employment test)	26,791	27,915	54,706
12 Family reunification	7,553	10,329	17,882
13 Settlement permit – No access to work	468	741	1,209
14 Settlement permit – Relative	569	1,278	1,847
15 Residence permit – Family reunification (with researcher)	3	4	7
16 Residence permit – Family reunification (artist)	16	22	38
17 Residence permit – Family reunification (special employment category)	94	191	285
18 Residence permit – Formerly private outside the quota	475	794	1,269
19 Residence permit – special employment category	1,346	1,377	2,723
20 Residence permit – Artist (access to labour market with work document)	106	84	190
21 Residence permit – Artist (only independent worker)	220	138	358
22 Residence permit – Artist	0	0	0
23 Residence permit – Researcher	28	17	45
24 Settlement permit – High skilled settler (independent)	47	14	61
25 Settlement permit – High skilled settler (dependent)	465	223	688
26 Settlement permit – Limited access to work (Family reunion with independent high skilled settler)	7	8	15
27 Settlement permit – Limited access to work (Family reunion with dependent high skilled settler)	35	66	101
28 Settler Family reunification	573	794	1,367
29 Settler EEA	74,214	64,909	139,123
30 Settlement permit – Formerly settlement certificate	83,946	76,444	160,390
31 Settlement permit – Unlimited access to work	13,169	12,165	25,334
32 Settlement permit – No access to work (Family reunion European agreement)	0	3	3
33 Settlement permit – No access to work (humanitarian grounds)	1	1	2
34 Settlement permit – Limited (European agreement)	12	3	15
35 Settlement permit – Limited (Family reunion humanitarian)	10	12	22
36 Settlement permit – Limited (independent mobility)	0	2	2
37 Settlement permit – Limited (Family reunion)	649	942	1,591
38 Settlement permit – Limited (humanitarian grounds)	11	9	20
39 Settlement permit – formerly Third country origin, preferential treatment-Austria §49	14,728	19,201	33,929
40 Settlement permit – formerly Family reunion with Austrian	9,796	9,749	19,545
41 Settlement permit – Limited (dependent mobility)	0	2	2
42 Residence permit – Social worker	6	12	18
Total	242,177	234,686	476,863

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

The Labour Market Service has the discretionary power to grant access to the labour market to family members who have not yet resided the required length of time in Austria to get the

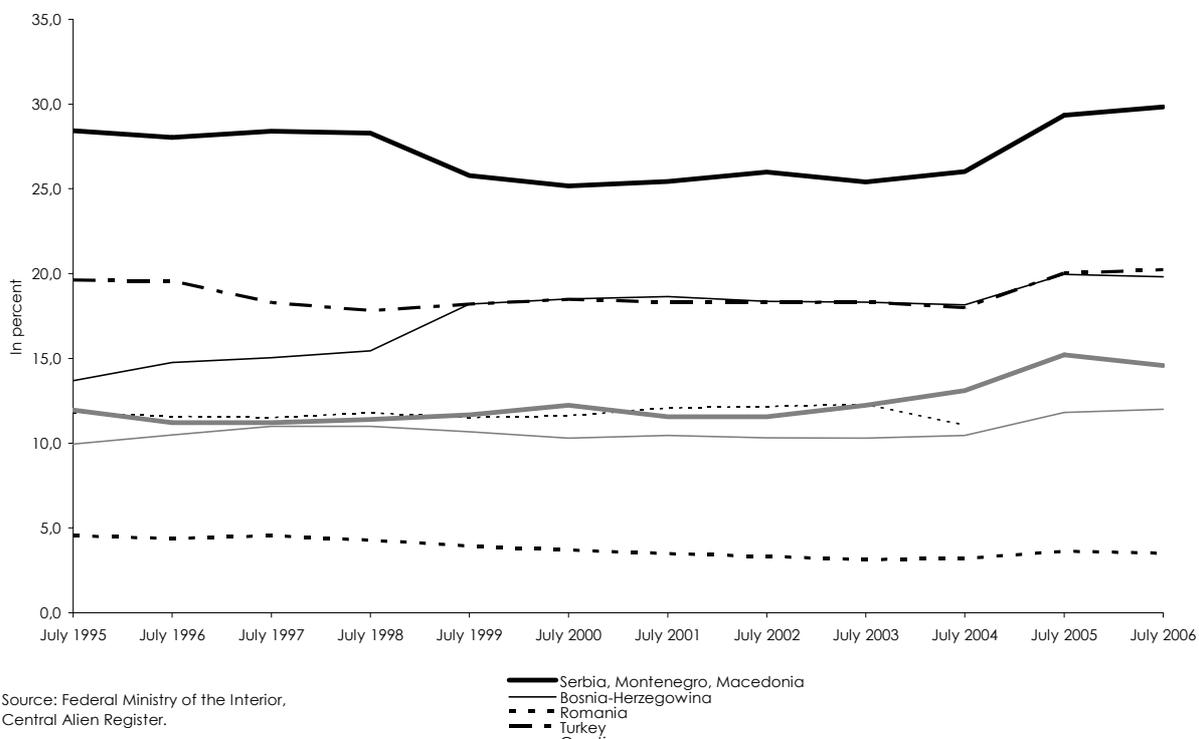
legal right to access the labour market. Access to gainful employment before the time specified in the residence permit may be granted to persons with skills which are needed on the labour market (labour market testing).

Explicitly excluded from access to the labour market are pensioners of third country origin and 'Privateers'. The amendment of the Alien Law of July 2002 allowed **students** to take up employment but not as fulltime workers but only as part-timers, to help cover their living expenses. This amendment was not expected to and did not raise labour supply of migrant students but was to legalise the clandestine work on the part of students.

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

The structure of valid residence permits (mid year count) by countries of origin has been comparatively stable since the mid 1990s. Currently, some 30 percent are from the regions Serbia, Montenegro and Macedonia; persons from Turkey and Bosnia-Herzegovina each make up some 20 percent of residence permits; 12 percent are from Croatia and some 3.5 percent from Romania. Persons from the new EU member states bordering Austria plus Poles made up 11 percent of all residence permits before 2004.

Figure 10: Valid residence permits by countries of origin 1995 to 2006 (mid year count)



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.

*Table 11: Structure of valid residence permits by region and type
1. July 2006*

	AB	NB	Family with Austrian	Familyre- unification	Settler EU	Settler Family	Old settler certificate	Total
Burgenland	114	1,497	593	156	1,537	11	1,442	5,350
Carinthia	321	2,314	1,086	483	6,365	35	7,019	17,623
Lower Austria	1,141	10,292	4,875	1,696	16,171	132	23,182	57,489
Upper Austria	1,301	14,914	6,838	2,651	19,863	164	19,954	65,685
Salzburg	803	5,248	2,836	597	12,463	61	13,610	35,618
Styria	2,686	6,669	4,205	1,994	8,014	73	11,358	34,999
Tyrol	818	7,897	3,231	1,267	8,278	138	12,786	34,415
Vorarlberg	423	9,639	3,159	1,075	5,580	98	4,942	24,916
Vienna	11,401	27,147	26,644	7,963	60,852	655	66,096	200,758
Austria	19,008	85,617	53,467	17,882	139,123	1,367	160,389	476,853

Source: Federal Ministry of the Interior.

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.

iii) **Stock-Flow analysis of resident permits 2003-2006**

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

Stock count by end of month: Stock of permit by category (point in time t)

+ inflows during month t+1 (First permits – Erstgenehmigungen)

+ inflows during month t+1 due to extensions

- outflows during month t+1

= stock of valid permits (point in time t+1)

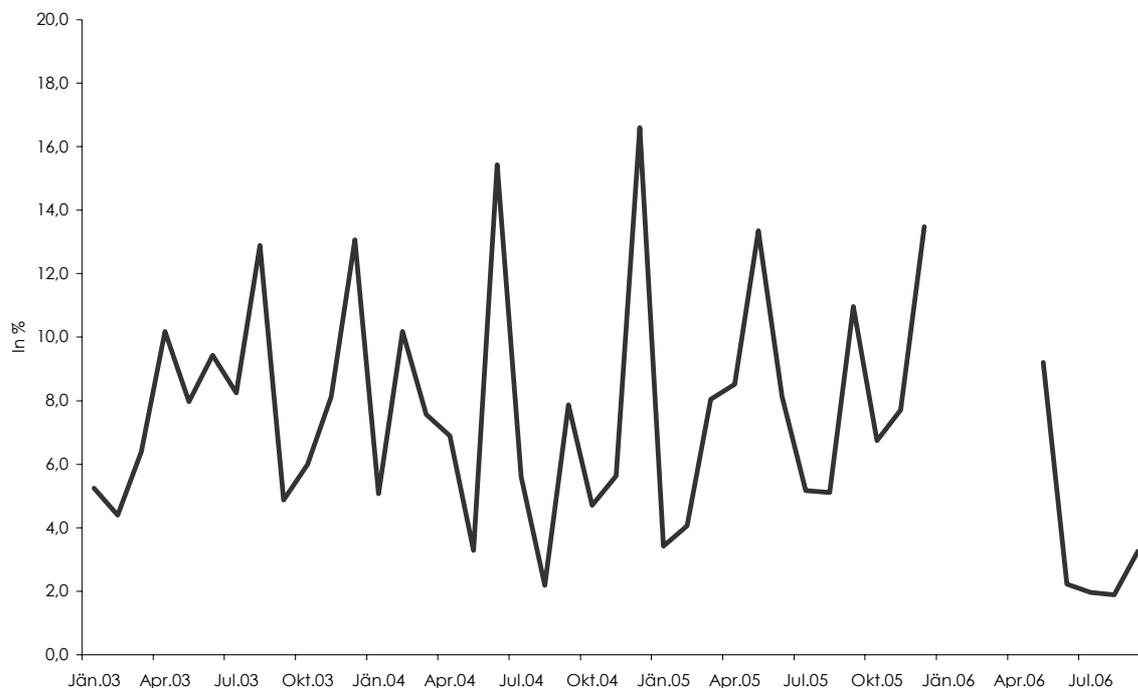
$$\text{Stock}(t) + \text{Inflows}(t+1) - \text{Outflows}(t+1) = \text{Stock}(t+1)$$

While inflows are clearly defined, some questions remained unresolved relative to the composition of outflows. Outflows may be the result of

- an extension,
- emigration or death, or
- naturalisation (Austrian or other EEA).

In what follows we look at the dynamics of inflows (first issues) in the various categories of residence permits over the year. We do not look into extensions as little is known about administrative procedures and the duration of processing by categories of permits and region.

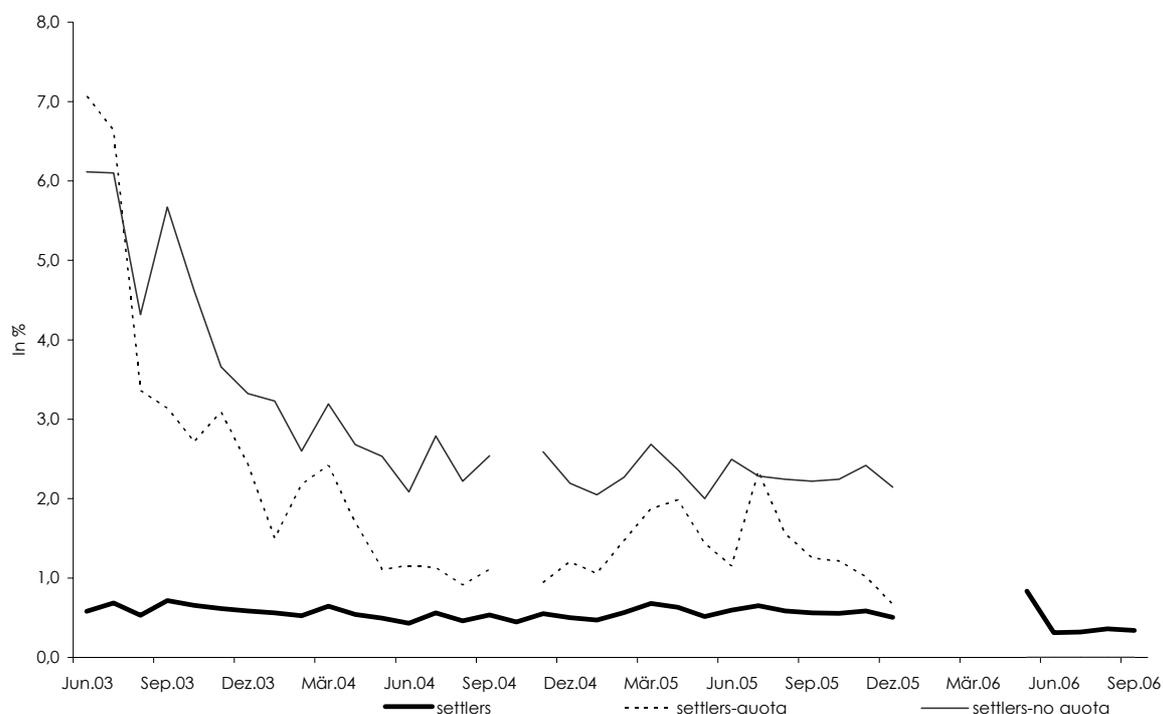
Figure 11: Monthly inflow rate of temporary resident permits monthly inflows (t+1) in percent of the stock at the end of previous month (t)



Q: BMI-FIS, WIFO-calculations.

According to flow data, the volatility of temporary residence permits is relatively high. A clear seasonal pattern can be discerned until 2006, as a major portion of temporary migrants were seasonal workers in tourism and harvesting. The inflow rate spans from a low of 2.2 percent in August 2004 to a high of 166 percent in December 2004. Particularly high and rising is the monthly inflow rate of internships, and trainee posts (Volontäre); seasonal work permits have a high inflow rate, which is on the decline since May 2004 as a result of Eastern enlargement of the EU (free population flows). Also the inflow rate of persons on the basis of services mobility mode 4 (GATS – Betriebsentsandter) is high but stopped rising in 2005. Particularly volatile and at times very high is the inflow rate of artists. With the non-registration of temporary workers with less than 6 months stay in Austria since January 2006, the calculation of inflow rates of temporary residents becomes meaningless (Figure 11).

Figure 12: Monthly inflow rate of settlement permits monthly inflows (t+1) in percent of the stock at the end of previous month (t)



S: BMI-FIS, WIFO-Calculations.

In contrast, the monthly inflow rate to settlement permits is relatively low and stable over the year. It fluctuates around 2.1 percent. The break in the series due to the new legislation coming into effect in 2006 is to be taken into account.

The inflow rate is higher in the area of settler permits which are granted outside the quota regulation, on average by about 1.5 percentage points. The monthly inflow rate is highest among highly skilled workers and rising. Among the settlement permits outside the quota, favoured status third country citizens have the highest rate, followed by highly skilled migrants

who may access the labour market outside a foreign worker quota (researchers in the public and private sector). From 2005 onwards, the latter inflow rate is declining, however.

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

The new Foreign Residence Law (NAG 2005) did not only affect the statistics pertaining to the residence of third country citizens but also on the registration of residence of EU citizens. Accordingly, the inflow of citizens from the EEA is documented since January 2006.

Citizens of the EEA, who have the right to free mobility and their family members may have their residence status documented (Anmeldebescheinigung). In addition third country citizens who have a permanent residence status in another country of the EEA may choose to settle in Austria. They get a settlement permit (Daueraufenthaltskarte). In the course of the first half of 2006, 3,300 citizens of the EEA were registered under the first heading in Austria and 655 under the second heading. In addition, prolongations and transfers of types of permits took place such that, by mid 2006, a stock of 3,400 documents were counted, in the main workers. In addition, 2,500 settlers of another EU-MS, who are third country citizens, settled in Austria.

Table 12: Documentation of the residence status of citizens of the EEA and third country settlers in another EU-MS (30 June 2006)

	Men	Women	Total	Share of women in percent
Documentation of registry	1,781	1,611	3,392	47.5
Employee	1,036	633	1,669	37.9
Education	154	290	444	65.3
Family reunification	331	470	801	58.7
Self-employed	87	41	128	32.0
Other family member/relative	27	34	61	55.7
Others	79	109	188	58.0
ID-Card	67	34	101	33.7
Settler document			2,487	0.0

Source: BMI-BFIS.

D) Labour market flows

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

i) Entries of foreigners for work

Over time, i.e., since the 1960s, a highly differentiated system of work permits for different purposes and status of foreigners according to past period of work evolved. 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; in 2003, new procedures were put in place, which meant that only new entrants into the labour market get a first permit and every change of work place obliges a person to get a "new" permit (Neuantrag). The first work permit is issued to the firm and not the worker. After one year of work the status of the permit may be transformed into a permit issued to the foreign person (Arbeiterlaubnis), after five years of work to a permanent licence, which allows free mobility within the whole of Austria and marks the termination of firm/work control.

Table 13: Initial work permits (first and re-entries) for foreign workers 1980-2005

Sum of permits over the year

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

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

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

The total number of first permits did not change much between 2002 and the years thereafter. The number of new permits, however, more than doubled (from 25,000 in 2002 to 61,000 in 2003). This goes to show that turnover of foreign employment is quite high, which was underestimated in the former procedure. Between 2003 and 2005 the entry and turnover data for third country migrants did not change much. Turnover remained at some 60,000 cases a year and first entries at some 24,000 cases (Table 13).

Figure 13: Entry and re-entry work permits and total foreign employment 1964-2005



Source: Austrian Labour Market Service.

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

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

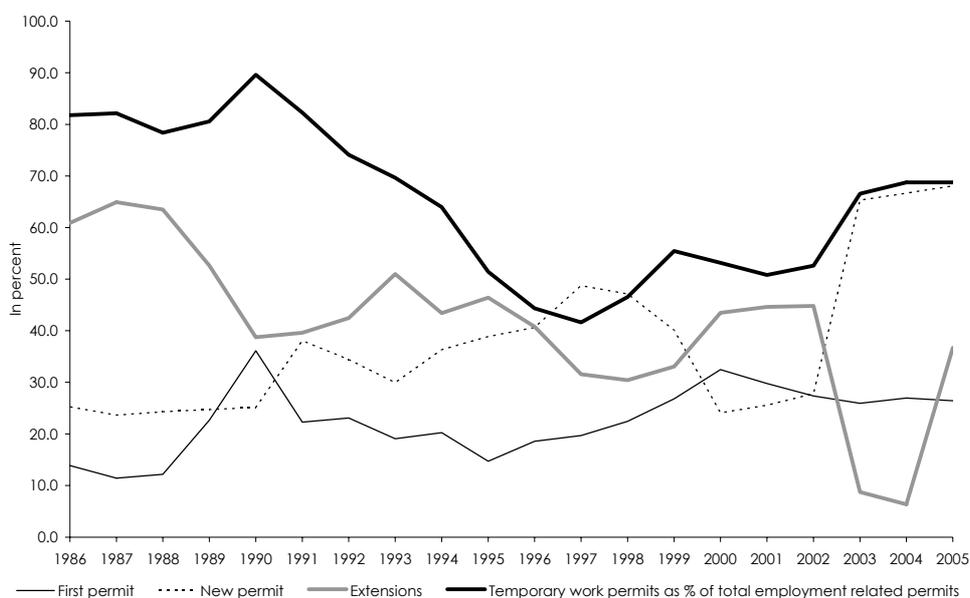
Between 1998 and 2000, however, a stabilisation of employment, i.e., a decline in re-entry work permits, and a rise in first work permits, i.e., entry permits into the labour market took place. The year 2000 marked a renewed increase in first entry permits, basically as a result of a renewed intake of foreign workers from abroad, in the main seasonal workers in tourism and agriculture. In the years 2002 to 2005 no further rise in first entries took place. Job fluctuation increased as a result of a total count of job turnover of new entrants into the labour market (break in the series). It is apparent from Figure 13 that the significant rise in foreign employment since 2003 did not show up in the first entry permits, since the majority of these persons had resided in Austria for 5 years legally (green card) and had thus the right to access the labour market without a work permit.

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 in the early 1990s, becomes evident in the transformation of work permits into work entitlements and eventually, after 1995, into permanent licences. In 2003, the introduction of the permanent residence certificate allowed the transformation of 'permanent' work permits into settlement (green) cards; this together with increasing naturalisation of settlers explains the drop in the number of 'permanent' work permits. At the same time procedures were changed which had the effect of reducing the number of extensions of work permits; in case of a change in job one gets a new permit rather than an extension of the first permit.

Figure 14: Temporary work permits (first permits and new permits, extensions) 1964-2005



Source: Austrian Labour Market Service, WIFO-calculations.

The statistical break in the series of extended work permits due to the lifting of the requirement of permits for citizens of the EEA/EU took place in 1994. Ever since then the number of extensions of work permits declined and reached the lowest level in 1998 with 20,900 extensions. After those years of decline, the consolidation of new inflows from abroad showed up in a renewed rise in the number of extensions. By 2001, their numbers had doubled versus 1998. Since then they continued to rise, albeit at a lower rate, until 2003. From 2003 onwards, extensions are only granted to those who remain with the same employer, while a change in employer implies the application for a 'new' permit. As a result, less and less work permits are extended; in 2005, only 4,800 were extended, after 40,200 before the

administrative change. The decline between 2002 and 2003 by 32,000 extensions shows up in the almost equal rise in the number of 'new' permits (+35, 700) between 2002 and 2003 (Tables 13 and 14, Figure 14).

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

Table 14: Extended work permits for foreign workers 1980 – 2005

(Sum of permits over the year)

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

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

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.

In 2005, a total of 87,600 temporary work permits were issued in the course of the year, 3,400 or 4 percent less than a year ago. In addition to short-term work permits various other permits are granted to third country citizens. In toto, in 2005 some 127,000 work permissions were issued. The major part is temporary work permits, namely 69 percent, for which labour market testing is required. In addition, other forms of licences are granted, e.g., permanent licenses, permissions to employers who want to employ a third country citizen from outside Austria (skilled migrant). Also services mobility of third country citizens is registered, in 2005 some 10,000, as well as access to the labour market of cross-border workers within a bilateral agreement (850 in 2005).

Table 15: Various types of work permits for third country citizens 1999-2005

Stocks, annual averages

	1999	2000	2001	2002	2003	2004	2005
Temporary work permits (BB)	22,154	24,145	28,593	27,192	26,296	25,211	22,826
Work entitlements (AE)	29,524	20,399	17,685	18,974	17,008	11,856	8,451
Permanent licences (BS)	179,738	187,990	181,879	169,710	147,330	115,029	87,146
Provisional permit	17	40	88	9	5	86	12
Cross-border services (GATS)	350	459	588	635	623	648	447
§4c permanent licences	6,671	8,068	9,665	10,433	8,755	6,206	4,831
Bilateral agreements	686	1,059	1,563	1,926	2,499	2,196	850
Free mobility of labour to new EU-MS						2,848	9,909
Highly skilled permits					226	589	156
Settlement certificate (NN)					17,693	56,072	76,128
Employment (valid permit)	239,140	242,161	240,062	228,878	220,436	220,741	211,227

Source: Austrian Labour Market Service, WIFO-calculations.

It is helpful to put the flow data, i.e., permits by category, in the context of stocks of persons/permits on an annual average. It can be seen from Table 15 that as a result of eastern enlargement of the EU some new types of registration of employment of third country citizens and EU citizens evolved. For example persons from new EU member states who had been working on a regular basis for 12 months before accession (as well as their family members) were granted the right to free mobility of labour from May 2004 onwards (free mobility of labour to citizens of new EU-MS). Also services mobility is registered, whereby it is being differentiated between the liberalised services (no labour market testing) and non-liberalised services. There is a difference between a services provision acknowledgement (Entsendebestätigung) and a services provision permit (Entsendebewilligung): for the latter labour market testing is required as it is in occupations which are not liberalised in the context

of free services provision between new and old EU member states. The first is issued for a period of 6 months and may be extended, while the latter may not be extended after the period of 6 months has expired (Table 15).

iii) Work entitlements and long-term work permits

The evolving pattern of work permits demonstrates the changing legal status of foreigners as their duration of employment in Austria is extended. The residence status is linked to the work status of the foreigner. In the course of the 1970s the yearly increase of persons with a "permanent" 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 115,000 in 2004, as more and more foreigners, who had entered Austria in the early 1990s, became eligible for Austrian citizenship. In addition, in 2003 large numbers of permanent licence holders converted their permit into a 'green card'³. By 2005, the number of permanent work licence holders had declined to 87,100, 60,200 or 41 percent less than in 2003⁴. The decline in permanent licences had its counterpart in a rising number of settlement certificates. (Figure 15 and Table 16) In addition to the normal procedures of obtaining a permanent licence, another procedure is possible (§4c AuslBG), on the basis of which a fairly small number is granted a permanent licence (2005: 4,800).

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 2005 an annual average of 8,500 work entitlements were issued, 3,400

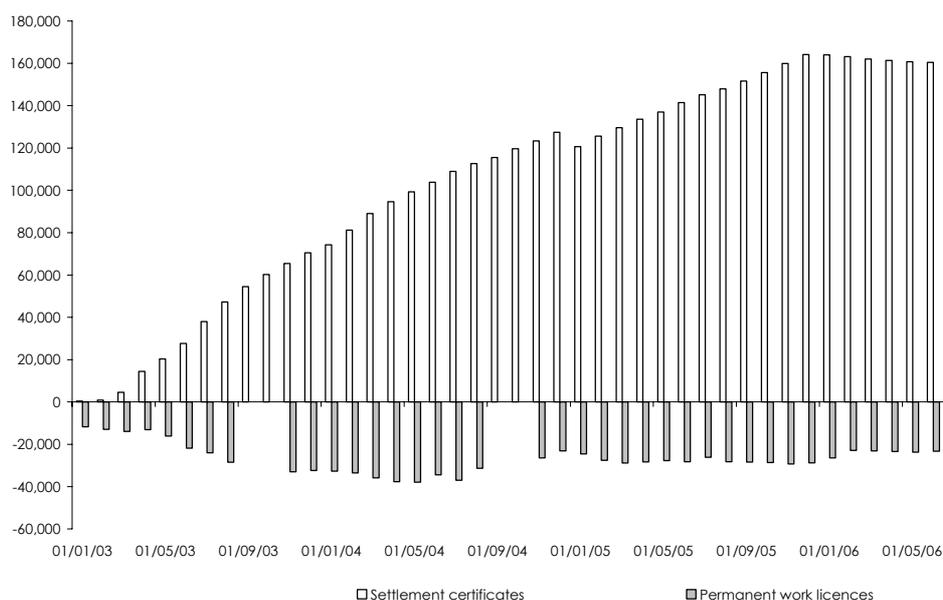
² A permanent licence allows free movement on the labour market; such a permit is valid for 5 years and makes a foreigner eligible for a residence permit valid for 5 years.

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 *Biffi* (2000).

or 29 percent less than 2004. The share of men is slightly more than half of all entitlements (61 percent in 2005), after 65 percent 1997 and 71 percent 1995 – the declining share of men is a consequence of the increased settlement of the last wave of foreign workers, which was predominantly male. As family reunion followed, entry of the spouses into the labour market is the logical next step of integration and settlement in Austria.

Figure 15: Decline in permanent work permits and concomitant rise in number of settlement certificates 2003-2006



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

The significant feature of 2003 was a large number of provisional permits (from 2,600 in 2002 to 21,100 2003); this was an indication for slack administrative procedures, and the importance of automatic mechanisms to overcome slow bureaucratic procedures in order to promote individual integration. In 2004, this administrative problem had been amended such that hardly any backlogs are reported since then.

In 2005, of all permanent licence holders 67 percent were men, about the same as with short-term work permit holders (65 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 remaining there more or less until 2004) (Table 16).

Table 16: "Permanent" licences (excluding §4c permits) and work entitlements, provisional work permits

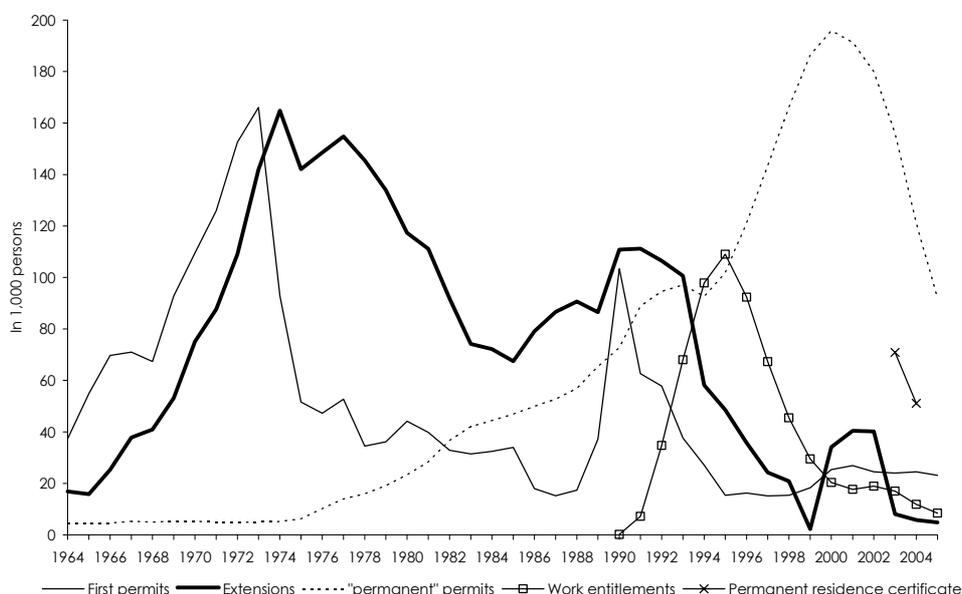
Annual average

	Permanent licences		Work entitlements		Provisional work permit ¹
		Of which: male ²		Of which: male	
1980	23,352	17,405			
1981	28,387	20,871			
1982	36,628	26,811			
1983	4,206	29,424			
1984	44,407	30,303			
1985	46,986	3,139			
1986	49,954	3,254			
1987	52,764	34,002			
1988	5,692	37,177			
1989	65,406	40,983			
1990	72,763	45,293	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	187,990	126,512	20,399	11,233	1,558
2001	181,879	120,972	17,685	9,051	2,239
2002	169,710	112,283	18,974	8,852	2,568
2003	147,330	97,633	17,009	8,211	21,050
2004	115,029	76,512	11,856	6,536	–
2005	87,146	58,047	8,451	5,120	–

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.

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). In 2005, 4,800 permanent licenses on that basis were counted (see Table 15, no gender break-up).

Figure 16: First permits, extensions, work entitlements permanent permits and permanent residence certificate
1964-2005



Source: Austrian Labour Market Service.

iv) The geographic distribution of work permits

In 2005, as in the years ahead, the number of initial work permits (total of 82,800) increased only in Lower Austria and Styria, i.e., regions bordering on accession countries. This goes to show that cross-border commuting continues to be a source of new foreign labour from abroad (Table 17).

Table 17: Geographical distribution of initial work permits for foreign workers
Sum over the year

	2004			2005		
	Male	Female	Total	Male	Female	Total
Vienna	3,654	2,127	5,781	3,304	2,250	5,554
Lower Austria	14,559	7,160	21,719	15,147	7,755	22,902
Styria	10,935	5,904	16,839	10,703	6,292	16,995
Carinthia	1,751	725	2,476	1,588	650	2,238
Upper Austria	5,309	2,656	7,965	4,989	2,451	7,440
Salzburg	3,193	2,918	6,111	2,837	2,638	5,475
Tyrol	5,576	4,599	10,175	4,887	4,031	8,918
Vorarlberg	1,099	1,151	2,250	1,032	1,059	2,091
Burgenland	7,198	4,680	11,878	6,679	4,527	11,206
Austria	53,274	31,920	85,194	51,166	31,653	82,819

Source: Austrian Labour Market Service.

As to the prolongation of work permits by region, only Styria and Carinthia had an increase in extensions. All the other states experienced declines as a result of granting an extension only in case of remaining with the same employer (Table 18).

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

	2004			2005		
	Male	Female	Total	Male	Female	Total
Vienna	892	582	1,474	850	541	1,391
Lower Austria	607	318	925	476	222	698
Styria	461	260	721	580	226	806
Carinthia	127	44	171	146	38	184
Upper Austria	525	265	790	382	197	579
Salzburg	211	145	356	172	134	306
Tyrol	275	203	478	195	102	297
Vorarlberg	317	264	581	206	185	391
Burgenland	188	111	299	107	60	167
Austria	3,603	2,192	5,795	3,114	1,705	4,819

Source: Austrian Labour Market Service.

3. Emigration and return of nationals

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

In Germany, the number of Austrian wage and salary earners continues to be surveyed once a year. In mid 2005 some 55,900 Austrian wage and salary earners were counted. Thus there is no end to the declining trend of employment of Austrians in Germany. 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 2005, some 29,400 or 52.7 percent of all Austrians employed in Germany, were working in Bavaria as wage and salary earners. In 2006, the number of Austrians working in Germany continues to decline, while the number of Germans coming to work in Austria has increased to such an extent that by now almost as many Germans are working in Austria as Austrians in Germany. This goes to show that as employment conditions in Germany deteriorate relative to Austria and partly also as a result of a reform of the social security benefit system (Hartz reform) and increased coordination of

labour market services across borders, Germans started to flow in larger numbers into Austria than in the past.

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

	Federal Republic of Germany			Of which: Bavarian		
	¹	Changes		¹	Changes	
		Absolute	Percent		Absolute	Percent
1977	74,985	– 1,012	–1.3	37,050	– 746	–2.0
1978	75,245	+ 260	+0.3	37,210	+ 160	+0.4
1979	83,698	+ 8,453	+11.2	41,984	+ 4,774	+12.8
1980	87,212	+ 3,514	+4.2	44,903	+ 2,919	+7.0
1981	87,441	+ 229	+0.3	45,383	+ 480	+1.1
1982	84,811	– 2,630	–3.0	44,000	– 1,383	–3.0
1983	82,187	– 2,624	–3.1	42,400	– 1,600	–3.6
1984	80,596	– 1,591	–1.9	41,600	– 800	–1.9
1985	80,644	+ 48	+0.1	41,000	– 600	–1.4
1986	81,478	+ 834	+1.0	41,600	+ 600	+1.5
1987	83,306	+ 1,828	+2.2	42,591	+ 991	+2.4
1988	86,021	+ 2,715	+3.3	44,365	+ 1,774	+4.2
1989	88,701	+ 2,680	+3.1	45,987	+ 1,622	+3.7
1990	91,380	+ 2,679	+3.0	47,538	+ 1,551	+3.4
1991	93,352	+ 1,972	+2.2	48,900	+ 1,362	+2.9
1992	94,333	+ 981	+1.1	49,600	+ 700	+1.4
1993	93,155	– 1,178	–1.2	48,683	– 917	–1.8
1994	88,674	– 4,481	–4.8	46,768	– 1,915	–3.9
1995	83,587	– 5,087	–5.7	44,580	– 2,188	–4.7
1996	79,372	– 4,215	–5.0	42,705	– 1,875	–4.2
1997	74,845	– 4,527	–5.7	40,625	– 2,080	–4.9
1998	72,185	– 2,660	–3.6	39,642	– 983	–2.4
1999	70,179	– 2,006	–2.8	38,955	– 687	–1.7
2000	62,608	– 7,571	–10.8	35,281	– 3,674	–9.4
2001	62,605	– 3	–0.0	35,211	– 70	–0.2
2002	61,580	– 1,025	–1.6	34,503	– 708	–2.0
2003	59,958	– 1,622	–2.6	32,951	– 1,552	–4.5
2004	57,931	– 2,027	–3.4	31,623	– 1,328	–4.0
2005	55,858	– 1,241	–2.2	29,448	– 2,175	–6.9

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

II. Foreign residents and residents abroad: stocks

1. Foreign residents in Austria

The integration of the census data of 2001 in the central population registry resulted in revisions of the time series of the resident population and migratory movements. According to the revised data, 8,233,300 persons resided in Austria in the year 2005, 58,600 or 0.7 percent more than in 2004. Thus, population growth has continually become more dynamic since 2001. Annual population growth rates in the last 5 years increasingly exceed those of the

second half of the 1990s and approach the growth rates of the early 1990s. In 2005, the growth rate is identical with the year 1990.

The recent population growth is the result of a marked increase in immigration, the extent of which took policy advisors and researchers by surprise. Population growth is, however, still below the peak years of 1991–1993, when the civil war in Yugoslavia had resulted in unprecedented refugee inflows into Austria (1 percent of total population annually).

The positive migration balance between the beginning and end of year has started to pick up in 2001, as it increased from 17,300 to 33,000; it continued to rise slightly in 2002 but expanded rapidly thereafter, as a runner up to Eastern enlargement of the EU, reaching 50,600 in 2004 and stabilising in 2005 on this high level. While the figures for 2004 may have been somewhat biased upwards by procedural changes in asylum processing, the data for 2005 corroborate the stability of high immigration. Immigration gains momentum due to larger inflows from old (particularly Germany) and new EU member states as well as more distant regions of the world.

Natural population growth, i.e., the balance of births and deaths, has also picked up in 2004, partly linked to immigration, and remained at that relatively high level well into 2005 with 3,000 (Table 20).

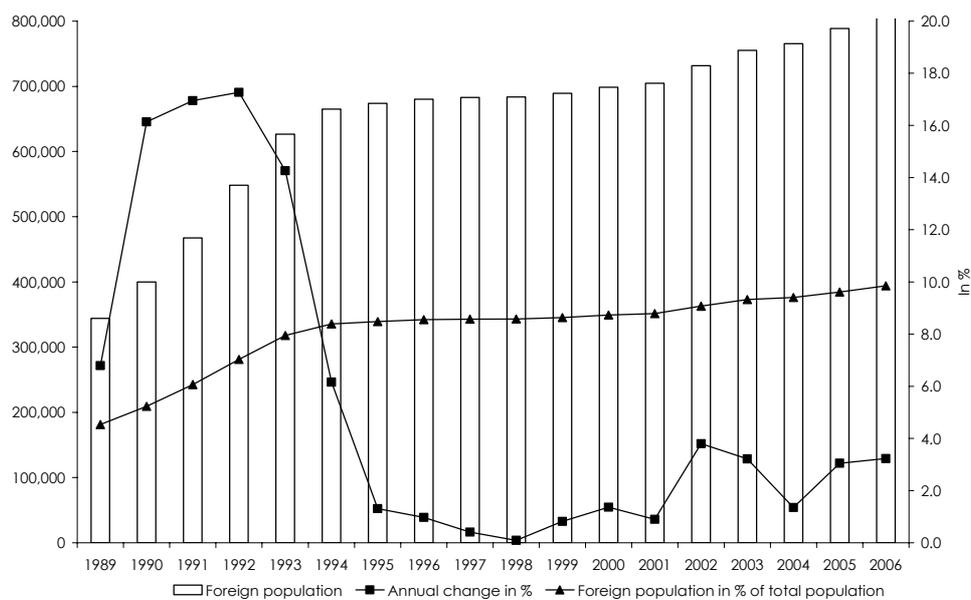
The number of naturalisations continues to be high but is declining since 2003. In the course of the year 2005, 34,900 foreigners adopted the Austrian citizenship, i.e., 4.4 percent of all foreigners of the year 2005 – after 5.4 percent a year ago. The decline may be the beginning of a slow down in naturalisations as a result of a reform in the legislation on the one hand – demanding documentation of the pursuit of integration programmes (in particular German language courses), in cases of marriage with an Austrian 6 years of marriage are necessary before becoming eligible for naturalisation, as well as financial means to support oneself – and the echo-effect of the wave of refugees of the early 1990s tapering off on the other.

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 2001, the net outflow of Austrians has taken a steep rise (from –4,500 in 2000 to –12,400 in 2002). In 2002 net outflows of Austrians peaked with –20,300, but slowed down again thereafter. In 2005 net outflows of Austrians halved versus a year ago to –4,800, i.e., a similar level as in 1996, the year after becoming a member of the EU, when outflows slowed down again. In contrast, net immigration of foreigners has declined somewhat in 2005 compared to 2004. In 2005, 54,000 net immigration of foreigners eventuated. **Thus, between 2001 and 2005 the average annual net inflow of foreigners amounted to 53,000, which puts Austria amongst the countries with the highest immigration rates per capita in Europe and overseas.**

A clear understanding of the mechanisms and driving forces behind these increased inflows is called for; 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.

The net effect of diverging developments of migration, balance of births over deaths and naturalisations, on the number of Austrian citizens continues to be positive. In 2005, the number of Austrians increased by 33,100 or 0.4 percent to 7,431,700 in 2005. Also the number of foreigners rose, i.e., by 25,500 or 3.3 percent to 801,600; thus 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 as a consequence increased to 9.7 percent after 9.5 percent in 2004 (Figures 17 and 20).

Figure 17: Foreign resident population (beginning of the year)
1989-2006



Source: Statistics Austria.

Table 20: Foreign residents in Austria

	Population		Population change between beginning and end of year				Statistical Correction
	Yearly average	Changes absolute	Total change	Birth-death	Migration	Naturalisation	
				Total			
1985	7,564,984	3,550	3,503	-2,138	5,641	0	
1986	7,569,794	4,810	6,116	-107	6,223	0	
1987	7,574,586	4,792	3,467	1,596	1,871	0	
1988	7,585,317	10,731	17,996	4,789	13,207	0	
1989	7,619,566	34,249	50,503	5,352	45,151	0	
1990	7,677,850	58,284	66,064	7,502	58,562	0	
1991	7,754,891	77,041	88,017	11,201	76,816	0	
1992	7,840,709	85,818	83,620	12,140	71,480	0	
1993	7,905,632	64,923	46,227	12,710	33,517	0	
1994	7,936,118	30,486	14,743	11,731	3,012	0	
1995	7,948,278	12,160	9,578	7,498	2,080	0	
1996	7,959,016	10,738	11,899	8,019	3,880	0	
1997	7,968,041	9,025	6,150	4,613	1,537	0	
1998	7,976,789	8,748	11,345	2,894	8,451	0	
1999	7,992,323	15,534	19,725	-62	19,787	0	
2000	8,011,566	19,243	18,760	1,488	17,272	0	
2001 ¹⁾	8,043,046	31,480	44,200	691	32,964	0	10,545
2002 ²⁾	8,083,797	40,751	37,029	2,268	33,507	0	1,254
2003 ²⁾	8,117,754	33,957	37,947	-265	36,297	0	1,915
2004 ³⁾	8,174,733	56,979	66,402	4,676	50,582	0	11,144
2005	8,233,306	58,573	59,402	3,001	49,172	0	7,229
				Austrians			
1985	7,264,468	-1,274	-3,575	-4,900	-5,983	7,308	
1986	7,261,000	-3,468	-3,363	-2,912	-8,511	8,060	
1987	7,256,641	-4,359	-5,354	-1,499	-10,471	6,616	
1988	7,252,022	-4,619	-3,883	1,299	-12,496	7,314	
1989	7,247,557	-4,465	-5,047	1,247	-13,599	7,305	
1990	7,244,177	-3,380	-1,714	2,439	-13,133	8,980	
1991	7,246,952	2,775	7,264	4,017	-7,890	11,137	
1992	7,253,276	6,324	5,385	2,320	-8,591	11,656	
1993	7,259,800	6,524	7,663	1,707	-8,175	14,131	
1994	7,266,665	6,865	6,065	987	-10,197	15,275	
1995	7,271,217	4,552	3,040	-2,823	-8,503	14,366	
1996	7,277,307	6,090	9,140	-2,181	-4,306	15,627	
1997	7,284,647	7,340	5,539	-4,650	-5,603	15,792	
1998	7,290,308	5,661	5,784	-6,089	-5,913	17,786	
1999	7,298,368	8,060	10,337	-9,028	-5,313	24,678	
2000	7,309,798	11,430	12,522	-7,483	-4,315	24,320	
2001	7,324,787	14,989	17,456	-7,505	-12,408	31,731	5,638
2002	7,340,542	15,755	13,536	-5,911	-20,283	36,011	3,719
2003	7,358,178	17,636	27,768	-7,521	-14,802	44,694	5,397
2004	7,398,586	40,408	43,096	-2,571	-10,039	41,645	14,061
2005	7,431,685	33,099	33,946	-4,333	-4,803	34,876	8,206
				Foreigners			
1985	300,516	4,824	7,078	2,762	11,624	-7,308	
1986	308,794	8,278	9,479	2,805	14,734	-8,060	
1987	317,945	9,151	8,821	3,095	12,342	-6,616	
1988	333,295	15,350	21,879	3,490	25,703	-7,314	
1989	372,009	38,714	55,550	4,105	58,750	-7,305	
1990	433,673	61,664	67,778	5,063	71,695	-8,980	
1991	507,939	74,266	80,753	7,184	84,706	-11,137	
1992	587,433	79,494	78,235	9,820	80,071	-11,656	
1993	645,832	58,399	38,564	11,003	41,692	-14,131	
1994	669,453	23,621	8,678	10,744	13,209	-15,275	
1995	677,061	7,608	6,538	10,321	10,583	-14,366	
1996	681,709	4,648	2,759	10,200	8,186	-15,627	
1997	683,394	1,685	611	9,263	7,140	-15,792	
1998	686,481	3,087	5,561	8,983	14,364	-17,786	
1999	693,955	7,474	9,388	8,966	25,100	-24,678	
2000	701,768	7,813	6,238	8,971	21,587	-24,320	
2001 ¹⁾	718,259	16,491	26,744	8,196	45,372	-31,731	4,907
2002 ²⁾	743,255	24,996	23,493	8,179	53,790	-36,011	-2,465
2003 ²⁾	759,576	16,321	10,179	7,256	51,099	-44,694	-3,482
2004 ³⁾	776,147	16,571	23,306	7,247	60,621	-41,645	-2,917
2005	801,621	25,474	25,456	7,334	53,975	-34,876	-977

Source: Statistics Austria. – ¹ Statistical correction of Census 2001 data by 10,545 for annual average. – ² Statistical correction: elimination of inconsistencies of balance of birth according to natural population development in the central population register (POPREG) and stock-flow data in the central register (ZMR) – ³ Overestimate of asylum seekers by 10,000 due to change in procedures in registering asylum seekers in the central register (ZMR).

2. Live births of native and foreign women

The number of births of natives has been declining more or less continuously between 1992 and 2001, when a turning point was reached and births started to rise again. In contrast, the decline in the number of births to foreign women, which had set in in 1993, came to a halt only in the last couple of years (Figure 18).

The total number of live births has been declining from a peak of 95,300 in 1992 to 88,700 in 1995. It remained at this level in the following year but took a dip again in 1997. The number of births declined between 1997 and 2001. In 2002 the number of live births increased again to 78,400, and remained more or less on that level since then. In 2005, the number of live births was 78,200.

The total number of births to Austrian mothers amounted to 69,000 in 2005, and the number of births to foreign women amounted to 9,200. The share of foreign births in the total number of births has declined between 1992 and 2005 from 12.2 percent to 11.7 percent.

Figure 18: Live births of native and foreign women 1981-2005



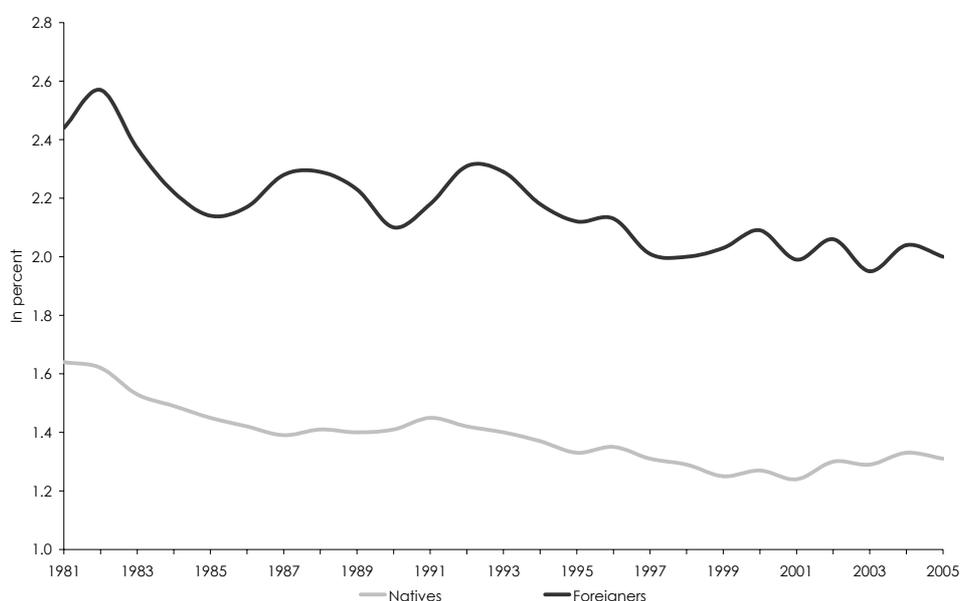
Source: Statistics Austria.

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 year 2003 fertility fell back to the pre-reform level and remained there more or less unbroken until 2005 (Figure 19).

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. In 2004, the fertility rate of Austrians and foreigners moved up again slightly to 1.33 and 2.04 respectively.

Figure 19: Total Fertility Rate of Austrian and Foreign Women
Average number of children per woman (1981-2005)



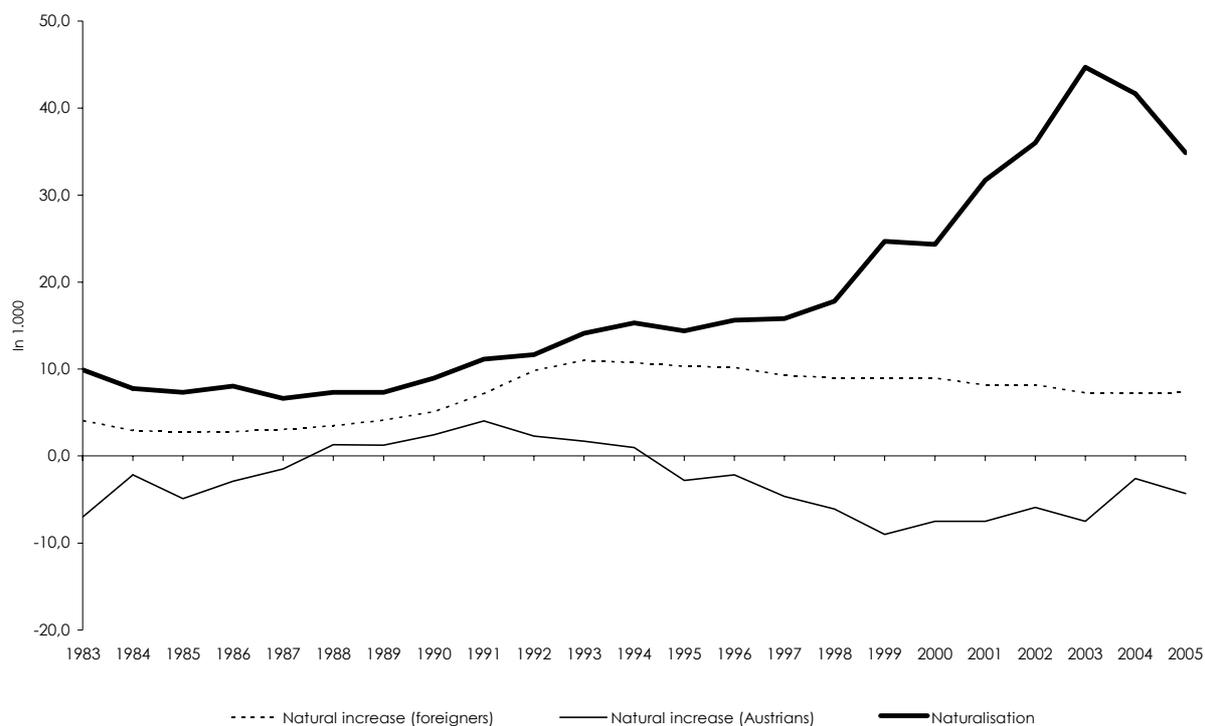
Source: Statistics Austria.

3. 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, at times abruptly, reaching the peak in 2003 with 5.9 percent of the foreign population and declining since then to 4.4 percent in 2005 (Figures 20 and 21).

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.

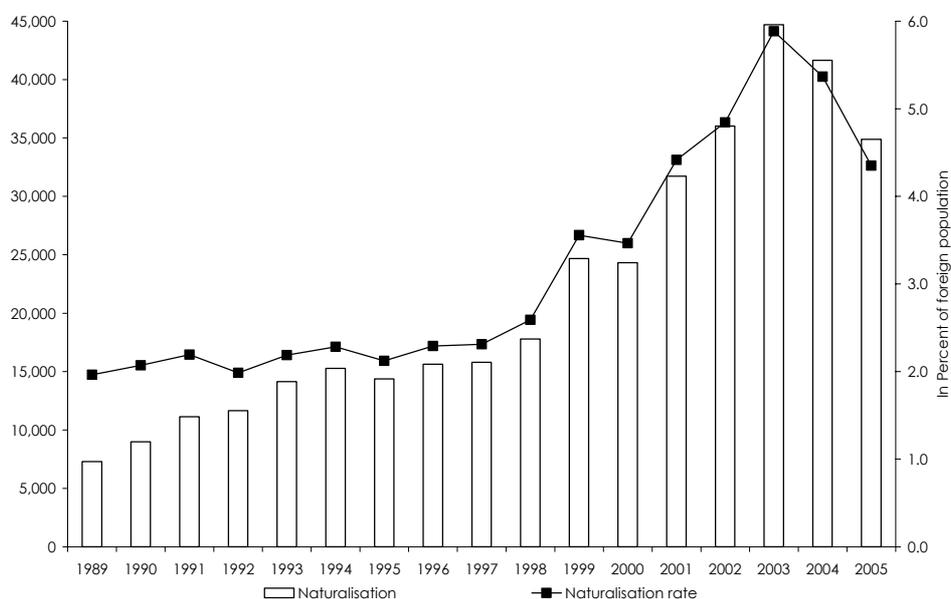
Figure 20: Natural increase and naturalisation
1983-2005



Source: Statistics Austria.

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

Figure 21: Naturalisations and rate of naturalisation in Austria
Naturalisation in percent of foreign population, 1989-2005



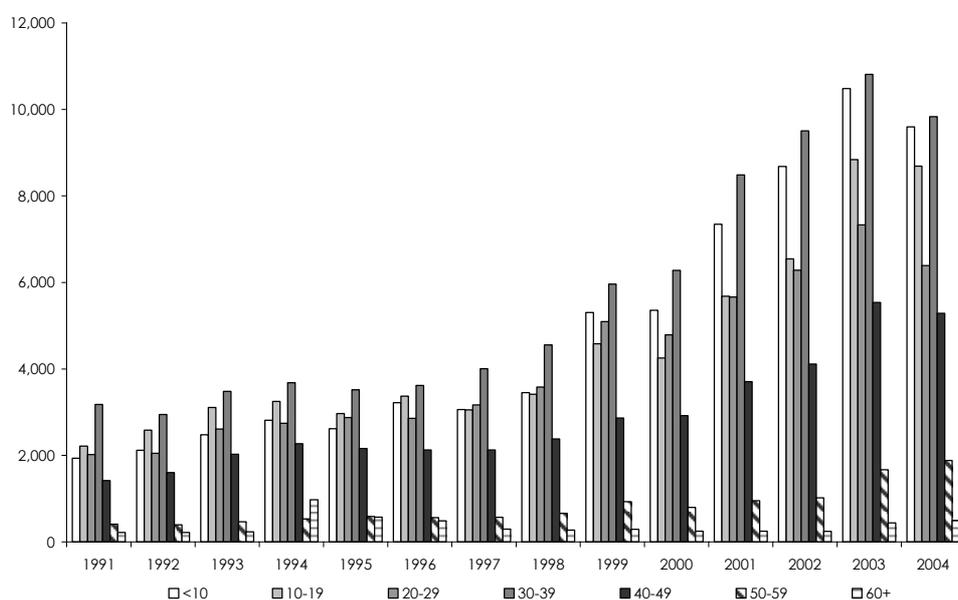
Source: Statistics Austria, WIFO-calculations.

A rising proportion of the naturalised Austrians are children under 10 years of age; in 2004, they made up 23 percent of all naturalised citizens, compared to 17 percent in 1991; also the proportion of the 10 to 19 year olds is slowly increasing (20.6 percent compared to 19.6 percent). The highest proportion of naturalisations is in the age group 30 to 39. In 2004, some 9,800 or 23.3 percent of all naturalisations were in that age group (Figure 22).

In 2005 35,400 foreigners adopted the Austrian citizenship, 6,800 or 16 percent less than a year earlier. The gender distribution is even with 50.4 percent of all naturalisations going to women. A major part of the new Austrian citizens were former so-called 'guest workers', e.g., Turks (9,600 or 27 percent); the large number of persons from former Yugoslavia (17,100, 48 per-

cent) 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 (2,700, 7.5 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 – and declined again to 4.4 percent in 2005. 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 (Table 24).

Figure 22: Number of naturalisations by age
1991-2004



Source: Statistics Austria.

Between 1991 and 2004 325,000 foreigners took up Austrian citizenship, about two third from the traditional recruitment areas of migrant workers, the region of former Yugoslavia (109,000, 3.5 percent) and Turkey (98,000, 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 (Table 24).

Table 21: Naturalisations in Austria

	Former Yugoslavia	Central and Eastern European Countries	Former nationality		Total	Women
			FRG	Turkey		
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	14,018	4,062	91	12,649	36,382	17,898
2003	21,615	4,098	107	13,680	45,112	22,567
2004	19,068	3,523	137	13,024	41,645	20,990
2005	17,064	2,666	139	9,562	35,417	17,848

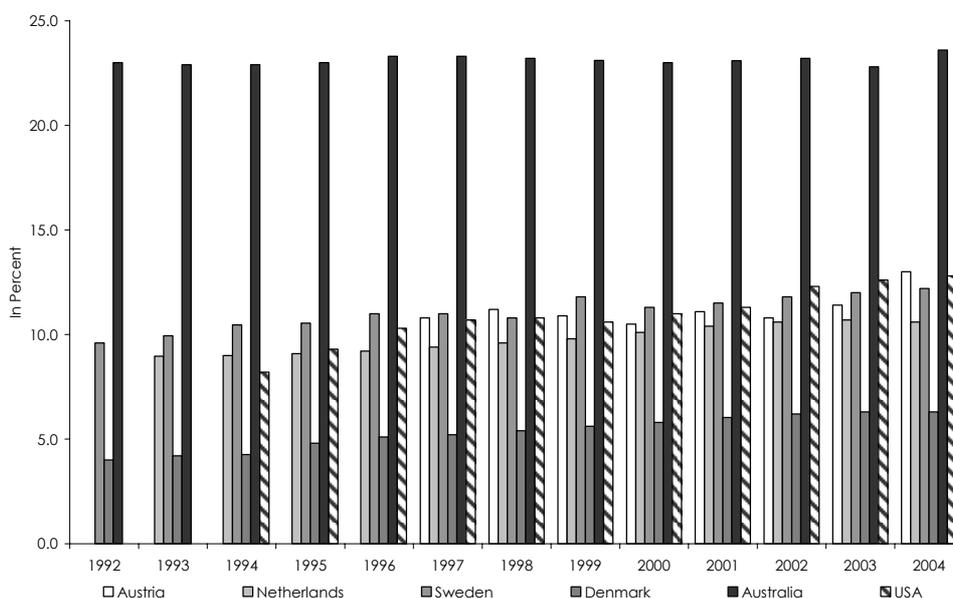
Source: Statistics Austria, Statistical Handbook of the Republic of Austria.

4. Foreign born population

The number of foreigners in the resident population does not convey a good picture of the more recent inflow of migrants as it contains foreigners who are already born in Austria. As a matter of fact, a rising share of foreigners is born in Austria, i.e., second or third generation migrant. Currently some 147,300 or about 21.6 percent of the total foreign resident population have been born in Austria. This rather high rate should not make us believe, however, that the number of foreign born, i.e., first generation migrants, is smaller than the number of foreigners residing in Austria.

According to census data 2001, the rate of foreign born in the Austrian population is 11.2 percent, a rate similar to USA, and one of the highest in Europe. According to the LFS, the share of foreign born in the population has consistently been some 2 percentage points higher than the proportion of foreigners in the population between 1997 and 2002. In 2002, the proportion of foreign born has risen to 11.6 percent while the share of foreigners in the population was 8.8 percent. In 2004, the proportion of foreign born in the Austrian population rose to 13 percent, while the share of foreign citizens increased to 9.5 percent, thus increasing the gap to 3.5 percentage points.

Figure 23: Foreign born in percent of total population in Austria and other OECD countries



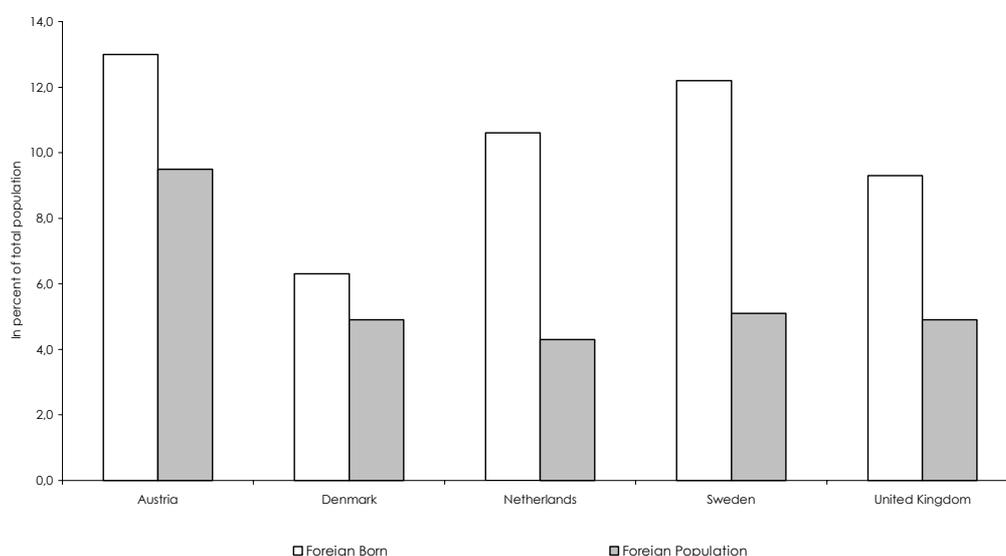
Source: OECD. – Austria from 1997 onwards.

According to the OECD (2005), Austria has similarly high proportions of foreign born in the population as USA (12.8 percent) and Sweden (12.2 percent), while countries like Ireland (10 percent) and the Netherlands (10.6 percent) are somewhat below, and countries like

Denmark (6.3) and the UK (9.3 percent) are clearly below; significantly higher rates are found in Australia (23.6 percent) and Canada (18 percent), (Biffi, 2005).

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

Figure 24: Foreign born and foreign population in percent of total population in Austria and other OECD countries 2004



Source: OECD.

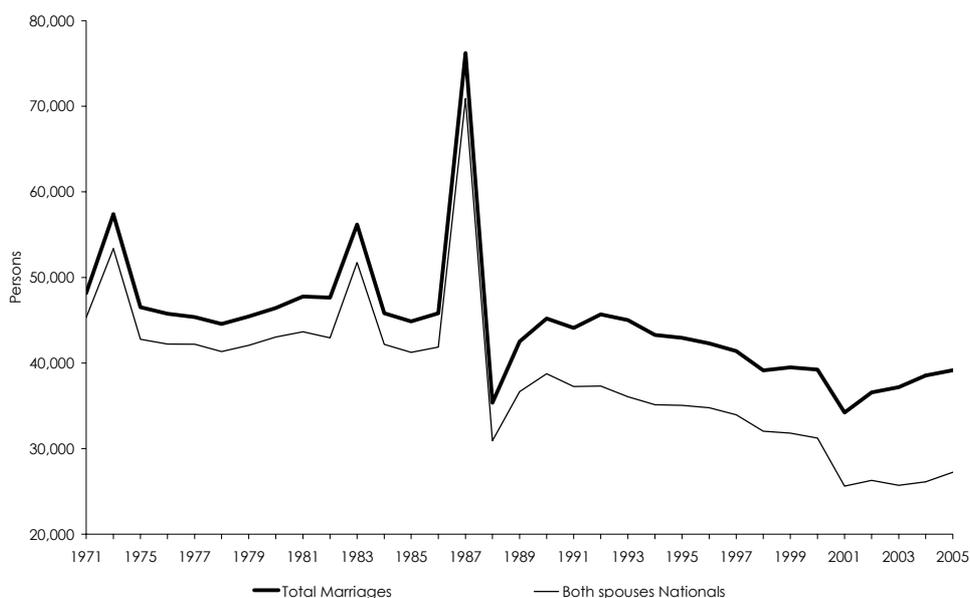
5. Development of mixed marriages

The number of total marriages in Austria has been stable for a long time – apart from some temporary increases as a result of marriage 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 Figures 26 and 27). 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, namely to raise the fertility rate.

In 2005, the number of marriages increased to 39,200, i.e., by 1.6 percent versus 2004. This was the fourth year in a row that the propensity to marry increased somewhat after a sharp decline in 2001 (34,200). Not every category of marriages could exhibit an increase; it was actually only the category, where both spouses were Austrian, that experienced a rise

(+4.3 percent). All other categories had declines, above all where both spouses were foreigners (-16.4 percent), followed by mixed marriages. As to mixed marriages, the decline was more pronounced with foreign husbands marrying an Austrian (-9.5 percent). Two third of the marriages in 2004 were first marriages.

Figure 25: Total marriages and marriages of nationals
1972-2005



Source: Statistics Austria.

The proportion of marriages with both spouses nationals has declined significantly over the last 33 years. In 1971 94 percent of all marriages were between nationals. In 2005, their share had come down to 69.6 percent. The share of foreign marriages (with both spouses foreigners) increased from 0.7 percent 1971 to 4.7 percent 2005. 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 25.7 percent in 2005. Traditionally the propensity to marry a foreigner is higher with Austrian men. Their share in total marriages amounted to 3.6 percent 1971 and rose to 14.9 percent 2005. In contrast only 1.6 percent of all marriages in 1971 were mixed, with the wife being Austrian and the husband foreign. This share has increased over time as well, particularly in recent years. In 2005 10.8 percent of all marriages were mixed with the wife being Austrian and the husband foreign.

Table 22: 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
2004	38,528	26,124	2,192	4,692	6,007
2005	39,153	27,245	1,833	4,246	5,829

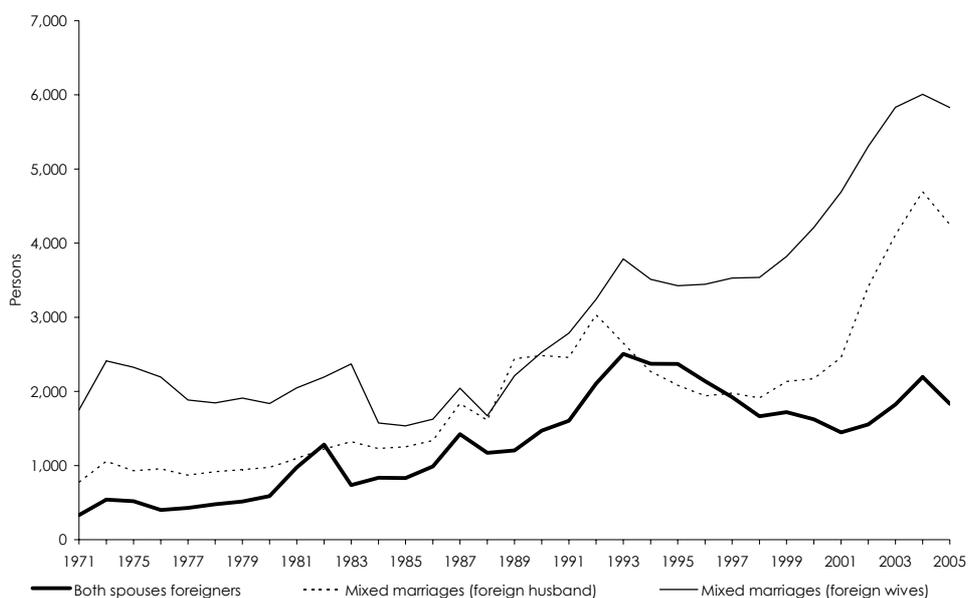
Source: Statistics Austria.

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 6 years of marriage with the same partner. In the most recent legislative reform, it will be made even more difficult for the partner to obtain Austrian citizenship. The major hurdle is expected to be the need for regular income of one's own. In addition, the earnings/income requirement for the Austrian partner who wants to marry a

third country citizen will make it harder for poor Austrians or foreign residents to bring in a partner with low earnings capacity.

In 2004, the nationality mix of the 10,700 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) and Hungary and Czech/Slovak Republic (3 percent).

Figure 26: Mixed marriages and marriages of foreigners
1971-2005



Source: Statistics Austria.

III. Employment and unemployment of foreign workers

1. Employment of foreign workers

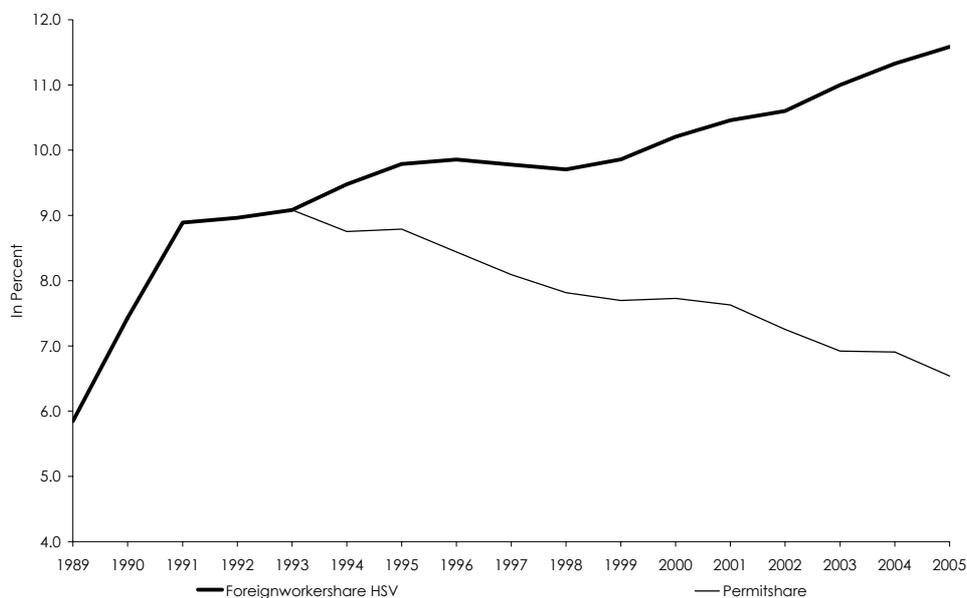
According to social security data, Austria counted 374,200 foreign wage and salary earners in 2005, i.e., 11,900 or 3.3 percent more than a year ago. The current year will see another boost to foreign employment by somewhat more. Accordingly, the foreign worker share in total employment rose to 11.6 percent after 11.3 percent on average in 2004, and will continue to rise. In this number 108,000 citizens from the EEA/EU 24 are included, 62,000 from the old member states and 46,000 from the new MS. Thus, 29 percent of foreign workers are EU-24-citizens, and more than two thirds are of third country origin (266,200) (Tables 23 and 24).

This shows that the numbers of foreigners of third country origin, excluding citizens from the new EU 10, have continued to rise, albeit less than last year. The exact number of foreigners is 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 Federal 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, not least due to integration measures which allow access to the labour market without the need of a permit after a certain period of legal employment in Austria. While in 1994, 268,800 work permits were registered with the LMS, this number has come down to 211,200 by 2005. This trend is going to continue, as migrants settle and integrate in Austria (Figure 27).

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 controlled as to the implementation of the law (employment testing), 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.

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



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

A tendency to raise the quotas for seasonal workers from abroad until 2003 has, however, raised competition on the low wage end of the labour market exerting an upward pressure on unemployment of natives and migrants, as seasonal work represents also an option for resident migrants to enter the labour market. As immigration has become increasingly dynamic, and as Germans entered in large numbers to take up seasonal work, the seasonal work quotas have been reduced since 2004.

Table 23: Foreign wage and salary earners in Austria from 1961-2005

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
2004	362,299	11,938	3.4	11.8
2005	374,187	11,888	3.3	12.0

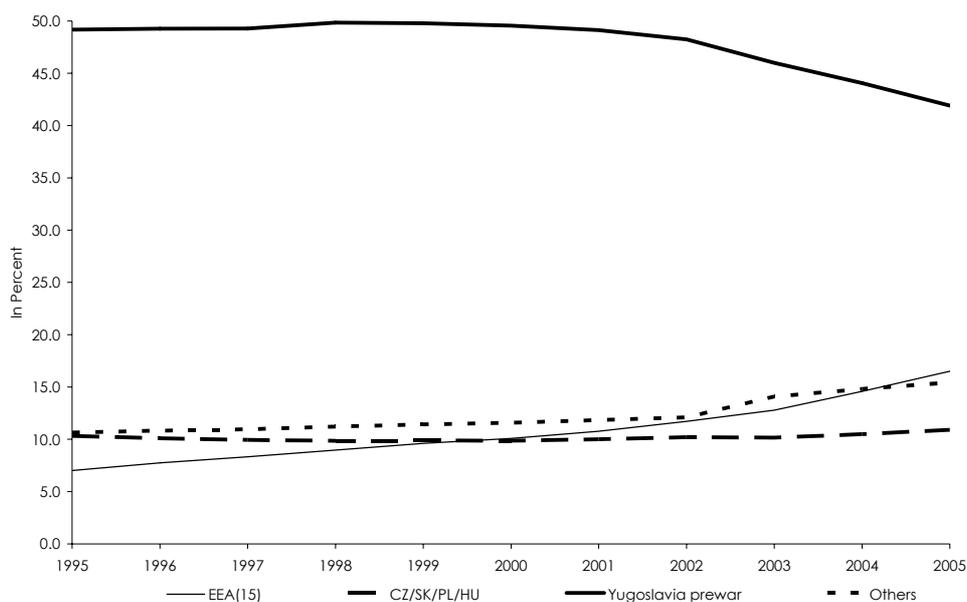
Source: Federal Ministry of Economics and Labour; Federation of Austrian Social Security Institutions. - ¹ Corrected series (permanent licences and persons on parental leave included). - ² Excluding the institutionally induced short term overshoot of foreign work permits over foreign employment between 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) *The composition of foreign labour by nationality and gender*

The composition of foreign labour by nationality is changing slowly over time. It is above all the share of EU 14 citizens that rises which may be taken as a sign of deepening of integration into the EU: the share of EU-14-citizens in the foreign work force has been rising from 6.3 percent in 1994 to 16.6 percent 2005, i.e., by 10.3 percentage points. The major influx is from Germany – Germans account for two thirds of the rise. But increasingly also Italians, French, Dutch, and British citizens take up work in Austria.

In contrast, the share of persons from the region of pre-war Yugoslavia has been declining from 49 percent in 1995 to 42 percent 2005. The share of persons from Croatia is rather small (3.4 percent 2005). The proportion of Bosnians has increased rather more rapidly, as they received preferential treatment on humanitarian grounds when applying for work permits. In 2005, they accounted for 7.6 percent of all foreign workers. The Slovenes, now a new EU-MS, account for 1.3 percent of all foreign workers, and Rest-Yugoslavia for the bulk, i.e., 29.1 percent of all foreign workers.

Figure 28: *Composition of foreign labour by region of origin: 1995-2005*



Source: Federation of Austrian Social Security Institutions.

The share of Turks in foreign employment has declined between 1989 and 1997 from 23.4 percent to 17.7 percent. In 1998 their numbers increased again more than proportionately to a share of 18.2 percent of all foreign workers – basically as a result of the implementation of the association agreement of Turkey with the EU (article 4c/2 AuslBG). According to the integration of the association agreement into the Austrian Foreign Worker Law, access to

the labour market has to be granted (either a work permit or any other type of work entitlement) upon request 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 14.3 percent in 2005; 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 24: Foreign workers by nationality 1971-2005¹

Annual average

	Foreign workers total	EEA 15	Of which: Germany	EFTA	EEA 25	Yugoslavia	Croatia	Slovenia	Bosnia	Turkey	Others
	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	25.1
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	23.1
1999	306,401	9.7	6.1	0.1	.	40.1	2.3	1.1	6.0	18.2	22.6
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	23.6
2003	350,361	12.9	9.6	0.1	.	33.4	3.2	1.1	7.6	15.3	26.2
2004	362,300	14.7	10.8	0.1	26.4	31.3	3.3	1.2	7.6	15.1	26.7
2005	374,200	16.6	12.6	0.1	28.8	29.1	3.4	1.3	7.6	14.3	27.6

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 reached 27.6 percent in 2005, whereby citizens from the new EU-MS account for 12.3 percent of all foreign workers (Table 24, Figure 28).

Table 25: Foreign workers by gender 1971-2005

	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	60.6	39.4	100.0
Annual average 2004	60.4	39.6	100.0
Annual average 2005	60.3	39.7	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.

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 39.7 percent in 2005. The proportion of women in foreign employment remained clearly below the Austrian average of 46.1 percent in 2005 (Table 25).

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 2005 (45 percent). Next in line are Bosnians (41.2 percent) and Croatians (40.8 percent). The lowest proportion of women in total employment is amongst Macedonians (26.2 percent) but rising and Turks (26.7 percent), where the trend is falling. The lifting of labour market entry barriers to Turkish citizens as a result of the implementation of agreements of the EU with Turkey in 1997 tended to raise the share of women in the employment of Turks in Austria till 2001 with 27.3 percent; since then a declining trend set in, partly due to limited work opportunities in their major skill segments. Women from CEECs have low but rising employment shares – in 2005 to 32.3 percent.

*Table 26: Foreign workers of third countries by gender and nationality
Annual average*

Nationalities	Male	2004		2005		Total
		Male	Male	Male	Female	
Yugoslavia	30,782	30,782	30,782	27,804	22,726	50,530
Croatia	15,317	15,317	15,317	14,743	10,172	24,915
Slovenia	4,504	4,504	4,504	4,607	1,706	6,314
Bosnia	24,781	24,781	24,781	23,198	16,238	39,436
Macedonia	3659	3659	3659	3,541	1,255	4,796
Turkey	23,542	23,542	23,542	21,189	7,725	28,914
Others	36,761	36,761	36,761	37,612	18,711	56,322
of whom:						
Eastern Europe	29,203	29,203	29,203	29,692	14,191	43,883
Total	139,346	139,346	139,346	132,694	78,533	211,227

Source: Austrian Labour Market Service.

B) Industrial structure of foreign employment

The industrial structure of employment in the middle of the year (end of June 2005-06) provides a relatively good estimate of the average annual employment development in the current year. As a result of the economic upswing in 2006, total employment in manufacturing increased for the first time in four years. Both native and foreign employment profited such that the share of foreign workers remained constant at 14.4 percent.

Employment in manufacturing industries is affected by significant outsourcing and offshoring of certain production processes/lines, in particular to neighbouring countries in the East. It affects workers at the medium to lower skill level, natives and foreign workers alike. The industries affected most are textiles/clothing, stone/glass, food production and processing, as

well as chemical industries. But also certain production processes in machine and metal industries have been outsourced, explaining the weak employment development in this core manufacturing industry in Austria until the upswing in 2006.

Table 27: Employment of wage and salary earners by industry
By end of June

	2004			2006		
	Total	Foreigners	Foreigners in percent of total	Total	Foreigners	Foreigners in percent of total
Agriculture and forestry	33,545	11,594	34.6	33,814	11,685	34.6
Mining and manufacturing	865,421	124,392	14.4	867,794	125,235	14.4
Mining, stones and minerals	13,416	807	6.0	13,137	864	6.6
Food, drinks, tobacco	72,060	12,786	17.7	71,976	12,674	17.6
Textiles, clothing, leather	28,855	6,765	23.4	27,480	6,302	22.9
Wood, paper, printing, publishing	77,055	7,749	10.1	77,215	7,857	10.2
Chemicals, recycling	59,352	7,929	13.4	59,429	7,845	13.2
Stone and glassware	28,715	3,723	13.0	29,338	3,828	13.0
Production and processing of metals	268,779	30,452	11.3	270,257	30,845	11.4
Furniture, jewellery, musical instruments etc.	36,773	3,960	10.8	36,072	3,658	10.1
Energy and water supplies	27,167	375	1.4	26,078	413	1.6
Construction	253,249	49,846	19.7	256,812	50,949	19.8
Services	2,234,612	248,305	11.1	2,284,066	263,978	11.6
Trade, repairworks	502,553	55,804	11.1	509,899	58,994	11.6
Restaurants and hotels	168,245	52,507	31.2	173,980	55,231	31.7
Transport, telecommunications	219,103	24,801	11.3	218,155	25,588	11.7
Financing, insurance	109,974	4,069	3.7	108,634	4,367	4.0
Business oriented services	307,246	57,753	18.8	329,975	63,444	19.2
Public administration, social security ¹	460,890	13,368	2.9	467,519	13,861	3.0
Education and research	146,105	6,831	4.7	148,828	7,499	5.0
Health-, veterinary and social services	170,703	14,949	8.8	174,047	15,960	9.2
Other public and private services, extraterritorial organisations ¹	146,422	17,578	12.0	149,662	18,352	12.3
Private households	3,371	645	19.1	3,367	682	20.3
All Industries	3,133,578	384,291	12.3	3,185,674	400,898	12.6
Military service	12,346	.		13,685		
Parental leave	108,792	.		107,046		
Unknown	.	293			141	
Total	3,260,572	384,584		3,306,405	401,039	

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

Foreign workers, who tend to be core workers in traditional craft skills and as un- and semiskilled labourers, were amongst the losers in Austria of 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 and machine industries, could expand output and employment at the higher end of the skill segment in Austria.

In the current year, metal industries expanded their employment most significantly, a result of the increasing exports of car manufacturing products. Employment continued to be negative in textiles/clothing; reforms in the energy market were responsible for downsizing by natural attrition. Employment in construction was very favourable in the wake of increased expenditure in infrastructure, particularly by the public sector. Foreign workers could raise their share in employment in mining, in metal industries as well as in construction (Table 27).

As jobs for migrants started to dry up in manufacturing industries, i.e., in the tradeable sector, migrants increasingly turned to services and non-tradeables. As a result, their numbers increased in services from 248,300 in 2005 (+5 percent versus 2004) to 264,000 in 2006 (+49,500, +20 percent versus 2005). Thus their share in services employment increased to 11.6 percent in June 2006, after 11.1 percent in 2005.

The most dynamic services industries were business services which include the catch-all of temporary work agencies. The share of foreign workers increased to 19.2 percent (after 18.8 percent). The increased use of temporary work agencies, which may hire out all sorts of skills and occupations to different industries, tends 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. The job-growth tended to be at the lower to medium income scale.

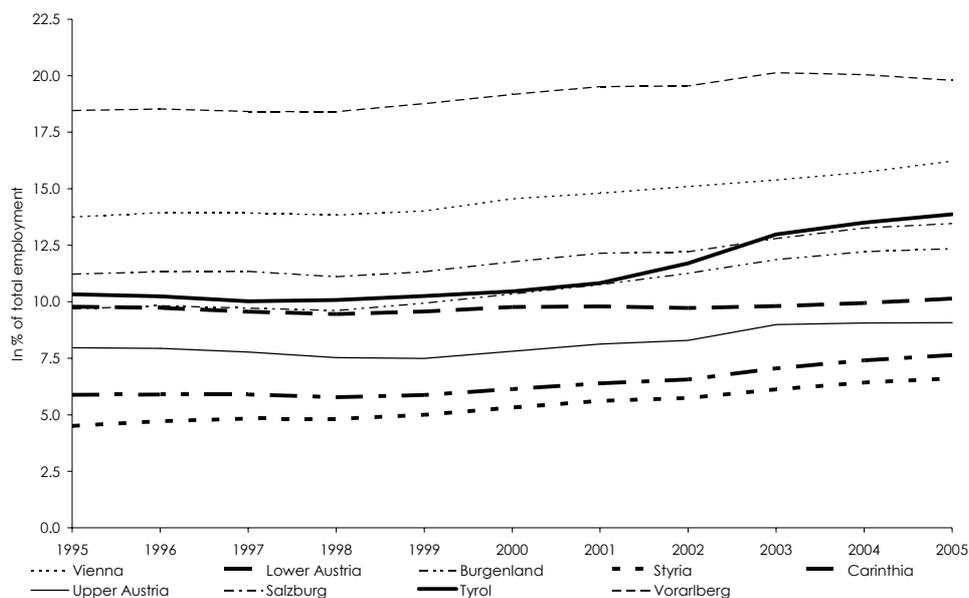
According to social security data, foreign employment rose by 16,600 or 4.3 percent to 400,900 in June 2006 versus a year ago. The industrial concentration of foreign workers, which had intensified in the early 1990s, has declined somewhat around the middle of the 1990s. In the second half of the 1990s, 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 34.6 percent in June 2005, where it remained in the current year. The supply of Austrian nationals for seasonal work, help in harvesting, etc., is not sufficient. Agriculture and forestry have now together with tourism industries (31.7 percent) and textiles-clothing-leather industries (22.9 percent) the highest foreign worker density.

Next in line are construction (19.8 percent), household services (20.3 percent), and business services (19.2 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 (Table 27).

C) *Regional distribution of foreign employment*

The regional distribution of foreigners in terms of the proportion of foreign workers in total employment has remained very stable in the second half of the 1990s but is changing slowly since 2000. Every federal state started to increase the share of foreign workers in total employment from 1999 onwards, but the rank order changed little. The region with the highest share of migrant workers is Vorarlberg, the westernmost province, followed by Vienna. Until 2003, Salzburg was number three in terms of foreign workers shares in the employment. This changed in 2004, when Tyrol, a region with an important tourism sector, moved up one rank, as seasonal workers are increasingly coming from abroad. In 2004, particularly Germans started to move in, taking advantage of free mobility of labour within the EU in view of the depressed labour market at home. At the bottom end of foreign worker intake are Styria and Carinthia. Thus, the rank order was affected by a differing regional mix of temporary workers and settlers, and the regionally differing propensity to grant citizenship to foreigners (Figure 29, Table 28).

Figure 29: Foreign worker share by region/Bundesland in Austria (foreigners in percent of total employment): 1995-2005



Source: Federation of Austrian Social Security Institutions.

Table 28: Regional distribution of foreign labour in Austria

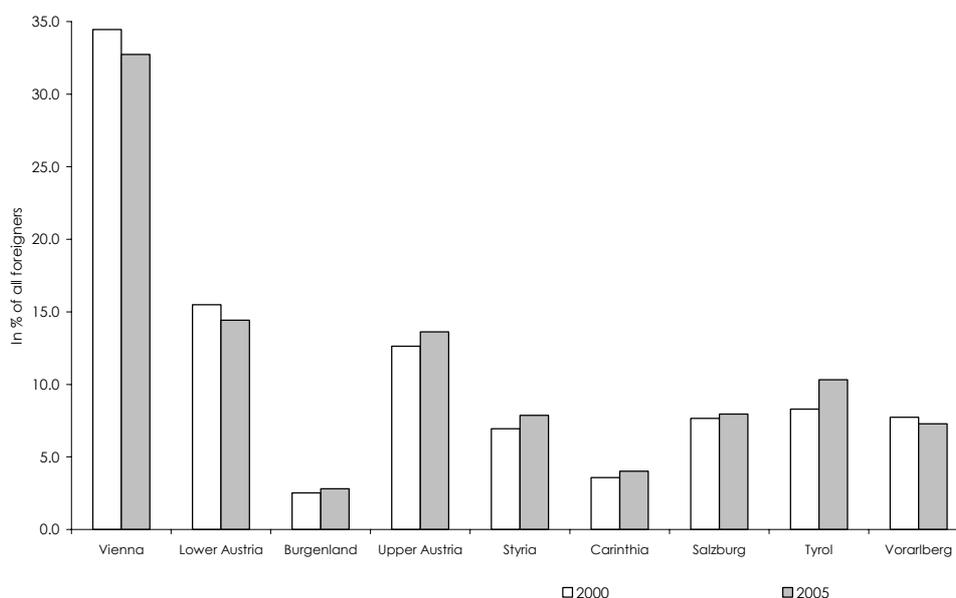
Annual average

	2004			2005		
	Total employment ¹	Foreigners ²	Percent	Total employment ¹	Foreigners ²	Percent
Vienna	728,600	114,603	15.7	731,277	118,629	16.2
Lower Austria	508,192	50,526	9.9	515,016	52,229	10.1
Burgenland	81,691	9,971	12.2	82,530	10,194	12.4
Styria	425,198	27,315	6.4	431,026	28,506	6.6
Carinthia	188,657	13,984	7.4	190,626	14,568	7.6
Upper Austria	537,366	48,673	9.1	543,489	49,325	9.1
Salzburg	212,357	28,161	13.3	214,054	28,823	13.5
Tyrol	264,678	35,746	13.5	269,346	37,357	13.9
Vorarlberg	131,805	26,433	20.1	133,044	26,337	19.8
Austria	3,078,544	362,299	11.8	3,110,408	374,187	12.0

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

The distribution of foreign workers across Austria is changing only marginally over time. The concentration of foreign workers upon Vienna and Lower Austria is somewhat reduced between 1997 and 2005, while particularly Tyrol, Carinthia and Styria attract larger numbers (Figure 30).

Figure 30: Regional distribution of foreign labour in Austria (total foreign employment = 100): 1990-2005



Source: Federation of Austrian Social Security Institutions.

The regional concentration of foreign workers differs somewhat by the nationality of foreigners. While on average 32.7 percent of all foreign workers were working in Vienna in 2005 – Yugoslavs are to a larger extent than the average concentrated upon Vienna (34.3 percent of all Yugoslavs). In contrast, the share of Turks (31.1 percent) is somewhat below the national average. 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, or from farther a field, particularly employees in international corporations and organisations and their families (34.8 percent). (Table 29)

Table 29: Foreign workers by region and nationality 2004 and 2005

Annual average

	Total		Foreign workers ¹				Among them from			
	2004	2005	Germany		Former Yugoslavia		Turkey		Others	
			2004	2005	2004	2005	2004	2005	2004	2005
	Percent									
Vienna	31.7	32.7	19.7	22.7	34.6	34.3	30.6	31.1	32.3	34.8
Lower Austria	13.9	14.4	8.6	10.1	12.8	12.7	16.3	15.9	16.4	17.8
Burgenland	2.8	2.8	1.1	1.3	1.3	1.3	0.7	0.8	6.4	6.6
Upper Austria	13.5	13.6	13.2	16.8	14.4	13.6	11.1	10.4	13.4	14.2
Styria	7.5	7.9	6.9	8.2	8.3	8.4	3.3	3.3	8.7	9.3
Carinthia	3.9	4.0	4.3	5.4	5.2	5.2	0.8	0.7	3.2	3.4
Salzburg	7.8	8.0	11.9	14.2	9.1	8.8	6.4	6.2	5.0	5.3
Tyrol	9.8	10.3	17.0	21.5	7.5	7.2	13.9	13.6	8.7	9.3
Vorarlberg	7.3	7.3	13.2	15.4	5.4	5.2	16.3	15.2	3.4	3.5
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 than other nationalities, the largest numbers being in Vienna, followed by Tyrol, Upper Austria and Vorarlberg. Yugoslavs on the other hand tend to concentrate, apart from Vienna, in Upper Austria. Turks, given their occupational specialisation in textiles, clothing and leather, are, apart from Vienna, more than proportionally represented in Vorarlberg, Lower Austria and Tyrol.

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 supply reductions, in particular a rush into early retirement and disability pensions as well as movements out of labour force, i.e., a rise in the number of discouraged workers. The period of economic upswing between 1997 and 2000 allowed unemployment to decline at the tail end of the

economic boom, i.e., in 1999 and 2000. With the economic downswing in 2001, unemployment started to rise again until 2005; the rise in unemployment only came to an end in the current year 2006, partly due to major increases in education and training measures.

Unemployment reached the highest level ever in 2005 with 252,700 registered unemployed, 58,300 or 30 percent more than in 2000, the beginning of the economic downturn. Over the period of 5 years, the number of unemployed Austrians increased by 39,800 (23.6 percent) to 208,400, and of foreigners by 18,500 (72 percent) to 44,300.

The share of foreigners in total unemployment rose to 17.5 percent in 2005, after 13.3 percent in 2000. Foreign men constitute a somewhat larger fraction of total male unemployment, namely 19.5 percent, compared to a share of foreign women in total female unemployment of 14.9 percent. While women make up 42.9 percent of all unemployed, the proportion of women in foreign unemployment is significantly lower with 36.4 percent (Table 30).

Table 30: Total unemployed and unemployed foreigners 1975-2005

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
2004	140,262	103,618	243,880	26,019	14,375	40,394
2005	144,238	108,416	252,654	28,170	16,132	44,302

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

The total unemployment rate has been rising from 2000 till 2005 by 1.5 percentage points to 7.3 percent; the cyclical pattern for foreign workers follows the national pattern.⁵ However, due to the employment concentration of migrant workers upon cyclically sensitive industries, the rise of unemployment rates of foreign workers has been more pronounced, i.e., by 3.1 percentage points to 10.6 percent. The differential has thus increased between 2000 from 1.7 percentage points to 3.3 percentage points.

Table 31: Total unemployment rates and unemployment rates of foreigners

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

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.

⁵ The unemployment rate is biased downwards due to double counting of women on maternity leave who have been working before the birth of their child(ren). As to the extent of underestimation of the unemployment rate see Table 1.

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

In 2005, the unemployment rate of foreign men amounted to 11.1 percent, +0.5 percentage points versus a year ago. It is significantly higher than the national unemployment rate of men of 7.7 percent. Foreign women had an unemployment rate of 9.8 percent, after 9.1 percent a year ago. The national unemployment rate of women amounted to 6.8 percent in 2005.

Turkish workers have traditionally had the highest unemployment rates of any foreign worker group. This was also the case in 2005. The unemployment rate of Turks had declined continuously between 1997 and 2000, but rose again in 2001 until 2005 to 14.1 percent, after 13.2 percent in 2004. The unemployment rate of Yugoslavs rose to 11.4 percent (after 11 percent 2004), thus raising the differential between Turks and Yugoslavs to 2.7 percentage points (Table 31).

A) *Unemployment by occupation and industry*

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

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

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

Table 32: Unemployment rates of indigenous and foreign active labour force according to selected occupations

1996-2005

Selected occupations	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<i>Nationals</i>										
Agriculture and forestry	14.3	14.2	15.0	14.7	14.0	14.2	15.0	15.7	16.3	16.9
Stone- and mineralworkers	4.6	4.4	4.3	4.0	3.8	3.9	4.2	4.5	4.4	4.3
Construction	8.6	8.3	8.4	8.2	7.9	8.9	9.5	9.7	9.7	9.9
Metalworkers, electricians	8.9	8.2	7.8	7.2	5.9	6.1	7.4	7.5	7.2	7.4
Woodprocessing	5.1	5.3	5.4	5.4	4.6	5.1	6.3	6.2	5.8	5.8
Textile workers	6.4	6.2	5.4	5.1	4.2	4.5	5.7	5.8	5.9	6.5
Clothing, shoe industry	15.9	15.9	15.7	14.6	12.8	12.0	13.3	13.6	13.9	13.8
Retail trade	4.5	4.8	5.0	4.7	3.9	3.9	4.5	4.8	4.8	4.9
Tourism	18.4	18.5	18.5	17.1	15.3	15.4	16.2	16.6	17.5	17.8
Total	7.1	7.2	7.2	6.7	5.8	6.0	6.7	6.9	7.9	8.1
<i>Foreigners</i>										
Agriculture and forestry	14.0	12.8	12.4	11.7	10.5	11.0	10.3	9.3	8.5	8.7
Stone- and mineralworkers	6.1	5.4	5.4	5.8	5.1	4.9	5.9	5.6	5.7	5.4
Construction	11.1	10.9	11.2	11.2	11.1	13.3	14.2	13.8	14.0	14.5
Metalworkers, electricians	10.4	9.7	9.6	8.7	7.2	8.2	10.8	10.7	10.3	10.3
Woodprocessing	6.3	6.5	6.3	6.0	5.2	5.5	6.5	5.9	5.4	5.4
Textile workers	7.4	5.8	4.9	5.3	4.2	3.8	4.6	5.4	5.9	7.0
Clothing, shoe industry	8.3	8.6	8.9	8.2	7.6	8.1	9.2	9.8	10.1	9.9
Retail trade	2.0	2.3	2.6	2.4	2.1	2.6	3.3	3.7	3.9	4.3
Tourism	10.9	11.3	11.7	10.9	10.0	9.8	10.2	10.2	10.5	10.9
Total	8.4	8.4	8.7	8.2	7.5	8.5	9.8	9.8	9.2	9.5

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

The ranking of unemployment rates by occupation differs therefore between Austrians and foreigners. In 2005, Austrians had the highest unemployment rates in tourism (17.8 percent), followed by agricultural occupations (16.9 percent) and in the clothing and leather industry (13.8 percent). Foreign workers, in contrast, had the highest rates in construction (14.5 percent), followed by tourism (10.9 percent), metal and electricians' work (10.3 percent), and work in the leather, clothing and shoe industry (9.9 percent).

In 2005, unemployment rates increased in almost all major occupations for nationals, with the exception of stone and mineral work and the clothing and shoe production. In the case of foreign workers, the unemployment rates increased also in almost all occupations, with the exception of the same occupations as of nationals (Table 32).

Table 33: Unemployment rates by industry of Austrians and foreigners 2004/2005

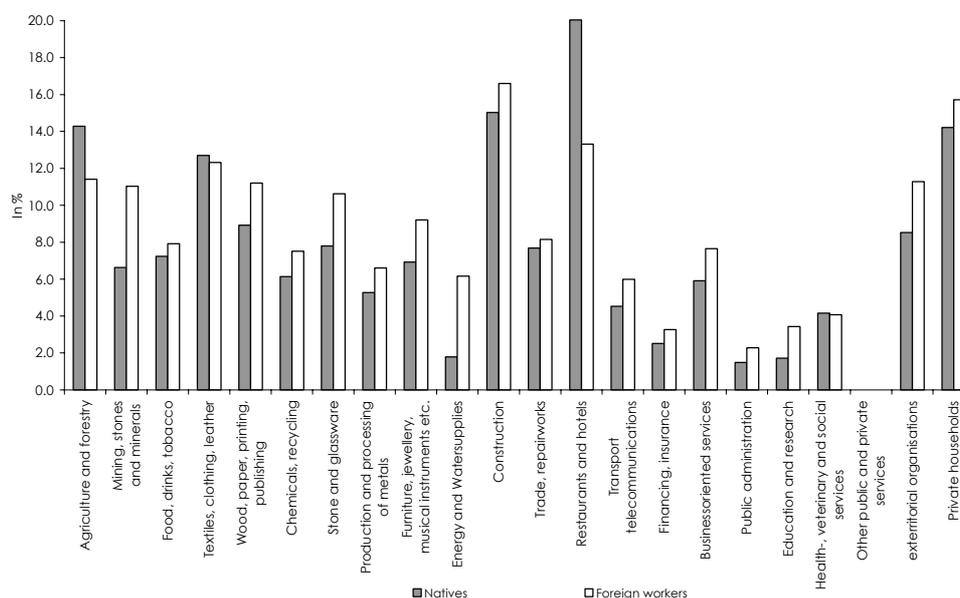
	Total labour force		Austrians		Foreigners	
	2004	2005	2004	2005	2004	2005
Agriculture and forestry	13.0	13.5	13.9	14.3	10.8	11.4
Mining and manufacturing	9.0	9.3	8.6	8.9	11.3	11.6
Mining, stones and minerals	6.4	6.9	6.0	6.6	11.9	11.0
Food, drinks, tobacco	7.0	7.4	6.9	7.2	7.2	7.9
Textiles, clothing, leather	11.8	12.6	12.1	12.7	11.0	12.3
Wood, paper, printing, publishing	9.0	9.2	8.9	8.9	10.0	11.2
Chemicals, recycling	6.1	6.3	6.0	6.1	6.9	7.5
Stone and glassware	7.9	8.2	7.5	7.8	10.2	10.6
Production and processing of metals	5.2	5.4	5.1	5.3	6.6	6.6
Furniture, jewellery, musical instruments etc.	7.0	7.2	6.8	6.9	9.0	9.2
Energy and water supplies	1.8	1.9	1.7	1.8	8.6	6.2
Construction	15.2	15.3	14.9	15.0	16.4	16.6
Services	6.0	6.1	5.7	5.8	8.2	8.5
Retail trade, repairworks	7.7	7.7	7.7	7.7	7.9	8.2
Restaurants and hotels	17.8	18.0	19.8	20.0	13.0	13.3
Transport, telecommunications	4.6	4.7	4.4	4.5	5.6	6.0
Financing, insurance	2.5	2.5	2.5	2.5	3.2	3.3
Business oriented services	6.1	6.2	5.9	5.9	7.2	7.7
Public administration, social security	1.6	1.5	1.6	1.5	2.3	2.3
Education and research	1.7	1.8	1.7	1.7	3.3	3.4
Health-, veterinary and social services	3.9	4.2	3.9	4.2	3.9	4.1
Other public and private services, extritorial organisations ¹	8.5	8.9	8.3	8.5	10.3	11.3
Private households	13.8	14.5	14.1	14.2	12.3	15.7
Sum of industries	7.3	7.0	6.7	6.7	10.0	9.6

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

A slightly different picture emerges, if one calculates unemployment rates by industry. One aspect remains the same, i.e., industries which have a strong seasonal employment component have the highest unemployment rates. Tourism industries take the lead with 18 percent, followed by construction (15.3 percent); agriculture is number 4 in this industry ranking of unemployment rates (13.5 percent) in 2005. Unemployment rates of people working in private households (14.5 percent) are somewhat higher than for people working in agriculture (Table 33 and Figure 31).

While the average unemployment rate of foreigners is higher than for Austrian workers, this is not the case in the seasonal industries – tourism and agriculture – as well as in textile and clothing industries as well as health and social services. The latter two are a new phenomenon of 2005. In all other industries foreign workers tend to have higher unemployment rates. This is to a large extent due to the type of jobs foreigners tend to have, i.e., the less skilled, low wage and low adjustment cost jobs. These types of jobs tend to have a higher turnover than higher skilled, higher wage jobs of nationals.

Figure 31: Unemployment rates by industry of Austrians and foreigners 2005



IV. Irregular migration

Illegally residing third country nationals are a heterogeneous group of people, depending partly on the legal framework of a country. The Austrian legal system does not make mention of rights of illegal residents. However, human rights apply to all persons on the territory irrespective of legal status. Persons residing illegally in Austria have, in addition, access to public health care in case of emergencies, they have also access to education services such as language courses, but they have no access to the formal labour and housing market. Furthermore, the possibility of issuing a residence permit on humanitarian grounds offers routes of legalisation of residence.

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

while others look at the number of persons in an illegal employment status, while residence is legal.

As to the numbers of persons illegally residing in Austria, there was a decline in 2004 versus 2003 (BMI, 2005), which was short-lived, however (BMI, 2006). According to the 'illegal migration' report of the Ministry of the Interior, the number of apprehended persons (smuggled persons, illegally entering and/or residing persons) amounted to 38,530 in 2004 and rose to 39,485 in 2005 (+800 or 2 percent versus a year ago). In addition, there was a shift in the structure of apprehensions. The proportion of smuggled persons increased (from 18,000 to 20,800), while the number of illegal entrants/stayers declined by 18 percent.

The most important countries of origin of smuggled persons are the Russian Federation, India, Moldova, Georgia and in 2005 Serbia-Montenegro. The main countries of origin of illegally entering and/or residing persons are Romania, Bulgaria, Moldova and Serbia. In 2005, there was a decline of human smuggling of persons from the Russian Federation (Chechnya) and a rerouting away from the Czech Republic to Slovakia. The majority of illegal entrants/stayers are Romanians and Bulgarians, who tend to be apprehended while they are en route through Austria to their home countries, after clandestine labour in other EU-MS. About two thirds of the apprehended persons in Austria, who were smuggled (64.4 percent in 2004) applied for asylum upon apprehension.

As human trafficking is a well organised crime business, cooperation between old and new EU-MS on the one hand and source countries/countries of transit on the other is increasing.

As far as the number of persons who may reside in Austria legally but not access the labour market (except after an employment test) appears to be on the rise. The latter aspect has surfaced in 2006 when court cases brought to the light that care work in the household sector is increasingly undertaken by persons from the new EU-MS, without the legally required steps of social security backed employment contracts; thus, the employing households do not only pay significantly lower wages than the legal minimum wages, but in addition avoid paying social security contributions for the carers. The numbers cited are 40,000 illegally working care workers in Austria, the majority from Slovakia. The organisation of care work in the household sector has become such a hot topic of debate in Austria that reform legislation is on the agenda of whatever new government is going to come into power⁶. An element of reform will be the legalisation of the status of the current care workers from new EU-MS.

The few data collected on illegal foreign employment reveal that, apart from care work, the industries most affected are construction, catering, agriculture and small-scale industry. Until 2002 (Biffi *et al.*, 2002), the majority of illegally working immigrants came from Poland or Slovakia on the one hand and the successor states of Former Yugoslavia on the other. Ever

⁶ Federal elections took place on October 1, 2006; government talks have not been terminated by the time of finishing this report.

since then, no comprehensive information has been made available on clandestine work by nationality.

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

Austria implements different policies in order to prevent or control for illegal migration. The most obvious and most frequently applied approach is prevention and exertion of domestic control, followed by a policy of expulsion and deportation (Table 34).

Trafficking in and smuggling of human beings play an important role in Austria; Austria is considered to be both, a destination country as well as a transit country for illegal migrants on their way to other EU member states. According to the Austrian Criminal Intelligence Service, the main points of entry of smuggled persons to Austria are from Hungary, Slovakia, and the Czech Republic; the routes used by land or air differ according to the nationalities of the immigrants. Central and Eastern Europe are the main countries of origin of persons (mainly women) affected by human trafficking. During the last 15 years, external border control, international police cooperation and information exchange have constantly been improved. On the international level, so-called "security partnerships" have been established with Austria's neighbouring countries in 2000, and a number of joint projects have been implemented concerning countermeasures against human smuggling and trafficking in the countries of origin. Austria has also concluded several readmission agreements on a bilateral level with countries of origin and transit of illegal immigration. (NCP 2006) The continuous reporting system of the Ministry of Interior is providing increasingly differentiated data on the various forms of illegal migration and the changing dynamics over time.

A) *Alien police measures*

Alien police measures entail a number of measures which may impact on migrants. The measures include expulsions, rejections at the border, refoulement cases, denial of residence etc. In 2005, all in all 57, 700 such police actions were registered, 8,800 or 13 percent less than a year ago. Thus, the downward trend, which set in four years ago, continued well into the current year.

The majority of actions (47 percent) are taken at the border, i.e., rejections of entry due to information from the SIS (Schengen Information System) or lack of required papers (passport or visa), or expected black market work, or lack of financial means; followed by denials of residence (12.5 percent of all actions), and custody prior to deportation (12.9 percent of all actions).

Table 34: Statistic of alien police measures

	Sum over the year 2004	Sum over the year 2005		Sum Janu- ary to May 2006
FrG 2005			FPG 2006	
Rejections at the border			Rejections at the border	
§ 52/1 FrG (no passport or Visa)	9,830	11,859	§ 41/1 FPG (refuse entry)	554
§ 52/2/1 FrG (refusal of residence)	1,717	1,336	§ 41/2/1 FPG (unlawful entry)	3,832
§ 52/2/2 FrG (SIS – search)	9,162	8,346	§ 41/2/2 FPG (refusal of residence)	998
§ 52/2/3/a FrG (security)	1,907	4,568	§ 41/2/3 FPG (SIS – search)	4,644
§ 52/2/3/b FrG (clandestine work)	510	95	§ 41/2/4/a FPG (security)	2,260
§ 52/2/3/c FrG (trafficking of humans)	79	61	§ 41/2/4/b FPG (clandestine work)	301
§ 52/2/4 FrG (lack of financial means)	3,029	716	§ 41/2/4/c FPG (trafficking of humans)	14
§ 52/2/5 FrG (finance delict)	46	62	§ 41/2/5 FPG (lack of financial means)	170
Total	26,280	27,043	§ 41/2/6 FPG (finance delict)	7
Removal to home country			Total	12,780
§ 55/1/1 FrG (avoidance of border control)	3,074	1,119	Removal to home country	
§ 55/1/2 FrG (accord to take persons back)	1,058	776	§ 45/1/1 FPG (avoidance of border control)	429
Total	4,132	1,895	§ 45/1/2 FPG (accord to take persons back)	158
Expulsion from Austria			Total	587
§ 33/1 FrG (illegal residence)	5,449	3,952	Expulsion from Austria	
§ 33/2/1 FrG (criminal case)	32	6	§ 53/1 FPG (illegal residence)	1,194
§ 33/2/2 FrG (illegal purpose)	5	1	§ 53/2/1 FPG (criminal case)	8
§ 33/2/3 FrG (prostitution)	9	15	§ 53/2/2 FPG (illegal purpose)	0
§ 33/2/4 FrG (lack of financial means)	107	54	§ 53/2/3 FPG (prostitution)	4
§ 33/2/5 FrG (clandestine work)	258	123	§ 53/2/4 (lack of financial means)	43
§ 33/2/6 FrG (illegal entry)	244	155	§ 53/2/5 (clandestine work)	34
Total	6,104	4,306	Total	1,283
Expulsion from Austria			Expulsion from Austria	
§ 34/1 FrG (false pretense, deceit)	251	434	§ 54/1 FPG (false pretense, deceit)	13
§ 34/2 FrG (lack of employment)	12	2	§ 54/2 FPG (lack of employment)	0
			§ 54/3 FPG (integration agreement unfulfilled)	0
§ 34/3 FrG (unemployable)	11	3	§ 54/4 FPG (fulfillment of integration agreement has not started yet)	0
Total	274	439	§ 54/5 FPG (unemployable)	1
Refusal of residence			Total	14
§ 36/1 FrG (security)	1,891	1,190	Refusal of residence	
§ 36/2/1 FrG (criminal civil case)	2,662	2,958	§ 60/1 FPG (security)	326
§ 36/2/2 FrG (criminal administr.act)	19	24	§ 60/2/1 FPG (criminal civil case)	507
§ 36/2/3 FrG (finance delict)	6	6	§ 60/2/2 FPG (criminal administr.act)	2
§ 36/2/4 FrG (prostitution)	24	84	§ 60/2/3 FPG (finance delict)	1
§ 36/2/5 FrG (Trafficking of humans)	158	207	§ 60/2/4 FPG (prostitution)	33
§ 36/2/6 FrG (false information)	583	378	§ 60/2/5 (Trafficking of humans)	46
§ 36/2/7 FrG (lack of financial means)	2,929	1,650	§ 60/2/6 FPG (false information)	100
§ 36/2/8 FrG (clandestine work)	642	452	§ 60/2/7 FPG (lack of financial means)	536
§ 36/2/9 FrG (deceptive marriage)	200	232	§ 60/2/8 FPG (clandestine work)	113
§ 36/2/1 FrG (deceptive adoption)	36	13	§ 60/2/9 FPG (deceptive marriage)	34
			§ 60/2/10 FPG (deceptive adoption)	1
Total	9,150	7,194	§ 60/2/11 FPG (lack of return permission)	1
Custody prior to deportation			§ 60/2/12 FPG (terroristic union)	0
§ 76	9,041	7,463	§ 60/2/13 FPG (national security)	0
Lesser Means § 77	362	285	§ 60/2/14 FPG (approval of war crime)	0
Coercive measures	391	20	Total	1,700
Voluntary return § 23/3 SDÜ			Refusal of return	
registered	3,530	3,321	§ 62/1 FPG (public security)	40
Not registered	1,980	1,470	§ 62/2 FPG (criminal civil case)	348
Deportation			§ 62/2 FPG (criminal administr.act)	1
§ 56/1	5,274	4,277	§ 62/2 FPG (finance delict)	0
Sum of all actions	66,500	57,713	§ 62/2 FPG (prostitution)	0
			§ 62/2 FPG (Trafficking of humans)	4
			§ 62/2 FPG (clandestine work)	8
			§ 60/2 FPG (deceptive marriage)	6
			§ 62/2 FPG (deceptive adoption)	2
			§ 62/2 FPG (terroristic union)	0
			§ 62/2 FPG (national security)	0
			§ 62/2 (approval of war crime)	0
			Total	409
			Deportation	
			§ 46 FPG (deportation)	1,779
			Sum of all actions	25,123

Source: Federal Ministry of the Interior.

Once a person entered Austria successfully and engaged in illegal activities, expulsions and denial of residence rights may be the consequence. The number of expulsions and withdrawals of the right of residence due to limited financial means, clandestine work and un-employability declined in 2005 as in 2004. The large majority of apprehended clandestine workers has entered as tourists. 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 (Table 34).

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 continued to decline until 2003; in contrast, in 2004 the number rose again from 6,500 to 9,800. In the current year a further rise is taking place.

According to data from the Federal Ministry of the Interior the number of persons captured for trafficking of humans has declined somewhat in 2004. This may be to some extent the result of concerted action to prosecute smugglers in humans.

V. Remittances of foreign workers

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

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

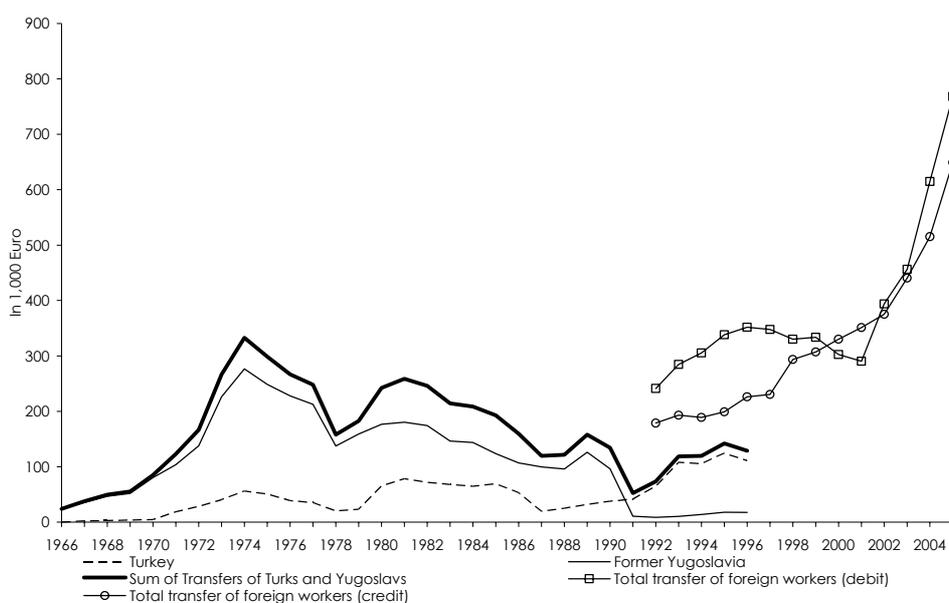
Regulatory changes by the Austrian National Bank pertaining to the registration of money transfers abroad brought about a break in the series. The amount of money, which an individual wants to transfer abroad, must be registered, if it surpasses € 5,087 (ATS 70,000). This is a rather high amount of money,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

transfers go unregistered, while playing an important role for the individual and family welfare in the recipient countries.

In the light of the relatively small amount of money which is being transferred home by foreign workers via registration by 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 2005, thus exceeding the inflows of money from abroad since 2002.

Figure 32: Remittances of foreign workers to their home countries 1966-2005

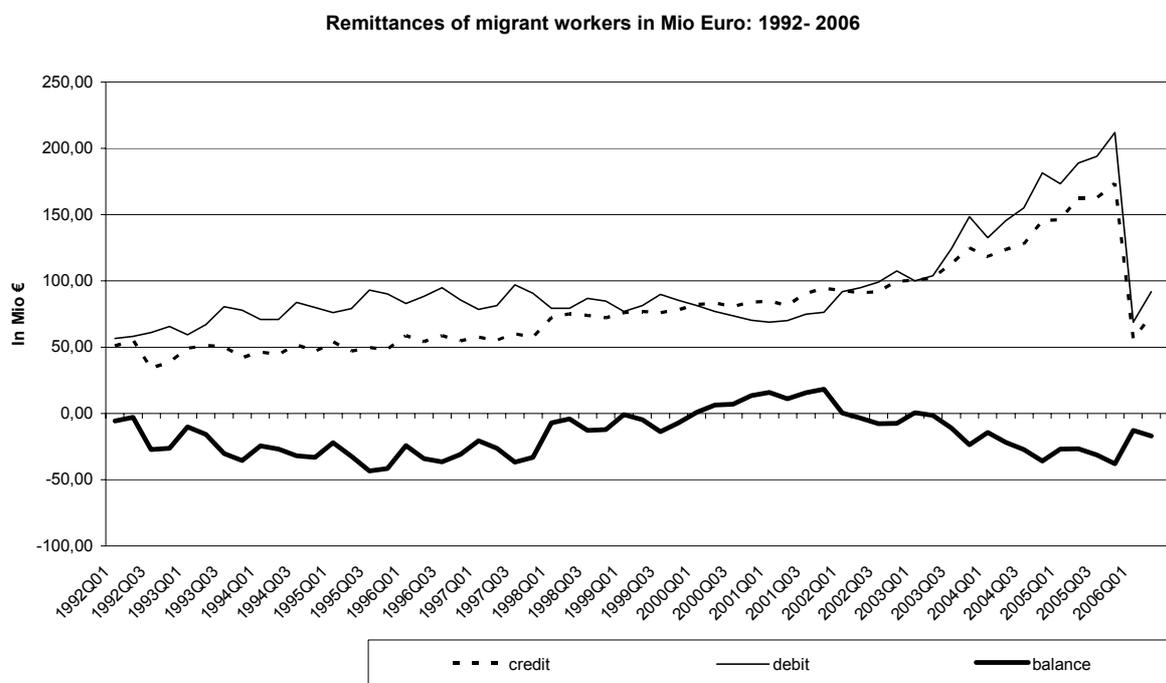


Source: Austrian National Bank (OeNB).

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 employment and income security, particularly since 2002 with the introduction of the green card, remittances picked up 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 € (1.9 million ATS) 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, but became negative in 2004; in 2005 the outflow increased again to a debit of some 26 million €.

Figure 33: Remittances of migrant workers in million €



VI. Integration of migrants⁷

The integration of migrants is facilitated by a governance system which is capable of promoting the integration of migrants effectively and efficiently within a broad national

⁷ This chapter is an excerpt of a presentation at the Technical Seminar on Integration Mainstreaming (INTI), in Dublin, 4 to 5 October 2005.

strategy of socio-economic, cultural and political inclusion. Such a system, while ensuring continuity and stability, has to be flexible and adaptable to new needs; the latter emanate from a world characterised by continuous change. As the pattern of migration evolves, so will the needs of the migrants and the host communities in their quest for integration and participation.

Obviously, newcomers will have different needs than second and possibly third generation migrants as well as various migrant groups, be they migrant workers or refugees. Mainstream integration will have to cater for all needs in order to ensure that social cohesion is not jeopardised.

Austria is a country with a long tradition of immigration, particularly worker migration and refugee intake. As a result, it has an above average share of migrants (foreign born) in its population in EU – comparison, the majority from third countries. Both migration and integration policies are decided upon and implemented in the regions (Bundesländer). Federal laws tend to provide a general framework only, leaving it up to the federal states to draw up integration measures suitable for the special circumstances of the region. Even today, integration is a relatively loose term in the new law regulating the residence and settlement of foreigners (Niederlassungs- und Aufenthaltsgesetz – NAG 2005), leaving it up to the states to devise an institutional and budgetary framework to organise the integration of migrants. Due to the strong regional focus of policy formulation and implementation and the horizontal character of integration, comprising areas as diverse as education, employment, housing, health, social services, cultural activities and the like, little is known on a federal level about the amount of money spent on integration in the various regions, the instruments and measures implemented and their respective effectiveness⁸.

While it may appear, especially for a small country, that a single-issue national agency with a clear mandate to oversee the process of mainstream integration is necessary for a more efficient national integration policy, integration may be quite effectively undertaken at a local level even in the absence of a national strategy and institution. This can be verified in the case of Austria, a country which does not have a federal body/agency endowed with the power to draw up and/or coordinate migration and integration policies for migrants. As a matter of fact, integration is on the political agenda of every federal state. Thus, Austria has fairly diverse regional systems of integration, which take into account the different needs of migrants as well as host communities. The various integration systems may differ by the speed, depth and scope of integration, which may be guided by different objectives of the regions as to the role of migration in their socio-economic development.

One regional difference in integration measures which has received the attention of the media in the year 2003 as a result of an EU guideline (2003/109/EC) was housing policy, to be

⁸ For a first attempt to collect information about integration measures in the various regions see *IOM – BMI* (2005).

precise: the access of council housing to foreign residents. While cities like Salzburg⁹ or Innsbruck had opened council housing to poor foreigners for some time, this has only been the case in exceptional circumstance in the cities of Vienna and Graz. The EU guideline to open council housing to permanent residents of third countries has been implemented in Graz and Vienna with the implementation of the new residence laws (NAG 2005) in 2006. The new settlement law (§45 NAG 2005) offers a definition of permanent residence status. Thus, by 2006, every permanent resident with a green card (after 5 year legal residence, sufficient income and knowledge of German (Integration package), is eligible for an apartment in council houses in Vienna, Graz and other cities.

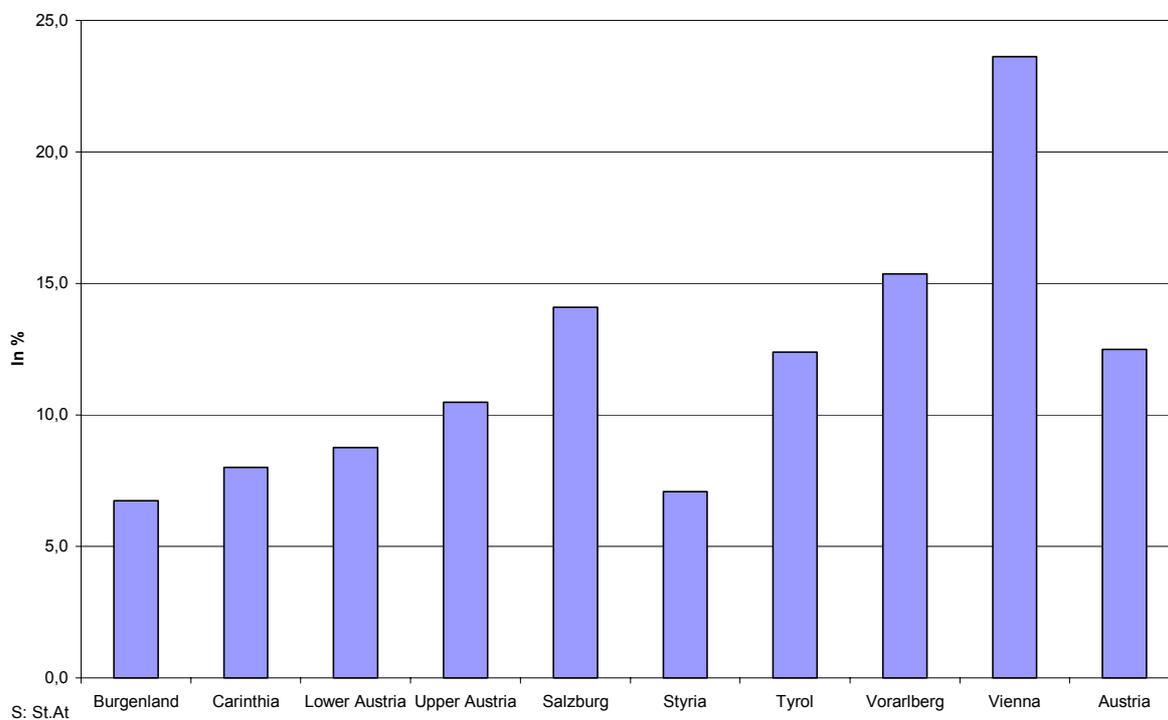
1. A good practice example of integration: the case of Tyrol

In this report I concentrate on Tyrol, a federal state (Bundesland) with a proportion of foreign born in the population corresponding to the national average of 12.5 percent (2001), (Figure 34). Tyrol is chosen because it is a very diverse region as far as the demographic and socio-economic structure is concerned, encompassing rural as well as urban areas, a wide spread of industries with a dominance of small and medium sized enterprises, and a great diversity of migrants as far as their ethnic and cultural mix is concerned, their educational attainment and the reason for coming (work, family reunion, refugees). The mainstream integration system developed in Tyrol has the ingredients necessary for a national system of integration, giving NGOs an important role in shaping it.

Vienna has addressed the issue of integration earlier than other federal states, combining targeting and mainstreaming, as both approaches seem to be necessary in a society under constant flux. But we do not focus on the city of Vienna, as cities face different challenges than regions like Tyrol. Vienna has also a significantly higher share of foreign born in its population (23.6 percent), a result of an explicit population growth strategy, dating back to the 1970s. Also, a large city like Vienna plays a different role in globalisation than other regions in Austria. In addition, ethnically based social networks may also be a causal factor for the concentration of migrants in Vienna.

⁹ Salzburg has introduced a quota system in 1992, according to which 20 percent of council housing are to be made available to third country citizens who have resided or worked in Salzburg for three years. The proportion is in accordance with the foreign worker share in the city.

Figure 34: Proportion of foreign born in the population in Austria by region (Bundesländer) 2001



In 2002, Tyrol established an agency within the State government (Integrationsreferat der Landesregierung)¹⁰, with the mission to mainstream integration policies and measures for migrants in all relevant portfolios of the State government and the communities, reaching out to and including civil society and social partners. Integration is seen as an essential part of a 'harmonious social development'. In order to be able to effectively mainstream integration, a think-tank, i.e., a consultancy body, has been created as a first step. This body advises the agency on how to go about mainstreaming integration. This body comprises consultants of various kinds, experts with and without migration background in a variety of specialty fields in the various departments and regions, as well as NGOs and the scientific community. A university institute (University Innsbruck) follows the development steps of integration mainstreaming and analyses and evaluates the process and progress.

One of the first steps was to draw up guiding lines/principles of integration for migrants in Tyrol (Leitbild zur Integration von Zuwanderern in Tirol). These guidelines represent the idea of mainstream integration of migrants as an integral part of social development in Tyrol. They are to ensure the sustainability of the socio-economic integration of migrants. The guidelines

¹⁰ For details see the multilingual website www.integrationsportal.at

are modelled after the model developed in Basel, Switzerland, with a planning horizon of 10 years, and an operational concept of the road to take.

To facilitate a comprehensive coverage of integration mainstreaming, a participatory approach was applied in the development phase of the guidelines by including a variety of institutions, actors and interest groups as well as migrant associations. A strategic steering committee ensures that all regions and portfolios are included in the development of integration mainstreaming.

One of the aims of the agency is to persuade migrants and the host communities that integration makes sense and is necessary. Emotional, social and legal barriers to successful integration are to be made visible so that they may be addressed and eliminated in due course.

The agency has certain tasks to fulfil, in particular

- to provide information and guidance,
- to promote the acquisition of language and other skills,
- to raise the educational attainment level of the migrants,
- to promote social equality,
- to draw up special measures for women, children, youth, old, sick and disabled,
- to act as a mediator in case of conflict,
- to fund projects and research, in particular impact studies and evaluations,
- to provide funding and help draw up measures to promote the employability and employment of migrants, and
- to promote the participation of migrants in cultural, sports and other leisure activities.

The website is already an important source of information for migrants. It provides links to German courses for migrants and institutions engaged in mainstreaming activities. The agency is also the major source of funding of institutions, associations and initiatives of individuals and groups of persons in support of activities which promote the integration of migrants and the peaceful co-existence of natives and immigrants¹¹.

A) *The role of NGOs in mainstream integration*

The above outline of the design of integration mainstreaming indicates the important role Tyrol regional government is giving to NGOs in defining integration and in drawing up a horizontal (including all portfolios) and vertical (including all localities and levels of

¹¹ See <http://www.tirol.gv.at/themen/gesellschaftundsoziales/integration/downloads/foerderungsrichtlinien.pdf>

administration) system of integration. Thus, NGOs participate in the early stage of planning mainstreaming. In addition, they are important partners of public administration in organising integration initiatives and implementing integration measures. A good example of an NGO, which acts as a bridge between public administration, migrants and host communities is the multicultural association ('Verein Multikulturell')¹².

The non-profit association Verein Multikulturell, with its strong intercultural orientation, was founded in 1993. Its mission is to promote intercultural dialogue. One of its activities is the use of the media to promote communication within and between host and migrant communities; topics are addressed, which impact on integration and social cohesion, e.g., learning about diverse cultures and beliefs, and providing a platform for dialogue. The development of the magazine 'Mosaik', which is focusing on migration and cultural issues, is one example, others are radio programmes in the various languages and a television programme focusing on experiences of migrants – 'Heimat, fremde Heimat' (Home, foreign Home). Also the internet has been included as a vehicle to promote integration, e.g. by setting up the internet portal 'Mona' (Migration online Austria). Further, a college for migrants is run by the association (Migrationsakademie), which offers German courses at all levels of competence for adults and pupils of primary and secondary schools, as well as computer courses for adults and youth. A special unit provides the linkage between schools and migrants, students and their parents, as well as between employers and their special needs when working with migrants. In the context of rendering training more efficient, this involves having multicultural and/or -lingual trainers to deal with education and training measures. These activities are funded by a combination of public institutions, the state integration agency and employers.

The same association (Verein Multikulturell) also acts as research centre, surveying the living conditions of migrants, building on the trust and confidence migrants have in people working with/in the multicultural association. This regional NGO acts locally within a larger network of institutions. It is also linked to national and supranational NGO networks. Examples of the NGO-networks are the Tyrolian and Austrian cultural initiative (Tiroler Kulturinitiative and IG Kultur Österreich), the Forum of Integration (Integrationsforum Tirol), the European Migrants Forum (EUMF), the European network against Racism (ENAR) as well as the European Multicultural Foundation.

This NGO is thus not only integrated in the development of the guidelines of integration (mainstreaming), but also in the effective execution of various tasks, in particular provision of intercultural and professional competence; The 'Verein Multikulturell' is, for example, cooperating with other NGOs/NPOs in the region, e.g. the multicultural nursery (Kindervilla; <http://www.kindervilla.info/>): 'Kindervilla' provides day-care for preschool children in various languages (by bilingual/bicultural professionals) for children of natives and migrants; its cooperation with the multicultural association is in the provision of German courses for

¹² For more information see their website: <http://www.migration.cc>

migrant school children after school hours, to promote their learning capacity. The intercultural competence of the association is also accessed by public institutions, training officials at various levels of government, helping migrant families to access mainstream as well as targeted services, etc., The integration of NGOs into EU-wide networks promotes the expertise and professionalism of local actors; it is also helpful in accessing EU-wide funds to promote integration.

According to the NGOs, mainstreaming could be organised more effectively by contracting out various activities from public institutions to NGOs, rather than by co-funding them through subsidies. One example of services, which can be effectively outsourced to NGOs, is bilingual occupational education and training, as intercultural expertise tends to be higher in migrant associations than in traditional public sector institutions. In the case of Tyrol, where mainstream public institutions do not (yet?) provide sufficient career counselling, nor education and training for migrants, a greater degree of inclusion of NGOs in the provision of such services, could speed up integration and promote equal opportunity for migrants. Another public concern, namely, health issues of migrants, particularly of migrant women, can be more easily addressed by government if migrant associations are included.

As exemplified by the case of Tyrol, to deal with the challenges that an increasingly diverse and mobile society poses for integration, mainstream government organisations should be complemented by NGOs/civil society groups. These bodies are able to voice new needs and their inclusion in integration policies ensures greater credibility of policy initiatives. This implies including associations of migrant groups and/or NGOs that cater for the various needs of migrants in policy formulation, decision making and implementation.

VII. Statistical commentary

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

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