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**ÖSTERREICHISCHES INSTITUT FÜR
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**SOPEMI Report on Labour Migration
Austria 2007-08**

Gudrun Biffl

November 2008

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Annual contribution of the Austrian Institute of Economic Research for
OECD – Système d'observation permanente des migrations (SOPEMI)

Abstract

The SOPEMI Report provides an overview of developments in the area of migration and migration policy in Austria. The report focuses on the legal framework as well as migratory flows and their composition, on access to the labour market and the labour market outcomes of migrants, irregular migration and integration measures. The report is the annual Austrian contribution to the OECD publication "Migration Outlook".

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2008/363-1/S/WIFO project no: 8307

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Medieninhaber (Verleger), Herausgeber und Hersteller: Österreichisches Institut für Wirtschaftsforschung,
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Verlags- und Herstellungsort: Wien

Verkaufspreis: 30,00 € • Kostenloser Download: http://www.wifo.ac.at/www/jsp/index.jsp?fid=23923&id=34259&typeid=8&display_mode=2

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Gudrun Biffi

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Abstract

The inflow of permanent immigrants declined somewhat in 2006 and 2007, as fewer third country nationals (i.e., non-EEA citizens) were admitted for settlement. Their inflow halved to 15,900 in 2007, after 32,200 in 2005. This was one outcome of the reformed immigration law (NAG 2005), as it put a break on the inflow of unskilled spouses of Austrians, who themselves are living off welfare. More than 90 percent of new settlers from third countries enter on the basis of family migration.

Only one third of all permanent immigrant inflows from third countries enter under a quota (5,300 in 2007), i.e., either as a highly skilled migrant worker or as a family member of a third country migrant. Two thirds enter as family members of an Austrian or EEA citizen or on humanitarian grounds.

While the inflow of third country nationals slows down, the contrary is true for citizens from the EEA. While by mid 2007 some 30,100 registered their settlement in Austria, their number had doubled by mid 2008 (66,200). Somewhat more than 50 percent come to work, 10 percent to attend schools and the rest to join their families.

Unlike permanent immigration, temporary migration (surpassing 6 months of residence) is not capped by quotas for third country nationals. The annual inflows are only registered in the case of third country citizens; they may be students, researchers, artists or scientists, intercompany transferees, cross-border service providers, or humanitarian cases. The annual inflows declined somewhat between 2006 and 2007 to 5,700. Temporary residence status is granted to students of third countries who fulfil the requirements imposed by the universities (schools) – apart from credentials proof of the capacity to cover their expenses while residing in Austria. They constitute about 40 percent of all inflows of temporary migrants. The other major group are researchers, scientists, and artists and their families – they constitute the other 40 percent of the annual inflows. Relatively small numbers enter as service providers, intercompany transferees or on humanitarian grounds.

As temporary migrants from another EU-MS have the right to settle in Austria, the inflow of seasonal workers, largely from Germany and new EU-MS, is not captured in the permit data of the Ministry of the Interior. Information about inflows of seasonal workers is available from permit data of the Labour Market Service. The data capture only inflows from new EU-MS – as long as transition regulations apply – and from third countries. Accordingly, the inflow of 10,000 seasonal workers in tourism and harvesting (annual average for 2007) is underestimating the actual inflow of seasonal workers.

Accordingly, the annual inflow of foreigners registered in the population register is somewhat higher than administrative data, as the latter is focusing on specific groups of migrants only. It amounted to 92,000 foreigners in 2007, some 10,000 less than in 2005. Thus the inflow rate (foreigners per 1,000 inhabitants) declined to 11.1, which is still somewhat higher than on average in the first half of the years 2000 (11.7). As the outflow rate of foreigners increased in 2006/07 to 6.5 (after 5.8 in 2005), net immigration of foreigners declined somewhat in 2007

compared to 2005. An international comparison of inflow and outflow rates demonstrates that Austria has one of the highest inflow rates of foreigners, similar to Switzerland and Ireland, in Europe only surpassed by Spain and Luxembourg, overseas by New Zealand. But as outflow rates are also relatively high, the net inflow rate corresponds to the level of traditional immigration countries like Australia and New Zealand overseas and Switzerland in Europe.

While Austria has a long tradition of immigration of foreigners, it also has a fairly longstanding net emigration of Austrians. In 2007, some 15,000 Austrians returned from abroad (inflows), while more than 20,000 went abroad (outflows). The negative balance has declined since the early years of 2000 (2002: -20,300) to 5,500 in 2007.

With about 12,000 asylum applications in 2007, the decline since the peak of more than 39,000 in 2002 continues. The investment in personnel and infrastructure has allowed a substantial reduction in the backlog of asylum procedures to 30,000 asylum cases at the end of 2007. The majority (80 percent) are in the second stage of appeals against a negative first verdict. In international comparison the acceptance rate is high. It was close to 50 percent in 2007 (positive cases in percent of positive and negative judgements).

The number of naturalisations is declining rapidly from a peak of 45,100 in 2003 to 14,000 in 2007. The decline is due to two factors – the reform of the citizenship law (2005) and the end of the echo effect of the immigration wave of the early 1990s. The reform of the citizenship law introduced barriers to the acquisition of Austrian citizenship through marriage with an Austrian, e.g., by expanding the period of cohabitation. One consequence of the legislative reform and the end of the echo effect of immigration has been the decline of mixed marriages, while the number of marriages with both spouses native or foreign has remained fairly stable. The number of mixed marriages declined from a peak of 10,000 in 2003 to 6,500 in 2007. This indicates that a large number of mixed marriages were between naturalised Austrians and a partner from the original source country of the naturalised Austrian.

According to the central population register 1.265 million or 15.2 percent of a total of 8.332 million inhabitants were foreign born in January 2008. The number of foreigners was smaller reaching 854,750 or 10.3 percent of the total resident population. The employment rates of migrants differ by country of origin, but are highest for men and women originating from former Yugoslavia and for men with Turkish origin.

The unemployment rates of migrants are higher than for natives. As the major employment segments of migrants are increasingly under economic pressure, more and more migrants become entrepreneurs. The propensity to become self-employed differs by country of birth. Migrants from the Near East, from other EU-MS, America and Africa are more often self-employed than native Austrians. Asians are about as often self-employed as native Austrians, while persons from the traditional migrant worker source countries, i.e., Turkey and former Yugoslavia, are relatively seldom self-employed.

Austria is a country with a long tradition of immigration, but a short history of structured and comprehensive integration. But since the early years of 2000, integration has become a focal point of policy on a federal level. Thus integration on a regional basis is beginning to be complemented by a federal strategy.

Introduction: The economy and the labour market 2007/2008*

While global economic and trade growth have an impact on the Austrian economy, it is above all the economic development of the EU which determines Austrian GDP growth – as 73 percent of all exports go into the EU-26 countries. As EU-growth remained at a high level in the year 2007, so did Austrian economic growth; with 3.4 percent (after 3.3 percent 2006) Austria achieved one of the highest economic growth rates in Europe in 2007.

The growth rate was clearly above the EU 27 (2.9 percent) and the euro-area (2.6 percent). The Austrian economy continued to fare 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 the Near and Far East, and growing market shares.

The economic upswing continued into the first half of 2008, but business confidence declined rapidly in the second half of 2008, as the fiscal crisis of the United States increasingly spilling over into the real economy. With a time lag of half a year, also European economic growth is impeded, affecting Austria as well. It can be expected that Austrian real economic growth will decline to 2 percent in 2008; it will remain above the growth rate of the EU 27 (1.6 percent) and the euro-area (1.2 percent).

In Austria in 2007, the major driving force for economic growth was export growth. Commodity exports increased by 8.2 percent in real terms. Austria is gaining market shares in the EU, partly as a result of the favourable development of unit labour costs compared to the major Austrian trading partners, a result of strong productivity increases and modest wage rises. The strong trade link with the USA – rank number 3 of Austria's major trading partners, after Germany and Italy, is starting to make itself felt, however, affecting above all car manufacturing. Trade with South-East-European countries and China continued to be strong, though, thereby supporting export demand.

With increasing international integration and outsourcing of elements/stages of production in a value added chain, exports and imports are rising in tandem. In 2007 exports were more dynamic than imports, however, allowing a turnaround in the trade balance from a slight deficit in 2006 (-0.5 billion Euros) to a slight surplus in 2007 of 0.4 billion Euros – largely due to a positive balance with Central and Eastern European Countries. The input-output table indicates that 39 percent of the value of Austria's exports are imported components (import-content of exports).

Hand in hand with the economic boom went a continuous improvement of the balance of tourism. Tourism continued to grow faster than in Europe on average, thus gaining market shares; in consequence, Austria takes the lead in the EU 15 in terms of revenues from tourism with 6.4 percent of GDP, followed by Portugal (4.5 percent of GDP) and Spain (4.2 percent).

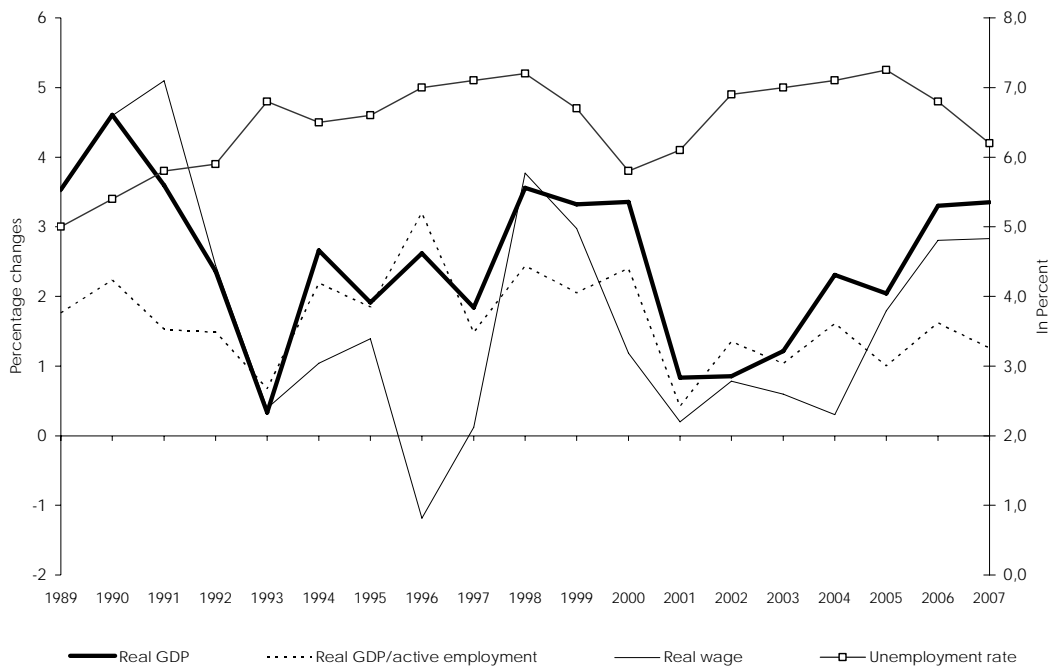
* I gratefully acknowledge statistical assistance of Lea Rennert.

Investment was the second pillar of economic growth dynamics in 2007, after exports. Investment shifted from construction (+3.7 percent) to plants and equipment (+6.3 percent). In the construction sector, investment in housing slowed down but continued to be strong in public sector infrastructure, above all road construction.

Domestic demand did not pick up, however, because of a stagnation of real income. This was the result of a sudden rise in the inflation rate (from 1.5 percent 2006 to 2.2 percent 2007) and low nominal per capita income growth (2.7 percent). Accordingly, domestic consumption increased by only 1.4 percent, less than in 2006 (2.1 percent). It was above all the cost for basic needs, like utilities, housing in general, transport and various services, food and health care services which increased. These cost increases bite above all into the household budgets of the poor and the middle class.

The economic upturn had a positive impact on the public sector budget in 2007. The budget deficit declined to -0.6 percent of GDP (after -1.1 percent 2006).

Figure 1: Macro-economic indicators
1989-2007



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

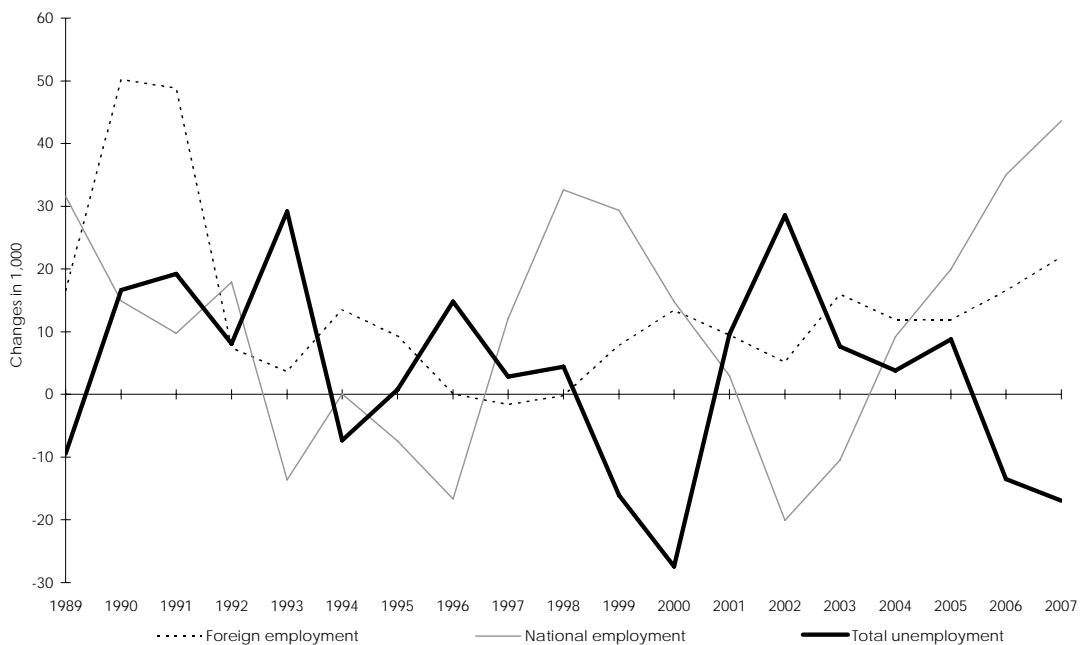
The labour market situation was remarkably dynamic in 2007. Total labour demand (including self-employed) increased by 66,900 or 1.9 percent, i.e., by more than the previous year (2006: +55,900, +1.6 percent). Unemployment declined for the second time in a row, i.e., by 16,900 or 7.1 percent. Labour supply continued to rise (+50,000 or 1.3 percent versus 42,400 or 1.1 percent in 2006), both for natives as well as foreigners.

The major bulk of the employed are wage and salary earners; their numbers rose by 65,500 or 2.1 percent to 3,227 million (excluding persons on parental leave, conscripts and unemployed

on training measures) in 2007. In the current year, the number of wage and salary earners is expected to rise to the same extent. Unemployment declined by 16,900 or 7.1 percent to 222,200. Thus the unemployment rate declined by 0.6 percentage points to 6.4 percent of the total active labour force excluding self-employed, which is the traditional Austrian calculation of unemployment rates (based on administrative data, Figure 1).

Total employment (including self-employed and family helpers but excluding persons on parental leave and conscripts) amounted to 3,623 million in 2007. The continued economic upswing was thus accompanied by a boost to employment growth but a slight decline in labour productivity growth. Labour productivity growth amounted to 1.3 percent (GDP/employed), after 1.6 percent in 2006. In the current year, productivity growth is expected to continue to decline as GDP growth is expected to slow down to 2 percent while employment continues to grow.

Figure 2: National and foreign labour¹
1989-2007



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 transitory employment declines in 2002 and 2003. From 2004 onwards the number of employed Austrians experienced a steep increase, though, partly as a result of naturalisations. In contrast, employment growth of foreign workers has been more or less even between 2003 and 2005 with some 12,000, and gained momentum thereafter, reaching a high in 2007 of +21,900 or 5.6 percent. The rise in the employment of foreigners is on the one hand the result of a significant increase of employment 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 a work permit (labour market testing). In 2008, the employment increase of foreign workers is expected to be even higher than in 2007 (Figure 2).

The share of foreign workers in total employment (excluding persons on parental leave) is thus constantly growing – from 11 percent 2002 to 12.8 percent in 2007. In the current year it is expected to rise to 13.2 percent.

According to social security data, foreign employment (excluding self-employed and persons on parental leave) amounted to 412,600 in 2007 (21,900 or 5.6 percent more than a year ago). These data include EU citizens – their numbers have continually risen since Austria's EU membership. In the year 2007 81,200 citizens from the EEA/EU 14 were employed in Austria, i.e., 19.7 percent of foreign employment. Particularly Germans continue to flow into Austria in large numbers as the increasing integration of the Austrian and German labour markets promote cross-border mobility of workers. In 2007, 63,800 Germans were working on an annual average in Austria, 8,500 or 15 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 2007, 69,900 citizens from the EU 12 worked in Austria on an annual average, i.e., 6,900 or 10.9 percent more than the year ahead. The small increase relative to Germans indicates that the transition agreements on the movement of workers have had the expected effect of reducing the potential inflows. Only those citizens from the new member states can obtain free labour movement who have been legally employed in Austria for 12 months; in addition, the family members who reside in Austria legally with a family member who has the right to free labour mobility also gains free mobility on the labour market.

The employment of citizens from third countries rose only slightly in 2007, namely by 5,500 or 2.2 percent to 261,500. Thus, about one half of the increase in the employment of foreign citizens in Austria in 2007 was the result of inflows from old EU-MS, one third from new MS and about a quarter from third country citizens. Third country citizens continue to represent the large majority of migrant workers in Austria, namely 63 percent of all foreign employed. EEA-24 citizens are altogether 151,100 or 37 percent of foreign workers.

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

	Annual average 2007	Change 2005/2006		Change 2006/2007	
		Absolute	Absolute	Absolute	Percent
Total labour force ¹	3,449,697	38,044	1.1	48,592	1.4
National labour force	2,997,556	23,647	0.8	29,337	1.0
Foreign labour force	452,141	14,397	3.4	19,255	4.4
Total employment ¹	3,227,449	51,524	1.7	65,517	2.1
National employment	2,814,871	35,016	1.3	43,635	1.6
Foreign employment	412,578	16,508	4.4	21,883	5.6
Total unemployment	222,248	-13,480	-5.3	-16,925	-7.1
National unemployment	182,685	-11,369	-5.5	-14,297	-7.3
Foreign unemployment	39,563	-2,111	-4.8	-2,628	-6.2
		2004	2005	2006	2007
Total unemployment rate		7.3	7.5	7.0	6.4
National unemployment rate		7.0	7.1	6.6	6.1
Foreign unemployment rate		10.0	10.6	9.7	8.8

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

In 2007, 222,200 unemployed were registered with the labour market service, 16,900 or 7.1 percent less than 2006. The unemployment rate of wage and salary earners, i.e., the traditional national calculation of the unemployment rate which excludes the self-employed from the labour supply base (and which is based on administrative data), amounted to 6.4 percent, a fall by 0.6 percentage points versus 2006. In the current year, unemployment is expected to drop by some 13,000 to 209,000; the unemployment rate of wage and salary earners should thus continue to fall to some 6 percent. The positive unemployment development in the current year is on the one hand the result of the significant economic and employment growth, on the other the result of continued high numbers of unemployed in education and training measures (active labour market policy), who are not counted among the unemployed while they are on training.

The labour supply of foreign workers increased during 2007 by 19,300 to reach an annual average of 452,100. The unemployment rate declined for both native and foreign workers, to 6.1 percent and 8.8 percent respectively. In the current year, unemployment of foreigners will probably continue to decline as a result of significant employment growth (Table 1).

I. Migratory movements

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

In addition, detailed flow data exist for certain groups of migrants, in particular foreigners of third country origin, be they asylum seekers or foreign workers. Flow data are the result of institutional procedures linked to the planning and monitoring of various categories of

migrants, mainly asylum seekers, foreign workers and, since the early 1990s, family members (family reunification). With the introduction of a more universal legislation on aliens (since mid 1993, revised 1997, amended 2002/2003 and again 2005), flow data on family reunification of non-EU-citizens is becoming available. Different quotas according to residence status are decided upon annually by the governors of the federal states together with the Federal Minister of the Interior and the Federal Minister of Labour. The inflow of foreigners is differentiated by status, the main categories are:

- a) Foreign workers (seasonal and annual workers, cross-border workers and commuters), wage and salary earners or self-employed;
- b) Highly skilled workers;
- c) Family reunification;
- d) Foreign students;
- e) Asylum seekers;
- 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, except the following groups of persons:

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

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

policy and to harmonise legislation, at least as far as EU citizens and their third country family members are concerned.

Family reunification is uncapped for third country origin citizens who are partners of or are dependent children of an Austrian or EU citizen¹. Also third country citizens with the settlement right in another EU country (after 5 years of legal residence), may settle in Austria.

The inflow of settlers from third countries and of their third country family members is, however, regulated by quotas. The new residence and settlement law (NAG 2005) introduced a minimum income requirement for family reunification (family sponsoring²), in line with regulations in other immigration countries overseas. This amendment has reduced the inflow of migrants with low earning capacity who want to join a partner in Austria who himself/herself is living off welfare benefits (long-term unemployment benefit (Notstandshilfe) and social assistance). In addition, forced and/or arranged marriages are increasingly a target of control.

Access to the labour market is granted to settlers and to temporary residents according to the rules of the Foreign Worker Law (Federal Ministry of Economic Affairs and Labour). Persons residing less than 6 months for purposes of work in Austria are granted a work-visa and do no longer require a temporary resident permit by the Ministry of the Interior. Only for stays beyond 6 months is a residence permit required.

Apart from family reunification of third country citizens with third country citizens, an annual quota is fixed for highly skilled third country citizens (Schlüsselarbeitskraft. Family reunification (Familiennachzug) 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 2008 the inflow quota was fixed at 2,700, almost double the quota of 2007. The substantial increase was a reaction to requests of highly skilled for settlement which could not be accepted within the narrow quota of 2007. In 2008, the inflows of highly skilled have, however, contrary to expectations, not picked up.
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. In 2008 just as in the previous two years, only some 20 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.

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 actual inflows see annual reports to the Ministry of the Interior, e.g., *Biffi – Bock-Schappelwein (2007), Zur Niederlassung von Ausländern und Ausländerinnen in Österreich*
http://www.bmi.gv.at/downloadarea/asyl_fremdenwesen/NLV_2006_endg_08_2007.pdf

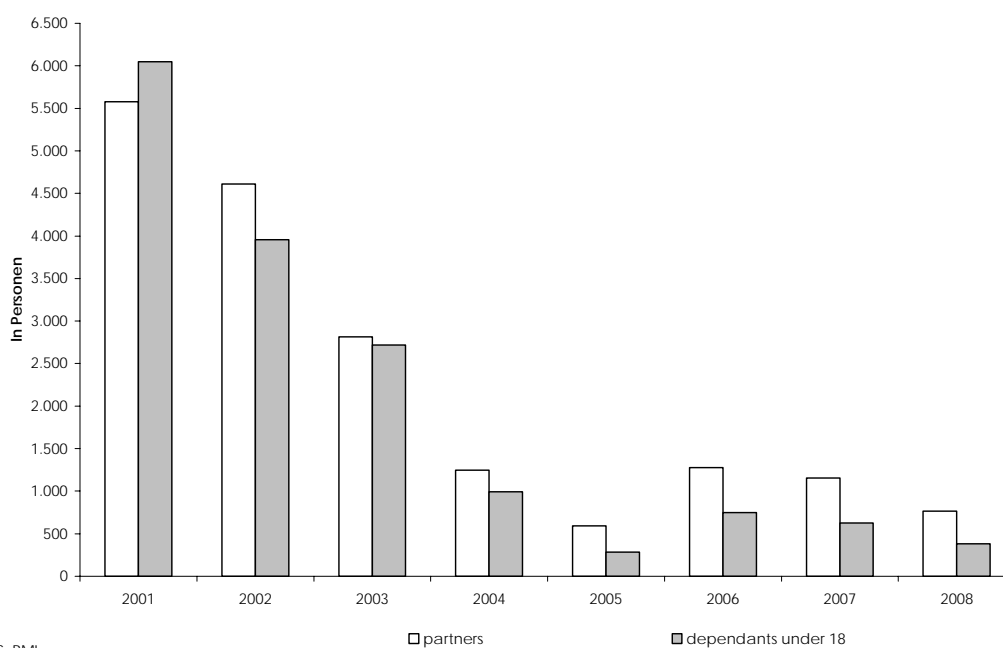
² The sponsor has to document a regular income commensurate with the minimum wage.

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 2008 was 4,755, hardly a rise versus the previous couple of years. This is a rather tight cap for family reunification and may result in renewed queuing abroad (Figure 3).
4. Third country citizens, who have a permanent residence permit as family members without access to work may have this title transferred to one allowing access to the labour market (§§47/4 and 56/3 NAG). This is a quota introduced in 2006 meant to facilitate labour market integration of family members of settlers, who have resided in Austria for less than 5 years (230 for 2008).
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 raised to 165 in 2008 (after 140 in 2007).

Thus, the quota system is complex, whereby the basic logic is linking the residence and labour rights of the family members of third country citizens to the status of the person settling in Austria in the first instance.

The inflow of third country citizens for work has become increasingly streamlined in the course of the 1990s and early 2000 as family reunification with naturalised Austrians and EU citizens gained momentum thereby raising the labour supply of largely un- and semiskilled. With reforms of immigration legislation in 2003, only highly skilled third country citizens may settle in Austria, while persons with lower skills are restricted to temporary work contracts.

Figure 3: Open requests for family reunification (Queue abroad)
2001-2008



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 scarcity is a requirement, but also minimum earnings which are to ensure that wage dumping does not occur; the wage ceiling is set fairly high – at monthly gross earnings equal to or above 60 percent of the social security contribution ceiling – thereby surpassing the average entry wages of young university graduates. This represents a barrier to entry into the labour market of third country university graduates and is targeted for amendment.

Apart from the earnings, the highly skilled person has to fulfil in addition at least one of the following requirements:

1. the person is not only an asset to the enterprise (employer nomination) but also to 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 in the mid 1980s, to a large extent triggered 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 *Biffi, 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 until 2005 (2004: 50,600 net immigration, 2005: 49,200). The second hump is basically the echo-effect of the first one in the early 1990s – through the acquisition of Austrian citizenship, family reunification was possible without any quota restrictions. With the implementation of the new Immigration Law (2005) and the imposition of family sponsoring, also Austrian citizens face barriers to family reunification/formation with third country citizens if they have no regular (minimum) income (dependent children face no entry barriers as they are covered by family allowance). The restrictions in combination with the declining echo effect contributed to a halving of net inflows of migrants to 27,500 in 2006. In 2007, immigration picked up again, reaching a net inflow of 32,700 (Figure 3).

Figure 4: Net migration of Austrians and Foreigners
1983-2007



Source: Statistics Austria.

The change in paradigm of the immigration policy away from worker migration to family reunification and humanitarian intake in 1992 resulted in substantial increases in immigration flows. These flows are increasingly supply driven rather than demand driven, resulting in a rising mismatch between skills supplied and demanded. Accordingly, employers are demanding reforms in immigration policy, promoting labour migration at the upper end of the skill level³.

Net immigration flows are the result of significant net-immigration of foreigners; Austrians, in contrast, are on balance emigrating. In 2007, total net immigration amounted to 32,700 as a result of a net inflow of foreigners of 38,200 and a net outflow of Austrians of 5,500.

The net flow figures can be disaggregated into gross flows by gender and citizenship. Accordingly, in 2007, gross inflows amounted to 106,900 (of whom 92,000 foreigners) and outflows to 74,200 (of whom 38,200 foreigners). The inflow rate (inflows per 1,000 inhabitants) has thus declined versus the peak of 15.6 in 2004 to 12.9 in 2007. The outflow rate, however, is declining since 2002 (from 9.9 to 8.9 2007). **If we compare these migration flows with the number of settler resident permits granted to third country citizens in 2007, it can be established that of the 48,300 net inflow of foreigners one third were settlers of third countries, namely 15,600** (see Tables 2 and 6).

³ The most recent presentation of an immigration model for Austria along the lines of the Canadian point system has been presented by the employers association together with IOM, Austria, under the title of: "Zuwanderung gestalten: ein zukunftsorientiertes Migrationsmodell". See http://www.iv-mitgliederservice.at/iv-all/publikationen/file_474.pdf.

Turnover, i.e., inflows and outflows, tends to rise over time; gross flows are higher for men than women.

Inflows of men and women have increased more or less continuously until 2004, declined somewhat in 2005 and 2006 and picked up again in 2007. The inflow rate of men amounted to 14.4 in 2007, after 17.6 in 2004, up from about 10 per thousand inhabitants in the late 1990s. The inflow rate of women is somewhat lower, reaching 11.4 in 2007 (after 13.7 in 2004), 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 declined to 10.9 in 2007 (after 11.8 persons per 1,000 inhabitants in 2002).

The outflow rate of women was at 7.0 in 2007 (after 8.1 in 2002); it is showing rather little variation over time.

The picture is very different for Austrians and foreigners. While the inflow rate of Austrian men and women is lower than the outflow rate, the contrary is true for foreigners, i.e., the outflow rate is lower than the inflow rate.

The inflow and outflow rates of Austrian men are higher than for Austrian women (2.7 versus 1.3 and 3.5 versus 2.0 respectively in 2007). Also in the case of foreigners, the inflow and outflow rates of men are higher than for women (111.9 versus 106.9 and 72.8 versus 54.6 per thousand inhabitants respectively in 2007), whereby the difference between men and women tends to get smaller over time (Table 2).

Of the 91,900 inflows of foreigners in 2007, 28 percent came from the old EU-MS, in the main Germany, and as many from the new EU-MS. Close to 15 percent came from the former region of Yugoslavia, 6 percent from Turkey, and 10 percent from Asia excluding Turkey. Fairly small numbers come from overseas countries in Africa (3.4 percent), America (3.9 percent) and Oceania (0.3 percent).

Of the 53,700 foreigners leaving Austria (outflows), about a quarter is from the old EU-MS, in the main Germany, indicating that the German population in Austria is largely a floating population, a consequence of a high degree of integration of the economies, the labour market, the education system and the society at large. This holds also for persons from the new EU-MS, who constitute about a quarter of all outflows. In contrast, fairly small numbers of persons from former Yugoslavia and Turkey are among the outflows from Austria, in particular in relation to the numbers residing in 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'

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

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

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

Table 3: Asylum seekers in Austria by the end of the year: 1952-2007

1952	2,457	1980	9,259
1953	1,723	1981	34,557
1954	2,283	1982	6,314
1955	1,941	1983	5,868
1956	169,941	1984	7,208
1957	58,585	1985	6,724
1958	3,599	1986	8,639
1959	3,439	1987	11,406
1960	5,178	1988	15,790
1961	4,116	1989	21,882
1962	3,458	1990	22,789
1963	3,435	1991	27,306
1964	3,611	1992	16,238
1965	4,247	1993	4,744
1966	3,805	1994	5,082
1967	3,872	1995	5,920
1968	7,334	1996	6,991
1969	9,831	1997	6,719
1970	3,085	1998	13,805
1971	2,075	1999	20,129
1972	1,838	2000	18,284
1973	1,576	2001	30,127
1974	1,712	2002	39,354
1975	1,502	2003	32,359
1976	1,818	2004	24,634
1977	2,566	2005	22,461
1978	3,412	2006	13,349
1979	5,627	2007	11,921

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

After a temporary slowdown in asylum inflows in the year 2000, inflows of asylum seekers rose rapidly until 2002, partly as a result of the crisis in Afghanistan. In 2002 the number of asylum seekers peaked at 37,000. Ever since then the numbers of applications for asylum declined steadily. In 2007 only 11,900 asylum applications were filed, 25,100 or 67.8 percent less than in 2002. The sharp reduction in the numbers of asylum seekers is largely the result of Austria becoming a Schengen country which is surrounded by other Schengen countries. It is therefore increasingly difficult to apply for asylum in Austria as one tends to have to pass through another Schengen country before reaching Austria. Our neighbouring countries are considered 'safe havens', implying that asylum seekers crossing through one of these countries may rightfully be returned to these countries as first countries of asylum (Table 3).

In the course of the years 2000 the share of men amongst asylum seekers has declined somewhat from 77.8 percent in 2001 to 66 percent in 2007. The number of asylum seekers from Europe has reached a peak in 2003 with 17,600 applications. Since then the numbers declined by 60 percent to 7,100 and reached thus the level of 2001. But still, today, two third of the asylum seekers in Austria originate from Europe. The largest single country of origin is the Russian Federation, followed by Serbia-Montenegro, Turkey, Moldavia and Armenia.

The second most important source region of asylum seekers is Asia with 25 percent of all asylum seekers in 2007. The largest numbers are originating from Afghanistan, followed by Iraq, India, Iran, China, Pakistan and Bangladesh.

A relatively small but rising number of asylum applications are filed by persons from Africa, namely 12.5 percent in 2007. The largest single country of origin is Nigeria. Only a very small number of asylum seekers originate from South America, namely 0.1 percent in 2007 (Table 4).

In the course of the current year the number of asylum seekers started to rise again slightly. By the end of October 2008 a total of 10,316 persons applied for asylum in Austria, 600 or 5.9 percent more than in the period January to October 2007. The largest numbers of applications are from persons from the Russian Federation (2,800), followed by Afghanistan (1,100), Serbia (700), Kosovo (700) and Nigeria (400).

Table 4: Asylum seekers by gender and country/region of origin by 31 December: 2001-2007

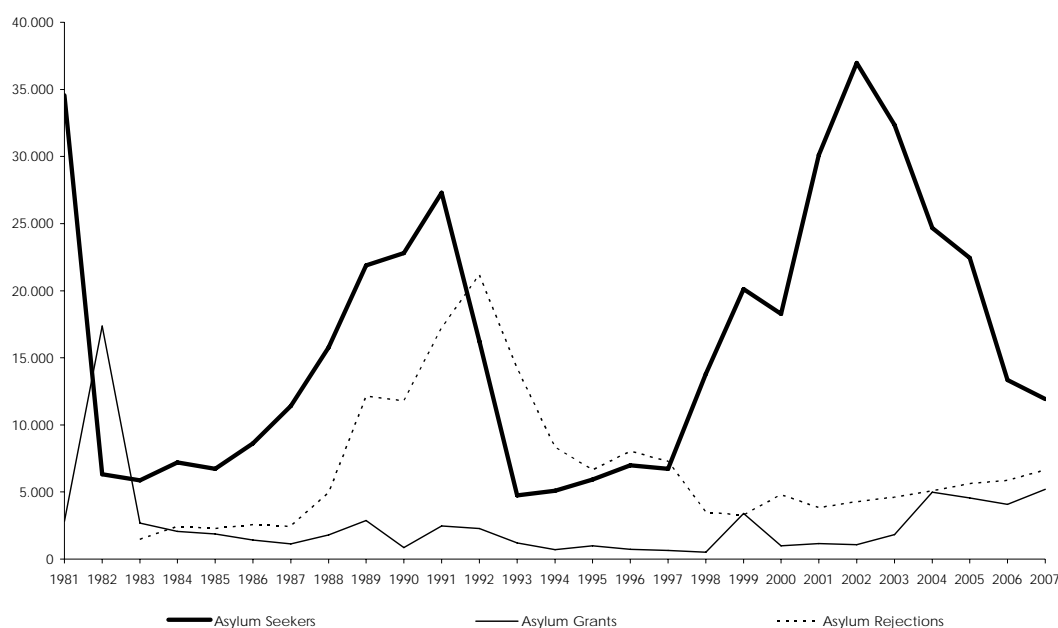
Asylum seekers								In % of asylum seekers						
	2001	2002	2003	2004	2005	2006	2007	2001	2002	2003	2004	2005	2006	2007
Total	30.135	36.983	32.364	24.676	22.471	13.350	11.879							
Men	23.457	29.266	23.754	17.755	15.974	8.782	7.877	77,8	79,1	73,4	72,0	71,1	65,8	66,3
Women	6.678	7.717	8.610	6.921	6.497	4.568	4.002	22,2	20,9	26,6	28,0	28,9	34,2	33,7
Originating from Europe	7.598	17.403	17.591	15.227	14.229	8.506	7.131	25,2	47,1	54,4	61,7	63,3	63,7	60,0
of which:														
Armenia	1.259	2.039	1.112	414	520	354	405	4,2	5,5	3,4	1,7	2,3	2,7	3,4
Rest Yugoslavia (Serbia, Montenegro)	1.649	4.729	2.521	2.840	4.408	2.522	1.774	5,5	12,8	7,8	11,5	19,6	18,9	14,9
Macedonia	935	783	412	324	454	193	157	3,1	2,1	1,3	1,3	2,0	1,4	1,3
Russian Federation	365	2.221	6.713	6.184	4.359	2.444	2.673	1,2	6,0	20,7	25,1	19,4	18,3	22,5
Moldavia	166	819	1.175	1.350	1.210	902	545	0,6	2,2	3,6	5,5	5,4	6,8	4,6
Georgia	597	1.921	1.517	1.743	953	563	399	2,0	5,2	4,7	7,1	4,2	4,2	3,4
Turkey	1.876	3.563	2.843	1.113	1.067	669	651	6,2	9,6	8,8	4,5	4,7	5,0	5,5
Originating from Asia	19.701	15.816	10.513	5.871	5.676	3.238	3.022	65,4	42,8	32,5	23,8	25,3	24,3	25,4
of which:														
Afghanistan	12.957	4.322	2.360	757	928	697	762	43,0	11,7	7,3	3,1	4,1	5,2	6,4
Bangladesh	949	1.104	887	331	548	140	70	3,1	3,0	2,7	1,3	2,4	1,0	0,6
China Peoples Republic	95	666	569	565	460	194	205	0,3	1,8	1,8	2,3	2,0	1,5	1,7
India	1.804	3.366	2.823	1.842	1.530	479	385	6,0	9,1	8,7	7,5	6,8	3,6	3,2
Iraq	2.113	4.473	1.452	231	222	384	463	7,0	12,1	4,5	0,9	1,0	2,9	3,9
Iran	733	711	981	347	306	274	248	2,4	1,9	3,0	1,4	1,4	2,1	2,1
Pakistan	487	358	508	575	498	110	103	1,6	1,0	1,6	2,3	2,2	0,8	0,9
Originating from Africa	2.398	1.794	3.543	3.246	2.126	1.366	1.480	8,0	4,9	10,9	13,2	9,5	10,2	12,5
of which:														
Nigeria	1.037	1.431	1.846	1.829	881	420	395	3,4	3,9	5,7	7,4	3,9	3,1	3,3
Sierra Leone	202	111	90	58	51	14	19	0,7	0,3	0,3	0,2	0,2	0,1	0,2
Originating from America	25	27	42	35	25	12	42	0,1	0,1	0,1	0,1	0,1	0,1	0,4
of which:														
Columbia	19	10	9	0	0	1	0	0,1	0,0	0,0	0,0	0,0	0,0	0,0
S. BMI: Asyl- und Fremdenstatistik - December.														

Processing asylum applications tends to be a lengthy process. While applicants from certain countries are receiving refugee status granted with a high probability, e.g., persons from Chechnya, others may face long waiting periods. In Austria, in the wake of reforms to the

asylum legislation, procedures were streamlined and accelerated in 2004, e.g., by raising the number of staff. Accordingly, the backlog of asylum cases is reduced. In the year 2007, a total of 5,200 persons were granted refugee status, somewhat more than the previous years. More than that number has been rejected in 2007, namely 6,600. These negative cases result in a rejection of the application and may result in refoulement, unless a return to the country of origin is unfeasible on humanitarian grounds. In 2007 several cases made the public media, and a decision of the constitutional courts requests the Ministry of the Interior to clarify procedures by which residence may be granted to rejected asylum seekers on humanitarian grounds. Currently the legislation is under review.⁴

The acceptance rate of asylum applications (as a percentage of the sum of negative and positive cases) has fluctuated over time and it differs by country of origin. In 2007, the acceptance rate (positive cases in percent of positive and negative judgements) amounted to almost 50 percent, after 8.1 percent in 1997.

Figure 5: Asylum procedures: Inflows, acceptances and rejections 1981-2007



Source: Statistics Austria, WIFO-calculations.

Over the whole period of 1981 till 2007, a total of 438,200 asylum applications were registered, of whom a total of 71,600 were accepted as refugees according to the Geneva Convention,

⁴ Biffl – Bock Schappelwein (2008) collected information on legislation in other EU-MS and on the annual numbers of rejected asylum seekers who get residence granted on humanitarian grounds.

i.e., 16.3 percent, and 170,400 got their case rejected, i.e., 38.9 percent. The remaining 196,200 or 46 percent of all asylum applicants moved on before the procedures were terminated in Austria (Figures 5 and 6).

Data on rejections and acceptances for the current year (January till 31 October 2008), the average rejection rate amounted to 49 percent (i.e., the number of negative statements as a proportion of the sum of positive and negative decisions), and the acceptance rate to 25 percent. Currently some 30,000 asylum cases are pending, the majority (80 percent) being in the second stage of appeals against a negative first verdict.

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. This means that until 2004, large numbers of asylum seekers depended on the support of NGOs, in particular churches and affiliated institutions like Caritas. Since 2004 the states do not only have to provide shelter and other basic needs, but the local Labour Market Service is called upon to provide employment opportunities for asylum seekers after a waiting period of 3 months. The Ministry of Economic Affairs and Labour has, however, limited the access to the labour market to seasonal work only, thereby limiting the scope of employment the law would actually allow.

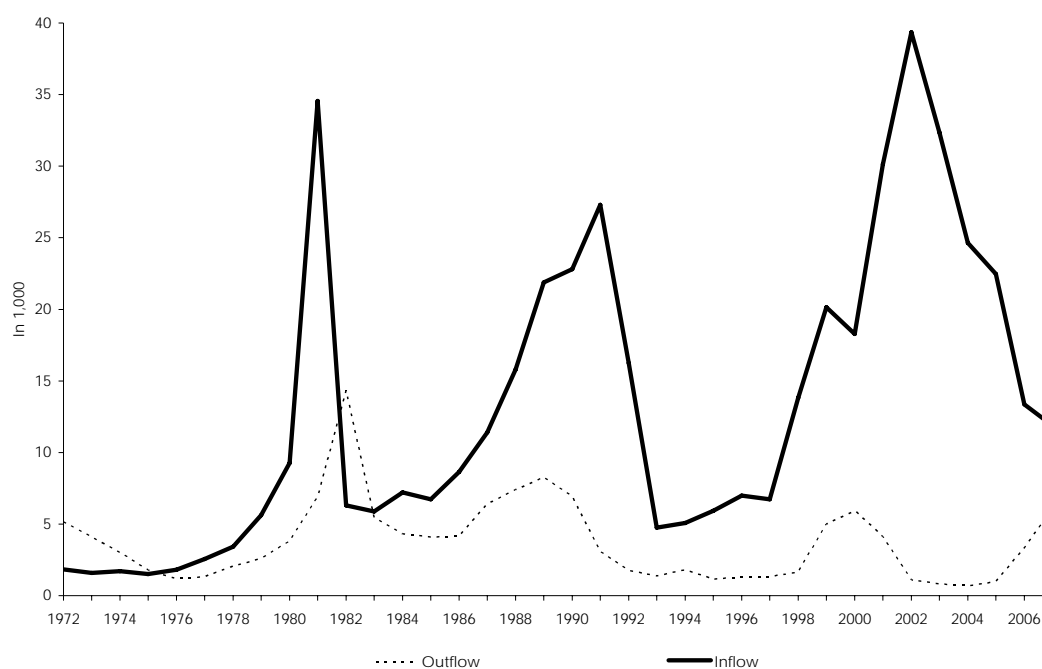
Once asylum seekers have received refugee status, they may enter the labour market without any legal restrictions. In case of rejection of the application, access to employment is denied. This puts the group of persons under stress, who for humanitarian reasons may not be sent back to their countries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

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 asylum 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 the fall of the Iron Curtain in 1989, asylum seekers and refugees (the majority from Eastern Europe) used Austria as a stepping stone for emigration to the traditional immigration countries overseas. Austria never conceived herself as an immigration country. Therefore an active integration scenario for refugees or immigrants was not put in place until rather recently, i.e., since the massive inflow of refugees from the region of former Yugoslavia in the early 1990s. The outflow of asylum seekers and refugees was therefore always quite high relative to the inflows. When looking at outflow data one has to bear in mind that no comprehensive information exists on the outflow of refugees and asylum seekers. 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) but picked up again in 2006 and reached 6,100 in 2007.

Figure 6: Inflow and outflow of asylum seekers and/or refugees via Austria 1972-2007



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 to a halt as asylum seekers increasingly remained in Austria, often on humanitarian grounds. In 2006, however, we see increased outflows as it is becoming increasingly difficult for asylum seekers to find work and their chances for settlement on humanitarian grounds are deteriorating.

Table 5: Outflow of refugee¹ via Austria 1972-2007

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

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

C) Inflow of foreigners due to family reunification

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

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

Table 6: Structure of valid residence permits in Austria (1994-2008, mid year count)

			Settlement Certificate (NN)					
			Temporary Residence Permit (AE)		Permanent residence (Daueraufenthalt)			
			Settlement Permit (NB)					
Residence Permit (AB)					Temporary Residence Permit (AB)			
Until 1997			1998-2003		2003-2005		2006 -	
			2004		2005		2006	
	AB	25.624	19.022	AB	19.008	18.765	19.290	
	AE	39.583	24.182	NB	85.617	84.764	102.213	
	NB	482.318	359.175	Family Member (FamAng)	17.882	38.167	42.416	
	NN	27.682	103.842	Permanent Residents	354.346	311.730	290.041	
	Total	575.207	506.221	Total	476.853	453.426	453.960	

Source: Federal Ministry of the Interior.

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

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

In 2006 (mid year count), 476,900 valid residence permits were counted, 29,400 less than a year ago. The decline was in the main the result of the reduction in the number of short term permits (AE/AB of less than 6 months of stay); short stays of that order are from January 2006 onwards granted through a visa rather than a residence permit. By 2008 (mid year count) the number of residence permits declined further to 454,000, 22,900 or 4.8 percent less than 2006. The decline was primarily the result of a declining number of permanent residents, while all other categories experienced an increase, above all settlement permits for relatively recent inflows (for family reunification or work).

Of the total number of permits (mid year count in 2008), 290,000 or 64 percent were permanent residents, another 22.5 percent (102,200) had a settlement permit (NB) and 42,400 or 9.3 percent were a third country family member other than a partner or dependent child of an Austrian or other EEA citizen. Only 19,300 or 4.2 percent of all valid residence permits were temporary, i.e., for more than 6 months and less than a year.

i) Inflow of third country migrants by type of permit

It is important to remember that a relatively small proportion of the annual inflows of settlers (NB = Niederlassungsbewilligung) is 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 2007 a sum total of 21,600 resident permits were issued to newcomers from third countries (-500 or 2.8 percent versus 2006), of which 15,900 or 74 percent to settlers. Thus the annual inflow of settlers stabilised after the abrupt decline in 2006, which had resulted from the reforms of the immigration regulations in 2005. The reforms effectively took away the right to family reunion to paupers and persons on social assistance.

The number of temporary resident permits granted to third country citizens declined to 5,700 permits (-1,400, -6 percent), after the break in 2006, after which the numbers were more than halved as a result of a switch from resident permits to work visas for temporary work of less than 6 months.

Of the 15,900 new settlers in 2007, only 5,300 or one third, 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, 67 percent of the new settlers have the right to join their Austrian or EEA-family members or may settle on humanitarian grounds (Tables 7 and 8).

As to the newly issued temporary resident permits: of the total of 5,700 issued to third country citizens in 2007, the majority are persons working in Austria temporarily (and their family members), followed by students and their family members, and 1 percent could stay on humanitarian grounds, in the main asylum seekers.

Temporary residence may be granted on the basis of various regulations, e.g., a temporary employment permit granted by the Federal Ministry of Economic Affairs and Labour in the case of seasonal workers, or as a result of a bilateral cross-border agreement (commuters from Hungary). These temporary work contracts are linked to employment contracts, which have a ceiling, e.g., in the case of seasonal workers and cross-border commuters. In these cases the residence in Austria is an integral part of the work contract and does not need processing by the Ministry of the Interior. Consequently, they are not included in the third country citizenship residence register of Tables 7 and 9. All other temporary residence cases which exceed a stay of 6 months are documented by the Ministry of the Interior, e.g., students, training and work experience schemes, sports and entertainment schemes etc. (see Table 9). These stays are uncapped, e.g., researchers, students etc., i.e., all of the 5,700 temporary resident permits issued in 2007, are uncapped by quotas.

Table 7: Annual inflows of settlers and temporary residents of third countries

Residence Permits issued in the course of the Year 1999-2007

Annual Sum by end of December

	1999	2000	2001	2002	2003	2004	2005	2006	2007
First issue settler	18.661	16.213	23.475	27.166	34.564	31.835	32.166	16.353	15.888
First Issue temporary resident	15.288	19.610	33.735	38.801	35.405	32.209	21.200	6.613	5.699
	33.949	35.823	57.210	65.967	69.969	64.044	53.366	22.966	21.587
<i>Men</i>									
First issue settler	8.186	6.904	10.051	11.976	15.158	14.471	14.508	7.016	7.083
of which within quota regulation	2.233	2.348	3.376	2.745	2.977	1.840	2.287	1.616	2.096
outside quota	5.953	4.556	6.675	9.231	12.181	12.631	12.221	5.400	4.987
Prolongation of settlement	96.505	0	0	0	34.332	33.443	36.484	51.852	59.203
extension of settlement permit	96.379				34.332	33.443	36.484	51.852	59.203
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	2.902	2.621
of which within quota regulation	117	57	112						0
outside quota	8.892	11.285	18.827	21.257					2.621
Prolongation of temporary stay	7.067	0	0	0	13.943	10.757	9.994	7.521	7.124
extension of residence permit	7.052				13.943	10.757	9.994	7.521	7.124
transfer of other title resident title	15								0
Total	120.767	18.246	28.990	33.233	83.324	75.574	72.360	69.291	76.031
<i>Women</i>									
First issue settler	10.475	9.309	13.424	15.190	19.406	17.364	17.658	9.337	8.805
of which within quota regulation	3.045	2.927	4.400	3.851	5.050	3.298	3.971	2.453	3.159
outside quota	7.430	6.382	9.024	11.339	14.356	14.066	13.687	6.884	5.646
Prolongation of settlement	87.868	0	0	0	37.214	38.304	41.883	55.778	62.174
extension of settlement permit	87.711				37.214	38.304	41.883	55.778	62.174
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	3.711	3.078
of which within quota regulation	61	18	21						0
outside quota	6.218	8.250	14.775	17.544					3.078
Prolongation of temporary stay	5.000	0	0	0	13.381	12.731	12.508	8.008	7.085
extension of residence permit	4.992				13.381	12.731	12.508	8.008	7.085
transfer of other title resident title	8								0
Total	109.622	17.577	28.220	32.734	85.515	83.705	81.875	76.834	81.142
<i>Total</i>									
First issue settler	18.661	16.213	23.475	27.166	34.564	31.835	32.166	16.353	15.888
of which within quota regulation	5.278	5.275	7.776	6.596	8.027	5.138	6.258	4.069	5.255
outside quota	13.383	10.938	15.699	20.570	26.537	26.697	25.908	12.284	10.633
Prolongation of settlement	184.373	0	0	0	71.546	71.747	78.367	107.630	121.377
extension of settlement permit	184.090				71.546	71.747	78.367	107.630	121.377
transfer of other title to settlement	283	0	0	0	0	0	0	0	0
First issue temporary resident	15.288	19.610	33.735	38.801	35.405	32.209	21.200	6.613	5.699
of which within quota regulation	178	75	133	0	0	0	0	0	0
outside quota	15.110	19.535	33.602	38.801	0	0	0	0	5.699
Prolongation of temporary stay	12.067	0	0	0	27.324	23.488	22.502	15.529	14.209
extension of residence permit	12.044	0	0	0	27.324	23.488	22.502	15.529	14.209
transfer of other title resident title	23	0	0	0	0	0	0	0	0
Total	230.389	35.823	57.210	65.967	168.839	159.279	154.235	146.125	157.173

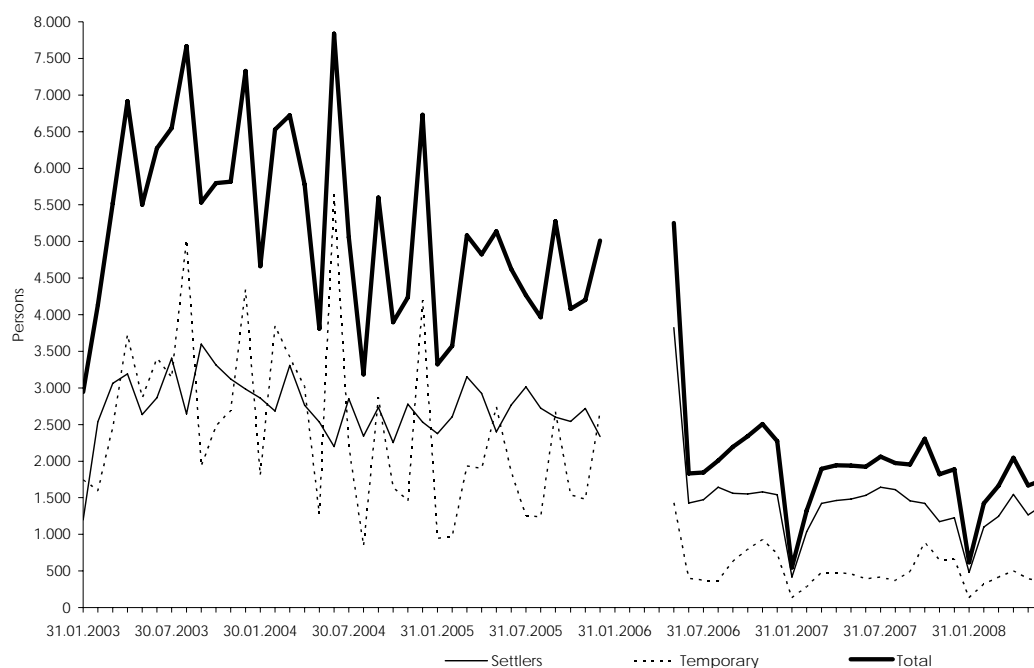
Source: Ministry of the Interior.

It is obvious from Figure 7 that temporary inflows have lost their volatility as a result of the exclusion of seasonal permits of less than 6 months from 2006 onwards. Administrative procedures may account for the small inflows at the turn of the year, both for settlers and temporary residents. While temporary residents tend to flow in larger numbers in the second half of the year, the contrary is the case for settlers. The annual average in terms of numbers is quite stable in the case of settlers – the new legislation of 2005 brought about a slight downward shift in the case of settlement permits, and a pronounced downward shift in the case of temporary residents. Therefore the share of temporary permits in total permits issued

continues to decline. In 2007, 26 percent of all new resident titles went to temporary residents compared to 40 percent in 2005.

In the first half of the year 2008 7,000 first settler permits were issued, about as many as in the first half of 2007. Thus the decline of 2006 was only short lived. The number of highly skilled third country citizens who enter and settle for work has been rising in 2007 and stabilised at that higher level in 2008. They come within a quota and constitute 37 percent of all new settlement permits.

Figure 7: Monthly inflow of third country citizens by status (2003-2008)



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

Of all the settlement permits issued in the first half of the year 2008, only 327 went to highly skilled workers, i.e., 13 percent of all quota-permits. The rest are family members who may access the labour market subject to labour market testing (Table 8).

The settler permits issued to third country citizens, for whom no quota limit applies (all in all 4,500 in the first half of 2008), 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 (2,600 family members in first half of 2008), the latter may access work on the basis of labour market testing. In 2008 no permanent residence rights were issued on humanitarian grounds, as the pertinent legislation is under review (see chapter on asylum).

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

1 January to end of June

	2006			2007			2008		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<i>Sum of all first settlement permits within the quota regul</i>	529	738	1.267	1.018	1.572	2.590	1.025,0	1.548	2.573
No access to work	14	20	34	32	35	67	46	45	91
Limited (Family reunion)	320	614	934	677	1.361	2.038	676	1.311	1.987
Limited (Family reunion with self-employed high skilled	7	8	15	2	7	9	3	9	12
Limited (Family reunion with salaried high skilled settle	25	47	72	41	93	134	51	98	149
Limited (mobility of self-employed)		2	2	1	1	2		1	1
Limited (mobility of salaried worker)		2	2	3	1	4	4	2	6
High skilled settler (self-employed)	11	1	12	12	7	19	6	6	12
High skilled settler (salaried worker)	152	44	196	250	67	317	239,0	76	315
<i>Sum of all first settlement permits outside the quota requ</i>	514	488	1.002	1.007	905	1.912	994	895	1.889
Relative	173	182	355	134	156	290	84	108	192
No access to work	3	6	9	2	3	5	4	2	6
No access to work (Family reunion European agreement)		1	1		1	1	860	761	1.621
No access to work (Humanitarian status)				4	2	6	25	18	43
Limited access to work (European agreement)	6	2	8	2		2		1	1
Limited access to work (Family reunion)	313	280	593	801	690	1.491	21	5	26
Limited access to work (Family reunion humanitarian)	9	11	20	40	45	85			
Limited access to work (humanitarian)	10	6	16	24	8	32			
<i>First settlement permits: Family reunion</i>	1.188	1.796	2.984	1.274	1.578	2.852	1.212	1.370	2.582
Family reunion with Austrian/EEA (free access to labour r	1.188	1.796	2.984	1.274	1.578	2.852	1.200	1.365	2.565
Sum of all first settlement permits	2.231	3.022	5.253	3.299	4.055	7.354	3.231	3.813	7.044
<i>Prolongation of settlement permits</i>	9.531	10.633	20.164	14.017	15.214	29.231	15.385	16.781	32.166
Family reunion	386	1.053	1.439	496	1.132	1.628	582	1.190	1.772
No access to work	140	217	357	182	255	437	187	245	432
Limited access to work (LM-testing)	4.830	4.932	9.762	5.999	5.812	11.811	5.357	5.363	10.720
High skilled settler (self-employed)	8	3	11	7	3	10	6	1	7
High skilled settler (salaried worker)	43	25	68	20	10	30	32	15	47
Unrestricted acces to labour market	4.124	4.403	8.527	7.313	8.002	15.315	9.221	9.967	19.188
<i>Prolongation of other settlement permits</i>	13.123	14.027	27.150	13.238	14.402	27.640	12.176	14.495	26.671
Permanent residence- EC agreement	6.486	5.144	11.630	7.549	6.726	14.275	6.331	6.208	12.539
Permanent residence- family member EEA	568	779	1.347	736	811	1.547	792	1.092	1.884
Permanent residence- Relative of Austrian	6.069	8.104	14.173	4.953	6.865	11.818	11	8	19
Sum of all longer term settlement permits	22.654	24.660	47.314	27.255	29.616	56.871	27.561	31.276	58.837
Sum of all settlement permits	24.885	27.682	52.567	30.554	33.671	64.225	30.792	35.089	65.881

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

The authorities (Federal Ministry of the Interior) do not only issue first settlement permits but may also prolong existing settlement permits (NB) or transfer certain types of permits to 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 the duration of stay gets longer and integration proceeds. In the first half of 2008 alone, 58,800 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, we get a total of 65,900 by the middle of 2008, 10.7 percent as first entry settler permits. It is safe to say that the figures for the first half of 2008 will double by the end of the year, as the distribution of issues is fairly even over the 12 months of the year (Figure 7).

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, temporary work

and business purposes including services mobility (GATS mode 4) or on humanitarian grounds. In the first half of 2008 all in all 2,100 temporary residence permits were issued for the first time, and 7,300 were extended – of which 4,700 to students of higher education (Tables 8 and 9).

The largest numbers of temporary residence permits are given to students of higher education, namely 5,400 or 58 percent of all temporary resident permits.

Table 9: Sum of temporary residence permits granted to citizens of third countries (Non-EU) by residence status and gender

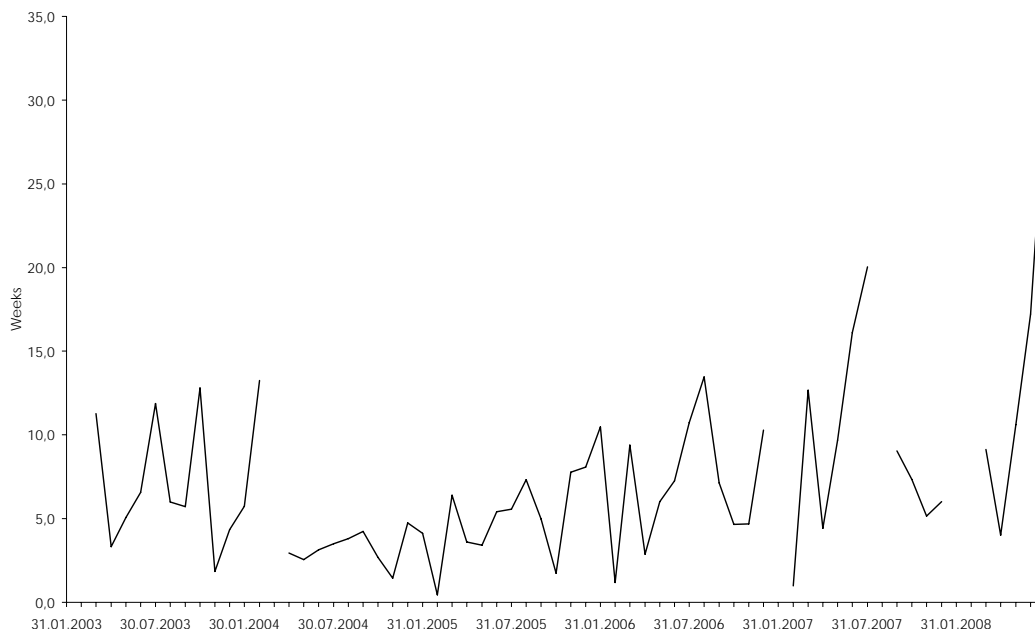
1 January to end of June

	2006			2007			2008		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<i>First temporary residence permits</i>	744	1.088	1.832	1.055	1.168	2.223	994	1118	2112
Employed persons on basis of GATS (mode 4)	62	57	119	51	6	57	43	9	52
Family reunion (with researcher)	2	3	5	3	15	18	7	15	22
Family reunion (with artist&scientist)	5	3	8	1	6	7	4	17	21
Family reunion (with intercompany transferees)	8	29	37	20	45	65	21	49	70
Family reunion (with salaried worker)	24	55	79	44	70	114	40	59	99
Family reunion (with students of higher education)	20	25	45	22	27	49	23	31	54
Researcher	17	12	29	42	20	62	57	20	77
Humanitarian grounds	21	28	49	45	64	109	12	14	26
Artist (on the basis of work contract)	16	10	26	12	9	21	24	6	30
Artist (self-employed)	8	6	14	17	4	21	5	8	13
Intercompany transferees	46	19	65	56	10	66	57	16	73
Pupil	53	67	120	62	105	167	56	88	144
Self-employed	5	2	7	3	3	6	1	2	3
Special cases of salaried employees	163	468	631	206	442	648	200	466	666
Social worker	1	2	3	1	1	2		1	1
Students of higher education	293	302	595	470	344	814	444	317	761
<i>Extensions of temporary residence permits</i>	3.805	4.272	8.077	3.557	3.590	7.147	3.681	3.610	7.291
Employed persons on basis of GATS (mode 4)	33	22	55	19	32	51	36	29	65
Family reunion (with researcher)				10	9	19	2	3	5
Family reunion (with artist&scientist)	10	13	23	13	20	33	16	42	58
Family reunion (with intercompany transferees)	23	52	75	30	77	107	35	80	115
Family reunion (with salaried worker)	65	121	186	123	227	350	165	224	389
Family reunion (with students of higher education)	72	94	166	57	73	130	64	80	144
Researcher	7	4	11	19	10	29	55	26	81
Humanitarian grounds	15	20	35	12	21	33	14	15	29
Artist (on the basis of work contract)	31	30	61	45	26	71	53	29	82
Artist (self-employed)	48	21	69	53	29	82	50	27	77
Intercompany transferees	58	26	84	77	20	97	83	19	102
Pupil	303	461	764	242	386	628	244	381	625
Self-employed	5	1	6	7	4	11	7	7	14
Special cases of salaried employees	309	474	783	471	280	751	528	287	815
Social worker	5	11	16				1	1	2
Students of higher education	2.821	2.922	5.743	2.379	2.376	4.755	2.328	2.360	4.688
Sum of all residence permits	4.549	4.272	9.909	4.612	4.758	9.370	4.675	4.728	9.403

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

Temporary residence status does not envisage the possibility of family reunion and access to welfare payments, in particular unemployment benefits. While the average duration of stay of temporary residents before the administrative break in 2006 was on average 4 to 6 weeks (in 2005 and 2004), rose to 7 months by mid 2008 (Figure 8).

Figure 8: Duration of stay of temporary residents
2003-2008



Source: Federal Ministry of the Interior.

ii) Resident permit holders by type of status: stocks July 2008

A mid-year stock count (July 1, 2008) of the number of valid residence permits comes up with a figure of 454,000, which is a virtual stagnation on the level of the previous year (Figure 9 and Table 10). Thus the introduction of a minimum income/earnings requirement for family reunification/creation (family sponsoring) has resulted in a downward shift of the number of residence permits, without affecting the gender composition. Also in 2008, slightly more than half of the permit holders are male (51 percent). Somewhat less than a quarter are below the age of 19 (21.2 percent) and only 9.7 percent are 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.

By mid 2008, the majority of the permits were settlement permits, namely 426,100 or 96 percent (numbers 20-41 in Table 11). Of these the majority are 'green card' holders, i.e., with unlimited access rights to work. People who originally came as settlers to join their family members, and who were barred from work for 5 years unless their skills were scarce and sought after (access to work subject to labour market testing) changed their original residence permit to one with the option to take up work. Thus, the relatively small annual inflow of highly skilled workers does not mean that they are the only source of migrant labour.

It only shows that the target group of highly skilled migrants is small, but family reunion is a substantial source of labour, largely of an un- and semi-skilled nature, though.

*Table 10: Stock of valid residence permits of non-EU citizens age and gender
Count by 1 July*

<i>Total</i>	2005	2006	2007	2008
0 to 19	123.992	111.639	100.998	96.243
20 to 30	105.248	97.553	92.857	92.653
31 to 40	104.245	95.551	88.726	88.968
41 to 50	76.124	72.894	71.049	72.589
51 to 60	60.645	61.077	59.469	59.418
over 60	35.967	38.149	40.327	44.089
<i>Sum</i>	<i>506.221</i>	<i>476.863</i>	<i>453.426</i>	<i>453.960</i>
<i>Men</i>				
0 to 19	63.925	57.598	51.887	49.642
20 to 30	50.226	46.483	44.853	44.238
31 to 40	50.952	45.917	42.971	42.874
41 to 50	41.439	39.531	38.343	39.072
51 to 60	33.521	33.419	32.451	32.132
over 60	17.950	19.231	20.831	23.111
<i>Sum</i>	<i>258.013</i>	<i>242.179</i>	<i>231.336</i>	<i>231.069</i>
<i>Women</i>				
0 to 19	60.067	54.041	49.111	46.601
20 to 30	55.022	51.070	48.004	48.415
31 to 40	53.293	49.634	45.755	46.094
41 to 50	34.685	33.363	32.706	33.517
51 to 60	27.124	27.658	27.018	27.286
over 60	18.017	18.918	19.496	20.978
<i>Sum</i>	<i>248.208</i>	<i>234.684</i>	<i>222.090</i>	<i>222.891</i>

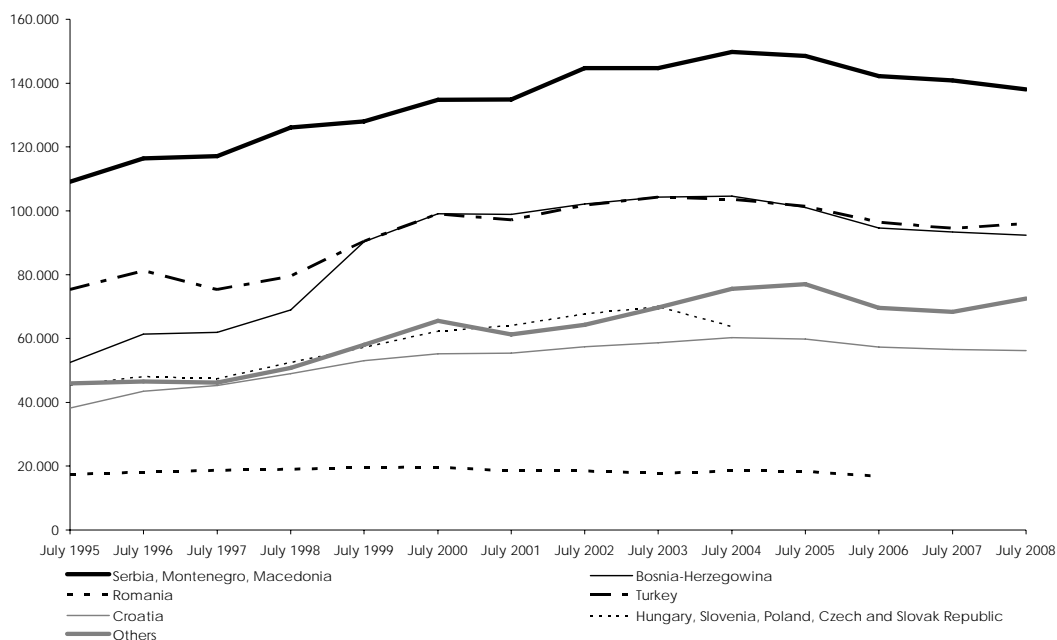
Source: Federal Ministry of the Interior, Central Alien Register.

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 access the labour market without prior labour market testing. Explicitly excluded from access to the labour market are pensioners of third country origin and 'Privateers'. The amendment of the Alien Law of July 2002 allowed **students** to take up employment but not as fulltime workers but only as part-timers, to help cover their living expenses. This **amendment** was not expected to and did not raise labour supply of migrant students but was to **legalise the clandestine work** on the part of students.

The foreign residence law (NAG 2005) specifies further that university graduates may have their temporary residence permit transferred to one of a highly skilled worker (Schlüssel-arbeitskraft) outside any quota. This is not easily achieved, however, as the required wage to

become eligible for a skilled worker title is often too high for entrants into the labour market. An amendment of the income requirement for university graduates is in preparation.

Figure 9: Valid residence permits by countries of origin 1995 to 2008 (mid year count)



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

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 (Figure 9).

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

Also in certain central regions south of the Danube third country citizens hardly settle. In contrast, 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 the Slovak Republic (Table 12).

Table 11: Legal basis on which residence is granted to citizens of non-EU-member states
1 July 2008

	Men	Women	Total
Temporary residents			
1 Pupil	633	1090	1723
2 Student of higher education	5590	5323	10913
3 Other education/Courses	1		1
4 Family reunion (with student of higher education)	170	227	397
5 Intercompany transferees	265	78	343
6 Family member of intercompany transferees	102	220	322
7 Employed persons on basis of GATS (mode 4)	117	53	170
8 Family member of scientist	14	43	57
9 Humanitarian grounds	86	92	178
10 Self-employment	30	7	37
11 Family member of researcher	22	50	72
12 Family member of highly skilled worker	8	10	18
13 Family member of artist	33	56	89
14 Family member of special cases of highly skilled salaried worker	350	602	952
15 Former Privatier, outside quota	50	78	128
16 Special cases of highly skilled employees (Researchers etc)	1562	1508	3070
17 Artist (with work contract)	201	123	324
18 Artist (self-employed)	125	88	213
19 Researcher	191	91	282
Sum of temporary residents	9550	9739	19289
Settlers			
20 Limited access to work (subject to labour market testing)	12.985	12.577	25.562
21 <i>Family reunion</i>	17.839	24.577	42.416
22 No access to work	413	598	1.011
23 Relative	1.341	2.700	4.041
24 Highly skilled settler (self-employed)	48	22	70
25 Highly skilled settler (salaried)	945	423	1.368
26 Family member of highly skilled settler (self-employed) -LMT	18	28	46
27 Family member of highly skilled settler (salaried) LMT	176	340	516
28 Unrestricted access to work	22.894	22.868	45.762
29 Humanitarian grounds, no access to work	1	2	3
30 European agreement, LMT	1		1
31 Family member of humanitarian settler, LMT	48	46	94
32 Family member of EU-mobility case, LMT		1	1
33 Self-employed EU-mobility case	2	2	4
34 Salaried worker, EU-mobility case	9	7	16
35 Family member, LMT	2.548	3.471	6.019
36 Settler on humanitarian grounds, LMT	43	33	76
37 Formerly Third country origin, preferential treatment-Austria	1.496	2.290	3.786
38 Family member of Austrian	7.123	6.714	13.837
Sum	67.930	76.699	144.629
39 Permanent resident- EU free mobility	76.032	67.046	143.078
40 Settlement permit - Formerly settlement certificate	73.546	64.881	138.427
41 Sum of Settlers	217.508	208.626	426.134
Sum of all valid resident permits of third country citizens	227.058	218.365	445.423

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

Table 12: Structure of valid residence permits by region and type (Mid year count)

	2007					2008				
	Temporary Resident	Settler	Family member	Permanent resident	Total	Temporary Resident	Settler	Family member	Permanent resident	Total
Burgenland	129	1.451	379	2.606	4.565	108	1.328	456	2.697	4.589
Carinthia	333	2.374	1.024	12.706	16.437	377	2.500	1.337	12.597	16.811
Lower Austria	1.152	10.505	3.801	37.305	52.763	1.116	9.423	4.410	37.898	52.847
Upper Austria	1.284	16.760	5.614	38.752	62.410	1.285	15.538	6.473	39.719	63.015
Salzburg	874	6.947	1.992	24.935	34.748	952	6.204	2.419	24.759	34.334
Styria	2.624	7.828	3.587	17.610	31.649	2.716	7.711	3.867	18.139	32.433
Tyrol	736	8.351	2.972	20.735	32.794	799	7.563	3.498	20.937	32.797
Vorarlberg	339	9.386	2.520	11.626	23.871	277	7.417	3.022	13.506	24.222
Vienna	11.294	44.299	16.278	122.318	194.189	11.660	44.529	16.934	119.789	192.912
Austria	18.765	107.901	38.167	288.593	453.426	19.290	102.213	42.416	290.041	453.960
	0	0	0	0	0	0	0	0	0	0
	In %									
Burgenland	2,8	31,8	8,3	57,1	100,0	2,4	28,9	9,9	58,8	100,0
Carinthia	2,0	14,4	6,2	77,3	100,0	2,2	14,9	8,0	74,9	100,0
Lower Austria	2,2	19,9	7,2	70,7	100,0	2,1	17,8	8,3	71,7	100,0
Upper Austria	2,1	26,9	9,0	62,1	100,0	2,0	24,7	10,3	63,0	100,0
Salzburg	2,5	20,0	5,7	71,8	100,0	2,8	18,1	7,0	72,1	100,0
Styria	8,3	24,7	11,3	55,6	100,0	8,4	23,8	11,9	55,9	100,0
Tyrol	2,2	25,5	9,1	63,2	100,0	2,4	23,1	10,7	63,8	100,0
Vorarlberg	1,4	39,3	10,6	48,7	100,0	1,1	30,6	12,5	55,8	100,0
Vienna	5,8	22,8	8,4	63,0	100,0	6,0	23,1	8,8	62,1	100,0
Austria	4,1	23,8	8,4	63,6	100,0	4,2	22,5	9,3	63,9	100,0

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 Eastern and South Eastern European countries/regions.

iii) Stock-Flow analysis of resident permits 2003-2008

The Federal Ministry of the Interior supplies the Austrian Institute of Economic Research with stock-flow data on resident permits for the purpose of writing an expertise on the structure and impact of third country migrant inflows on the labour market (*Biff – Bock-Schappelwein*, 2006, 2007, 2008).

The level and structure of valid residence permits at a particular point in time is the result of flows into and out of a particular category within a certain period of time. The stock of valid permits by residence status at the end of a month ($B_{i,t+1}$) is the result of the stock in the beginning of the month ($B_{i,t}$), plus the inflows during the month i.e., first issues ($Z_{Ei,t+1}$), prolongations ($Z_{Vi,t+1}$) and transfers ($Z_{Zi,t+1}$), minus outflows due to prolongations ($A_{Vi,t+1}$).

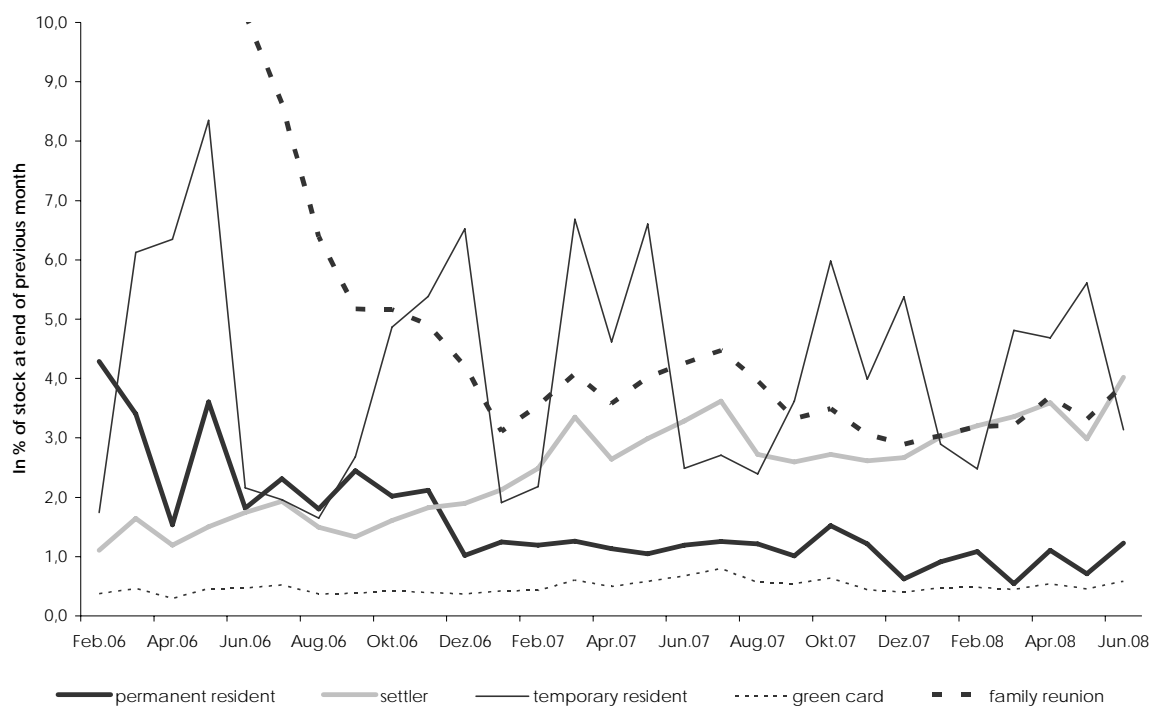
transfers ($A_{Zi,t+1}$) or exit from Austria, death or naturalisation ($A_{Di,t+1}$); flows that cannot be attributed clearly or statistical errors are also to be taken into account ($\varepsilon_{i,t+1}$).

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

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

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

Figure 10: Monthly inflow rate of residence permits by type: monthly inflows (t+1) in percent of the stock at the end of previous month (t)



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

In Figure 10 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. According to flow data, the volatility of temporary residence permits is relatively high, and there is still a seasonal pattern even though temporary migrants with short-term contracts of less than 6 months (often seasonal workers) are no longer registered in the Alien Register of the Ministry of the. Particularly high is the monthly inflow rate of internships, and trainee posts (Volontäre). Also the inflow rate of persons on the basis of services mobility mode 4 (GATS – Betriebsentsandter) is high and rising. Particularly volatile and at times very high is the inflow rate of artists. In contrast, green card holders and permanent residents have a very low and relatively stable inflow rate. The inflow rate to settler permits of family members has been declining significantly during the year of 2006, when the new regulations acme into force but stabilised in 2007 and 2008. On a continuous rise is the inflow rate of settler permits, as more and more family members acquire this status, which grants access rights to the labour market without labour market testing.

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

The new Foreign Residence Law (NAG 2005) did not only re-regulate the residence status of third country citizens, but also introduced 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*). By July 2008, 66,200 citizens of the EEA were registered under the first title in Austria (documentation of residence) and 2,855 under the second title (settlement). Somewhat more than half of the documented EEA citizens were working in Austria (35,700 or 54 percent, one third of them women), in the main as wage and salary earners (32,500). Some 10 percent were students (6,700, two third of them female) and one third were family members or relatives (18,100 or 27 percent, two third of them women).

Table 13: Documentation of the residence status of citizens of the EEA and third country settlers in another EU-MS (mid year count)

	2006			2007			2008		
	Men	Woman	Total	Men	Woman	Total	Men	Woman	Total
Documentation of registry	1.781	1.611	3.392	15.524	14.640	30.164	33.482	32.670	66.152
Employee	1.036	633	1.669	9.304	5.727	15.031	19.971	12.495	32.466
Education	154	290	444	1.139	2.004	3.143	2.403	4.303	6.706
Family reunification	331	470	801	3.047	4.653	7.700	6.778	10.297	17.075
Self-employed	87	41	128	785	449	1.234	1.642	1.632	3.274
Other family member/re	27	34	61	149	328	477	339	723	1.062
Others	79	109	188	827	1.257	2.084	1.821	2.714	4.535
ID-Card	67	34	101	273	222	495	528	506	1.034
Settler document			2.487			2.598	1155	1700	2.855

Source: BMI-BFIS.

D) Labour market flows

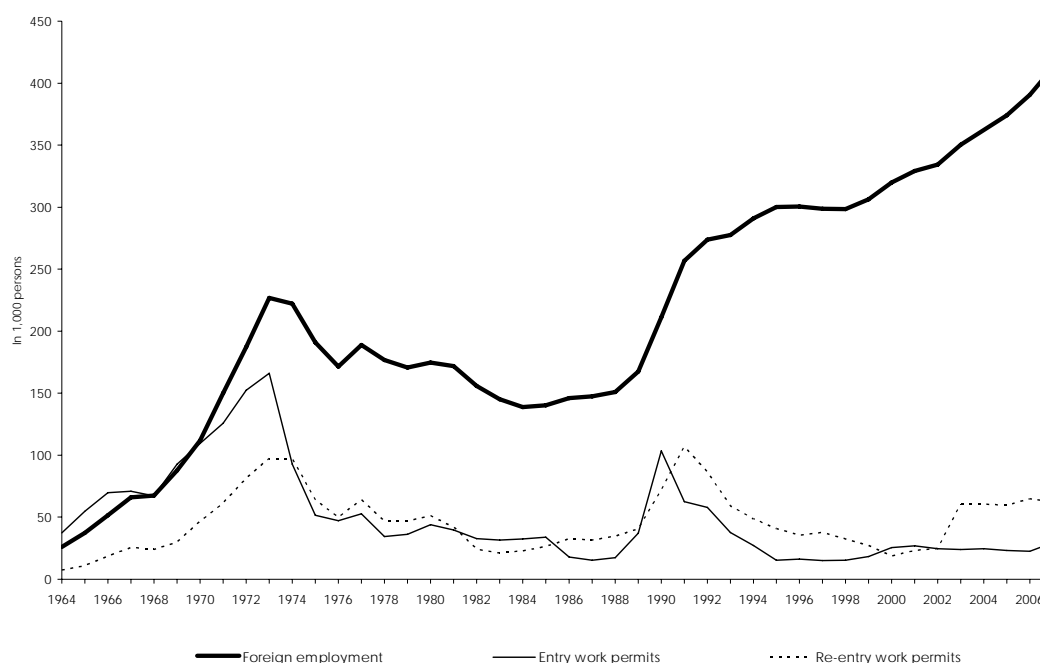
Austria has started out as a country targeting migrant workers rather than immigrant workers and their families. As a result, Austria has a long history of work permits; only relatively recently, i.e., in the 1990s, was this system complemented by regulations of family reunification and thus by a complex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

i) Entries of foreigners for work

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

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/separation from work 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.

Figure 11: Entry and re-entry work permits and total foreign employment 1964-2007



Source: Austrian Labour Market Service.

After one year of work the status of the permit may be transformed into a permit issued to the foreign person (*Arbeitserlaubnis*), after five years of work to a permanent licence, which allows free mobility within the whole of Austria and marks the termination of firm/work control.

Table 14: Initial work permits (first and re-entries) for foreign workers 1980-2006

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
2006	54,037	13,689	33,376	8,867	87,414	22,557
2007	61,020	18,773	35,726	10,810	96,746	29,583

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 6 months or more.

The administrative change in 2003 brought about a significant rise in the number of initial work permits, as employment turnover of migrant workers was captured. Thus, the number of new permits more than doubled (from 25,000 in 2002 to 61,000 in 2003). In contrast, the number of first permits, i.e., entry into the labour market, hardly changed at all. Turnover fluctuates cyclically while first are on a long-term rise. The inflow increased above all in 2007, as the economic boom opened up job opportunities for migrants (Table 14).

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 11).

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 integration by facilitating 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 2003 to 2006 the number of first entry permits stagnated, but rose again in 2007. Job fluctuation experienced a level shift in 2003 (break in the series) and stabilised at this higher level until 2007. It is apparent from Figure 11 that the significant rise in foreign employment since 2003 did not show up in the first entry permits, since the majority of the foreign workers had resided in Austria for 5 years legally (green card) and had thus the right to access the labour market without a work permit.

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, initial work 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 (Figure 14). The increasing job stability of the second wave of foreign workers, who entered the labour market at the end of the 1980s and in the early 1990s, becomes evident in the transformation of work permits into work entitlements and eventually, after 1995, into permanent licences. In 2003, the introduction of the 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 12: Temporary work permits (initial permits and extensions) as a proportion of all work permits 1964-2007



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 2007, only 4,900 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 14 and 15, Figure 12).

Table 15: Extended work permits for foreign workers 1980-2007

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
2006	2,559	1,681	4,240
2007	3,265	1,601	4,866

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, resulting in a new issue rather than prolongation of first issue in case of change of employer.

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.

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.

Table 16: Various types of work permits for third country citizens 1999-2007
Stocks, Annual average

	1999	2000	2001	2002	2003	2004	2005	2006	2007
Temporary work permits (BB)	22,154	24,145	28,593	27,192	26,296	25,211	22,826	21,401	23,636
Work entitlements (AE)	29,524	20,399	17,685	18,974	17,008	11,856	8,451	6,067	3,417
Permanent licences (BS)	179,738	187,990	181,879	169,710	147,330	115,029	87,146	64,688	44,750
Provisional permit	17	40	88	9	5	86	12	10	14
Cross-border services (GATS)	350	459	588	635	623	648	447	466	391
\$4c permanent licences	6,671	8,068	9,665	10,433	8,755	6,206	4,831	3,793	3,069
Bilateral agreements	686	1,059	1,563	1,926	2,499	2,196	850	774	916
Free mobility of labour to new EU-MS						2,848	9,909	17,808	27,058
Highly skilled permits					226	589	156	581	880
Settlement certificate (NN)					17,693	56,072	76,128	91,228	95,147
Employed based on valid permit	239,140	242,161	240,062	228,878	220,436	220,741	211,227	214,908	226,526

Source: Austrian Labour Market Service, WIFO-calculations.

In 2007, a total of 96,700 temporary work permits were issued in the course of the year, a rise by 9,300 or 10.7 percent versus 2006. In addition to short-term work permits various other permits are granted to third country citizens. In Toto, in 2007 some 138,100 permissions to work or acknowledgements of legal work were issued (+6,100 or 4.6 percent versus 2006). Of these various certificates which are issued by the Labour Market Service, the largest are temporary work permits, followed by permanent licenses, which are on the decline (12,500 in 2007),

documentation of family members of EU citizens (2007: 13,500), who may want to work in Austria. Other forms of licences of access to work are permissions to employers who want to employ a specific third country citizen from outside Austria (2007: 7,500 Sicherungsbescheinigungen). Also services mobility of third country citizens is registered, whereby the majority are in liberalised services (5,300 in 2007), and only some 1,800 in sheltered services. In addition cross-border workers within a bilateral agreement are registered (1,500 in 2007) as well as persons from new EU-MS who received free mobility of labour – in 2007 13,500 – a number which is on a steep rising trend.

It is helpful to put the flow data, i.e., permits granted over the year by category, in the context of stocks of persons/permits on an annual average. It can be seen from Table 16 that the Austrian labour authorities are endeavouring to document the various forms of influx to the labour market as a result of eastern enlargement of the EU and increased mobility of persons within the EU, including services mobility. The latter differentiates between the liberalised services (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.

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" licence⁵ 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'⁶, as green card holders no longer require a

⁵ 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.

⁶ 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.

work permit to take up employment. By 2007, the number of permanent work licence holders had declined to 44,800, i.e., by three quarters versus 2002⁷. The decline in permanent licences had its counterpart in a rising number of settlement certificates until 2005. (Figure 13 and Tables 16 and 17) Thereafter, the reformed immigration legislation promoted the shift away from migrants of third countries to migrants from EU-MS. Preferential treatment is given to persons from Turkey, though (§4c AuslBG), but a fairly small number of permanent licences is granted on the basis of this legislation (2007: 3,100).

Table 17: "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	0,174	0,152	0,056
1991	8,886	55,878	7,238	5,594	0,431
1992	94,578	59,627	34,726	26,564	0,223
1993	<u>97,085</u>	<u>6,077</u>	<u>68,005</u>	<u>50,899</u>	<u>0,259</u>
1994	92,562	58,328	9,787	7,184	0,355
1995	101,855	65,334	109,051	7,777	0,202
1996	121,179	80,912	92,327	62,881	0,920
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	0,086
2005	87,146	58,047	8,451	5,120	0,012
2006	64,688	42,513	6,067	3,884	0,010
2007	44,750	28,840	3,417	2,193	0,014

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.

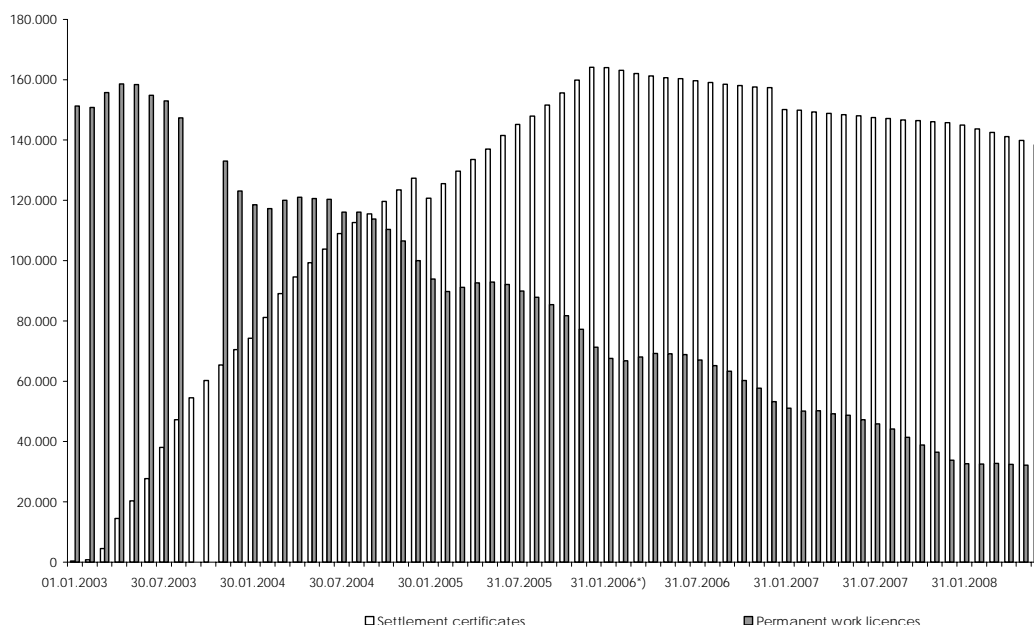
⁷ For an in-depth analysis of the probability of continued employment on the basis of longitudinal social security data see *Biffi* (2000).

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 2007, an annual average of 3,400 work entitlements was issued, half the amount of the year ahead. Two thirds of all entitlements go to men, hardly any change relative to the 1990s.

In order to speed up procedures, provisional permits were introduced in the early 1990s. Ever since 2004, administrative slack has been amended such that hardly any backlogs are reported since then.

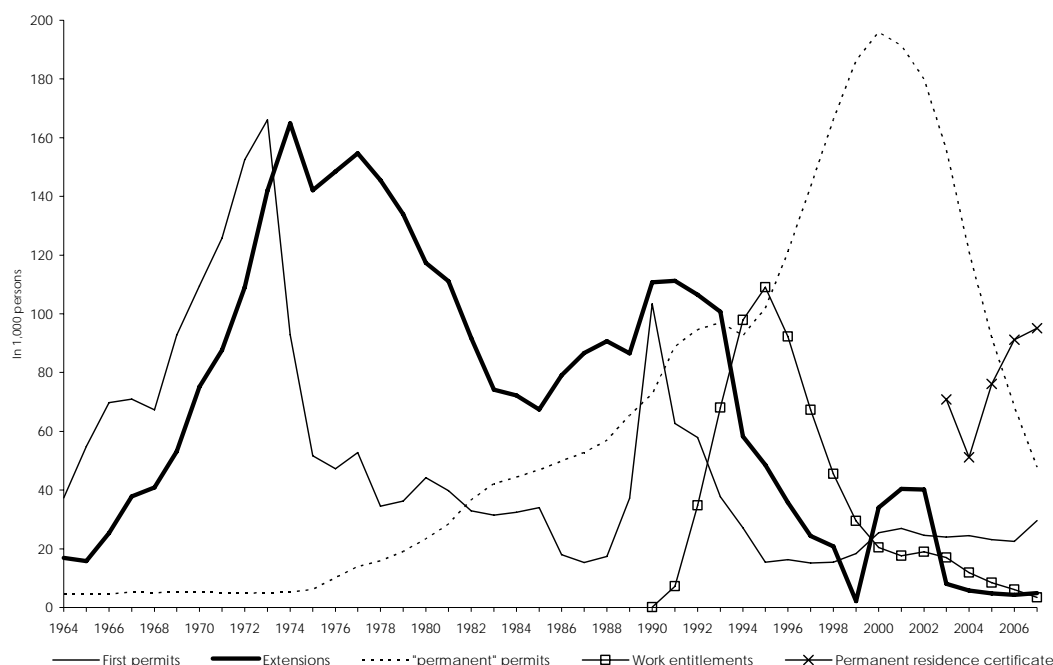
In 2007, of all permanent licence holders 64 percent were men, about the same as with short-term work permit holders and work entitlements. The proportion of citizens of Central and Eastern European countries had been rising from the early 1990s to 1998; ever since then a slight decline set in – 1995: 5.4 percent of all permanent licenses, 1998: 14.3 percent, and remaining there more or less until 2004, the time of entry into the EU.

Figure 13: Decline in permanent work permits and concomitant rise in number of settlement certificates 2003-2007



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

Figure 14: First permits, extensions, work entitlements permanent permits and permanent residence certificate
1964-2007



Source: Austrian Labour Market Service.

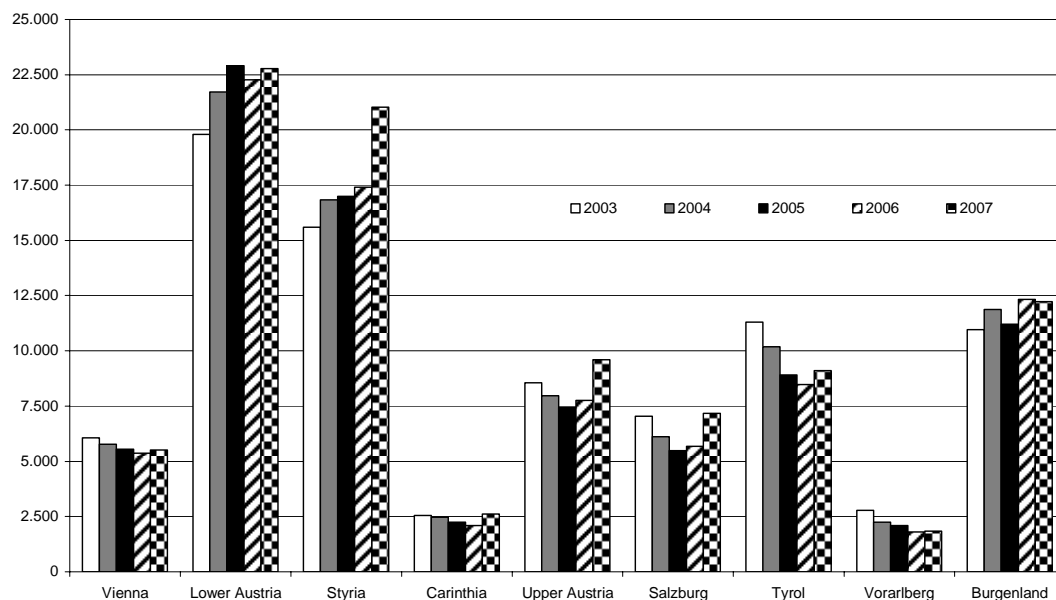
Starting 1997 the number of permanent licence holders was affected by the association agreement of Turkey with the EU. This EU-legislation has been introduced into the Austrian body of the foreign worker legislation (article 4c/2 AuslBG).

iv) The geographic distribution of temporary work permits

The regional distribution of initial work permits is fairly stable over time, with significant differences between regions. The number of initial work permits (a total of 92,000 in 2007) is particularly high in border regions in the South and East, above all in Lower Austria, Styria and Burgenland. It is lowest in Vienna, Carinthia and Vorarlberg. This is the result of cross-border commuting, which shows up in employment data but not in residence data, as long as transition regulations relative to the new EU-MS continue to apply (Figure 15).

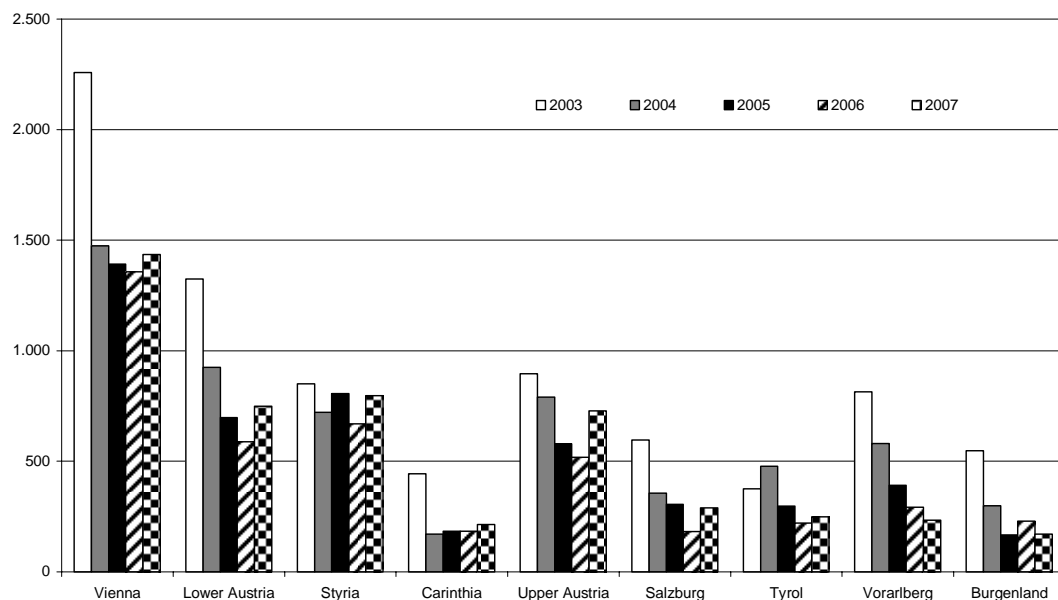
As to the prolongation of work permits by region, Vienna, the region with the smallest number of initial work permits, heads the league of provinces. This is an indicator of the different character of initial work permits in the city of Vienna compared to the border regions. Vienna tends to offer longer term jobs, while jobs in the border regions tend to be of a seasonal nature, not having the intention of permanent settlement (Figure 16).

Figure 15: Geographic distribution of initial work permits for foreign workers
Sum over the year



Source: Austrian Labour Market Service.

Figure 16: Geographical distribution of extended work permits for foreign workers
Sum over the year



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.

Table 18: Austrian workers and salaried employees in the Federal Republic of Germany

	Federal Republic of Germany			Of which: Bavaria		
	1	Absolute	Percent	1	Absolute	Percent
1977	74,985	- 1,012	- 1.3	37,050	- 746	- 2.0
1978	75,245	+ 260	+ 0.3	37,210	+ 160	+ 0.4
1979	83,698	+ 8,453	+ 11.2	41,984	+ 4,774	+ 12.8
1980	87,212	+ 3,514	+ 4.2	44,903	+ 2,919	+ 7.0
1981	87,441	+ 229	+ 0.3	45,383	+ 480	+ 1.1
1982	84,811	- 2,630	- 3.0	44,000	- 1,383	- 3.0
1983	82,187	- 2,624	- 3.1	42,400	- 1,600	-3.6
1984	80,596	- 1,591	- 1.9	41,600	- 800	- 1.9
1985	80,644	+ 48	+ 0.1	41,000	- 600	- 1.4
1986	81,478	+ 834	+ 1.0	41,600	+ 600	+ 1.5
1987	83,306	+ 1,828	+ 2.2	42,591	+ 991	+ 2.4
1988	86,021	+ 2,715	+ 3.3	44,365	+ 1,774	+ 4.2
1989	88,701	+ 2,680	+ 3.1	45,987	+ 1,622	+ 3.7
1990	91,380	+ 2,679	+ 3.0	47,538	+ 1,551	+ 3.4
1991	93,352	+ 1,972	+ 2.2	48,900	+ 1,362	+ 2.9
1992	94,333	+ 981	+ 1.1	49,600	+ 700	+ 1.4
1993	93,155	- 1,178	- 1.2	48,683	- 917	- 1.8
1994	88,674	- 4,481	- 4.8	46,768	- 1,915	- 3.9
1995	83,587	- 5,087	- 5.7	44,580	- 2,188	- 4.7
1996	79,372	- 4,215	- 5.0	42,705	- 1,875	- 4.2
1997	74,845	- 4,527	- 5.7	40,625	- 2,080	- 4.9
1998	72,185	- 2,660	- 3.6	39,642	- 983	- 2.4
1999	70,179	- 2,006	- 2.8	38,955	- 687	- 1.7
2000	62,608	- 7,571	- 10.8	35,281	- 3,674	- 9.4
2001	62,605	- 3	- 0.0	35,211	- 70	- 0.2
2002	61,580	- 1,025	- 1.6	34,503	- 708	- 2.0
2003	59,958	- 1,622	- 2.6	32,951	- 1,552	- 4.5
2004	57,931	- 2,027	- 3.4	31,623	- 1,328	- 4.0
2005	56,350	-1,581	-2.7	30,548	-1,075	-3.4
2006	56,358	8	0.0	30,278	-270	-0.9
2007	56,387	29	0.1	30,268	-10	0.0

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

In Germany, the number of Austrian wage and salary earners continues to be surveyed once a year. In mid 2007 some 56,400 Austrian wage and salary earners were counted, as many as the year ahead. Thus the declining trend of employment of Austrians in Germany came to an end in 2006. The number of Austrians employed in Germany had started to decline in 1993 for

the first time since the recession of the early 1980s. Ever since then the employment of Austrians had continued to shrink. The major share of Austrians is working in Bavaria. In 2007, some 30,300 or 54 percent of all Austrians employed in Germany were working in Bavaria as wage and salary earners, this is more or less the same number as a year ahead. At the same time the number of Germans coming to work in Austria has increased to such an extent that by now more Germans are working in Austria than Austrians in Germany, namely 63,800 in 2007. This goes to show that as employment conditions in Germany deteriorated 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.

II. Foreign residents and residents abroad: stocks

1. Foreign residents in Austria

According to the central population register, Austria counted 8,315,400 residents in the year 2007, 33,400 or 0.4 percent more than in 2006. Thus, population growth is slowing down after a steady increase between 2001 and 2005. 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. In 2006, immigration growth slowed down somewhat to 27,500 as a result of restrictions in the right to family reunion affecting above all poor migrants from guest worker source regions. Immigration remains high from old (particularly Germany) and new EU member states as well as more distant regions of the world. As a result net immigration picked up again in 2007 and reached 32,700.

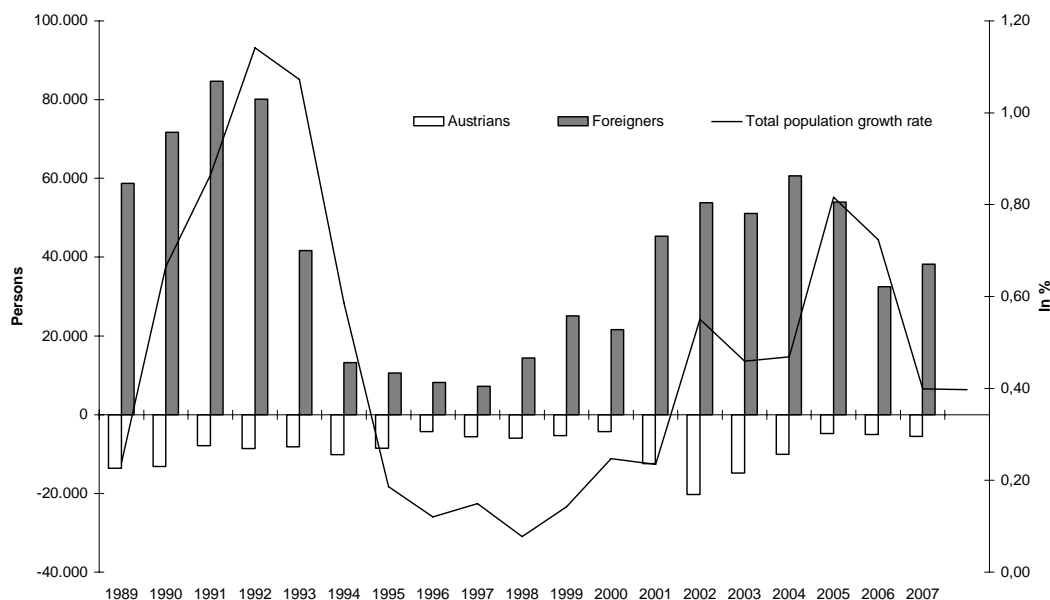
Natural population growth, i.e., the balance of births and deaths, has picked up in 2004, partly linked to immigration, and remained at that relatively high level well into 2006 with 3,600. In 2007 the positive balance halved versus 2006, however (Table 19).

Table 19: Foreign residents in Austria

	Population		Population change between beginning and end of year				Statistical Correction
	Yearly average	Changes absolute	Total change	Birth- death Total	Migration	Naturalisation	
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	8,043,046	31,480	44,200	691	32,964	0	10,545
2002	8,083,797	40,751	37,029	2,268	33,507	0	1,254
2003	8,117,754	33,957	37,947	- 265	36,297	0	1,915
2004 ⁴⁾	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
2006	8,281,948	48,642	32,998	3,619	27,477	0	1,902
2007	8,315,379	33,431	33,007	1,625	32,714	0	- 1,332
				Austrians			
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
2006	7,464,412	32,727	21,050	- 3,861	- 5,003	25,746	4,168
2007	7,474,132	10,720	4,268	- 5,883	- 5,509	14,010	1,650
				Foreigners			
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	718,259	16,491	26,744	8,196	45,372	- 31,731	4,907
2002	743,255	24,996	23,493	8,179	53,790	- 36,011	- 2,465
2003	759,576	16,321	10,179	7,256	51,099	- 44,694	- 3,482
2004	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
2006	817,536	15,915	11,948	7,480	32,480	- 25,746	- 2,266
2007	840,247	22,711	28,739	7,508	38,223	- 14,010	- 2,982

Source: Statistics Austria.

Figure 17: Net-migration of Austrians and foreigners and total population growth rate 1989-2007



Source: Statistics Austria.

The number of naturalisations is declining rapidly since 2003. In the course of the year 2007, 14,000 foreigners adopted the Austrian citizenship, i.e., 1.7 percent of all foreigners of the year 2007 – half the rate of 2006. The decline is propelled by two forces – the reform of the citizenship law (2005) and the end of the echo effect of the immigration wave of the early 1990s. To acquire Austrian citizenship has become very difficult for immigrants because of the requirement, in case of marriage with an Austrian, of 5 years of marriage, a minimum period of residence in Austria (6 years) as well as financial means to support oneself.

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 second half of the 1990s. In 2001, the net outflow of Austrians took 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 and stabilised at some 5,500 until 2007. In contrast, net immigration of foreigners exhibits two waves, the first in the early years of the 1990s and the second in the years 2000 until 2007.

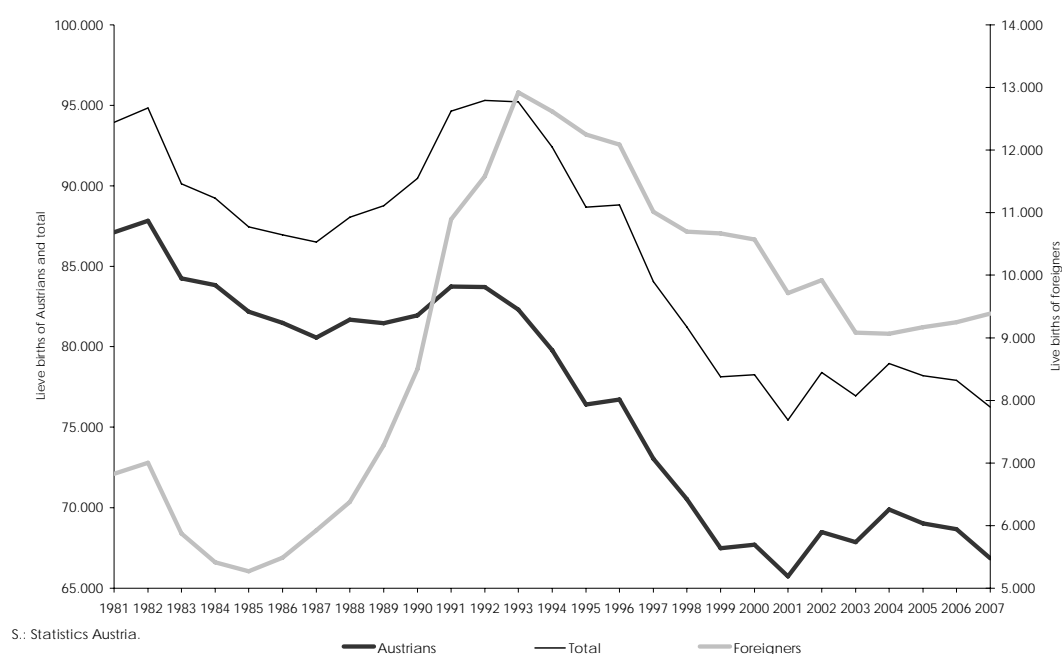
The net effect of the diverging developments of migration, balance of births over deaths and naturalisations, on the number of Austrian citizens continues to be positive. In 2007, the number of Austrians increased by 10,700 or 0.1 percent to 7,475,100. Also the number of foreigners rose, i.e., by 22,700 or 2.8 percent to 840,200; thus the reduction due to naturalisations was more than compensated by the positive balance of births over deaths

and continued immigration. The proportion of foreigners in the total population has as a consequence increased to 10 percent after 9.9 percent in 2006 (Figures 17 and 20).

2. Live births of Austrian and foreign women

The number of births of Austrians has been declining more or less continuously between 1992 and 2001, when a turning point was reached and births started to rise again until 2004. Ever since then the number of live births to Austrian women is on the decline again. In contrast, the decline in the number of births to foreign women, which had set in in 1993, came to a halt in 2005, giving rise to a slight upturn till 2007 (Figure 18).

Figure 18: Live births of native and foreign women 1981-2007

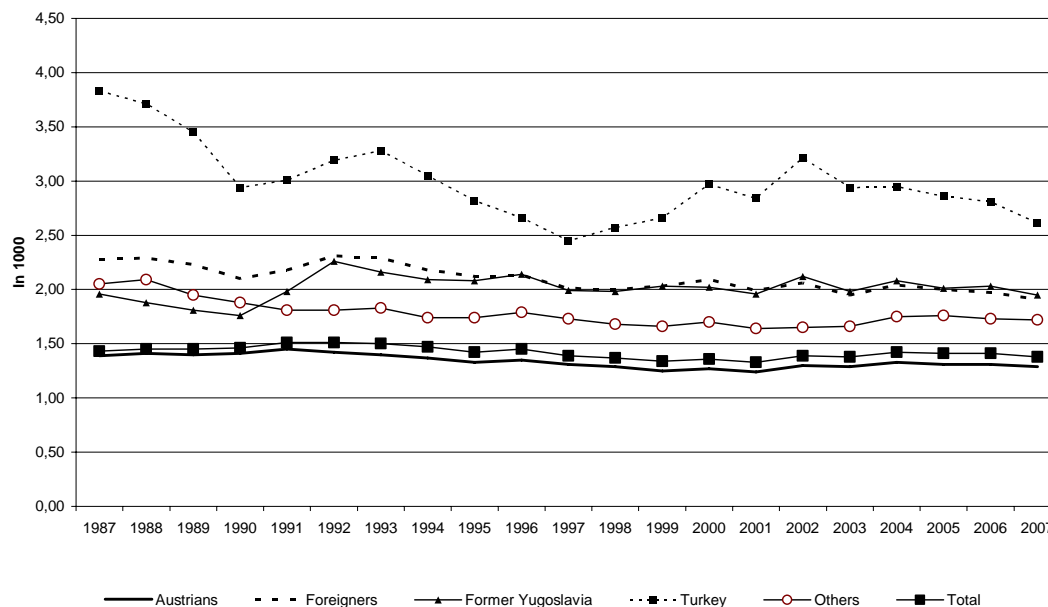


Source: Statistics Austria.

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 2007, the number of live births was 76,300, slightly below the figure of 2006.

The total number of births to Austrian mothers amounted to 66,900 in 2007, and the number of births to foreign women amounted to 9,400. 12.3 percent of all live births are to a foreign mother, about the same proportion as in 1992.

Figure 19: Total fertility rate of Austrian and foreign women
Average number of children per woman (1987-2007)



Source: Statistics Austria.

The increase in the number of live births between 1988 and 1992 had thus been short-lived; it had been the consequence of an above average inflow of young migrants who had at the same time an above average fertility compared to Austrians. The declining number of births since then has to be seen as a result of the declining fertility rate of Austrian and foreign women. The fertility rate of Austrian women has stabilised in 1999 at 1.25, while it declined slightly in the case of foreign women from 2.10 1998 to 1.99 in 2001. In 2002 the fertility rate of both, Austrian and foreign women, increased slightly, 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 2007. Figure 19 indicates that the fertility rate of foreign women is around the reproduction rate of 2.0, coinciding with the rate of women from former Yugoslavia, while the rate of Austrian women is clearly below the reproduction rate and for Turkish women somewhat above.

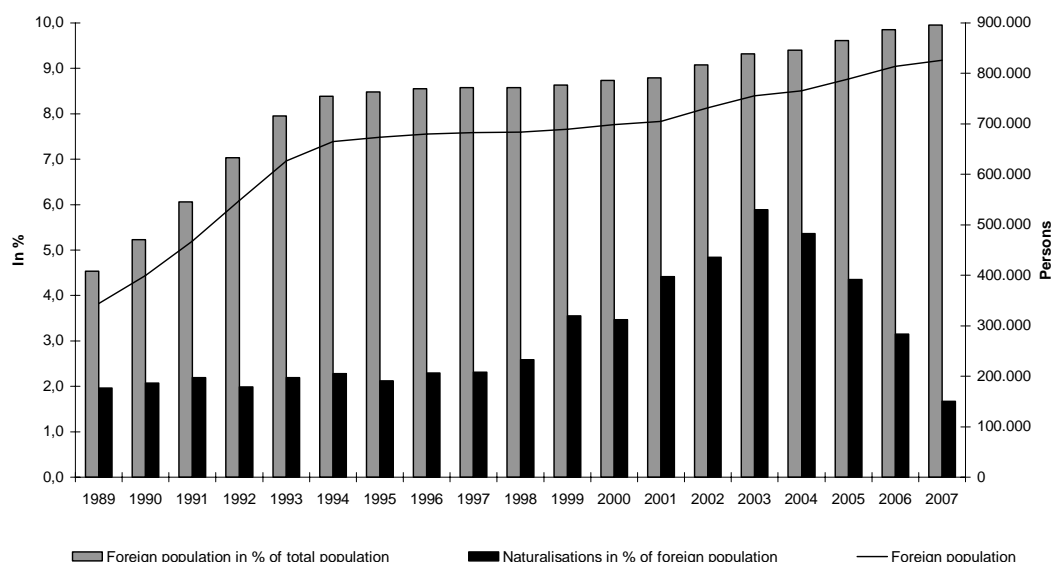
The increasing number of foreign births between 1992 and 1995 was solely the result of a rising number of young and medium aged foreign women and not the consequence of a rise in the fertility rate of foreign women in Austria. The fertility rate of foreign women decreased over this time span (1992-2001) 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 parental leave and the increased family allowance. Migrant women had to realise that the eligibility criteria were difficult, particularly in the context of increased labour market competition and thus job insecurity. 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 2007, the fertility rate of Austrian women reached a low of 1.29 and of 1.91 with foreign women.

3. Number of naturalisations

The rate of naturalisations follows with a certain time lag the waves of immigration. It increased in the course of the 1970s, in the wake of the consolidation of foreign worker employment, family reunion and eventual settlement; it declined in the early 1980s and fluctuated at a relatively low level of 2.2 percent of the foreign population between 1987 and 1995. Ever since then the naturalisation rate rose, reaching the peak in 2003 with 5.9 percent of the foreign population and declining since then to 3.1 percent in 2006 and 1.7 in 2007 (Table 19 and Figure 20).

Figure 20: Share of foreign population in total population, naturalisations in percent of total population (naturalisation arte) and number of foreign residents over time 1989-2007



Source: Statistics Austria, own calculations.

Table 20: 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
2006	12,886	2,165	128	7,549	26,259	13,430
2007	5,105	1,141	113	2,077	14,041	7,600

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

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

It is on average easier to be naturalised in Eastern regions than in western and Southern regions of Austria. The population of Vienna augments only due to the influx of foreigners. In spite of the increasingly narrow interpretation of the law on naturalisation the number of naturalisations 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.

In 2007 14,000 foreigners adopted the Austrian citizenship, 12,200 or 46.5 percent less than a year earlier. The gender distribution is somewhat in favour of women with 51.1 percent of all naturalisations. A rising proportion of the naturalised Austrians are young people under the age of 18; in 2007 they made up 41 percent of all naturalised citizens, compared to 35 percent in 1998.

A major part of the new Austrian citizens are from then traditional source countries of migrant workers. One group is from Turkey. They made up 2,100 or 14.8 percent of the naturalisations of 2007. The large number of persons from former Yugoslavia (5,100, 36.4 percent) is the result of the naturalisation of former refugees as well as former foreign workers and their descendants. The third group are citizens from Central and Eastern Europe (1,100, 8.1 percent), many of whom from new EU-MS (Table 20).

Between 1991 and 2007 401,200 foreigners took up Austrian citizenship, about two third from the traditional recruitment areas of migrant workers, the region of former Yugoslavia (149,400, 37 percent) and Turkey (117,000, 29 percent). In contrast – over the period 1980 to 1990, 96,600 foreigners were naturalised, of whom 25 percent from the above countries of origin. Then Germans and citizens of the former 'Eastern Block' were the main contenders.

4. Foreign born population

In 2001 (census) Statistics Austria provides information on the population with migrant background (foreign born) for the first time in Austria and thereafter regularly in January (2007 and 2008, source: Central Population Register). Accordingly, in January 2008, 15.2 percent of

the Austrian population were first generation migrants (1.265 million of a total of 8.332 million inhabitants), (Figure 21 and Table 21).

Table 21: Foreign born at the beginning of the year 2007/2008

Country of birth	2007	2008
Total	8.298.923	8.331.930
Austria	7.062.641	7.066.507
Foreign	1.236.282	1.265.423
Foreign born in %	14,9	15,2
of Whom		
EU-MS	480.108	499.771
MS before 1995 (EU-14)	240.217	250.762
MS 2004 (EU-10)	179.800	182.655
MS 2007 (EU-2)	60.091	66.354
Non-EU-MS	756.174	765.652
By continents		
Europe	1.059.487	1.083.271
Germany	173.779	182.460
Former Yugoslavia	391.370	391.621
Turkey	154.705	156.435
Others	339.633	352.755
Africa	38.808	39.579
America	27.636	28.913
Asia	97.948	101.873
Oceania	2.471	2.551
Unknown	9.932	9.236

Source: Statistics Austria.

The combination of foreign born with citizenship allows a further differentiation of persons with migrant background, namely second generation migrants who were born in Austria to first generation migrants and who continue to be foreign citizens. This number amounted to 119,200 or 14 percent of the total foreign resident population in January 2008 (after 116,300 or 14.1 percent in January 2007). Thus, the proportion of first generation migrants and second generation migrants with foreign citizenship is 16.6 percent in the total population (1.385 million) in January 2008.

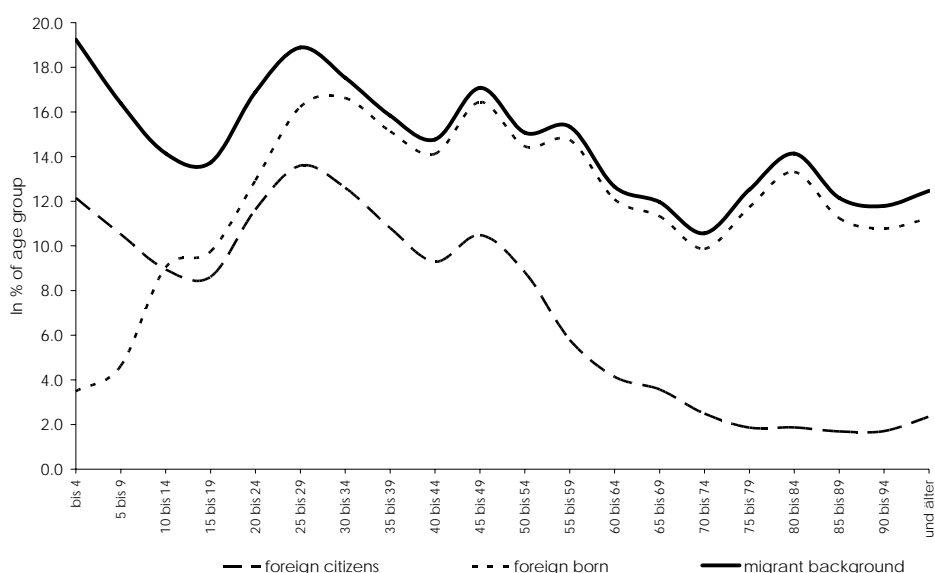
In the census data of 2001 one may identify a larger number of second generation migrants, by adding those who speak another language than German at home and who are either born abroad or whose parents are born abroad – This procedure is still an underestimation, as Germans are excluded from that data (we also excluded French, English and Spanish speaking people). Given that estimation method, the proportion of persons with migrant background rises to 15.4 percent in 2001, compared to 11.2 percent foreign born. Figure 21 shows that the proportion of persons with migrant background so defined is not spread evenly across age groups, as immigrants tended to enter in waves⁸. The situation of the first and second generation migrants is increasingly the focus of policy, making integration a key

⁸ For a detailed analysis and methodological issues see *Biffi et al.* (2008).

policy issue in regions with a long tradition of immigration, above all Vienna, Vorarlberg. Differentiated analyses of the situation of immigrants are being undertaken, e.g., for Vienna (Biffi et al., 2008)

At the time of the census in 2001, the rate of foreign born in the Austrian population was one of the highest in Europe. Another source of information on foreign born is the Labour Force Survey. According to it, 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 2007, the share of foreign born rose to 14.2 percent (1,180,600) and is thus somewhat smaller than according to the population register.

Figure 21: Foreign citizens, foreign born and persons with migration background in percent of total population in Austria and other OECD countries 2001



Source: Statistics Austria, WIFO calculations.

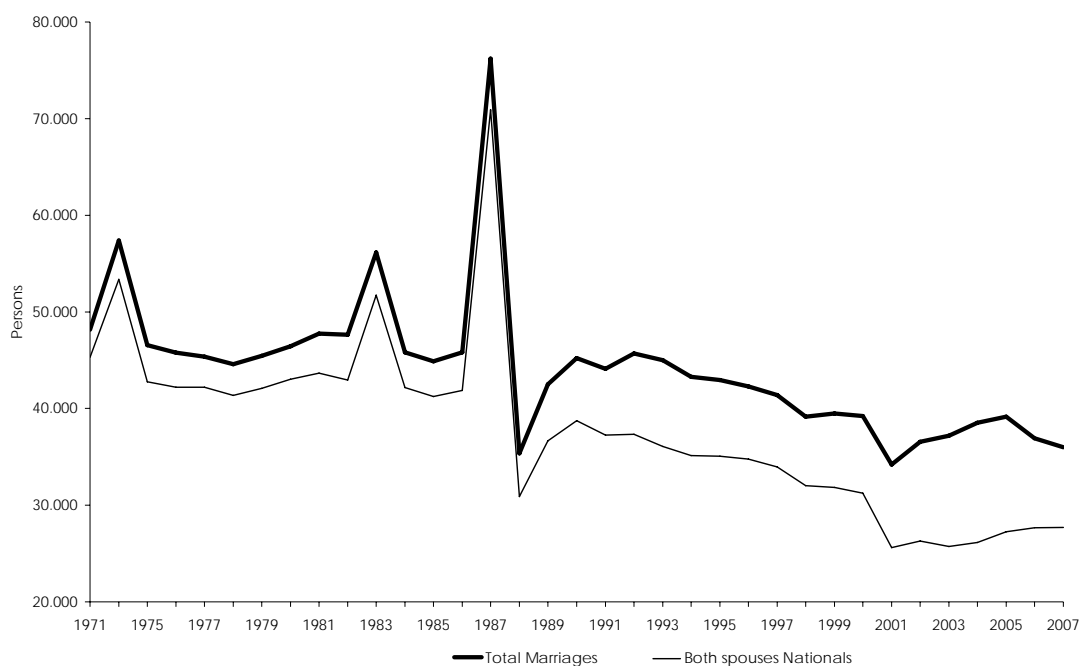
According to the *OECD* (2006), Austria has a somewhat higher proportion of foreign born in the population than USA (12.9 percent in 2005 compared to 13.5 in Austria at that time) and Sweden (12.4 percent), while countries like the Netherlands (10.6 percent) are somewhat below, and countries like Denmark (6.5 percent) and the UK (9.3 percent) are clearly below; significantly higher rates are found in Australia (23.8 percent) and Canada (19.1 percent).

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.⁹

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 bonus. The introduction of a bonus system never had any long run impact on marriage behaviour, it did, however, have a significant effect upon the number of first marriages in the period, in which tax benefits were granted or a marriage bonus, i.e., in the 1970s and 1980s (see Figures 24 and 25). Also foreigners had access to the marriage bonus. In the 1990s one discontinued with the policy to provide incentives to marry, as these incentives did not have the effect hoped for, namely an increase in the fertility rate.

Figure 22: Total marriages and marriages of nationals
1972-2007



Source: Statistics Austria.

With the ageing of the population, marriages follow a long-term declining trend, which set in in the early 1990s. It affects Austrians as well as foreigners. In 2007, the number of marriages

⁹ For some of the explanations of the differences see *Biffi* (2005).

remained more or less stable versus a year ago (at 36,000), both for Austrians with both spouses Austrian, as well as foreigners, with both spouses foreign. In contrast, the number of mixed marriages declines continuously since 2004. This may be taken as an indication that it becomes more difficult for poor Austrians to marry a third country citizen (legislative reform of family formation and reunification). Above all Austrian women who marry a foreign spouse are experiencing significant declines in marriage rates (-2,200 or 48 percent between 2004 and 2007). But also Austrian men marrying a foreign spouse experienced significant declines over that time span (-1,900 or 32 percent). In contrast, marriages of Austrians did not decline at all over that period and of foreigners, both spouses foreign, only by 400 or 20 percent.

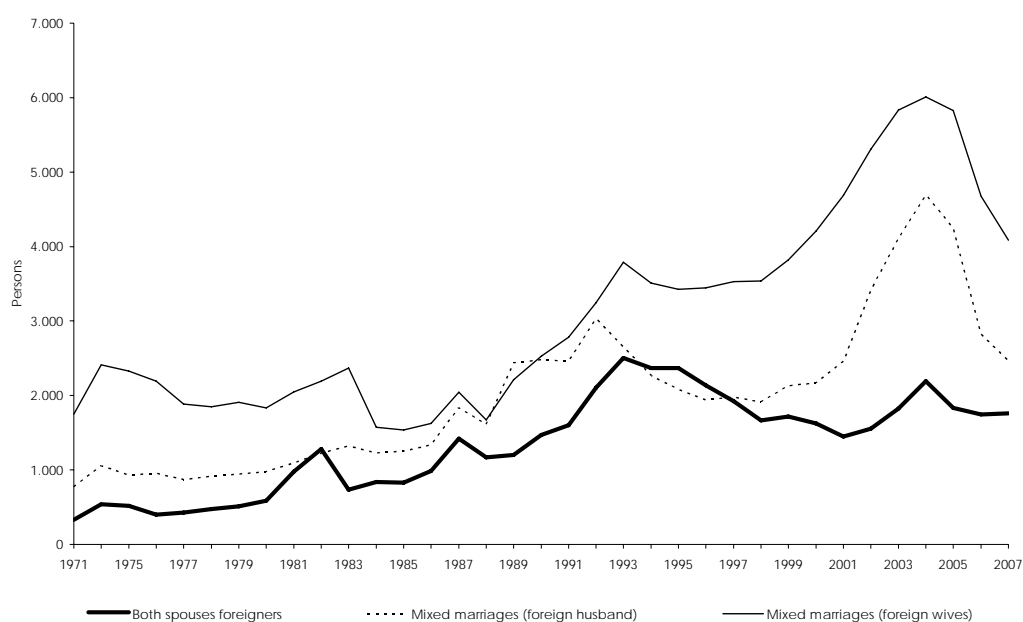
Table 22: *Marriages of Nationals and Foreigners*

	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
2006	36,923	27,677	1,746	2,821	4,679
2007	35,996	27,689	1,758	2,463	4,086

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 but increased again to 77 percent in 2007. The share of foreign marriages (with both spouses foreigners) increased from 0.7 percent 1971 to 4.9 percent 2007. While in 1971 only 5.2 percent of all marriages were with an Austrian spouse and foreign partner, their share rose to 27.8 percent in 2004 but declined thereafter to 18.2 percent in 2007. Traditionally the propensity to marry a foreigner is higher with Austrian men. Their share in total marriages amounted to 3.6 percent 1971 and rose to 15.7 percent 2003, and declined thereafter to 11.4 percent in 2007. In contrast only 1.6 percent of all marriages in 1971 were mixed, with the wife being Austrian and the husband foreign. This share has increased over time as well, particularly in the early years of 2000, reaching 12.2 percent in 2004. Since then the share of marriages of Austrian women with a foreign spouse has almost halved to 6.8 percent in 2007.

Figure 23: Mixed marriages and marriages of foreigners
1971-2007



Source: Statistics Austria.

The reasons for the disparate development of marriages are complex and not solely due to demographic change. Behavioural factors are also responsible, e.g., Austrians tend not to marry to the same extent and at such an early age as in the olden days, i.e., the 1960s and 1970s. In addition, Austria's immigrant population tends to look for potential spouses in their countries of origin, often also third generation immigrants. In 1999 the Citizenship Law was amended to the extent that in the case of mixed marriages the partner of third country origin is eligible for Austrian citizenship after 5 years of marriage with the same partner and 6 years

of legal residence. In the most recent legislative reform of 2005, it has been made even more difficult for the partner to obtain Austrian citizenship. The major hurdle is the need for regular income of one's own. In addition, the earnings/income requirement for the Austrian partner who wants to marry a third country citizen will make it harder for poor Austrians (often with a migrant background) or foreign residents to bring in a partner with low earnings capacity. The nationality mix of the foreign spouses of Austrians is rather diverse; there is, however, a clear linkage with the traditional migrant source countries, in particular former Yugoslavia and Turkey.

III. Employment and unemployment of foreign workers

1. Employment of foreign workers

According to social security data, Austria counted 412,600 foreign wage and salary earners in 2007, i.e., 21,900 or 5.6 percent more than a year ago. The current year will see an even higher growth rate of foreign employment. Accordingly, the foreign worker share in total employment rose to 12.8 percent after 12.4 percent on average in 2006, and will continue to rise in the current year. In this number 151,100 citizens from the EEA/EU 26 are included, 81,200 from the EEA/old member states and 69,900 from the new MS. Thus, 37 percent of foreign workers are EU 26 citizens, and two thirds are of third country origin (261,500) (Tables 23 and 24).

This shows that the numbers of foreigners of third country origin, excluding citizens from the new EU 12, have continued to rise. The exact number of foreigners is somewhat over-estimated 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, on the one hand because of EU-membership and free labour movement of EU citizens, many of them former migrant workers on a permit, on the other 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 Labour Market Service, this number has come down to 211,200 by 2005. Since then the numbers have been on the rise again, reaching a level of 226,500 in 2007 (Figure 24).

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.

Table 23: Foreign wage and salary earners in Austria from 1961-2007

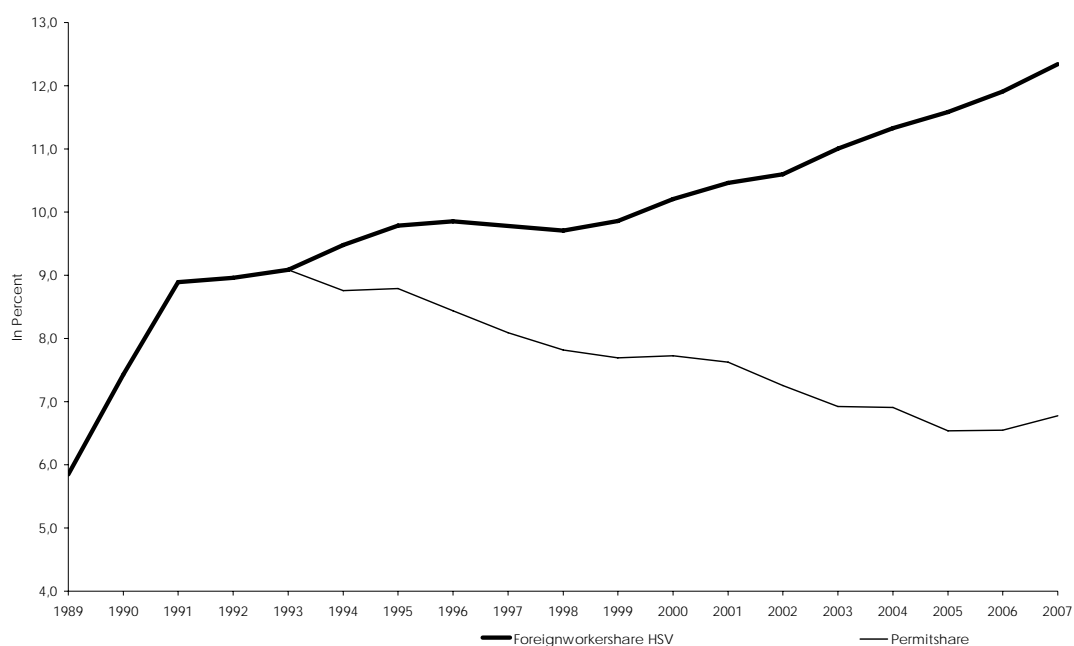
Annual average

	Foreign ¹ workers	Changes		Share in total active employment In percent
		Absolute	Percent	
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
2006	390,695	16,508	4.4	12.4
2007	412,578	21,883	5.6	12.8

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.

At the same time, enterprises were increasingly controlled for abiding by the law in case of the employment of a foreign worker where labour market testing is called for. As a result, 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, before getting a permit for the aforesaid migrant worker. 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 employment opportunities of unskilled migrants.

Figure 24: Increasing discrepancy between foreign worker share and work permit share in total employment



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

The enforcement of labour market testing and the concomitant raising of the inflow quotas of seasonal workers from abroad tended to reduce clandestine work but reduced the chances for labour market integration of un- and semiskilled migrants already in the country. This situation lasted until 2003, when the green card system was introduced and the quota for seasonal workers from abroad was reduced (with a time lag of 1 year, as unemployment rose as a result of the ensuing substantial supply increases), as seasonal work represents also an option for resident migrants. One has to acknowledge, however, that easy access to

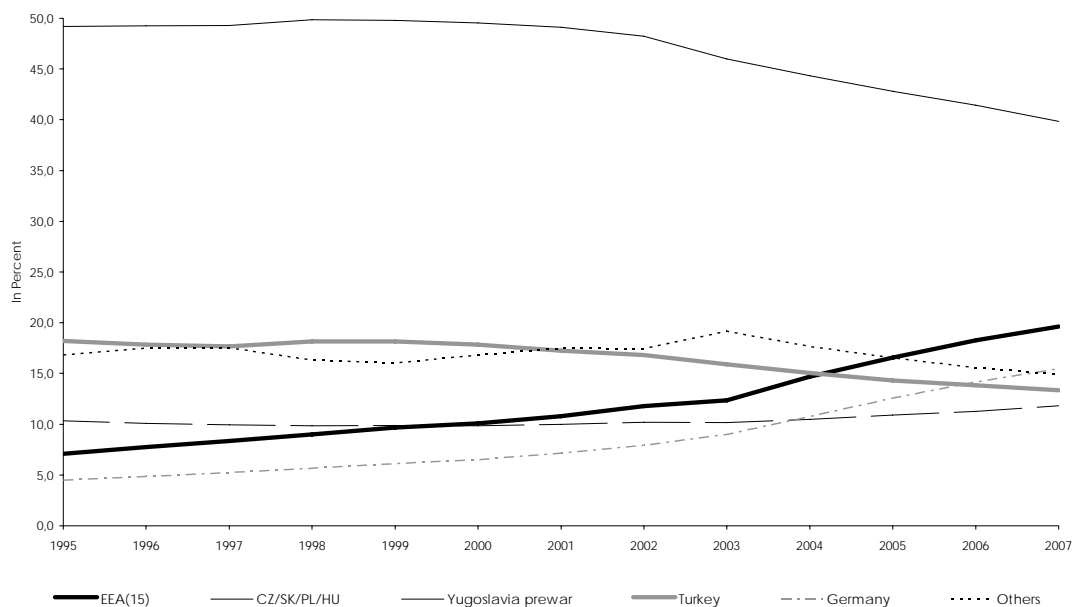
seasonal workers from abroad within a large quota contributes to reducing clandestine work, particularly if the season is short (harvesting) and if traditional personal connections are the basis for recruitment.

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 citizen 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 19.6 percent 2007, i.e., by 13 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 40 percent 2007. The share of persons from Croatia is rather small (3.5 percent 2007). The proportion of Bosnians has increased rather more rapidly, as they received preferential treatment on humanitarian grounds when applying for work permits in the early 1990s and are now having their family members join them. In 2007, they accounted for 7.5 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., 25 percent of all foreign workers.

Figure 25: *Composition of foreign labour by region of origin: 1995-2007*



Source: Federation of Austrian Social Security Institutions.

Table 24: Foreign workers by nationality 1971-2007¹

Annual average

	Foreign workers total	EEA 14	Of which: Germany	EFTA	EEA 25/27	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	374,187	16.6	12.6	0.1	28.8	29.1	3.4	1.3	7.6	14.3	27.6
2006	390,695	18.3	14.2	0.1	30.8	26.9	3.5	1.3	7.5	13.8	28.6
2007 ⁵	412,578	19.7	15.5	0.1	34.8	24.8	3.5	1.3	7.5	13.4	27.9

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. - ⁵ From 2007 onwards EEA25/27 includes Bulgaria and Romania, taken out of others.

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.

Table 25: Foreign workers by gender 1971-2007 and female employment share in total economy (salaried employment)

	Male	Female	Female employment share in total employment
		Percent	
September 1971	70.9	29.1	
September 1972	68.5	31.5	
September 1973	69.0	31.0	
September 1974	67.3	32.7	
September 1975	63.8	36.2	
September 1976	61.3	38.7	
September 1977	61.3	38.7	
September 1978	61.5	38.5	
September 1979	61.6	38.4	
September 1980	60.9	39.1	
September 1981	61.0	39.0	
September 1982	60.4	39.6	
September 1983	60.4	39.6	
September 1984	61.1	38.9	
September 1985	60.9	39.1	
September 1986	60.4	39.6	
September 1987	61.3	38.7	
September 1988	62.1	37.9	
September 1989	62.6	37.4	
Annual average 1989	61.6	38.4	41.2
Annual average 1990	64.9	35.1	41.3
Annual average 1991	66.1	33.9	41.5
Annual average 1992	66.5	33.5	42.2
Annual average 1993	66.3	33.7	42.5
Annual average 1994 ¹	63.8	36.2	42.6
Annual average 1995	63.2	36.8	42.7
Annual average 1996	62.6	37.4	42.9
Annual average 1997	62.5	37.5	43.1
Annual average 1998	62.8	37.2	43.3
Annual average 1999	62.7	37.3	43.5
Annual average 2000	62.2	37.8	43.9
Annual average 2001	61.3	38.7	44.5
Annual average 2002	61.1	38.9	45.1
Annual average 2003	60.6	39.4	45.7
Annual average 2004	60.4	39.6	45.9
Annual average 2005	60.3	39.7	46.1
Annual average 2006	60.1	39.9	46.2
Annual average 2007	60.0	40.0	46.2

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

After 1999, the decline picked up again such that the share of Turks in foreign employment reached 13.4 percent in 2007; this is their lowest share in foreign employment since the late 1970s. This is both the result of a reduction in inflows and of increases in the naturalisation rate.

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 28.6 percent in 2006. In 2007, the share declined by 2 percentage points – Bulgarians and Romanians joined the EU and are now counted among EU 27 (Table 24, Figure 25).

Ever since 1993, the employment opportunities of foreign women improved relative to foreign men. The share of women in foreign employment rose from 33.5 percent in 1992 to 40 percent in 2007. The proportion of women in foreign employment remained clearly below the Austrian average of 46.2 percent in 2007 (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 2007 (45 percent). Next in line are Croatians (41.8 percent) and Bosnians (41.4 percent). The lowest proportion of women in total employment is amongst Macedonians (29.4 percent) but rising and Turks (29.5 percent). The lifting of labour market entry barriers to Turkish citizens as a result of the implementation of agreements of the EU with Turkey in 1997 tended to raise the share of women in the employment of Turks in Austria from 24.8 percent in 1997 to 29.5 percent in 2007; the rise slowed down over time, partly due to limited work opportunities in their major skill segments. Women from CEECs have low proportions, largely because of a high degree of clandestine work, in particular in domestic and care services; but signs are for the better as female employment shares are rising, reaching 34.7 percent in 2007, after 28.6 percent in 2001.

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

Nationalities	2001				2007			
	Male	Female	Total	Female In %	Male	Female	Total	Female In %
Yugoslavia	39.536	31.286	70.822	44,2	24.395	20.103	44.497	45,2
Croatia	15.587	10.299	25.886	39,8	14.790	10.632	25.422	41,8
Slovenia	4.403	1.602	6.005	26,7	4.756	1.873	6.629	28,3
Bosnia	23.968	17.013	40.981	41,5	23.915	16.929	40.844	41,4
Macedonia	3.403	936	4.339	21,6	3.854	1.608	5.462	29,4
Turkey	31.727	11.932	43.659	27,3	20.616	8.619	29.235	29,5
Others	34.356	14.013	48.369	29,0	47.509	26.927	74.437	36,2
of whom:								
Eastern Europe	26.825	10.726	37.551	28,6	35.284	18.757	54.041	34,7
Total	152.980	87.081	240.061	36,3	139.835	86.691	226.526	38,3

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 2006-07) provides a relatively good estimate of the average annual employment development. As a result of the continued economic upswing in 2007, total employment in manufacturing increased for the second time in five years. Both native and foreign employment profited but the share of foreign workers increased somewhat.

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

	2006			2007		
	Total	Foreigners	Foreigners In percent of total	Total	Foreigners	Foreigners In percent of total
Agriculture and forestry	33,814	11,685	34.6	34,142	12,253	35.9
Agriculture and forestry	33,814	11,685	34.6	34,142	12,253	35.9
Mining and manufacturing	867,794	125,235	14.4	885,129	128,881	14.6
Mining, stones and minerals	13,137	864	6.6	13,169	912	6.9
Food, drinks, tobacco	71,976	12,674	17.6	71,984	12,981	18.0
Textiles, clothing, leather	27,480	6,302	22.9	27,118	6,368	23.5
Wood, paper, printing, publishing	77,215	7,857	10.2	77,481	8,278	10.7
Chemicals, recycling	59,429	7,845	13.2	60,954	8,013	13.1
Stone and glassware	29,338	3,828	13.0	29,956	3,998	13.3
Production and processing of metals	270,257	30,845	11.4	283,949	32,680	11.5
Furniture, jewellery, musical instruments etc.	36,072	3,658	10.1	35,612	3,655	10.3
Energy and watersupplies	26,078	413	1.6	23,201	455	2.0
Construction	256,812	50,949	19.8	261,705	51,541	19.7
Services	2,284,066	263,978	11.6	2,325,556	279,778	12.0
Trade, repairworks	509,899	58,994	11.6	521,119	62,013	11.9
Restaurants and hotels	173,980	55,231	31.7	175,267	59,089	33.7
Transport, telecommunications	218,155	25,588	11.7	218,222	26,222	12.0
Financing, insurance	108,634	4,367	4.0	110,376	4,932	4.5
Businessoriented services	329,975	63,444	19.2	350,757	68,357	19.5
Public administration, social security ¹	467,519	13,861	3.0	462,927	14,138	3.1
Education and research	148,828	7,499	5.0	149,060	8,210	5.5
Health-, veterinary and social services	174,047	15,960	9.2	182,191	16,996	9.3
Other public and private services, extraterritorial organisations ¹	149,662	18,352	12.3	152,270	19,063	12.5
Private households	3,367	682	20.3	3,367	758	22.5
All Industries	3,185,674	400,898	12.6	3,244,827	420,912	13.0
Military service	13,685			11,913		
Parental leave	107,046			104,466		
Unknown		141			81	
Total	3,306,405	401,039		3,361,206	420,993	

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

Employment in manufacturing industries is affected by significant outsourcing and off-shoring 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.

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 year 2007, metal industries expanded their employment most significantly, a result of the increasing exports of car manufacturing products and machines. Employment continued to be negative in textiles/clothing and furniture production; 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 almost all manufacturing industries and could keep their employment share in construction at a high level (Table 27).

As employment opportunities in manufacturing started to dry up in the wake of economic restructuring, migrants started to increasingly move into services, in the main the non-tradeable sector. As a result, their numbers increased in services from 264,000 in 2006 to 279,800 in 2007 (+15,800, +6 percent versus 2006). Thus their share in services employment increased to 12 percent in June 2007, after 11.6 percent in 2006.

The most dynamic services industries were business services which include the catch-all of temporary work agencies. The share of foreign workers increased to 19.5 percent (after 19.2 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 20,600 or 5 percent to 420,900 in June 2007 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 35.9 percent in June 2007. The supply of Austrian nationals for seasonal work, help in harvesting, etc., is not sufficient. Agriculture and forestry

have now together with tourism industries (33.7 percent) and textiles-clothing-leather industries (23.5 percent) the highest foreign worker density.

Next in line are household services (22.5 percent), business services (19.5 percent), and construction (19.7 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).

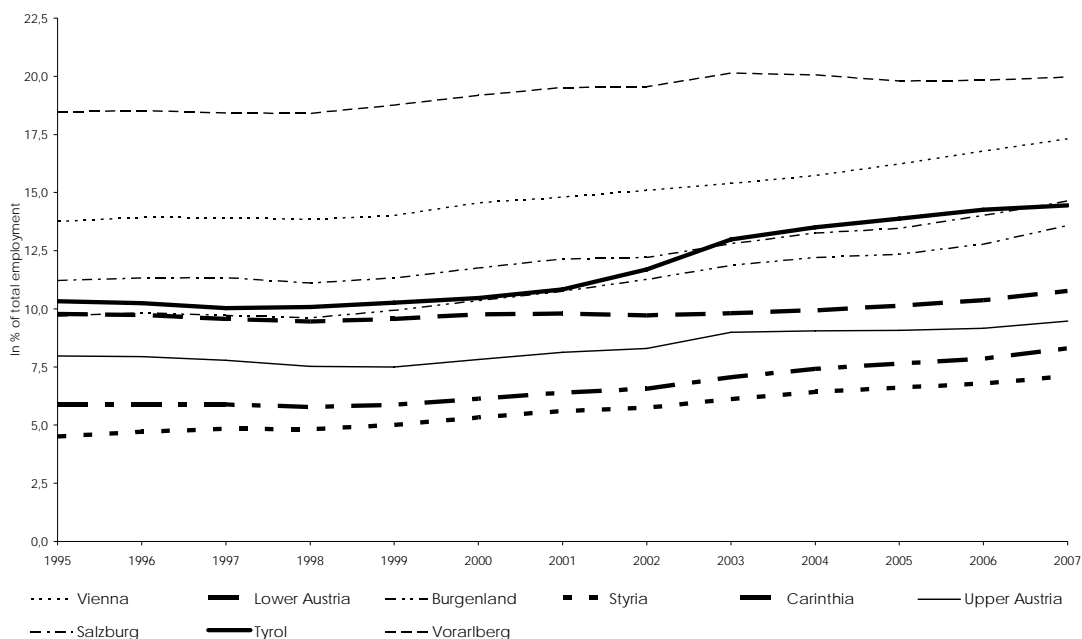
At the beginning of the year 2008, the industrial classification is undergoing major changes, raising the number of industry classifications from 514 to 615, while at the same time reclassifying some of the former industries. This means that a serious follow up of the change in the industrial employment composition of Austrians and foreigners between 2007 and 2008 is not feasible as yet. But as the economic situation has not yet deteriorated in Austria, the picture for 2007 should also be valid for 2008.

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 26, Table 29).

The distribution of foreign workers across Austria is changing only marginally over time. The concentration of foreign workers upon Vienna, Vorarlberg and Lower Austria is somewhat reduced between 2000 and 2007, while all the other provinces attract larger numbers (Figure 27). Vienna is home to a third of all foreign workers, followed by Lower Austria (14 percent) and Upper Austria (13 percent). Even though Vorarlberg has the highest foreign worker density, it houses only 6.7 percent of all foreign workers.

Figure 26: Foreign worker share by region/Bundesland in Austria (foreigners in percent of total employment): 1995-2006



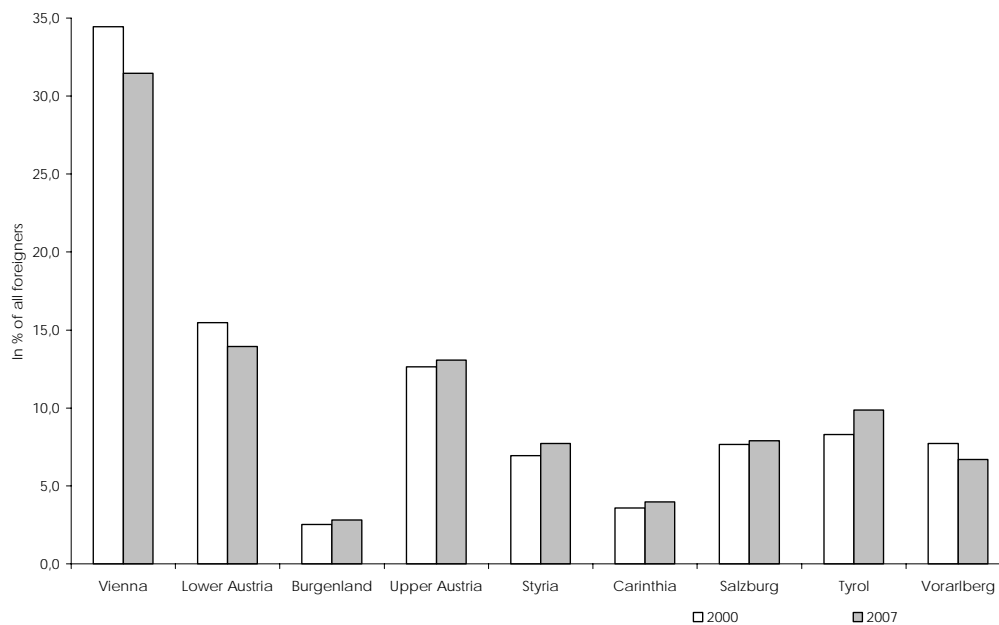
Source: Federation of Austrian Social Security Institutions.

Table 28: Regional distribution of foreign labour in Austria
Annual average

	Total active employment			Foreigners			Foreigners in %		
	2001	2003	2007	2001	2003	2007	2001	2003	2007
Vienna	752.608	734.064	749.923	111.405	112.940	129.821	14,8	15,4	17,3
Lower Austria	506.073	502.547	534.144	49.569	49.281	57.546	9,8	9,8	10,8
Burgenland	78.781	81.063	85.515	8.475	9.615	11.617	10,8	11,9	13,6
Styria	420.744	419.418	448.364	23.613	25.664	31.899	5,6	6,1	7,1
Carinthia	187.465	186.599	197.796	11.980	13.169	16.403	6,4	7,1	8,3
Upper Austria	524.445	530.192	568.766	42.636	47.676	53.918	8,1	9,0	9,5
Salzburg	209.053	210.908	222.941	25.387	26.983	32.620	12,1	12,8	14,6
Tyrol	257.716	261.850	281.823	27.905	33.983	40.705	10,8	13,0	14,4
Vorarlberg	129.994	130.768	138.178	25.374	26.336	27.592	19,5	20,1	20,0
Austria	3.066.880	3.057.409	3.227.449	329.314	350.361	412.578	10,7	11,5	12,8

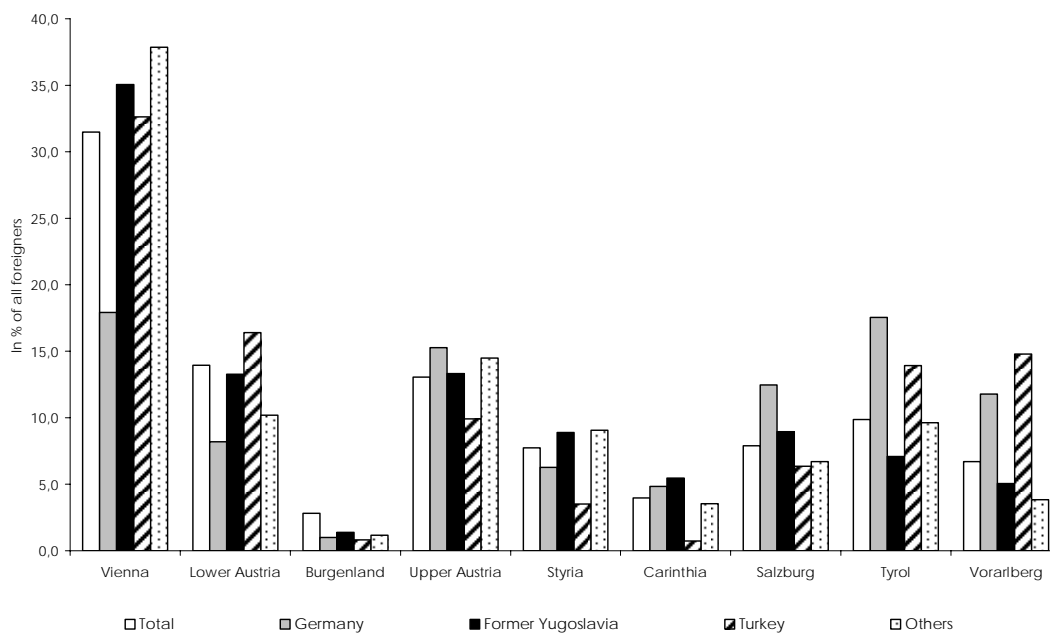
Source: Federation of Austrian Social Security Institutions. – ¹ Excluding unemployed in education and training measures. – ² In the total number of foreign employment 3,700 (2002) and 4,700 (2003) foreign citizens are included, who work in mining and railway systems, and who can not be attributed to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

Figure 27: Regional distribution of foreign labour in Austria (total foreign employment = 100): 2000-2007



Source: Federation of Austrian Social Security Institutions.

Figure 28: Foreign workers by region and selected nationalities 2007



Source: Federation of Austrian Social Security Institutions.

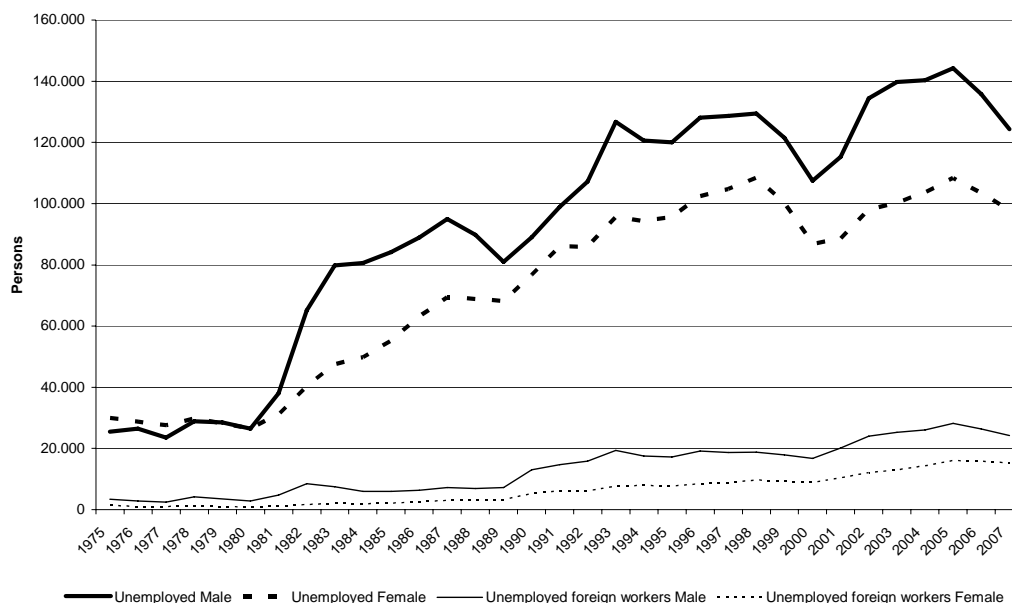
The regional concentration of foreign workers differs somewhat by the nationality of foreigners. While Yugoslavs, Turks and the multicultural conglomerate of 'Others' are to a larger extent than the average foreign worker concentrated upon Vienna, Germans tend to be concentrated upon the western regions, Tyrol, Vorarlberg, Upper Austria and Salzburg. Yugoslavs tend to concentrate, apart from Vienna, in Lower and Upper Austria. Turks, given their occupational specialisation in textiles, clothing and leather, are, apart from Vienna, more than proportionally represented in Vorarlberg, Lower Austria and Tyrol. (Figure 28)

2. Unemployment of foreign workers

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

The year 2000 marks the end of an economic boom with significant declines in unemployment. In the ensuing slowdown in economic growth, unemployment rose to reach a peak in 2005. In 2006 and 2007 unemployment declined for the first time in 5 years again, and will continue to do so in 2008. The recent fall in unemployment is rather weak in relation to the strong employment growth, however, as hardly any inroads in reducing structural unemployment have been made.

Figure 29: Total unemployed and unemployed foreigners 1975-2007
Annual average



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

The share of foreigners in total unemployment has continually increased over time, from 8 percent in the mid 1970s to 17.8 percent in 2007. 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 15.6 percent. While women on average make up 43 percent of all unemployed, the proportion of women in foreign unemployment is significantly lower with 38.7 percent (Figure 29).

Table 29: 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
2006	7.1	6.4	6.8	10.1	9.2	9.7	10.4	12.8
2007	6.5	6.4	6.4	8.9	8.5	8.8	9.4	11.6

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

The total unemployment rate has been rising from 2000 till 2005 by 1.5 percentage points to 7.3 percent and declined until 2007 by 0.8 percentage points to 6.4 percent; the cyclical

pattern for foreign workers follows the national pattern¹⁰. However, due to the employment concentration of migrant workers upon unskilled labour in combination with cyclically sensitive industries, the rise of unemployment rates of foreign workers has been more pronounced, i.e., by 3.1 percentage points to 10.6 percent in the recession. In the recent economic upswing the differential to Austrians could be decreased from 3.3 percentage points in 2005 to 2.4 percentage points in 2007.

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 the upswing of 2006 and 2007, the gender differential declined to 0.1 percentage point. 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, and 0.4 percentage points in 2007.

In 2007, the unemployment rate of foreign men amounted to 8.9 percent, – 1.2 percentage points versus a year ago. It is significantly higher than the national unemployment rate of men of 6.5 percent. Foreign women had an unemployment rate of 8.5 percent, after 9.2 percent a year ago. The national unemployment rate of women amounted to 6.4 percent, the same as in 2006.

Turkish workers have traditionally had the highest unemployment rates of any foreign worker group. Their unemployment rates had risen between 2001 and 2005 to 14.1 percent, but declined thereafter and reached a low of 11.6 percent in 2007. The unemployment rate of Yugoslavs declined to 9.4 percent (after 11.4 percent 2005 (Table 29)).

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.

¹⁰ 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.

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 30: Unemployment rates of Austrian and foreign active labour according to selected occupations

1997-2007

Selected occupations	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<i>Nationals</i>											
Agriculture and forestry	14.2	15.0	14.7	14.0	14.2	15.0	15.7	16.3	16.9	16.6	15.8
Stone- and mineralworkers	4.4	4.3	4.0	3.8	3.9	4.2	4.5	4.4	4.3	4.0	3.5
Construction	8.3	8.4	8.2	7.9	8.9	9.5	9.7	9.7	9.9	9.3	8.1
Metalworkers, electricians	8.2	7.8	7.2	5.9	6.1	7.4	7.5	7.2	7.4	6.7	5.5
Wood processing	5.3	5.4	5.4	4.6	5.1	6.3	6.2	5.8	5.8	5.2	4.4
Textile workers	6.2	5.4	5.1	4.2	4.5	5.7	5.8	5.9	6.5	5.9	4.8
Clothing, shoe industry	15.9	15.7	14.6	12.8	12.0	13.3	13.6	13.9	13.8	12.5	11.3
Retail trade	4.8	5.0	4.7	3.9	3.9	4.5	4.8	4.8	4.9	4.7	4.4
Tourism	18.5	18.5	17.1	15.3	15.4	16.2	16.6	17.5	17.8	17.4	17.0
Total	7.2	7.2	6.7	5.8	6.0	6.7	6.9	7.9	8.1	7.6	6.9
<i>Foreigners</i>											
Agriculture and forestry	12.8	12.4	11.7	10.5	11.0	10.3	9.3	8.5	8.7	8.5	6.8
Stone- and mineralworkers	5.4	5.4	5.8	5.1	4.9	5.9	5.6	5.7	5.4	4.9	3.9
Construction	10.9	11.2	11.2	11.1	13.3	14.2	13.8	14.0	14.5	13.1	11.9
Metalworkers, electricians	9.7	9.6	8.7	7.2	8.2	10.8	10.7	10.3	10.3	8.8	7.0
Wood processing	6.5	6.3	6.0	5.2	5.5	6.5	5.9	5.4	5.4	4.9	3.9
Textile workers	5.8	4.9	5.3	4.2	3.8	4.6	5.4	5.9	7.0	6.1	4.7
Clothing, shoe industry	8.6	8.9	8.2	7.6	8.1	9.2	9.8	10.1	9.9	8.9	7.2
Retail trade	2.3	2.6	2.4	2.1	2.6	3.3	3.7	3.9	4.3	4.0	3.8
Tourism	11.3	11.7	10.9	10.0	9.8	10.2	10.2	10.5	10.9	10.1	9.4
Total	8.4	8.7	8.2	7.5	8.5	9.8	9.8	9.2	9.5	8.6	7.7

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.

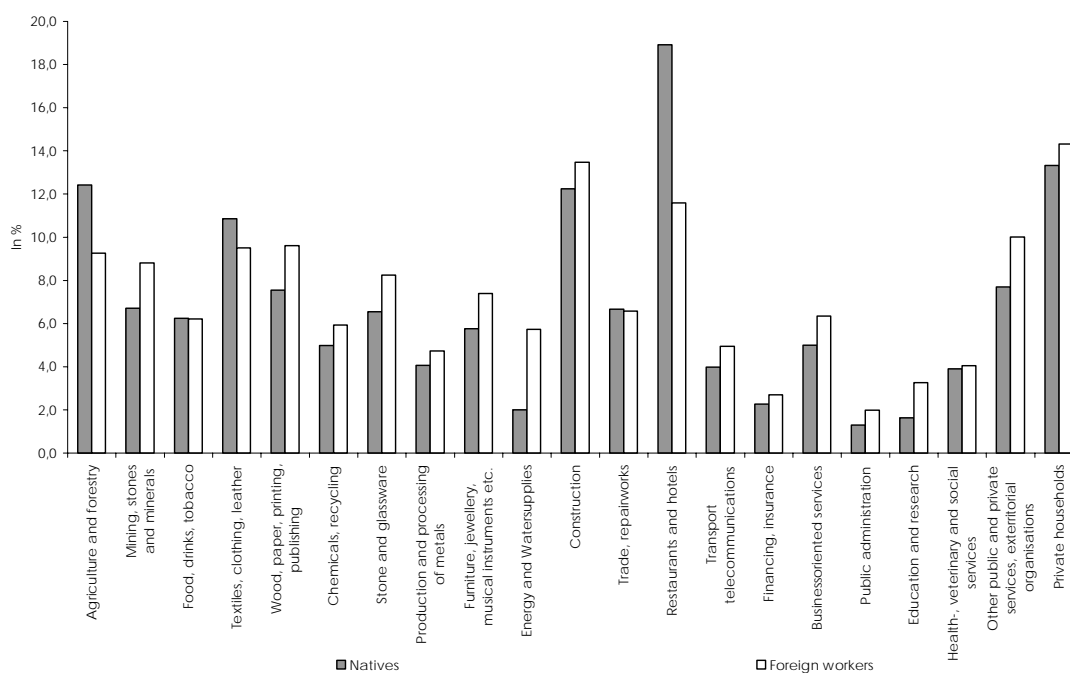
The ranking of unemployment rates by occupation differs therefore between Austrians and foreigners. In 2007, Austrians had the highest unemployment rates in tourism (17 percent), followed by agricultural occupations (15.8 percent) and in the clothing and leather industry (11.3 percent). Foreign workers, in contrast, had the highest rates in construction (11.9 percent), followed by tourism (9.4 percent), metal and electricians' work (7.0 percent), and work in the leather, clothing and shoe industry (7.2 percent).

In 2007, unemployment rates declined in all major occupations for nationals and foreigners alike (Table 30).

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 16.5 percent, followed by domestic workers (13.6 percent), and construction (12.5 percent); agriculture is number 4 in this industry ranking of unemployment rates (11.5 percent) in 2007 (Figure 30).

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. 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 30: Unemployment rates by industry of Austrians and foreigners 2007



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

3. Entrepreneurship

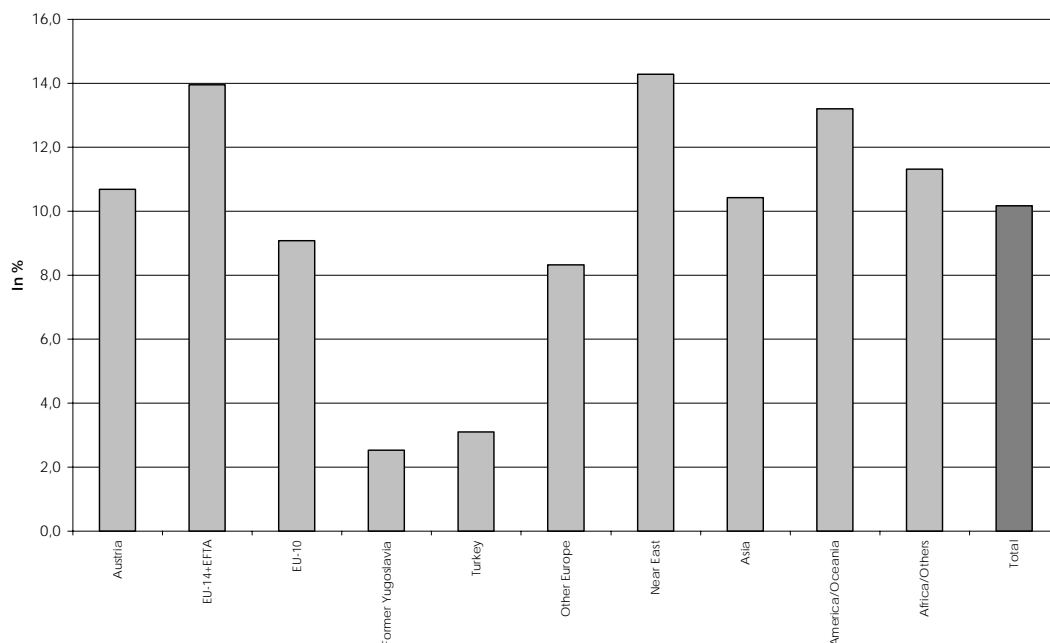
There is no comprehensive and regular statistical information on ethnic entrepreneurs in Austria and their role in the economy. As migrants are facing more and more difficulties to find employment, they increasingly turn to self-employment. This is a relatively new feature of migration in Austria. Until the early 1990s, the proportion of self-employed migrants has been

significantly lower than of natives, contrary to countries like France and the UK. But by 2001, according to the census, immigrants are now on average as often self-employed as natives, namely 10 percent. If one takes into account that one third of all Austrian self-employed are farmers, an option not really open to immigrants, migrants are more often than natives self-employed in non-agricultural activities, particularly if they have become naturalised. While 10 percent of naturalised first generation migrants were self-employed in the non-agricultural sector in 2001, compared to 8 percent of the natives, this was only the case for 5.4 percent of all foreigners.

Figure 31 indicates that there are significant differences in the propensity to become self-employed by country of birth. Migrants from the Near East, from other EU-MS, America and Africa are more often self-employed than native Austrians. Asians are about as often self-employed as native Austrians, while persons from the traditional migrant worker source countries, i.e., Turkey and former Yugoslavia, are relatively seldom self-employed.

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

Figure 31: Share of self-employed in total employment in percent by country of birth (2001)



Source: Statistics Austria (Census), own calculations.

IV. Irregular migration

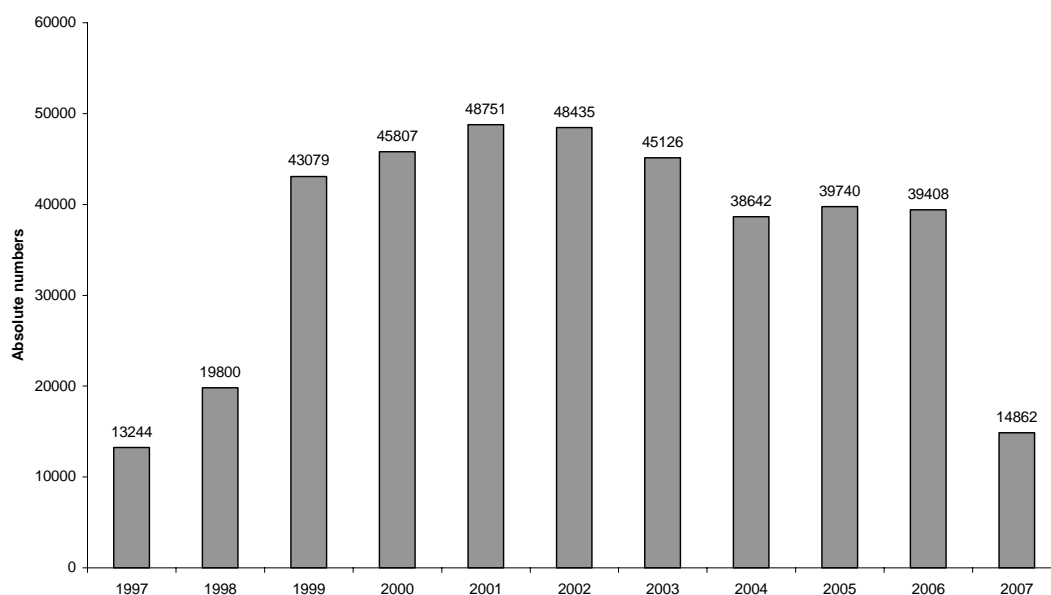
Illegally residing third country nationals are a heterogeneous group of people, depending partly on the legal framework of a country. The Austrian legal system does not make mention of rights of illegal residents. However, human rights apply to all persons on the territory irrespective of legal status. 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. The current law on humanitarian residence (NAG 2005) is very vague relative to residence permits on humanitarian grounds, leaving too much discretionary power to the Ministry of the Interior. As the current government has been rather restrictive in 2007, applications to the constitutional courts resulted in referrals to the Ministry, to amend two paragraphs relating to procedures on the one hand and to criteria on the other as far as granting residence permits to asylum seekers who have been rejected and who continue to stay illegally. The Ministry has therefore requested that the expertise, which is written annually by Biffi/Bock-Schappelwein, include information on normal procedures and criteria in the EU-MS. The new government (elections took place on September 2008) will be expected to make decisions on this issue.

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, *Biffi* (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, or still illegal residence due to human trafficking (*BMI*, 2007/2008).

The 'illegal migration' report of the Ministry of the Interior provides information on the numbers of persons illegally residing in Austria, or rather the number of apprehensions at the border and/or inland between 1997 and 2007. These numbers have risen between 1997 and 2001/2002, were they reached a peak with 48,800. The numbers declined thereafter somewhat until they took a deep dip in 2007 (*BMI*, 2005/06/07/08). According to the 'illegal migration' and human trafficking reports of the Ministry of the Interior, the numbers of apprehended persons (smuggled persons, illegally entering and/or residing persons) halved

in 2007 versus 2006 (Figure 31). This recent abrupt decline is in the main the result of a decline in the number of persons from Romania, who since EU-membership of Romania (in January 2007) have the right to stay in Austria. Accordingly, not only the number of apprehensions declined but also the composition changed. It was above all the number of illegal residents, which declined, reducing the share to 29 percent of all persons apprehended. In contrast, the decline in the number of victims of trafficking in humans has been smaller (from 12,300 in 2006 to 9,800 2007), thereby raising their proportion to 66 percent of all apprehended persons (after 31 percent in 2006). Also the number of traffickers in humans has declined, but not to the same extent such that the share of this group of apprehensions has risen only slightly to 4.3 percent (after 2.1 percent in 2006, see figure 33).

Figure 32: Apprehensions of illegal entrants and illegally residing migrants (overstayers) in Austria

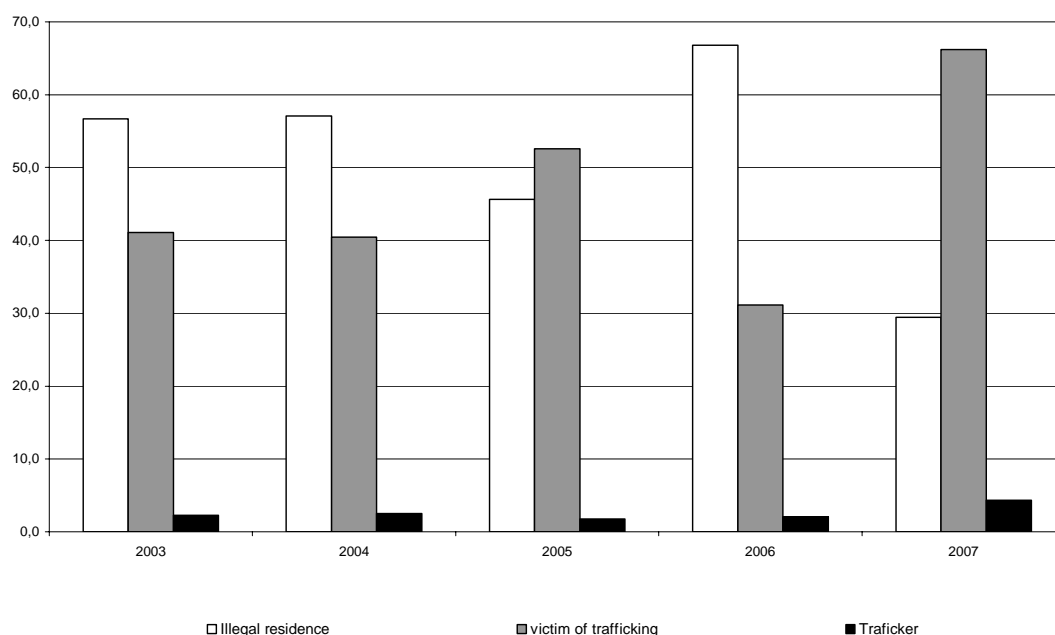


Source: Ministry of the Interior, Illegal Migration Report (Schlepperberichte 2006-08).

The most important countries of origin of smuggled persons are from the Russian Federation, followed by Serbia-Montenegro, Moldova, Ukraine, and Iraq. The main countries of origin of illegally entering and/or residing persons are from Serbia, the Ukraine, Romania, Turkey and Moldova. The major nationalities of traffickers are Romanians, followed by Austrians, Slovaks, Ukrainians, Serbs and Mongolians. As human trafficking is a well organised crime business, cooperation between old and new EU-MS on the one hand and source countries/countries of transit on the other is increasing. The outward movement of the Schengen-border at the

end of 2007 has important consequences for the system of security controls both within Austria and across the enlarged region¹¹.

Figure 33: Composition of apprehensions of illegal entrants and illegally residing migrants (overstayers) in Austria



Source: Ministry of the Interior, Illegal Migration Report (Schlepperberichte 2006-08).

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

¹¹ The system of data exchange (finger prints) of asylum seekers and illegal residents 'eurodac' is an element of the documentation of illegal cross-border flows, which has been implemented in 2003. <http://europa.eu/scadplus/leg/en/lvb/l33081.htm>; in addition, **Frontex**, the EU agency based in Warsaw, coordinates the operational cooperation between Member States in the field of border security.

some 20,000, thereby contributing to the slow-down in measured productivity growth, which was as a result of legalisation not real but rather an artefact.

The few data collected on 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 since then, no comprehensive information has been made available on clandestine work by nationality. But some of the complex administrative procedures regarding access to the labour market of migrants from third countries (and for citizens of new WU-MS for as long as the transition regulations apply) have to be understood as instruments to combat clandestine work, in particular seasonal work in tourism and harvesting. The actual numbers of permits granted annually are in the order of 60.000 to 70,000 – for a limited time period, obviously. In an annual average the numbers are quite small in comparison though (10,000 in 2007), taking into account that some may only work a few weeks and have a tradition of coming to the same employer over years. While this system is efficiently **combating clandestine work, it also** makes sure that every **seasonal worker** has social security coverage during the period of work in Austria.

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

Also a variety of NGOs, welfare institutions, produce data on profiles of 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 31).

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*). A report by the Austrian National Contact point on return migration (forced or voluntary) highlights the system in place in Austria (*EMN, 2007*). The continuous reporting system of the Ministry of Interior is providing increasingly differentiated data on the various forms of 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 2007, all in all 30,200 such police actions were registered, about half as many as a year ago. Thus, the downward trend, which had been interrupted in 2005 and 2006, found its continuation in 2007. The decline was basically the result of a massive reduction of actions at the border. They used to constitute half of the police actions. They could be reduced from 31,200 in 2006 to 7,600 in 2007, i.e., by 24,000 or 76 percent. Also many other major actions declined, above all the number of expulsions, deportations, detentions and denials of residence. In contrast, the refoulement cases remained fairly stable (1,700).

Table 31: Statistic of alien police measures (Sum over the year/period)

	2004	2005	2006	2007	01-05 2005	01-05 2006	1-5 2007	1-5 2008
Rejections at the border	26.280	27.043	31.189	7612	11.056	13	268	1.214
Refoulement	4.132	1.895	1.685	1700	817	14	268	618
Expulsion §33	6.104	4.306	3.574	1843	1.995	536	431	900
Expulsions §34	274	439	163	430	203	1.700	2.020	85
Denial of residence	9.132	7.194	5.294	4542	3.188	3.945	2.957	1.761
Denial to return to Austria			975	629		0	0	217
Detention	9.041	7.463	8.694	6960	3.170	0	0	2.497
Lesser measures	362	285	927	1158	88	0	0	759
Forced measures	391	20			0	0	0	
Voluntary return to country of origin	5.510	4.791	5.655	2443	-19	86	-54	
Administrative order to leave the country								676
Deportation	5.274	4.277	4.090	2838	1.761	0	0	906
	66.500	57.713	62.246	30.155	22.259	6.294	5.890	9.633

Source: Federal Ministry of the Interior.

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. (Figure 34)

Figure 34: Remittances of foreign workers to their home countries 1966-1996



Source: Austrian National Bank (OeNB).

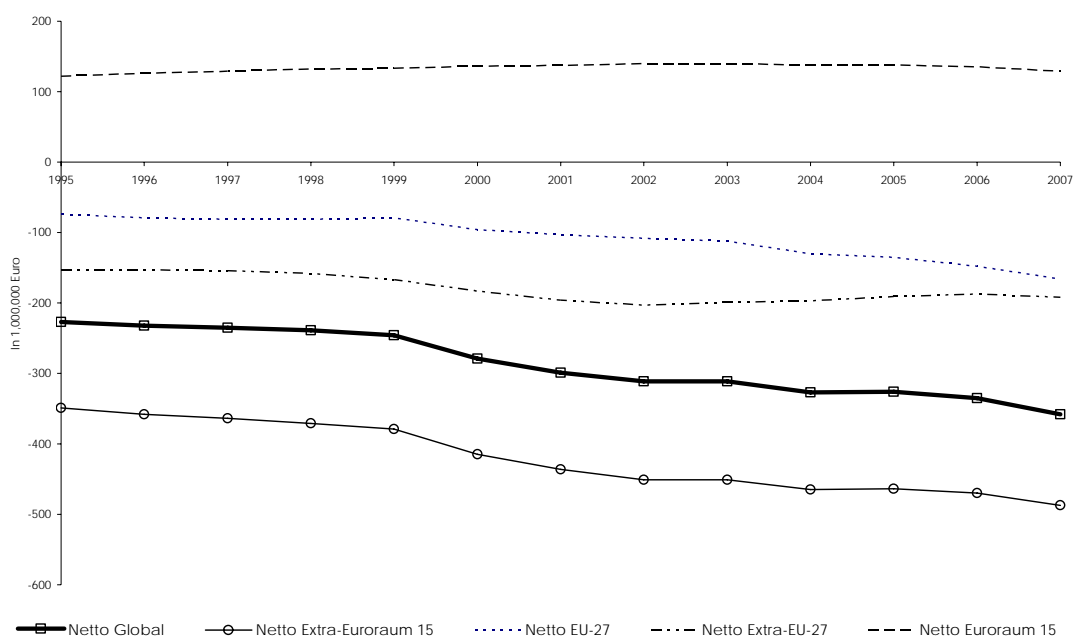
The development of remittances to Turkey follows a very different pattern over time. The pattern is anti-cyclical; the remittances increased in periods of economic slack and growing unemployment in Austria. Ever since 1987, when a very low level of money transfers to Turkey was reached, the remittances 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 annually by foreign workers via registration by the Austrian National Bank, no differentiation by country of destination or nationality is undertaken by the National Bank. One may, however, differentiate between large destination regions of remittances. The Austrian National Bank has completely revised the data base and provides time series for period 1995 to 2007. According to this data set, Austria has seen a total net outflow of money as a result of remittances over the whole period, amounting to 227 million € in 1995 and rising to 358 mill € in 2007. While remittances between countries of the Euro area and Austria are positive (129 million € in 2007), they are negative with the world outside the euro-area (-487 million €). Remittances between Austria and the EU-27 countries constitute net outflows in the order of 166 million € in 2007, while they are less pronounced in the case of outflows to countries outside the EU-MS, namely 192 mill € in 2007 (Figure 35).

Figure 35: Remittances of migrant workers to their home countries in million €



Source: Austrian National Bank (OeNB).

VI. Integration of migrants

The integration of immigrants is facilitated by a governance system which has a broad national strategy of socio-economic, cultural and political inclusion, while at the same time being complemented by a complex system of regional institutions and integration measures. Such a system, while ensuring continuity and stability, can accommodate the needs of regions and different ethnic groups and adapt to new challenges. As the pattern of migration evolves, so will the needs of the migrants and the host communities in their quest for integration and participation. Newcomers have different needs than second and possibly third generation migrants, and the needs may differ by migrant groups by status (migrant workers, family members, and refugees), age and gender. Mainstream integration has to cater for all needs in order to ensure that social cohesion is not jeopardised.

Austria is a country with a long tradition of immigration, but a short history of structured and comprehensive integration. Only recently, the outgoing government has decided upon a national integration platform, which is to coordinate all aspects of integration policy and to help combat discrimination. A website has been put in place (<http://www.integration.at/forum/viewforum.php?f=3>) which informs about the activities in the area of coordination of integration policies, provides factual information on immigration, the living and working conditions of the migrants relative to natives, and invites comments by the general public. This is the beginning of coordinated integration policies at federal level, complementing the long tradition of integration on a regional and state level.

Apart from the integration platform, the Austrian Integration Fund (Österreichischer Integrationsfonds, <http://www.integrationsfonds.org>) has been instilled with new life¹² (and resources). The funding of the first chair on migration, integration, and security in 2008 is also flowing from the understanding that there is need for more research and understanding of the complex processes involved in these areas, and for policy advice.

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

¹² The ÖIF was founded in 1960 by the UNHCR and the Ministry of the Interior; it has been established as a result of the experiences with the processing of the Hungarian refugees in 1956 and the eventual integration of many of them in Austria. While the ÖIJ is still focusing on the integration of refugees, it is increasingly enlarging the scope of its agenda, by taking up various responsibilities in the field of integration of migrants in general.

money spent on integration in the various regions, the instruments and measures implemented and their respective effectiveness¹³.

Integration has been quite effectively pursued both at state and local level, as some of the good practice examples indicate, which every major federal state can boast, e.g., on the websites of regional integration platforms and as part of the policies of territorial employment pacts¹⁴. 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.

Good practice examples of integration in Tyrol, Vorarlberg and Vienna

Tyrol is a federal state (Bundesland) with a proportion of foreign born in the population corresponding to the national average, while Vorarlberg is at the top end of foreign born second only to Vienna. 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.

Vorarlberg in contrast is a highly industrialised but largely rural province of Austria, bordering on Switzerland, with small communities and only a few larger conurbations. It is the Austrian province with the second highest proportion of foreigners after the federal capital Vienna. 13 percent of its inhabitants hold a foreign passport. Approximately 21 percent of the secondary school students in Vorarlberg's 96 local authorities do not speak German as their mother tongue. This figure can rise to 40 percent in the cities and larger towns. As immigrants are spread over the whole province more or less evenly, as are the industrial production sites, integration policy has to embrace the whole area.

Vienna on the other hand is the only large conurbation. It is the region in Austria which has seen the largest influx and settlement of migrants of diverse ethnic, cultural and religious backgrounds. Vienna has actively promoted the inflow of immigrants as a strategy to stabilise population size and to combat ageing since the 1960s. Until the late 1980s, easy access to

¹³ For a first attempt to collect information about integration measures in the various regions see *IOM – BMI* (2005).

¹⁴ For more about the territorial Employment Pacts in Austria, in particular on integration of migrants see: http://www.pakte.at/projekte/2932/3618.html?_lang=en.

citizenship was the major instrument to attract immigrants¹⁵. As a result, more than 30 percent of the population of Vienna has a migration background (in terms of the proportion of people living in families with at least one member of the family having been born abroad) compared to 19 percent in Austria on average. The proportion of the population that does not speak any language other than German at home was 87.5 percent compared to 95.5 percent in Austria on average – in 1971 the proportion was higher and equally high as the Austrian average (close to 99 percent).

Also religious diversity has increased dramatically: only half the population of Vienna is Roman Catholic, compared to 74 percent on average in Austria. Viennese have become increasingly secular (27 percent of all inhabitants of Vienna), but also large numbers of Muslims (8 percent of the Viennese population) and orthodox Christians (6 percent of the Viennese population) settled in Vienna. Accordingly, instruments and procedures to create a sense of belonging and establishing common values have been developed. 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. Cities face different challenges than regions like Tyrol. 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.

The case of Tyrol

In 2002, Tyrol established an agency within the State government (Integrationsreferat der Landesregierung)¹⁶, 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

¹⁵ The provinces have considerable discretionary power to grant citizenship. While the general rule for eligibility is 10 years of residence in Austria, four to 5 years of legal residence in combination with a valid work contract sufficed in the city of Vienna.

¹⁶ For details see the multilingual website www.integrationsportal.at.

are to ensure the sustainability of the socio-economic integration of migrants. The guidelines 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 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 immigrants¹⁷.

The case of Vorarlberg

Vorarlberg did not take the route of Tyrol and Vienna, which developed guiding lines for integration before actually implementing and coordinating measures. It wanted to address concrete problems of immigrants and natives alike straight away and in order to do that the state devolved the actual planning and coordination to a think tank known as "**Okay-online für Zuwanderung und Integration in Vorarlberg**" in 2001. At the outset the message was that Vorarlberg has a long history of immigration, and also emigration. Building on this history of the region and its communities and individuals, the foundations were set for a common understanding that immigration is not a transitional phenomenon but one that will go on. Thus research into the history and the contribution of migrants to the well being of the people in Vorarlberg was the outset of the strategy. This was the idea of the expert group and think tank (NGO). Thus public administration was ready to accept that integration was not a top-down process but rather a process of involving and engaging old and new actors in a socio-economic and cultural development process. Media were integrated in many ways, as new methods of communication were called for, thereby structuring the social processes involved. Integration is understood as a socio-political theme that cuts across all levels and sub-systems of society that demands awareness, expertise and the implementation of a range of measures. Such a policy is no longer solely concerned with the administration of people of foreign origin but is increasingly striving towards capacity building such that all can fully participate in social and political life and take advantage of economic opportunities. This

¹⁷ See <http://www.tirol.gv.at/themen/gesellschaftundsoziales/integration/downloads/foerderungsrichtlinien.pdf>.

policy is seen by all as the best guarantee for social cohesion. The NGO "okay. zusammen leben" is overseeing and structuring the dynamics of this "learning region" by:

- making the Vorarlberg society aware of the significance of immigration and integration issues as key questions for the future,
- running an information and advice centre on these inter-related themes,
- developing, guiding and supporting concrete integration measures for migrants in Vorarlberg,
- involving the province in an international exchange of experiences and knowledge,
- networking people and organisations involved in integration and
- establishing a platform for exchanging experiences between the decision makers, people and organisations involved in integration in Vorarlberg.

A detailed description of the project centre's programmes, projects and activities can be downloaded from the website. The media are given a prominent role as a multidimensional communication channel between the parties involved – "okay-News" newsletter(quarterly), "okay-Events" (monthly), Specialist integration advice for actors in integration (politics, administration, social institutions, migrant organisations, campaigns etc.), Talks and publicity work, Community-wide learning support projects, Building bridges ("Brückenbauerinnen") whereby migrants promote integration (interpreters for parent involvement in nurseries and schools), a theatre for young people on the issue of living together in a diverse society (listen = "zuhören")etc.

One good example of the complex approach to solving problems is the way decisions on the foundation of a Muslim cemetery (which is involving 93 communities) were arrived at. The process "Islamischer Friedhof" started in autumn 2003, integrated research in order to have sound basic information, involved all local communities and interest groups as well as the provincial government. September 2007 work on the cemetery started, whereby the media were important communication channels all along, promoting cultural diversity and understanding. For details see the website:

www.okay-line.at/php/ausgabe/index.php?urlid=3&ebene2_aktiv=429)

The case of Vienna

While Vienna has been striving to develop a consistent model of integration based on the concept of diversity (as against multiculturalism), the institutional actors, be they schools or the labour market service engaged in promoting integration hands on, i.e., by generating a better understanding about differences in behaviour patterns and values of the various ethnic and cultural groups, and by spending active labour market policy measures, in particular education and training, on migrants to promote their employability.

I concentrate here on actions schools have taken to promote social cohesion in schools. One aspect is the concept of multilingualism which is increasingly being taken up in the various schools within the framework of school autonomy as an important instrument to promote common understanding and respect for other cultures, thereby promoting a feeling of belonging and togetherness. As the mix of cultures and languages differs by district or community, a different combination of languages may be called for. Language is understood as a symbolic system of reference of one's own culture which structures thinking (*Moore, 1997*). By offering education in the mother tongue, in addition to German as the host country language, the cultural and linguistic identity of the child is addressed. This helps to raise their self-confidence. In addition, the systematic and structured learning provides a better foundation for learning German as it goes beyond private colloquialism in the mother tongue. It is possible to integrate the mother tongue in class teachings where German is the main language spoken by having an adjunct teacher, who speaks the mother tongue, or in separate language classes. The latter is often the only way to go when the pupils have a diverse language background. Also, the use of multilingual teaching material is a valid means to speed up understanding of concepts in more than one language. A case in Vienna (*Fillitz, 2002*), where trilingual teaching material (Serbo-Croatian, Turkish and German) was used in teaching, indicates that this practice contributes to building a common knowledge base which promotes intercultural understanding. It is a basis for mutual respect and the development of a sense of 'us' as against 'us and them'. While intercultural studies are increasingly included in the school curricula, the pilot schools/classes offering Multilanguage teaching in the languages of our major immigrant groups are not becoming more widespread. This is all the more surprising, as the success in terms of educational and social outcomes is easily established. In contrast, German-English or German-French bilingual schools are receiving more attention and are growing in numbers.

Another aspect schools have to cope with, namely the increasing diversity of religious beliefs. The diversity of religious beliefs calls for mutual understanding and respect: this can be promoted by sharing the knowledge about religious symbols and rituals; it can also be through the teaching of ethics and the history and content of comparative religious beliefs, i.e., a subject in addition to religious education, the latter being an established subject in the Austrian public school system.

Since 1997, ethics has been taught as a pilot in 52 schools in Austria, several of them in Vienna. These pilots have been put in place as a response to the growing secularism of the Austrian society on the one hand and the increasing diversity of religious beliefs on the other. The curriculum is based on establishing knowledge of human rights, the European social Charta, comparative religious studies and discourse and dialogue on basic values which are topics of the day. In Austria, the teaching of ethics is generally welcomed by teachers of the various religious beliefs as a complement to religious education and as a bridging institution which promotes dialogue between religions, believers and non-believers alike. But also students are generally in support of this subject.

An evaluation of the teaching of ethics in Austria (*Bucher, 2001*) shows that respect for religious beliefs can be nurtured by information on the content of religious teachings and beliefs, by promoting dialogue and reflective discourse between religions and cultures. Teaching ethics does not only raise the capacity of people for dialogue among religious beliefs but increases also their capacity as active participants in civic society. The latter is promoted by the curricula, which are firmly based on teaching human rights and the basic values a democratic Europe stands for.

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.

The Ministry of Economic Affairs and Labour together with the Labour Market Service have invested in the establishment of a matched database, longitudinal data of wage and salary earners and registered unemployed from 2000 onwards. This databank is a data mine for researchers, which so far has hardly been tapped. <https://arbeitsmarktdatenbank.at/>

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