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**SOPEMI Report on Labour Migration**

**Austria 2004-05**

**Gudrun Biffl**

**November 2005**

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Annual Contribution of the Austrian Institute of Economic  
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# SOPEMI Report on Labour Migration

## Austria 2004-2005

Gudrun Biffi

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## **Abstract**

In the year 2004, after three years of weak economic growth, the Austrian economy picked up again and reached a growth rate of GDP of 2.2 percent (after 0.8 percent in 2003). In the current year we may expect a somewhat lower economic growth of about 2 percent.

The economic upswing was accompanied by rising employment (0.7 percent after 0.2 percent 2003) as well as improved productivity growth (+1.2 percent GDP/Employed). In the current year, employment growth may even surpass the growth rate of 2004 – at the expense of productivity growth.

The employment of foreign workers rose in 2004 substantially (+11,900 or 3.4 percent), due to the cyclical upswing as well as easier access of unskilled settlers to work. The latter flows from the legislative reform of 2003, modelled after the US-green card, which grants aliens of third country origin who have legally resided in Austria for 5 years, permanent residence status with the right to access the labour market without further administrative procedures, i.e., a work permit. In 2005, the employment increase of foreign workers remained at the level of 2004, even though economic growth slowed down. The share of foreign workers in total employment is thus growing – from 11.5 percent 2003 to 11.8 percent 2004 – and will continue to rise in the current year.

In the year 2004 52,800 EU(15) citizens were employed in Austria, i.e., 14.6 percent of foreign employment. The number of workers of new EU member states increased to some 42,800. Thus, 26.4 percent of all foreign workers are from the EU(25), and 266,700 from third countries. Due to transition agreements regarding the free flow of workers from the new member states to Austria, no major rise in employment of citizens of new member states could be expected. Only those citizens from the new member states could obtain free labour movement who had been legally employed in Austria for 12 months prior to enlargement; in addition, the family members who had been residing in Austria legally with a family member who had the right to free labour mobility obtained free mobility of labour. It was above all Hungarians (15,600), Poles (13,900), Slovaks (6,400) and Slovenes (5,100), who obtained free labour movement; comparatively few Czechs (3,800) took advantage of this opportunity.

Recently the inflow of asylum seekers is losing speed. In 2001 a steep rise to 30,100 asylum seekers had taken place, as the crisis in Afghanistan drove people abroad to look for refuge. In 2002 the number of asylum seekers continued to rise to 37,000, but in 2003 the inflow rate slowed down and reached a low of 24,700 by the end of 2004. In the course of the current year the number of asylum seekers continues to decline. By the end of October a total of 17,700 persons applied for asylum in Austria, 3,200 less than in the period January to October 2004. Persons from the Russian Federation remain the largest group, followed by persons from India, Georgia and Nigeria.

Population growth has entered a new phase in 2001, with annual growth rates in the last three years three times those of the second half of the 1990s. They are about half the rate of the early 1990s, when the opening up of CEECs and the civil war in Yugoslavia had resulted in

unprecedented population growth rates of some 80,000 or 1 percent of total population annually. In 2004, population growth peaked again, with 57,000 or 0.7 percent. For the current year one may expect similar growth rates, a result of a continued rise in immigration.

The positive migration balance gains momentum since 2001; then it reached 33,000 and continued to rise to 50,600 in 2004. This substantial net immigration is the result of two diverging trends, a significant boost to immigration of foreigners and a slowdown in emigration of Austrians. In contrast, natural population growth, i.e., the balance of births and deaths, is low but increasing due to substantial immigration to 4,700 in 2004, the highest value since 1997.

The number of naturalisations continues to be high but has started to decline in 2004 to 41,600 (after 44,700 in 2003). The naturalisation rate is thus declining from 5.9 percent in 2003 to 5.4 percent 2004.

Foreigners may enter Austria either as temporary or permanent residents. A relatively small number of the annual inflow of settlers and temporary residents is regulated by quotas. In the year 2004, a total of 64,900 residence permits were issued, 5,900 or 8.5 percent less than 2003; 31,800 or about 50 percent were first settler permits, the other half temporary residence permits. Of all settler permits, only 5,100 or 16 percent were within the quota regulation. The reason for the large and rising number of settlement permits outside the quota is that those migrants who had entered Austria in large numbers at the end of the 1980s and early 1990s are increasingly eligible for Austrian citizenship, which they take up. This allows them to bring in their next of kin without any impediments, i.e., outside of quotas.

Those few settlers, who come in on the basis of a quota (which is determined annually by the regional states together with the Federal Minister of the Interior), i.e., 3,300 in the first half of 2005, are in the main family members (87 percent). The remaining 13 percent obtained a settler residence permit on the basis of scarce skills.

A mid-year stock count (July 1, 2005) of the number of valid residence permits comes up with a figure of 506,200, i.e., 69,000 or 12 percent less than a year ago. One may distinguish 2 types of residence titles, settlement permits (of which permanent settlement certificates) and temporary resident permits. By mid 2005, the majority of the permits were settlement permits, namely 463,000 or 91.5 percent. Of these 141,500 or 31 percent were 'green card' holders.

The comparatively small inflow of migrants with a work title does not mean that migrant labour supply only rises to that extent. It only shows that targeting worker inflows is not really possible with the current migration policy instruments. The major inflow of migrants is the result of family reunion and humanitarian intake.

## **Introduction: The economy and the labour market 2004/2005**

While global economic and trade growth has an impact on the Austrian economy, it is above all the economic development of the EU which determines Austrian GDP growth. In the year 2004, the Austrian economy picked up, after three years of weak economic growth, and reached a real growth rate of 2.2 percent (after +0.8 percent in 2003). Thus the growth

rate was between the rate of the EU(15) – 2.3 percent - and the Euro-area (2.1 percent). Thus, the Austrian economy was doing 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 as well as the new EU member states, which had significantly higher growth rates (USA: 3.8 percent, China: 9.3 percent, new EU-MS: 5 percent).

The economic upswing was short-lived, however. The second half of 2004 saw a slow down in economic growth which continued well into the current year 2005. As a result we may expect an economic growth rate of about 2 percent for 2005.

In Austria, the major driving force behind economic growth in 2004 was export growth. Commodity exports increased by 12 percent in real terms, the highest rate since 2000. This rise was a result of the dynamic economic growth and export demand particularly of USA, China and India. USA has taken rank number 3 of Austria's major trading partners, after Germany and Italy, thus moving Hungary one rank back. Also trade with South-East-European countries picked up, but these countries continue to have a rather small weight in Austrian trade. Austria is gaining market shares, partly as a result of the favourable development of unit labour costs compared to the major Austrian trading partners.

Dynamic exports were matched by equally dynamic imports, particularly commodities (+8.4 percent). In contrast, services imports were not that dynamic, tourism had even to face declines versus a year ago. In line with export dynamics was investment demand. Demand for new machinery and equipment was strong (+6.3 percent in real terms), in particular demand for motor vehicles.

The dynamic trade picture is in stark contrast to a rather weak domestic demand situation. Private households are cautious in their spending (+1.4 percent) and the savings rate increased as a result. Effective income stagnated on a real basis and consumer sentiment is pessimistic. Inflation started to pick up again. After 1.3 percent in 2003, the inflation rate increased over the whole of 2004 and reached 2.1 percent on an annual average, which is the average of Euroland. It is above all utilities, housing in general, transport and various services that are becoming increasingly expensive. These cost rises bite into the household budgets of the poor and middle class. Inflation continues to rise and is expected to reach 2.5 percent in 2005.

In spite of the economic upswing, the public sector budget is not seeing much improvement. The budget deficit increased slightly to –1.3 percent of GDP (after –1.1 percent 2003). The public sector debt declined only marginally to 64.5 percent of GDP (2003 64.7 percent).

As usual for a period of economic upswing, labour supply increased, taking advantage of increasing employment opportunities. The employment increase did not suffice, however, to soak up surplus labour supply thus not allowing a decline in unemployment. The number of wage and salary earners increased by 21,100 or 0.7 percent to 3,078,500. Unemployment rose by 3,800 or 1.6 percent to 243,900. Thus the unemployment rate remained at 7.3 percent of the total active labour force excluding self-employed (Figure 1).

Total employment (including self-employed and family helpers but excluding persons on parental leave and conscripts) amounted to 3.5 million in 2004; this was an increase by 25,100

or 0.7 percent versus 2003. The economic upswing was thus not only accompanied by substantial employment growth but also by an improvement of productivity. Labour productivity growth amounted to 1.2 percent (GDP/employed), i.e., almost double the rate of the year ahead. In the current year, productivity growth is expected to decline again as GDP growth is expected to come down to about 2 percent. Employment is expected to rise more than during 2004 in spite of a slow down in economic growth, i.e., by 33,000 or 1 percent versus 2004; this is a result of increased labour supply growth, largely due to increasing immigration.

The major bulk of the employed are wage and salary earners; their numbers rose by 21,100 or 0.7 percent to 3.079 million (excluding persons on parental leave, conscripts and unemployed on training measures) in 2004. In the current year, the number of wage and salary earners is expected to rise by 28,000 (+0.9 percent).

Figure 1: Macro-economic indicators  
1989-2004



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

The employment of foreign workers has increased continuously since 1999. This is in stark contrast to the native work force; the latter has experienced employment declines in 2002 and 2003. Only in 2004 and the current year did the employment of Austrians rise again. The employment growth of foreign workers was particularly strong in 2003 (+15,900 or 4.8 percent), and continued to be high in 2004 (+11,900 or 3.4 percent). The marked rise in the employment of foreigners is on the one hand the result of a significant increase of EU citizens, above all Germans, looking for work in Austria as well as new legislation (modelled after the



US-green card) which grants aliens of third country origin who have legally resided in Austria for 5 years permanent residence status with the right to access the labour market without the need of a work permit. In 2005, the employment increase of foreign workers is expected to be as high as in 2004 (Figure 2).

The share of foreign workers in total employment is thus constantly growing – from 11 percent 2002 to 11.5 percent 2003 and 11.8 percent in 2004. In the current year it is expected to rise to 12 percent.

Figure 2: National and foreign labour<sup>1</sup>  
1989-2004



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

According to social security data, foreign employment (excluding self-employed and persons on parental leave) amounted to 362,300 in 2004 (11,900 or 3.4 percent more than a year ago). This data includes EU citizens – their numbers have continually risen since Austria's EU membership. In the year 2004 52,800 EU(15) citizens were employed in Austria, i.e., 14.6 percent of foreign employment. It was above all in 2004 that Germans started to flow into Austria in larger numbers as reforms of their unemployment benefit system and the deterioration of the German labour market enticed them to look for work elsewhere. In 2004, EU Eastern enlargement meant that the number of EU (25) citizens increased. Up until 2004, some 40,000 citizens from the new member states had been working in Austria, i.e., somewhat less than from the EU (15). In 2004, their numbers rose to some 42,800, i.e., by less than the numbers from the EU(15). Due to transition agreements regarding the free flow of workers

from the new member states to Austria, no major rise in employment of citizens of new member states occurred. Only those citizens from the new member states could obtain free labour movement who had been legally employed in Austria for 12 months prior to enlargement; in addition, the family members who had been residing in Austria legally with a family member who had the right to free labour mobility obtained free mobility of labour. It was above all Hungarians (15,600), Poles (13,900), Slovaks (6,400) and Slovenes (5,100), who obtained free labour movement; comparatively few Czechs (3,800) were employed on that basis. All those additional numbers of citizens from the new MS who are working in Austria legally do so on the basis of the old quota system, i.e., it has to be proven that no legal resident with the right to enter the labour market or unemployed can fill the particular job opening (employment test). In total 95,600 or 26.4 percent of foreign workers are EEA(25) citizens, and the rest of third country origin.

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

	Annual average	Change 2003/2004		Change 2002/2003	
	2004	Absolute	Percent	Absolute	Percent
Total labour force <sup>1</sup>	3,322,424	+ 24,936	+ 0.8	+13,145	+ 0.4
National labour force	2,919,731	+ 10,814	+ 0.4	- 4,862	- 0.2
Foreign labour force	402,693	+ 14,123	+ 3.6	+18,007	+ 4.9
Total employment <sup>1</sup>	3,078,544	+ 21,135	+ 0.7	5,484	+ 0.2
National employment	2,716,245	+ 9,198	+ 0.3	-10,446	- 0.4
Foreign employment	362,299	+ 11,938	+ 3.4	+15,929	+ 4.8
Total unemployment	243,880	+ 3,801	+ 1.6	+ 7,661	+ 3.3
National unemployment	203,486	+ 1,616	+ 0.8	+ 5,584	+ 2.8
Foreign unemployment	40,394	+ 2,185	+ 5.7	+ 2,077	+ 5.7
		2002	2003	2004	
Total unemployment rate		7.1	7.3	7.3	
National unemployment rate		6.7	6.9	7.0	
Foreign unemployment rate		9.8	9.8	10.0	

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

In 2004, 243,900 unemployed were registered with the labour market service, 3,800 or 1.6 percent more than 2003. The unemployment rate of wage and salary earners, i.e., the traditional national calculation of the unemployment rate which excludes the self-employed from the labour supply base, amounted to 7.3 percent, the same as in 2003. In the current year, unemployment is expected to rise by some 7,500 to 251,400; the unemployment rate of wage and salary earners should thus rise to 7.5 percent.

The labour supply of foreign workers increased during 2004 by 14,100 to reach an annual average of 402,700. The unemployment rate rose for both native and of foreign workers, i.e. to 7 percent and 10 percent respectively. In the current year, unemployment of foreigners continues to increase, in the main as a result of the rising labour supply of permanent foreign residents, of Germans and increased inflows of seasonal workers from abroad (Table 1).

## **I. Migratory movements**

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

In addition, detailed flow data exist for certain groups of migrants, in particular foreigners of third country origin, be they asylum seekers or foreign workers. Flow data is the result of institutional procedures linked to the planning and monitoring of various categories of migrants, be they asylum seekers, foreign workers and, since the early 1990s, family members (reunion). With the introduction of a more universal legislation on aliens (since mid 1993, revised 1997, amended 2002/2003 and again 2005), flow data on family reunion of non-EU-citizens is becoming available. Different quotas according to residence status are decided upon by the governors of the federal states together with the Federal Minister of the Interior and the Federal Minister of Labour on a yearly basis. The inflow of foreigners is differentiated by status, the main categories are:

- a) Foreign workers (seasonal and annual workers, cross-border workers and commuters), wage and salary earners or self-employed;
- b) Highly skilled workers;
- c) Family reunion;
- d) Foreign students;
- e) Refugees;
- f) Others.

### **1. Legal framework**

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

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

1. persons working for foreign media with sufficient income,
2. artists with sufficient income,
3. wage and salary earners who may access the labour market without a labour market test (specific groups of persons defined in the foreign worker law),

4. partners and dependants of Austrians and citizens of the EEA, who are third country citizens.

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

Thus, family reunion is essentially unregulated and uncapped for third country origin citizens who are partners of or are dependent children of an Austrian or EU citizen<sup>1</sup>. In addition, third country citizens who have the right to settlement in another EU country (after 5 years of legal residence), have the right to settle also in Austria. Only the inflow for settlement of third country citizens and of their family members is regulated by quotas. Access to the labour market is granted to settlers – regulated by the Settlement and Temporary Residence Law (NAG 2005), i.e., by the Federal Ministry of the Interior, and to temporary residents according to the rules of the Foreign Worker Law (Federal Ministry of Economic Affairs and Labour).

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

1. Highly skilled workers (§§2/5 and 12/8 AuslBG and § 41 NAG), their partners and dependent children (§46/3 NAG); for 2005 the inflow quota was fixed at 1,600, 430 less than in 2004, as Austria was not able to attract the number of highly skilled workers hoped for.
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 will be applied for the first time in 2006.
3. Family members of third country citizens (§46/4 NAG); the inflow quota for 2005 was 5,460, which was almost the same as a year ago.
4. Third country citizens, who have a permanent residence permit on the basis of family reunion without access to work and who want to have this title transferred to access the labour market (§§47/4 and 56/3 NAG). This is a new quota, speeding up labour market integration of family members of settlers.

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<sup>1</sup> 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 *Biffi* (2005), *Zur Niederlassung von Ausländern und Ausländerinnen in Österreich* [http://www.bmi.gv.at/downloadarea/asyl\\_fremdenwesen/NLV\\_2006endg\\_0509.pdf](http://www.bmi.gv.at/downloadarea/asyl_fremdenwesen/NLV_2006endg_0509.pdf).

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 ceiling in 2005 was raised to 440 (after 360 in 2004).

Thus, an annual quota is only fixed for highly skilled migrants of third countries, whose access to the labour market is not explicitly free (according to the foreign worker law), and for family members of third country citizens. The former may enter on the basis of an employer nomination scheme, if scarcity of their skills can be documented (indicators of occupational labour market scarcities). Not only is scarcity a requirement, but in addition a minimum earnings requirement which is to ensure that wage dumping does not occur; in actual fact the ceiling is set fairly high, above the average entry wages of young university graduates. The person's monthly gross earnings have to be 60 percent or more of the social security contribution ceiling. Besides, the highly skilled person has to fulfil at least one of the following requirements:

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

## **2. Migration movements by category**

### *A) Population flows of nationals and foreigners*

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

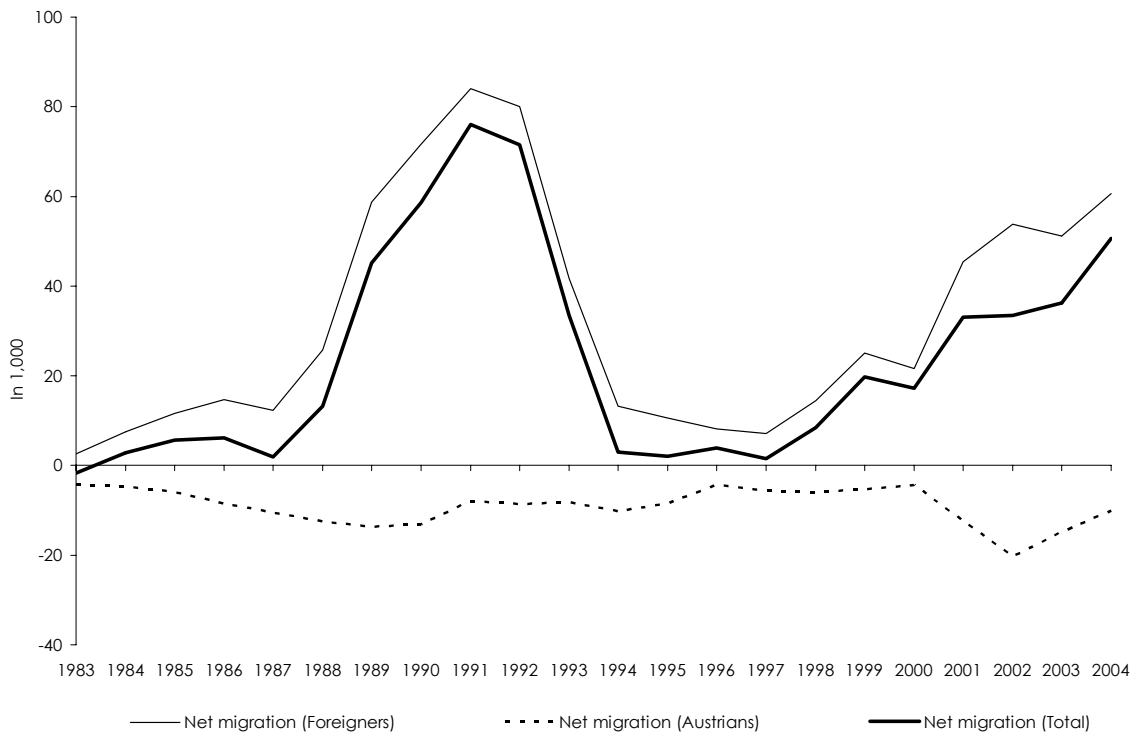
The second wave of immigration set in in the second half of the 1990s and has reached its peak in 2004 with a 50,600 net immigration flow. It is basically the echo-effect of the first wave, in the wake of the acquisition of Austrian citizenship on the part of the first wave migrants. As Austrians, they have no restrictions to family reunion. Thus, the major driver of immigration in the late 1990s and early 2000 became family reunion, followed by asylum seekers; in contrast, labour migration is playing an increasingly smaller role in immigration.

Net immigration flows are the result of significant net-immigration of foreigners; Austrians, in contrast, are on balance emigrating. In 2004, the total net inflow of migrants amounted to 50,600, the result of a net inflow of foreigners of 60,600 and a net outflow of 10,000 nationals (Figure 3).

These net flow figures are the result of a sum total of 127,400 inflows (of whom 108,900 foreigners) and 76,800 outflows (of whom 48,300 foreigners) in 2004. The inflow rate (inflows per 1,000 inhabitants) has thus reached a peak in 2004 with 15.6, after 14 in 2003. The outflow rate, however, is declining since 2002 (from 8.9 to 9.4 in 2004). A differentiation of the inflow and outflow data by gender is only available up until 2003. The longer term development (from 1997 to 2003) provides, however, a rather stable and consistent picture over time. Turnover, i.e. inflows and outflows, tend to rise over time; gross flows are higher for men than women.

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

Figure 3: Net migration of Austrians and Foreigners  
1983-2004



Source: Statistics Austria.

Table 2: Migration flows in Austria  
1999-2003

	Total				Austrians				Foreigners						
	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
<i>Total</i>															
Inflows	86,710	79,278	89,928	113,165	113,554	14,331	13,324	15,142	20,598	16,390	72,379	65,954	74,786	92,567	97,164
Outflows	66,923	62,006	72,654	79,658	77,257	19,644	17,639	21,644	40,881	31,192	47,279	44,367	51,010	38,777	46,065
Net migration	19,787	17,272	32,964	33,507	36,297	-5,313	-4,315	-6,502	-20,283	-14,802	25,100	21,587	23,776	53,790	51,099
<i>Men</i>															
Inflows	45,364	42,492	49,036	62,674	61,690	8,798	8,422	9,081	12,583	10,571	36,566	34,070	39,955	50,091	51,119
Outflows	37,173	34,640	41,377	46,097	46,074	11,413	10,584	12,554	22,471	18,158	25,760	24,056	28,823	23,680	27,916
Net migration	8,191	7,852	7,659	16,577	15,616	-2,615	-2,162	-3,473	-9,834	-7,587	10,806	10,014	11,132	26,411	23,203
<i>Woman</i>															
Inflows	41,346	36,786	40,892	50,491	51,864	5,533	4,902	6,061	8,015	5,819	35,813	31,884	34,831	42,476	46,045
Outflows	29,750	27,366	31,277	33,561	31,183	8,231	7,055	9,090	18,464	13,034	21,519	20,311	22,187	15,097	18,149
Net migration	11,596	9,420	9,615	16,930	20,681	-2,698	-2,153	-3,029	-10,449	-7,215	14,294	11,573	12,644	27,379	27,896
	Per 1,000 inhabitants														
<i>Total</i>															
Inflows	10.8	9.9	11.2	14.0	14.0	2.0	1.8	2.1	2.8	2.2	104.3	94.0	104.1	124.5	127.9
Outflows	8.4	7.7	9.0	9.9	9.5	2.7	2.4	3.0	5.6	4.2	68.1	63.2	71.0	52.2	60.6
Net migration	2.5	2.2	4.1	4.1	4.5	-0.7	-0.6	-0.9	-2.8	-2.0	36.2	30.8	33.1	72.4	67.3
<i>Men</i>															
Inflows	11.7	11.0	12.6	16.0	15.7	2.5	2.4	2.6	3.6	3.0	99.7	92.2	105.7	128.3	128.8
Outflows	9.6	8.9	10.6	11.8	11.7	3.3	3.0	3.6	6.4	5.1	70.2	65.1	76.3	60.6	70.3
Net migration	2.1	2.0	2.0	4.2	4.0	-0.7	-0.6	-1.0	-2.8	-2.1	29.5	27.1	29.5	67.6	58.5
<i>Woman</i>															
Inflows	10.0	8.9	9.9	12.1	12.4	1.5	1.3	1.6	2.1	1.5	109.5	96.0	102.4	120.4	127.0
Outflows	7.2	6.6	7.5	8.1	7.5	2.2	1.9	2.4	4.8	3.4	65.8	61.2	65.2	42.8	50.0
Net migration	2.8	2.3	2.3	4.1	4.9	-0.7	-0.6	-0.8	-2.7	-1.9	43.7	34.9	37.2	77.6	76.9

Source: Statistics Austria.

Outflows are smaller than inflows for both men and women. The outflow rate of men is higher than for women; it reached 11.7 for men in 2003, after close to 10 per thousand inhabitants in the late 1990s. The outflow rate of women was 7.5 per thousand inhabitants in 2003 and is showing rather little variation over time.

The picture is very different for natives and foreigners. While the inflow rate of native men and women is lower than the outflow rate, the contrary is true for foreigners. The inflow rate of native men is higher than for women (3.0 versus 1.5 in 2003), as well as the outflow rate (5.1 versus 3.4 in 2003). The inflow rate of foreign men is only slightly higher than for foreign women (128.8 versus 127 in 2003); however, the outflow rate of foreign men is significantly higher than for foreign women (70.3 versus 50.5 per thousand inhabitants in 2003) (Table 2).

## *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, i.e., harmonisation of legislation.

The first major reform of the asylum legislation, which came into effect 1992, entailed a significant reduction of the number of asylum seekers in Austria. The legislative reform, institutional restructuring and reform of public funding of asylum seekers while they wait for the outcome of the asylum procedure, have all added up to reduce the inflow of asylum seekers. By the end of 1992 only 16,238 asylum seekers were registered, –11,100 (–40.5 percent) versus 1991. The downward trend continued until 1993, when the rock bottom of asylum applications was reached, with 4,744 asylum registrations.

In 1994 the number of asylum seekers started to rise again and plateaued around 1996 with 7,000 persons registering as asylum seekers. In 1997 the number declined slightly to 6,700. The reduction was only short-lived, however. In 1998 the number of asylum seekers rose to 13,800 by the end of December and took a further steep rise to 20,100 by the end of 1999. The invasion of Kosovo by Serbia and the resulting flight of Albanian Kosovars to neighbouring regions resulted in a new wave of refugees from the war stricken area of former Yugoslavia to Austria.



Table 3: Asylum seekers in Austria by the end of the year: 1952-2004

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

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

There is no end to the inflow of refugees, even though a certain slowdown of refugee inflow set in in the course of 2000 to 18,300. By the end of 2001 the inflow picked up again and reached 30,100 by the end of the year, as the crisis in Afghanistan drove people abroad to look for refuge. In 2002 the number of asylum seekers continued to rise to 37,000, but in 2003 the inflow rate slowed down to 32,400 by the end of the year. In 2004, the inflow of Asylum seekers declined further to 24,700 (-7,700 or 24 percent versus 2003). This may be seen as a result, amongst other factors, of Eastern enlargement of the EU. Since the main routes of asylum seekers to Austria lead through CEECs, the new member states increasingly act as first country of asylum (Table 3).

A major distinguishing feature of the reformed asylum law 2005 is that every applicant for asylum has the right to financial support by the state; the financial burden is shared by all federal states according to a quota related to the population size. This reform has meant that all asylum seekers tend to be registered in the central population register, boosting the population inflow data in 2004.

Of all the asylum seekers in the year 2004, 72 percent were men. 62 percent of all asylum seekers originated from Europe, in the main from the Russian Federation as well as Turkey and

Rest-Yugoslavia, 24 percent from Asia, in the main from India and Afghanistan, and 13 percent from Africa, in the main Nigeria. Only a comparatively small number of asylum seekers originates from South America, in the main Columbia (Table 4).

In the course of the current year the number of asylum seekers continues to decline. By the end of October a total of 17,700 persons applied for asylum in Austria, 3,200 or 15 percent less than in the period January to October 2004. Persons from the Russian Federation take the lead in 2005, followed by persons from India, Turkey, Georgia and Nigeria.

Table 4: Asylum seekers by gender and country/region of origin (31 December 2004)

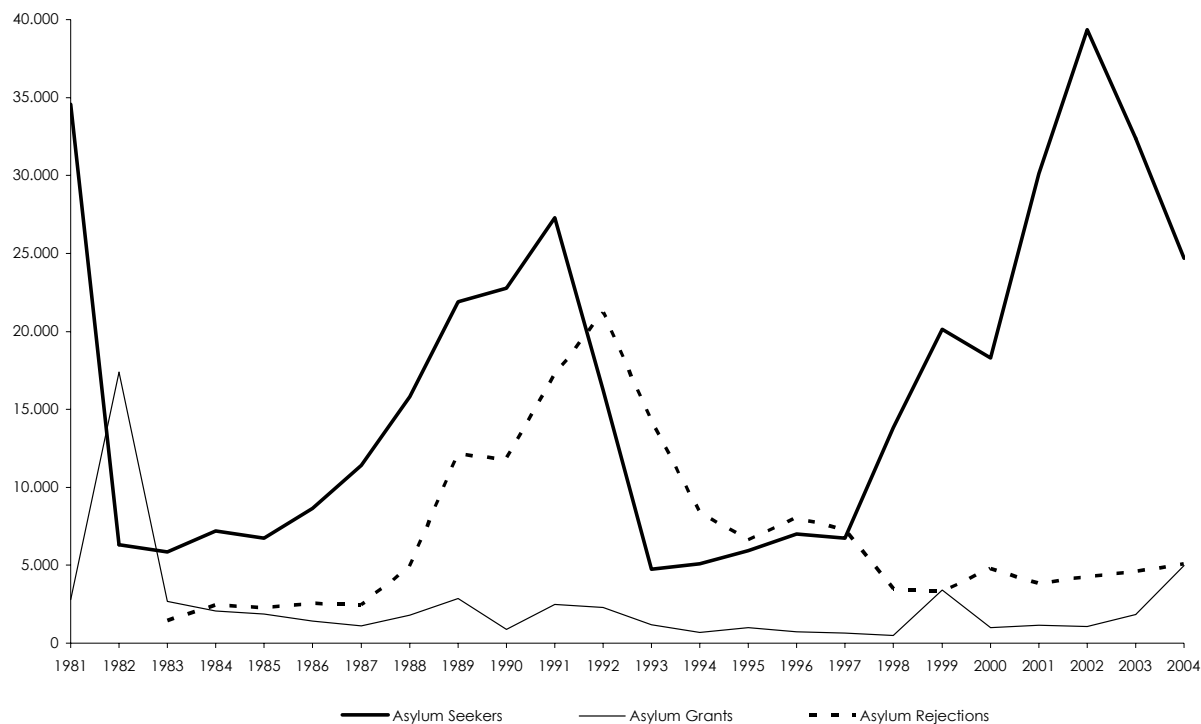
		In % of Asylum seekers
All Asylum seekers in 2004	24.676	
Men	17.755	72,0
Women	6.921	28,0
Originating from Europe	15.227	61,7
of which:		
Armenia	414	1,7
Macedonia	324	1,3
Russian Federation	6.200	25,1
Serbia/Montenegro	2.840	11,5
Turkey	1.113	4,5
Originating from Asia	5.871	23,8
of which:		
Afghanistan	757	3,1
Bangladesh	331	1,3
India	1.842	7,5
Iraq	231	0,9
Iran	347	1,4
Pakistan	575	2,3
Originating from Africa	3.246	13,2
of which:		
Nigeria	1.829	7,4
Sierra Leone	58	0,2
Originating from America	35	0,1

Source: Federal Ministry of the Interior.

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

granted refugee status and has the right to reside in Austria with all the rights accorded to an Austrian citizen. In the year 2004, a total of 4,800 asylum cases have been granted, about twice as many as in 2003, a result of speeding up and reforming administrative procedures (increasing personnel to handle cases). The majority of positive cases went to persons from the Russian Federation (2,800 or 57.8 percent), followed by Afghanistan (700 or 13.9 percent, and Iran (400 or 8.2 percent). Negative cases result in a rejection of the application and the requirement to leave the country, unless a return to the country of origin is unfeasible on humanitarian grounds. In 2004, the number of rejections of cases amounted to 4,000, i.e., 20 percent or 1,000 less than a year ago. The largest group of rejections came from Serbia/Montenegro (800 or 20 percent), Turkey (600 or 15 percent) and Nigeria (4,000 or 10 percent).

Figure 4: Asylum procedures: Inflows, acceptances and rejections 1981-2004



Source: Statistics Austria, WIFO-calculations.

Over the whole period of 1981 and 2004, a total of 393,000 asylum applications were registered, of whom a total of 57,800 were accepted as refugees according to the Geneva Convention, i.e., 15 percent, and 152,300 got their case rejected, i.e., 39 percent. The remaining 182,800 or 47 percent of all asylum applicants moved on before the procedures were terminated in Austria (Figure 4 and 5). In the current year (January till 1 November 2005),

the average rejection rate amounted to 25 percent (i.e., the number of negative statements as a proportion of the sum of decisions). Currently some 21,400 asylum cases, where the Asylum Law 1997 applies are pending, i.e., waiting for decisions (of a total of 21,600), and 17,700 with the applicability of Asylum Law 2003 (of a total of 18,700 cases).

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

There was a marked difference in the procedures of refugee intake from Kosovo compared to Bosnia. While Bosnians had hardly registered as asylum seekers – they were called war-refugees rather than asylum seekers – the Albanian Kosovars tended to choose the asylum route. The issue of settlement in Austria was in the forefront with Kosovars, while repatriation had been the general understanding when Bosnians entered a couple of years earlier. As it turned out, hardly any Bosnians returned to their country of origin, while Albanians tended to return, in relative terms, to a larger extent.

Even though the number of asylum seekers continues to be large in Austria, the number of asylum seekers receiving public financial support and shelter has not until the legislative reform in 2004 been comprehensive. This means that until 2004, large numbers of asylum seekers depended on the support of NGOs, in particular churches and affiliated institutions like Caritas. Since 2004 the states do not only have to provide shelter and other basic needs, but the local LMS is called upon to provide employment opportunities for asylum seekers after a waiting period of 3 months.

Access to the labour market is regulated by the foreign worker law, i.e., they may get a temporary work permit after a 3 month waiting period. Asylum seekers cannot expect preferential treatment. In case of rejection of the case, the access to legal employment is denied. This puts the group of persons under stress, who for humanitarian reasons may not be sent back to their countries of origin. In 2002, a total of 1,400 asylum seekers had a work permit. Employment projects for asylum seekers under the EU-subsidised Equal-programme have been established in 2002. In 2003, a total of 1,500 asylums seekers found work within Equal ([www.equal-esf.at](http://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). This development is in contrast to many EU-countries, who do little to promote the employability

of asylum seekers, quite in contrast to the Directive of the European Parliament of 25 April 2004, which aims at the promotion of integration of asylum seekers and refugees ([www.refugeenet.org](http://www.refugeenet.org)).

## ii) Outflow of refugees

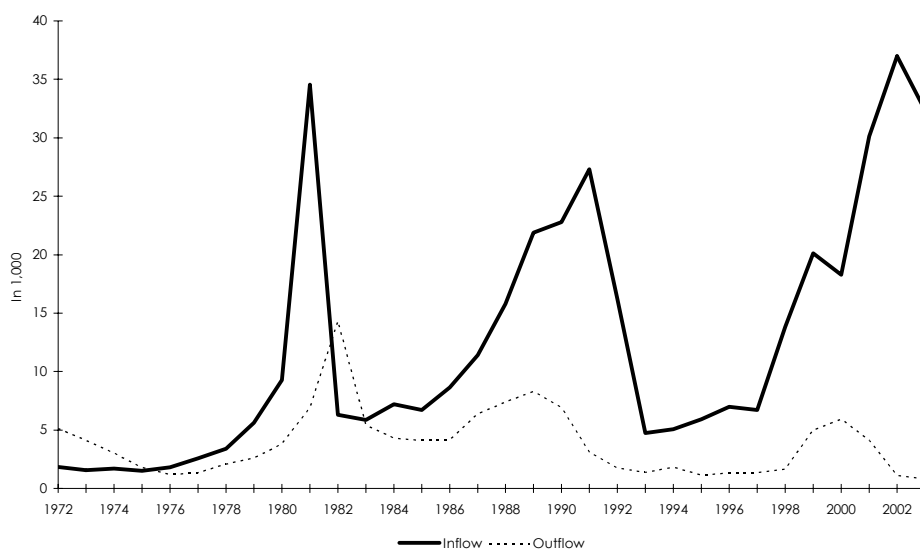
In the past, i.e., until 1989, asylum seekers and refugees (the majority from Eastern Europe) used Austria as a stepping stone for emigration to the traditional immigration countries overseas. Austria never conceived herself as an immigration country. Therefore an active integration scenario for refugees or immigrants was not put in place until rather recently, i.e., since the massive inflow of refugees from the region of former Yugoslavia in the early 1990s. The outflow of asylum seekers and refugees was therefore always quite high relative to the inflows. When looking at outflow data one has to bear in mind that there exists no comprehensive information on the outflow of refugees and asylum seekers. Only those figures are available, which are the result of processing emigration through IOM (International Organisation of Migration). These figures show a sharp decline from 1989 until 1995, followed by an increase till 2000 and a swift decline after that. In the year 2004 the outflow came almost to a halt (689) after a high of 5,900 in 2000.

Table 5: Outflow of refugees<sup>1</sup> via Austria 1972-2004

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

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

Figure 5: Inflow and outflow of refugees via Austria  
1972-2003



Source: Statistics Austria.

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

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

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

Until 1997, third country citizens residing in Austria received a residence permit (Aufenthaltsbewilligung). With the amendment to 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 – Nieder-

lassungsbewilligung). In 2003, rights of longer term permanent residents were widened by introducing a settlement certificate (Niederlassungsnachweis) (Figure 6).

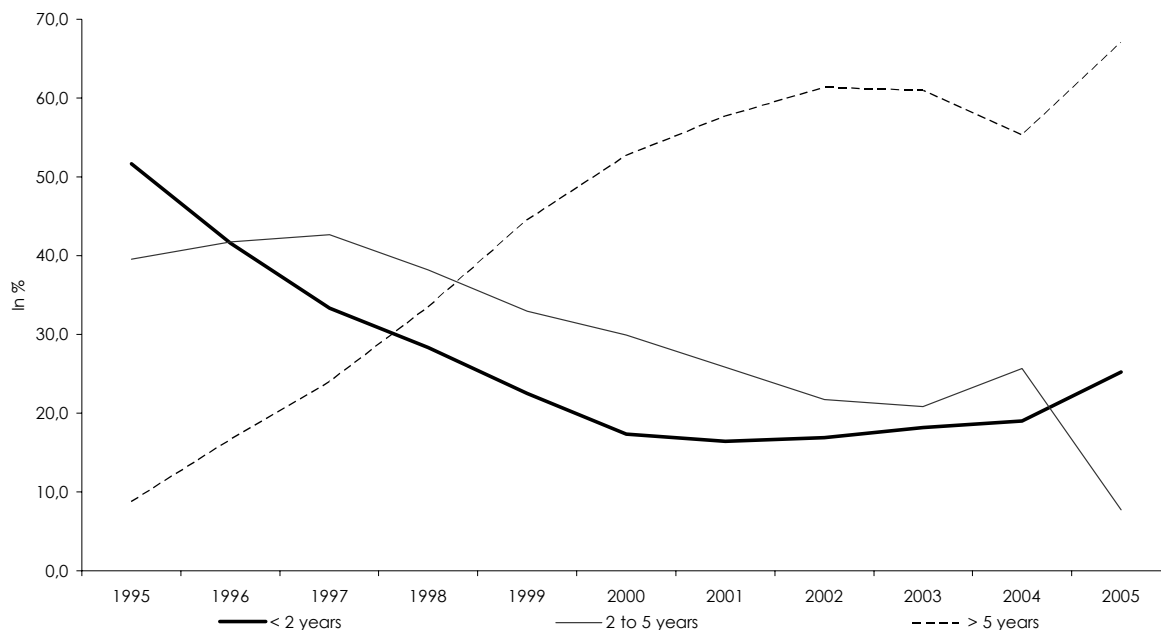
Figure 6: Structure of valid residence permits in Austria (1994-2005, mid year count)

			Settlement Certificate (NN)
		Temporary Resident Permit (AE)	
		Settlement Permit (NB)	
	Residence Permit (AB)		
	Until 1997	1998-2003	From 2003 onwards
			2004
			2005
		AB	25.624
		AE	39.583
		NB	510.000
		Total	575.207
			506.221

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. Of the total number of permits (mid year count), 463,000 or 91 percent were settlement permits (NB) in 2005, after 510,000 or 89 percent in 2004. The temporary permits (AE) accounted for 24,200 or 5 percent after 39,600 or 7 percent in 2004. The carryover permits from the period before 1997 (AB) amounted to 19,000 in 2005, 4 percent of all permits. This goes to show that the citizens of the new EU member states made up a rather small proportion of the third country residents (some 10 percent) and that they had been both temporary as well as permanent residents before enlargement.

The structure of permits by duration of residence has changed over time. Basically the duration of stay has increased, indicating settlement and increasing integration of migrants between the mid 1990s and 2005. In 2004, short term residence has picked up again, indicating increased inflows of temporary residents. In 2005, 67 percent of all residence permits were long-term settlement permits and 25 percent for residents, who have stayed less than 2 years in Austria (Figure 7).

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



S: Ministry of the Interior, WIFO-calculations.

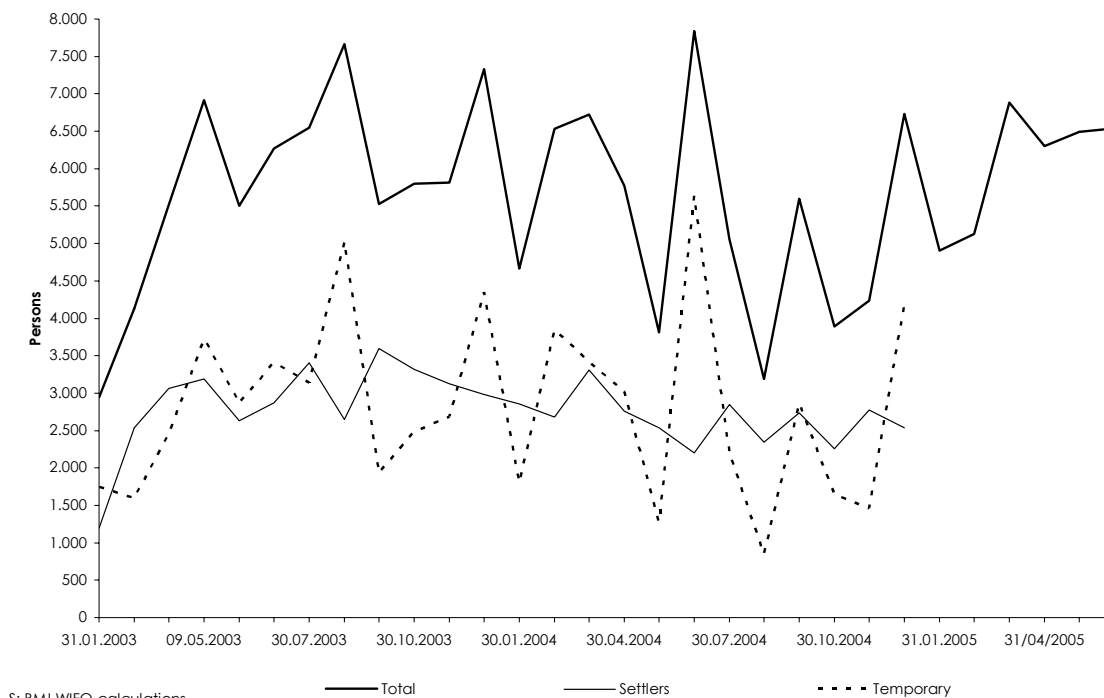
### i) Inflow of third country migrants by type of permit

It is important to remember that a relatively small number of the annual inflow of settlers (NB = Niederlassungsbewilligung) and temporary residents (AE = Aufenthaltserlaubnis) is regulated by quotas. Over the year 2004 a sum total of 64,000 resident permits were granted, 5,900 or 8.5 percent less than in the course of 2003. Of all the settlement permits granted in 2004 (31,800), only 16 percent (5,100) were on the basis of a quota. Temporary resident permits may be granted on the basis of various regulations, e.g., a temporary employment permit granted by the Federal Ministry of Economic Affairs and Labour in the case of seasonal workers, or as a result of a bilateral cross-border agreement (commuters from Hungary) or other arrangements (students, training and work experience schemes, sports and entertainment schemes etc, see Table 6). As such quotas may apply, as in the case of seasonal workers and cross-border commuters. Others may enter on a temporary resident visa basis within certain schemes which are uncapped. In total, of all the 32,200 temporary resident permits issued in 2004, about half of them were somehow capped by quotas/agreements.

It is obvious from Figure 8 that temporary inflows are more volatile and have a strong seasonal component, but the actual annual average in terms of numbers is quite similar, i.e., slightly more than 50 percent of all annual inflows are temporary residents.



Figure 8: Monthly inflow of third country citizens by status (2003-2005)



S: BMI,WIFO-calculations.

In the first half of the year 2005 16,200 first settler permits were granted, of which 13,000 or 80 percent outside the quota. These are similar figures and proportions as in the first half of 2004. The reason for the large and rising number of settlement permits outside the quota is that those migrants who had entered Austria in large numbers at the end of the 1980s and early 1990s are increasingly eligible for Austrian citizenship, which they take up. This allows them to bring in their next of kin without any impediments, i.e., outside of quotas.

Those few settlers, who come in on the basis of a quota (which is determined annually by the regional states together with the Federal Minister of the Interior), i.e., 3,300 in the first half of 2005, are in the main family members (87 percent). The remaining 13 percent obtained a settler residence permit on the basis of scarce skills or as somebody able to support him/herself without accessing the labour market. In the quota of skilled migration, family members are included, who may not be working but who nonetheless have the right to work/attend school (Table 6). Thus, in the first half of 2005, only about 288 persons entered within the settler programme on the basis of highly skilled work, the rest are family members of the highly skilled workers. In addition, residence may be granted on humanitarian grounds. In the first half of 2005, 339 such settlement permits were granted.

Table 6: Sum of settlement permits granted to citizens of third countries (Non-EU) by residence status and gender

1 January 2005 to end of June 2005

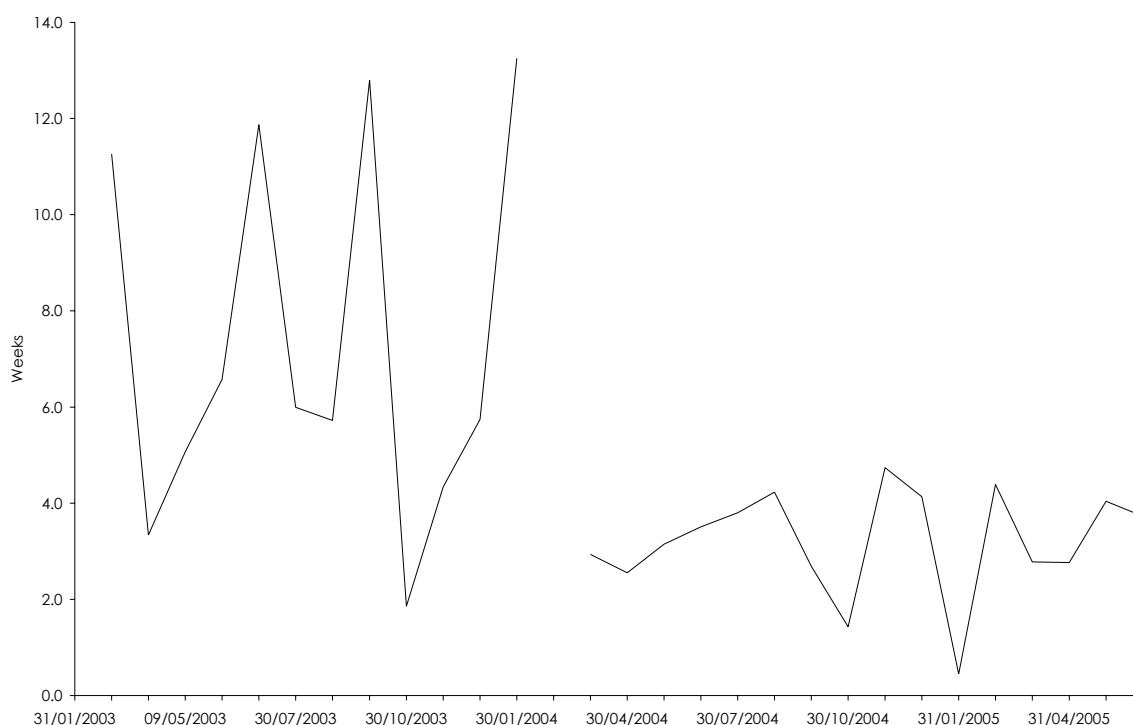
	Male	Female	Total
<i>Sum of all first settlement permits within the quota regulation</i>	1.161	2.103	3.264
High skilled settlers - dependent	201	60	261
Family reunion with dependent high skilled settlers	40	83	123
Family reunion with independent high skilled settlers	2	11	13
High skilled settlers - independent	22	5	27
Family reunion	834	1.855	2.689
Privat within the quota regulation	60	83	143
Extended first settlement permits	2	6	8
<i>Sum of all first settlement permits outside the quota</i>	6.018	6.604	12.622
Family reunion with EEA - citizen	131	195	326
Family reunion with Austrian	5.593	6.157	11.750
Self-employed	5	5	10
Private, no access to work	59	110	169
Working for th media	5		5
Artists	29	18	47
Other employment outside the foreign worker regulation	194	116	310
Family reunion with CH	2	3	5
<i>First settlement permits on humanitarian grounds</i>	163	176	339
With right to work	29	25	54
Family reunion	134	151	285
<b>Sum of all first settlement permits</b>	<b>7.342</b>	<b>8.883</b>	<b>16.225</b>
<i>Settlement certificate</i>	15.010	7.600	22.610
Settlement certificate	38.367	7.600	22.610
<i>Prolongation of settlement permits</i>	18.754	21.552	40.306
With right to work	5.484	3.833	9.317
Family reunion with EEA - citizen	99	157	256
Family reunion with Austrian	8.403	10.354	18.757
Family reunion	3.877	6.407	10.284
Private, no access to work, no quota	184	293	477
Private, no access to work, quota applies	153	221	374
Artists	132	67	199
Other employment outside the foreign worker regulation	367	179	546
High skilled settlers - dependent	55	41	96
<i>Prolongation of settlement permits - within the quota regulation</i>	2	6	8
With right to work	1	1	2
Family reunion	1	5	6
<b>Sum of all longer term settlement permits 01/06/2005</b>	<b>33.766</b>	<b>29.158</b>	<b>62.924</b>
<b>Sum of all settlement permits 01/06/2005</b>	<b>41.108</b>	<b>38.041</b>	<b>79.149</b>

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). In the event of a legal stay beyond 5 years, settlers may opt for obtaining a settlement certificate, which is available since 2003, modelled after the American 'green card'. Prolongations of settlement permits are becoming more frequent as immigration and integration proceeds. In the first half of 2005 alone, 40,300 settlement permits were prolonged. In addition, 22,600 permanent residence certificates have been issued. Thus, adding the various categories of settlement permit issues up, a total of 79,100 permits were issued, 20.5 percent as first entry settler permits. It is safe to say that the figures for the first half of 2005 will double by the end of the year, as the distribution of issues is fairly even over the 12 months of the year, i.e., there is hardly a seasonal component in settler flows (Figure 8).

In addition to settlement permits, the Federal Ministry of the Interior issues temporary residence permits to persons who have obtained the right to enter for study, work and business purposes as well as on the basis of humanitarian reasons. In the first half of 2005 all in all 10,300 first temporary residence permits were issued and 11,300 were extended.

Figure 9: Duration of stay of temporary residents 2003-2005



Source: Federal Ministry of the Interior.

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

1 January 2005 to end of June 2005

	Male	Female	Total
<i>Firts temporary residence permits</i>	5.768	4.573	10.341
Students of higher education	888	837	1725
Family reunion with students of higher education	40	66	106
Intercompany transferees	50	34	84
Family reunion with intercompany transferees	24	46	70
Voluntary work experience	141	72	213
Cross border worker	6	3	9
Seasonal employment (quota)	3.351	2.033	5.384
Employed persons on basis of GATS (mode 4)	545	55	600
Medium skilled workers outside the foreign worker quota	95	18	113
Self - employed	25	373	398
Residence on humanitarian grounds	62	80	142
Artists	270	250	520
Highly skilled workers outside the foreign worker quota	261	689	950
Stageairs	10	17	27
<i>Extensions of temporary residence permits</i>	4.915	6.351	11.266
Students of higher education	3.761	3.830	7.591
Family reunion with students of higher education	90	116	206
Intercompany transferees	98	32	130
Family reunion with intercompany transferees	32	81	113
Voluntary work experience	13	2	15
Cross border worker	5	3	8
Seasonal employment (quota)	539	426	965
Employed persons on basis of GATS (mode 4)	92	70	162
Medium skilled workers outside the foreign worker quota	1	4	5
Self - employed	54	1.149	1.203
Residence on humanitarian grounds	40	49	89
Artists	149	156	305
Highly skilled workers outside the foreign worker quota	40	433	473
Stageairs	1		1
<i>Sum of all residence permits</i>	10.683	10.924	21.607

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

The largest number of temporary residence permits was issued to seasonal workers in agriculture/forestry and in tourism (5,400 or 52 percent of all first issues). Their numbers are decided upon by the Federal Ministry of Economics and Labour together with the social partners, based on a belief of scarcities of these labour skills at the going wage rates.

Seasonal work is meant to alleviate short term labour market scarcities. It is granted for 6 months and may be extended for another six months. Then the temporary worker is expected to return home; he/she may take up a job in Austria again after 2 months abroad. Temporary residence status does not envisage the possibility of family reunion and neither can they become eligible for unemployment benefits. Accordingly, the duration of stay of temporary residents is comparatively short, amounting to an average of 4 weeks in 2004, slightly less than in 2003 (6 weeks).

**ii) Resident permit holders by type of status: stocks July 2005**

A mid-year stock count (July 1, 2005) of the number of valid residence permits comes up with a figure of 506,200, 69,000 or 12 percent less than a year ago (Figure 6 and Table 8). Slightly more than half of the third country citizen population (50.9 percent) is male. A quarter of registered third country citizens are below the age of 20 and only 7.1 percent above the age of 61. Women are more than proportionately 20 to 40 years old, whereas men tend to be on average somewhat older than women.

By mid 2005, the majority of the permits were settlement permits, namely 463,000 or 91.5 percent (numbers 18-34 and 74-83 in Table 9). Of these 141,500 or 31 percent were 'green card' holders. Thus permanent residence certificate holders have become the single largest group of resident permit holders. Only 24,200 or 4.8 percent of all residence permits were temporary permits (numbers 1-17, 61-73 and 84-86). The number of permits which had been granted on the basis of legislation before 1997 (Aufenthaltsbewilligung = AB) are dwindling and made up 19,000 or 3.8 percent of all permits in mid 2005 (numbers 87-95) (Table 9).

*Table 8: Stock of valid residence permits to citizens of non-EU-member states by age 1 July 2005*

	Men	Women	Total
0 to 18	63,925	60,067	123,992
19 to 29	50,226	55,022	105,248
30 to 39	50,952	53,293	104,245
40 to 49	41,439	34,685	76,124
50 to 59	33,521	27,124	60,645
over 60	17,950	18,017	35,967
Sum	258,013	248,208	506,221

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

With the duration of stay in Austria the status of residence is changing. People who originally came to join their family members, and who were barred from work for 5 years unless their skills were scarce and sought after, changed their residence permit after the passage of time (the rule being 4 to 5 years) to one with the option to take up work (jeglicher Aufenthaltszweck). The comparatively small number of migrants, who have received a permit for the explicit reason of work does not mean that they are the only source of migrant labour. It only shows that to target migrants for specific work is not really possible in the current migration system. The major source of labour is flowing out of family reunion and humanitarian intake.

Table 9: Legal basis on which residence is granted to citizens of non-EU-member states  
(1 July 2005)

	2005			Change 2004/2005 absolute	Change 2004/2005 in percent
	Men	Women	Total	Total	Total
1 Education §7/4 Z1 FRG	6,794	6,857	13,651	-1,138	-7.7
2 Family reunion with students §7/4 Z3	197	283	480	-22	-4.4
3 Inter-company transferees (rotation) §7/4 Z2 FRG	231	82	313	-61	-16.3
4 Family reunion with inter-company transferees §7/4	95	217	312	-39	-11.1
5 Internship §12/2 FRG	89	26	115	-42	-26.8
6 Cross border worker §1/11 FRG	19	14	33	-3,126	-99.0
7 Commuters §§1/2, 113/3 FRG	5		5	-1,915	-99.7
8 Commuters agreement §1/5 AUSLGB	1		1	-68	-98.6
9 Seasonal work §12/2 FRG	3,357	2,056	5,413	-2,712	-33.4
10 Employed persons on basis of GATS (mode 4 Betriebsentsandter) §12/2 FRG	499	112	611	81	15.3
11 No quota in foreign worker employment law §18/2 AUSLB	45	13	58	26	81.3
12 Self-employment §7/4 Z4 FRG	99	1,072	1,171	-1,442	-55.2
13 Residence on humanitarian grounds §10/4 FRG	167	237	404	-119	-22.8
14 Temporary artists self-employed §90/4 FRG	71	105	176	-331	-65.3
15 Temporary artists employed §12/2 FRG	177	81	258	-90	-25.9
16 Temporary residence with access to employment §§ 1/2, 1/4 AUSLGB	175	898	1,073	-287	-21.1
17 Trainee §12/2 FRG	3	4	7	-642	-98.9
18 Residence permit including right to access employment §13/2 FRG	16,785	11,698	28,483	975	3.5
19 Third country origin, preferential treatment EEA §4	627	938	1,565	419	36.6
20 Third country origin, preferential treatment-Austria § 49	26,811	32,733	59,544	6,121	11.5
21 Self-employment §30/2 FRG	185	49	234	-188	-44.5
22 Family reunion §20/1 FRG	13,292	21,092	34,384	2,930	9.3
23 Residence without access to employment §18/4 FRG	445	693	1,138	327	40.3
24 Residence without access to employment §19/5 FRG	824	1,416	2,240	-1,237	-35.6
25 Working for the media §19/2 Z1	35	15	50	-12	-19.4
26 Artists §19/2 Z2 FRG	280	166	446	-131	-22.7
27 Permanent residence with access to employment §19/2 Z3 FRG	1,202	646	1,848	-101	-5.2
28 Third country origin, preferential treatment-Switzerland §48A FRG	11	15	26	-7	-21.2
29 Highly skilled - self-employed §18/1 Z1 FRG	45	16	61	-41	-40.2
30 Highly skilled - employed § 18/1 Z1 FRG	475	211	686	-200	-22.6
31 Family reunion with highly skilled self-employed §18/1 Z1 FRG	10	29	39	-7	-15.2
32 Family reunion with highly skilled employed §18/1 Z1 FRG	106	203	309	-64	-17.2
33 Highly skilled agreement §1/5 AUSLGB	4	2	6	-6	-50.0
34 Permanent residence certificate	73,455	67,997	141,452	37,610	36.2
61 Student	5	4	9	-208	-95.9
62 Family reunion with student		1	1	-9	-90.0
63 Pupil	3	4	7	-120	-94.5
64 Family reunion with pupil					
65 Inter-company transferees (rotation)	1		1	-19	-95.0
66 Family reunion with inter-company transferees				-11	-100.0
67 Internship					
68 Cross border worker	1	1	2	-2,319	-99.9
69 Commuter	2		2	-483	-99.6
70 Seasonal worker	7	2	9	-2	-18.2
71 Employed persons on basis of GATS (mode 4, Betriebsentsandter)				-2	-100.0
72 Self-employed with temporary residence	3		3	-16	-84.2
73 Residence on humanitarian grounds	29	28	57	-245	-81.1
74 Residence permit including right to access employment	63,118	43,158	106,276	-52,199	-32.9
75 Family reunion with EEA-citizen	237	317	554	-611	-52.4
76 Family reunion with Austrian	11,457	12,056	23,513	-12,712	-35.1
77 Residence permit excluding right to access employment	4,212	4,911	9,123	-3,300	-26.6
78 Family reunion, no access to employment	13,117	18,459	31,576	-14,675	-31.7
79 Family reunion, no access to employment	7,055	8,757	15,812	-8,797	-35.7
80 Residence without access to employment	1,576	1,744	3,320	-1,145	-25.6
81 Working for the media	10	3	13	-10	-43.5
82 Artist	76	46	122	-116	-48.7
83 Permanent residence with access to employment	125	72	197	-466	-70.3
84 Trainee				-2	-100.0
85 Residence with access to employment	5	3	8	-25	-75.8
86 Artist	2		2	-13	-86.7
87-95 Residence Permission	10,356	8,666	19,022	-6,602	-25.8
Total	258,013	248,208	506,221	-69,646	-12.1

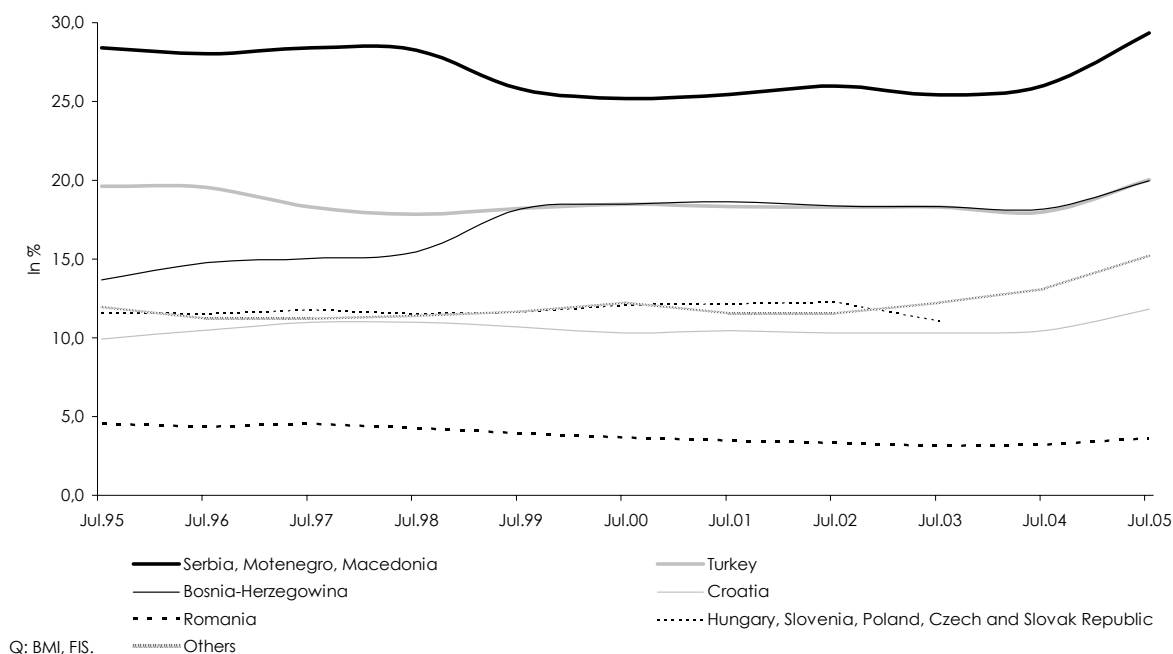
Source: Federal Ministry of the Interior, Central Alien Register.

The Labour Market Service has the discretionary power to grant access to the labour market to family members who have not yet resided the required length of time in Austria to get the legal right to access the labour market. Access to gainful employment before the time specified in the residence permit may be granted to persons with skills which are needed on the labour market.

Explicitly excluded from access to the labour market are pensioners of third country origin and 'Privateers' and until recently also students. The amendment of the Alien Law of July 2002 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 raise labour supply of migrant students but was to legalise the clandestine work on the part of students.

The structure of valid residence permits (mid year count) by countries of origin has been comparatively stable since the mid 1990s. Currently, some 29 percent are from the regions Serbia, Montenegro and Macedonia; persons from Turkey and Bosnia-Herzegovina each make up some 20 percent of residence permits; 15 percent are from Croatia and some 4 percent from Romania. Persons from the new EU member states bordering Austria plus Poles made up 11 percent of all residence permits before 2004.

Figure 10: Valid residence permits by countries of origin 1995 to 2005 (mid year count)



The regional dispersion of settlers and temporary resident permit holders differs significantly. Settler permit holders are concentrated on the central east-west axis of Austria and

temporary resident permit holders along the eastern and south-eastern border. Citizens of third countries rarely settle in border regions of Upper and Lower Austria to the Czech Republic, neither in large sections of Styria, Carinthia and Burgenland. Also in certain central regions south of the Danube third country citizens hardly settle. In contrast, Burgenland as well as Vienna are the most important regions for temporary resident permit holders.

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

*Table 10: Structure of valid residence permits by region and type  
1 July 2005*

	Temporary resident permit(AE)	Settlement permit (NB)	Residence permit pre 1997	Total
Burgenland	230	5,301	326	5,857
Carinthia	975	17,667	843	19,485
Lower Austria	2,003	56,626	2,480	61,109
Upper Austria	2,423	63,381	4,154	69,958
Salzburg	1,619	36,736	492	38,847
Styria	4,174	32,956	400	37,530
Tyrol	1,716	31,099	3,554	36,369
Vorarlberg	491	21,928	3,204	25,623
Vienna	10,551	197,323	3,569	211,443
Austria	24,182	463,017	19,022	506,221

Source: Federal Ministry of the Interior, FIS.

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

### **iii) Stock-Flow analysis of resident permits 2003-2005**

The Federal Ministry of the Interior supplies the Austrian Institute of Economic Research for the purpose of writing an expertise on the structure and impact of third country migrant inflows on the labour market with stock-flow data on resident permits (*Biffi, 2005A*).



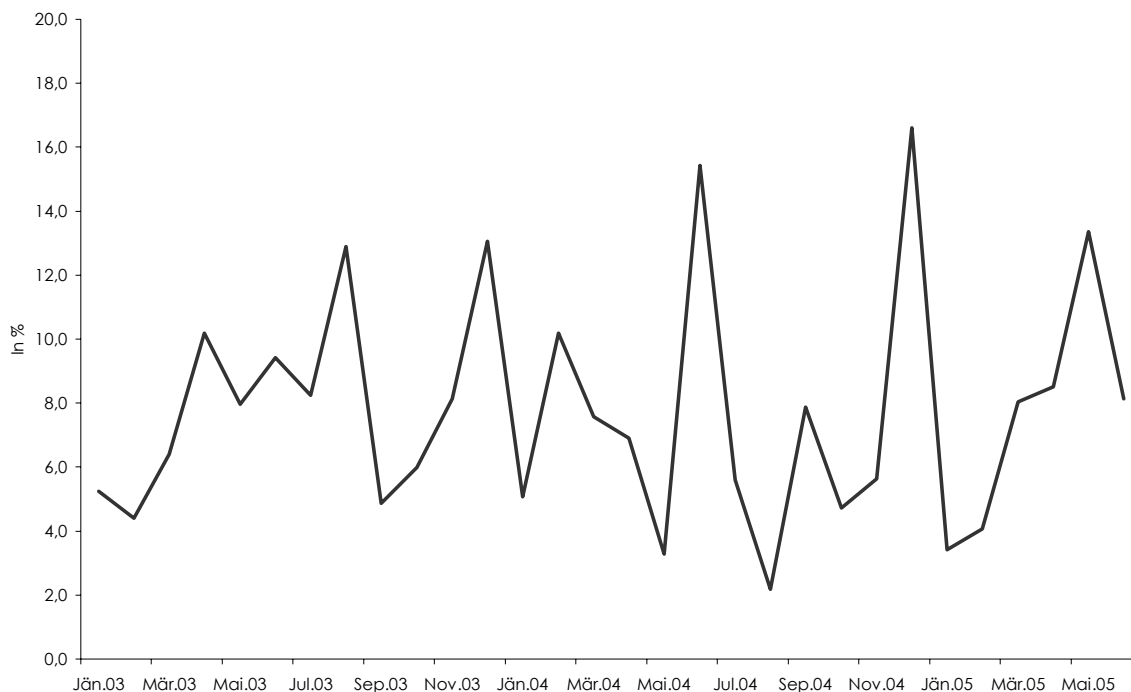
Stock count by end of month:      Stock of permit by category (point in time t)  
+ inflows during month t+1 (First permits – Erstgenehmigungen)  
+ inflows during month t+1 due to extensions  
– outflows during month t+1  
= stock of valid permits (point in time t+1)  
 $Stock(t) + Inflows(t+1) - Outflows(t+1) = Stock(t+1)$

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

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

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

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

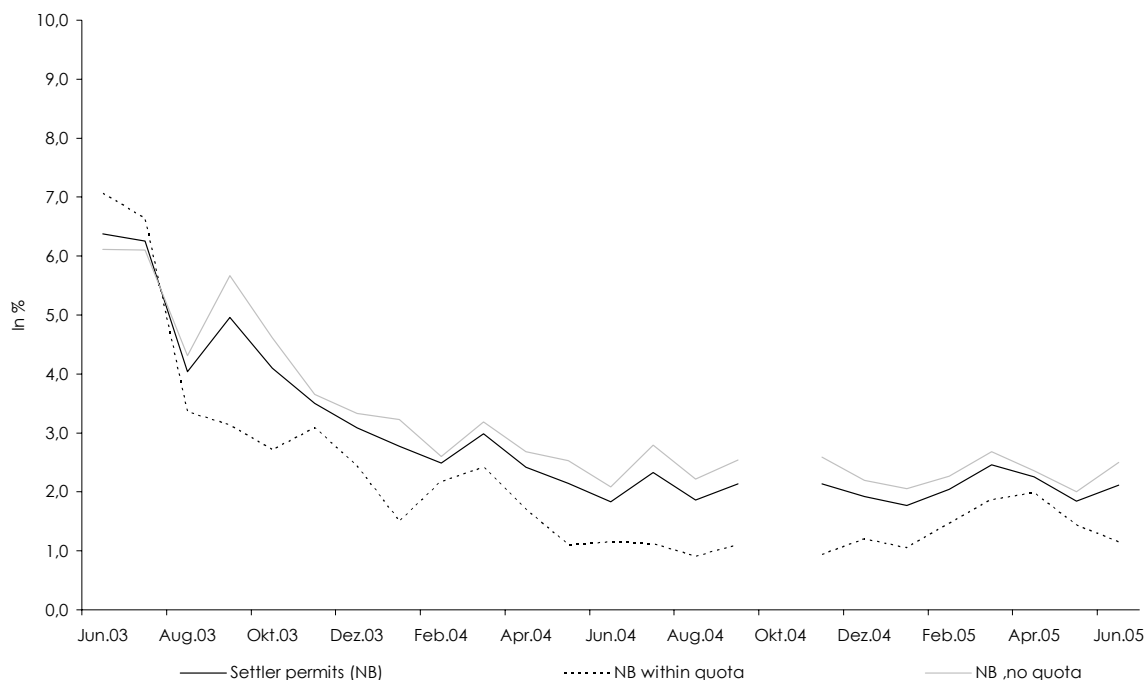


S: BMI-FIS, WIFO-Calculations.

According to flow data, the volatility of temporary residence permits is relatively high. No clear seasonal pattern can be discerned, which is not surprising given the great heterogeneity of permits and different incentive factors driving them. The inflow rate spans from a low of 2.2 percent in August 2004 to a high of 166 percent in December 2004. Particularly high and rising is the monthly inflow rate of internships, and trainee posts (Volontäre); also seasonal work permits have a high inflow rate, which is declining since May 2004 as a result of Eastern enlargement of the EU (free population flows). Also the inflow rate of persons on the basis of services mobility mode 4 (GATS – Betriebsentsandter) is high but stopped rising in 2005. Particularly volatile and at times very high is the inflow rate of artists.

In contrast, the monthly inflow rate to settlement permits is relatively low and stable over the year. It fluctuates around 2.1 percent. The inflow rate is higher in the area of settler permits which are granted outside the quota regulation, on average by about 1.5 percentage points. The monthly inflow rate is highest among highly skilled workers and rising. Among the settlement permits outside the quota, favoured status third country citizens have the highest rate, followed by highly skilled migrants who may access the labour market outside a foreign worker quota (researchers in the public and private sector). In 2005, a clear decline in the latter inflow rate set in, however.

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



S: BMI-FIS, WIFO-calculations.

## D) *Labour market flows*

Austria has been a country of labour migration well before it became a country of immigration and settlement. As a result, Austria has a long history of work permits; only relatively recently, i.e., in the 1990s, was this system complemented by regulations of family reunion and thus by a system of resident permits of various categories. In what follows, a short history of the development of the work permits system is given.

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

Over time, i.e., since the 1960s, a highly differentiated system of work permits for different purposes and status of foreigners according to past period of work evolved. Initial work permits are issued to foreign citizens (since 1994 only those from outside the EEA/EU), either if they are entering the labour market for the first time ("first" issue, Erstantrag) or if they re-enter the labour market after a period of unemployment exceeding 6 months; in 2003, new procedures were put in place, which meant that only new entrants into the labour market get a first permit and every change of work place obliges a person to get a "new" permit (Neuantrag). The first work permit is issued to the firm and not the worker. After one year of work the status of the permit may be transformed into a permit issued to the foreign person (Arbeiterlaubnis), after five years of work to a permanent licence, which allows free mobility within the whole of Austria and marks the termination of firm/work control.

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

The total number of first permits did not change much between 2002 and the years thereafter. The number of new permits, however, more than doubled (from 25,000 in 2002 to 61,000 in 2003 and 2004). This goes to show that turnover of foreign employment is quite high, which was underestimated in the former procedure.

Table 11: Initial work permits (first and re-entries) for foreign workers 1980-2004

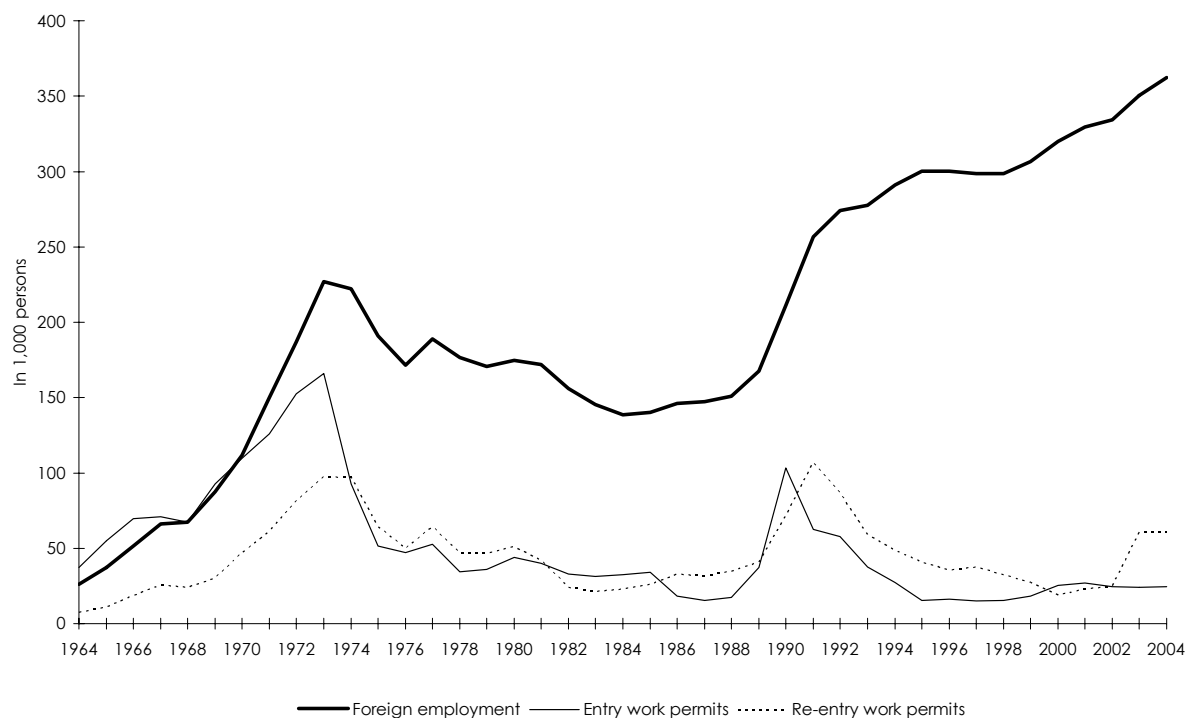
Sum of permits over the year

	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 <sup>1</sup>	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 <sup>2</sup>	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 <sup>3</sup>	52,088	15,020	32,580	9,006	84,668	24,026
2004	53,274	15,248	31,920	9,277	85,194	24,525

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

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

Figure 13: Entry and re-entry work permits and total foreign employment  
1964-2004



Source: Austrian Labour Market Service.

Until 1997 severe restrictions on the recruitment of foreign workers prevented the activation of foreign employment through market forces. Since 1998, however, a stabilisation of employment, i.e., a decline in re-entry work permits, and a rise in first work permits, i.e., entry permits into the labour market took place. The year 2000 marked a renewed increase in first entry permits, basically as a result of a renewed intake of foreign workers from abroad, in the main seasonal workers in tourism and agriculture. In the years 2002 to 2004 no further rise in first entries took place. Job fluctuation increased as a result of a total count of job turnover of new entrants into the labour market (break in the series). It is apparent from Figure 13 that the significant rise in foreign employment since 2003 did not show up in the first entry permits, since the majority of these persons had resided in Austria for 5 years legally (green card) and had thus the right to access the labour market without a work permit.

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

The extension of work permits (Beschäftigungsbewilligung, always granted to the firm for a particular job) mirrors the cyclical and structural medium- to long-term labour market demand for foreign workers. In the 1960s and 1970s the extensions followed the first entry permits with a lag of one year. In the early 1980s, as structural labour market problems led to

a continued rise in unemployment, the number of extensions started to decline. Those foreigners, who could apply for Austrian citizenship or a "permanent" work permit, due to their long duration of work in Austria, did so increasingly. Others who were in firms with declining employment, could not count on an extension of their permit and had either to return home (export of unemployment in case of insufficient duration of work to allow long-term unemployment benefit) or consume unemployment in Austria. A graph clarifies the relationship between extensions, first permits and increased integration through permanent permits (issued to the person after 5 years of employment) and the rapid rise of work entitlements (issued to the person after 1 year of employment) since the introduction in 1990. The increasing security of employment of the second wave of foreign workers, who entered the labour market at the end of the 1980s and 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.

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, only 6,000 work permits were extended in 2004, somewhat less than in 2003. 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. (Table 13 and 14, Figure 14)

Short-term work permits are issued to the firm in order to allow the labour inspectorate to control the working and living conditions of foreigners when they first enter the labour market – to ensure fair and equal treatment and control for social and labour market dumping. As soon as a foreigner switches to a work entitlement (Arbeitserlaubnis – after one year of continued legal employment) or a "permanent" licence (Befreiungsschein – after 5 years of legal employment) she/he may move freely on the labour market; work site controls are abandoned in that case. Foreigners have to register in the district of residence (magistrates) and provide information about the housing conditions as well as the residence status (since mid 1993). The law requires a certain minimum living space per person in the household, which may be ascertained by the police, one reason being the control of clandestine/illegal foreigners and the protection of foreigners against exorbitant rental rates. The original

intention of the regulation of the minimum living space had been, to ensure that firms, who employed foreign workers, also provided the customary living conditions. Now that foreign workers have to find their own housing, this part of legislation may turn against the foreign worker. Given the fact that foreigners do not have access to council housing in all provinces of Austria (e.g., in the city of Vienna), a rather small segment of housing is available to poor foreign workers, which tends to drive up rents for low cost housing.

Table 14: Extended work permits for foreign workers 1980-2004

(Sum of permits over the year)

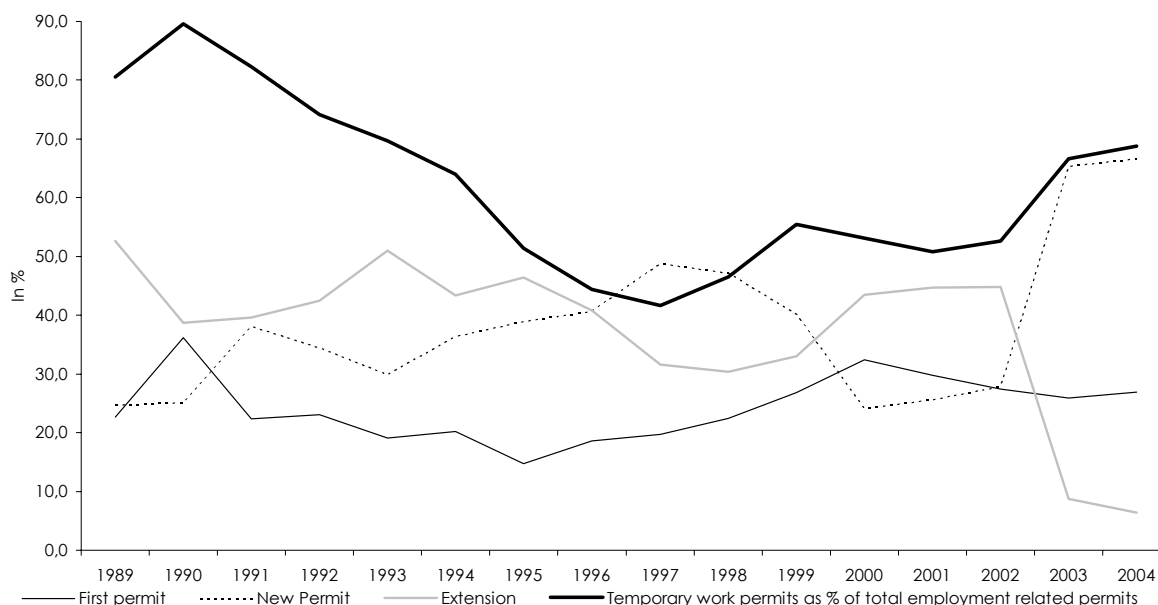
	Male	Female	Total
1980	69,628	47,739	117,367
1981	64,961	46,201	111,162
1982	53,843	37,959	91,802
1983	40,465	33,708	74,173
1984	40,586	31,596	72,182
1985	37,791	29,694	67,485
1986 <sup>1)</sup>	47,118	31,948	79,066
1987	53,175	33,486	86,661
1988	56,234	34,438	90,672
1989	55,332	31,194	86,526
1990	75,730	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 <sup>2)</sup>	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 <sup>3)</sup>	4,963	3,141	8,104
2004	3,603	2,192	5,795

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

In 2004, a total of 91,000 temporary work permits were issued in the course of the year, 1,900 or 9 percent less than a year ago. In addition to short-term work permits various other permits are granted to third country citizens. In toto, in 2004 some 132,400 work permissions were issued. The major part is temporary work permits, namely 69 percent, for which labour market testing is required. In addition, other forms of licences are granted, e.g., permanent licenses (some 10,000 in 2004), permissions to employers who want to employ a third country citizen from outside Austria (skilled migrant); the figure for the latter group was about 11,600 in 2004. Also services mobility of third country citizens is registered, in 2004 some 3,000, as well as

access to the labour market of cross-border workers within a bilateral agreement (2,200 in 2004, almost half the number of 2003) (Table 15).

Figure 14: Temporary work permits (First permits and new permits, extensions) 1964-2004



S: BMAS (till 1993), AMS (since 1994), WIFO-calculations.

It is helpful to put the flow data, i.e., permits by category, in the context of stocks of persons/permits on an annual average. It can be seen from table 15 that as a result of eastern enlargement of the EU some new types of registration of employment of third country citizens evolved. For example persons from new EU member states who had been working on a regular basis for 12 months before accession (as well as their family members) were granted the right to free mobility of labour from May 2004 onwards (free mobility of labour to citizens of new EU-MS). Also services mobility is registered, whereby it is being differentiated between the liberalised services (no labour market testing) and non-liberalised services. There is a difference between a services provision acknowledgement (Entsendebestätigung) and a services provision permit (Entsendebewilligung): for the latter labour market testing is required as it is in occupations which are not liberalised in the context of free services provision between new and old EU member states. The first is issued for a period of 6 months and may be extended, while the latter may not be extended after the period of 6 months has expired.



Table 15: Various types of work permits for third country citizens 1999-2004  
Stocks, Annual averages

	Temporary work permits (BB)	Work entitlements (AE)	Permanent licences (BS)	Provisional permit	Cross-border services (GATS)	§4c permanent licences	Bilateral agreements	Free mobility of labour to new EU-MS	Highly skilled permits	Settlement certificate (NN)	Employed based on valid permit
1999	22.154	29.524	179.738	17	350	6.671	686				239.140
2000	24.145	20.399	187.990	40	459	8.068	1.059				242.161
2001	28.593	17.685	181.879	88	588	9.665	1.563				240.062
2002	27.192	18.974	169.710	9	635	10.433	1.926				228.878
2003	26.296	17.008	147.330	5	623	8.755	2.499		226	17.693	220.436
2004	25.211	11.856	115.029	86	648	6.206	2.196	2.848	589	56.072	220.741

S: BMAS, AMS.

### 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" licence<sup>2</sup> amounted to 1,400 on average. The growth rate picked up to an average yearly increase of 4,600 in the 1980s and gained momentum in the early 1990s. In 1994 a statistical break due to Austria's membership in the EEA took place, resulting in a slight decline of permanent licence holders. The decline in the number of "permanent licence holders" 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'<sup>3</sup>. In 2004, the number of permanent work licence holders declined by 34,800 or 22 percent versus 2003<sup>4</sup>. The decline in permanent licences had its counterpart in a rising number of settlement certificates. (Figure 15 and Table 16) In addition to the normal procedures of obtaining a permanent licence, another procedure is possible (§4c AuslBG), on the basis of which a fairly small number is granted a permanent licence (2004: 6,206).

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

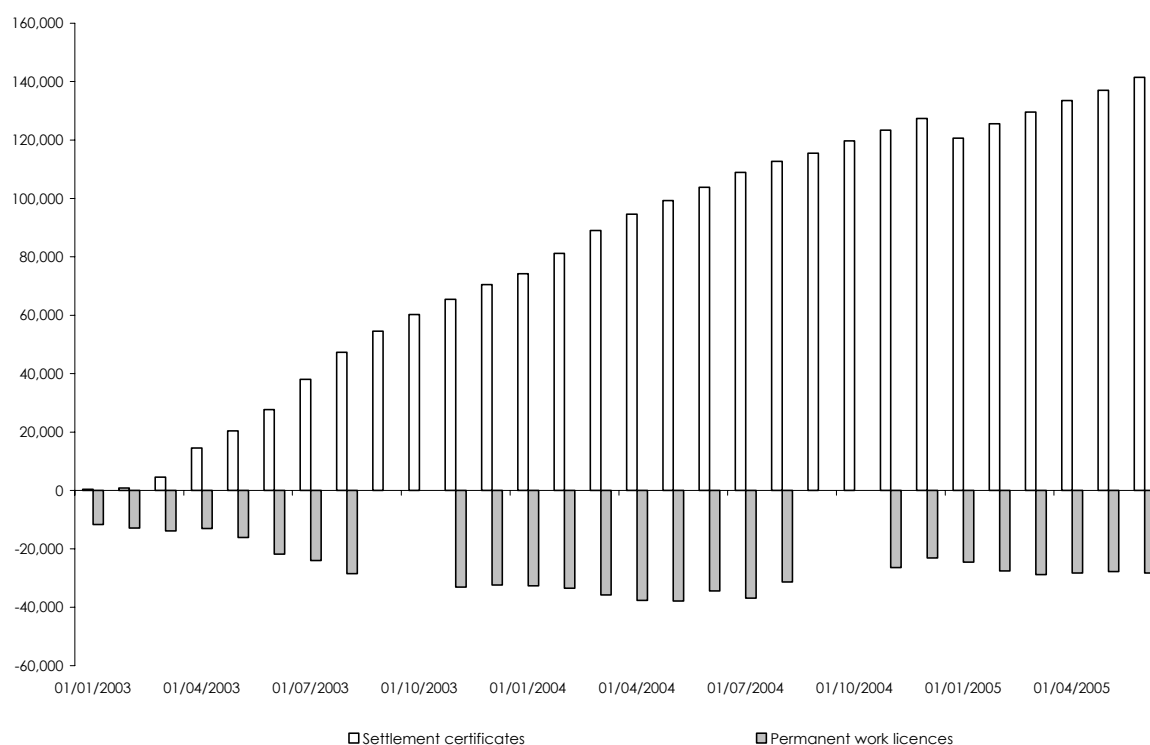
<sup>2</sup> A permanent licence allows free movement on the labour market; such a permit is valid for 5 years and makes a foreigner eligible for a residence permit valid for 5 years.

<sup>3</sup> 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.

<sup>4</sup> For an in-depth analysis of the probability of continued employment on the basis of longitudinal social security data see *Biffi* (2000).

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 2004 an annual average of 11,900 work entitlements were issued, 5,100 or 30 percent less than 2003. The share of men is slightly more than half of all entitlements (55 percent in 2004), after 65 percent 1997 and 71 percent 1995 – the declining share of men is a consequence of the increased settlement of the last wave of foreign workers, which was predominantly male. As family reunion followed, entry of the spouses into the labour market is the logical next step of integration and settlement in Austria.

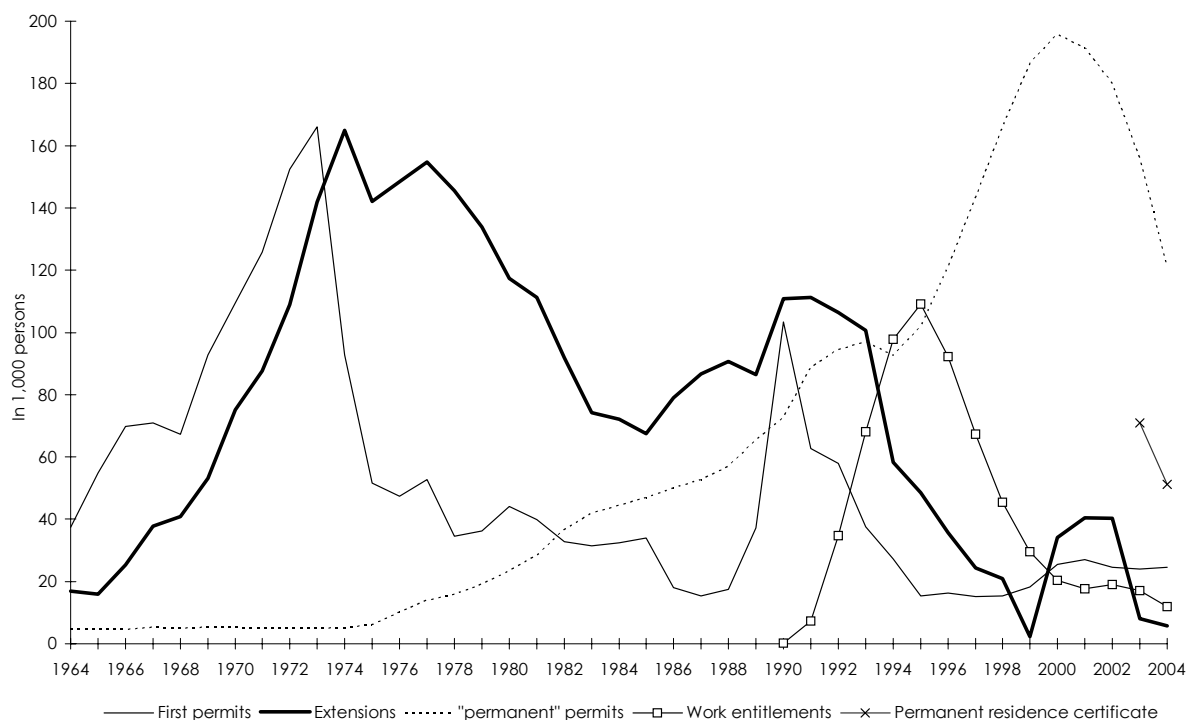
Figure 15: Decline in permanent work permits and concomitant rise in number of settlement certificates 2003-2005



Source: Austrian Labour Market Service, Federal Ministry of the Interior, Federation of Austrian Social Security Institutions.

A significant feature of 2003 is the marked increase in provisional permits (from 2,600 in 2002 to 21,100 2003); this is an indication for slack administrative procedures, and the importance of automatic mechanisms to overcome slow bureaucratic procedures in order to promote individual integration. In 2004, this administrative problem had been amended such that no backlogs are reported.

Figure 16: First permits, extensions, work entitlements permanent permits and permanent residence certificate  
1964-2004



Source: Austrian Labour Market Service.

Of all permanent licence holders 66 percent were men, about the same as with short-term work permit holders (65 percent). The proportion of citizens of Central and Eastern European countries has been rising from the early 1990s to 1998; ever since then a slight decline set in (1995: 5.4 percent of all permanent licenses, 1998: 14.3 percent, and remaining there more or less until 2004) (Table 16/17).

The majority of permanent licence holders are, of course, still persons originating from former Yugoslavia, whereby the largest numbers pertain to Serbs, i.e., persons from 'Rest-Yugoslavia'. 2004 37,000 permanent licence holders from this region were counted, 30.5 percent of all permanent licences. The second largest nationality group of permanent licence holders are Turkish citizens (22,500) or 18.6 percent of all permanent licences in 2004, closely followed by Bosnians (21,600 or 17.8 percent). Croatians (14,000) are the other ethnicity with large but declining numbers of permanent licence holders as the permanent residence certificate (green card) is increasingly adopted.

The nationality-mix of foreigners with work entitlements is a reflection of the wave of foreigners entering Austria in the beginning of the 1990s, in particular the refugees from former Yugoslavia, who are now increasingly taking up Austrian citizenship and or permanent

residence certificates. Of the 11,900 work entitlements in 2004, only 13.3 percent went to citizens of Central and Eastern European countries. Of the remaining 10,300 the major group was from Rest Yugoslavia, closely followed by Bosnians (Table 18).

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

Annual average

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

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

Table 17: Permanent licences (including §4c permits) 2004

Annual average

	Male	Female	Total
Total	80,626	40,529	121,155
Eastern Europe	12,982	4,098	17,080
Of which:			
Poland	3,569	1,132	4,701
Hungary	3,995	773	4,768
Former Czechoslovakia	3,344	1,225	4,569
Romania	1,686	760	2,446
Others	67,644	36,431	104,075
Of which:			
Rest Yugoslavia	20,594	16,357	36,951
Croatia	9,027	4,929	13,956
Slovenia	3,016	853	3,869
Bosnia	14,209	7,364	21,573
Macedonia	1,687	370	2,057
Turkey	16,981	5,539	22,520

Source: Austrian Labour Market Service.

Table 18: Work entitlements 2004

Annual average

	Male	Female	Total
Total	6,536	5,319	11,855
Eastern Europe	762	809	1,571
of which:			
Poland	148	166	314
Hungary	93	81	174
Former Czechoslovakia	175	58	233
Romania	127	177	304
Others	5,774	4,510	10,284
of which:			
Rest Yugoslavia	1,690	1,452	3,142
Croatia	377	604	981
Slovenia	129	49	178
Bosnia	848	1,482	2,330
Macedonia	214	120	334
Turkey	1,060	275	1,335

Source: Austrian Labour Market Service.

Table 19: New issue of "permanent" licences (sum over the year)

	Male	Female	Total
<i>Total</i>			
1995	19,214	7,762	26,976
1996	28,682	11,158	39,840
1997	29,797	12,677	42,474
1998	24,793	16,934	41,727
1999	17,503	12,701	30,204
2000	13,509	10,001	23,510
2001	12,058	8,207	20,265
2002	9,244	6,236	15,480
2003	5,934	4,440	10,374
2004	3,426	2,566	5,992
<i>According to: Employment of 5 years</i>			
1995	17,351	6,095	23,446
1996	26,594	9,486	36,080
1997	27,144	10,559	37,703
1998	1,856	943	2,799
1999	13,439	8,596	22,035
2000	8,447	5,846	14,293
2001	6,381	4,099	10,480
2002	4,420	2,538	6,958
2003	2,069	1,201	3,270
2004	1,072	599	1,671
<i>Marriage with Austrian</i>			
1995	46	42	88
1996	81	80	161
1997	122	122	244
1998	173	152	325
1999	150	176	326
2000	201	221	422
2001	220	285	505
2002	270	245	515
2003	187	222	409
2004	134	140	274
<i>Second generation</i>			
1996	2,007	1,592	3,599
1997	2,531	1,996	4,527
1998	2,763	2,320	5,083
1999	2,826	2,368	5,194
2000	3,331	2,816	6,147
2001	3,398	2,779	6,177
2002	3,212	2,593	5,805
2003	2,558	1,827	4,385
2004	1,758	1,281	3,066
<i>Association Agreement of Turkey with EU (§4c permits)</i>			
1997	2,890	2,932	5,822
1998	3,297	5,032	8,329
1999	1,088	1,561	2,649
2000	1,530	1,118	2,648
2001	2,059	1,044	3,103
2002	1,342	860	2,202
2003	1,120	1,190	2,310
2004	435	546	981

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

The differentiation of newly issued "permanent" licences by eligibility status shows the different routes of integration into the Austrian society and their relative importance. Out of a total of newly issued long-term permits of 5,000 in the course of 2004, less than half compared to 2003, 1,700 or 33.3 percent were issued on the basis of 5 years of work in Austria, 3,100 or 61.2 percent on the basis of second generation of migrants. Marriage to an Austrian is more or less automatically linked with the issue of a permanent licence (a certain duration of stay or cohabitation is required) (Table 19).

Starting 1997 the number of permanent licence holders increased also as a result of the association agreement of Turkey with the EU. This EU-legislation has been introduced into the Austrian body of the foreign worker legislation (article 4c/2 AuslBG). In 2004, 1,000 new permanent licenses on that basis were granted (see Table 15, no gender break-up).

#### iv) The geographic distribution of work permits

In 2004, as in the years ahead, the number of initial work permits (total of 85,200) increased only in Lower Austria, Styria and Burgenland, i.e., regions bordering on accession countries. This goes to show that cross-border commuting continues to be a major source of new foreign labour from abroad. (Table 20)

As to the prolongation of work permits by region, only Tyrol had an increase in extensions. All the other states experienced declines as a result of granting an extension only in case of remaining with the same employer (Table 21).

Table 20: Geographical distribution of initial work permits for foreign workers

Sum over the year

	2003			2004		
	Male	Female	Total	Male	Female	Total
Vienna	3,859	2,212	6,071	3,654	2,127	5,781
Lower Austria	13,349	6,451	19,800	14,559	7,160	21,719
Styria	9,791	5,814	15,605	10,935	5,904	16,839
Carinthia	1,609	948	2,557	1,751	725	2,476
Upper Austria	5,789	2,769	8,558	5,309	2,656	7,965
Salzburg	3,644	3,393	7,037	3,193	2,918	6,111
Tyrol	5,968	5,333	11,301	5,576	4,599	10,175
Vorarlberg	1,417	1,367	2,784	1,099	1,151	2,250
Burgenland	6,662	4,293	10,955	7,198	4,680	11,878
Austria	52,088	32,580	84,668	53,274	31,920	85,194

Source: Austrian Labour Market Service.

Table 21: Geographical distribution of extended work permits for foreign workers  
Sum over the year

	2003			2004		
	Male	Female	Total	Male	Female	Total
Vienna	1,345	913	2,258	892	582	1,474
Lower Austria	813	511	1,324	607	318	925
Styria	545	305	850	461	260	721
Carinthia	322	121	443	127	44	171
Upper Austria	578	317	895	525	265	790
Salzburg	344	252	596	211	145	356
Tyrol	212	164	376	275	203	478
Vorarlberg	449	366	815	317	264	581
Burgenland	355	192	547	188	111	299
Austria	4,963	3,141	8,104	3,603	2,192	5,795

Source: Austrian Labour Market Service.

### 3. Emigration and return of nationals

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

In Germany, the number of Austrian wage and salary earners continues to be surveyed once a year. In mid 2004 some 58,000 Austrian wage and salary earners were counted. This is a decline versus a year ago by some 2,000 or 3.4 percent. The number of Austrians employed in Germany started to decline in 1993 for the first time since the recession of the early 1980s. Ever since then the employment of Austrians has continued to shrink. The major share of Austrians is working in Bavaria. In 2004, some 31,600 or 55.0 percent of all Austrians, were working in Bavaria as wage and salary earners. In 2005, the number of Austrians working in Germany has continued to decline, while the number of Germans coming to work in Austria has increased to such an extent that by now almost as many Germans are working in Austria as Austrian in Germany. This goes to show that as employment conditions in Germany deteriorate relative to Austria and partly also as a result of a reform of the social security benefit system (Hartz reform), Germans started to flow in larger numbers into Austria than in the past (Table 27).



Table 22: Austrian workers and salaried employees in the Federal Republic of Germany

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

Source: "Struktur der sozialversicherungspflichtig Beschäftigten", Statistisches Bundesamt Wiesbaden (June survey).

## II. Foreign residents and residents abroad: Stocks

### 1. Foreign residents in Austria

The integration of the census data of 2001 in the central population registry resulted in revisions of the time series of the resident population and migratory movements. According to the revised data, 8,174,700 persons resided in Austria in the year 2004, 57,000 or 0.7 percent more than in 2003. Thus, population growth has entered a new phase in 2001, with annual growth rates in the last four years increasingly exceeding those of the second half of the 1990s and matching population growth of the late 1980s and the year 1990. The recent population growth is the result of a marked increase in migration, 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. While the latter figure is somewhat distorted by procedural changes in asylum processing, indications are that 2005 will see a further rise (see chapter on population flows IB). Immigration gains momentum due to larger inflows from old (particularly Germany) and new EU member states as well as more distant regions of the world.

Natural population growth, i.e., the balance of births and deaths, has also picked up in 2004, partly linked to immigration, reaching 4,700, the highest value since 1997 (Table 23).

The number of naturalisations continues to be high but is beginning to decline. In the course of the year 2004, 41,700 foreigners adopted the Austrian citizenship, i.e., 5.4 percent of all foreigners of the year 2004 - after 5.9 percent a year ago. The decline may be the beginning of a slow down in naturalisations as a result of a reform in the legislation on the one hand - demanding documentation of the pursuit of integration programmes (in particular German language courses), in cases of marriage with an Austrian 6 years of marriage are necessary before becoming eligible, as well as financial means to support oneself - and the echo-effect of the wave of refugees of the early 1990s tapering off on the other.

Net migration of Austrians has been negative for a long period of time, whereby net outflows of Austrians had increased in the second half of the 1980s, slowed down again in the early 1990s and picked up again in the second half of the 1990s. In 2001, the net outflow of Austrians has taken a steep rise (from -4,500 in 2000 to -12,400 in 2002). In 2002 net outflows of Austrians peaked with -20,300, but slowed down again thereafter. In 2004 net outflows of Austrians reached -10,000, i.e., a similar level as in 1994, the runner up year to EU membership. In contrast, net immigration of foreigners has reached 60,600 in 2004. A clear understanding of the mechanisms and driving forces behind these increased inflows is not yet available; detailed information on the major source countries, the age and gender of the migrants is necessary before conclusions can be drawn, not least as to the impact on the labour market, in particular the break-up between formal and informal sector work.

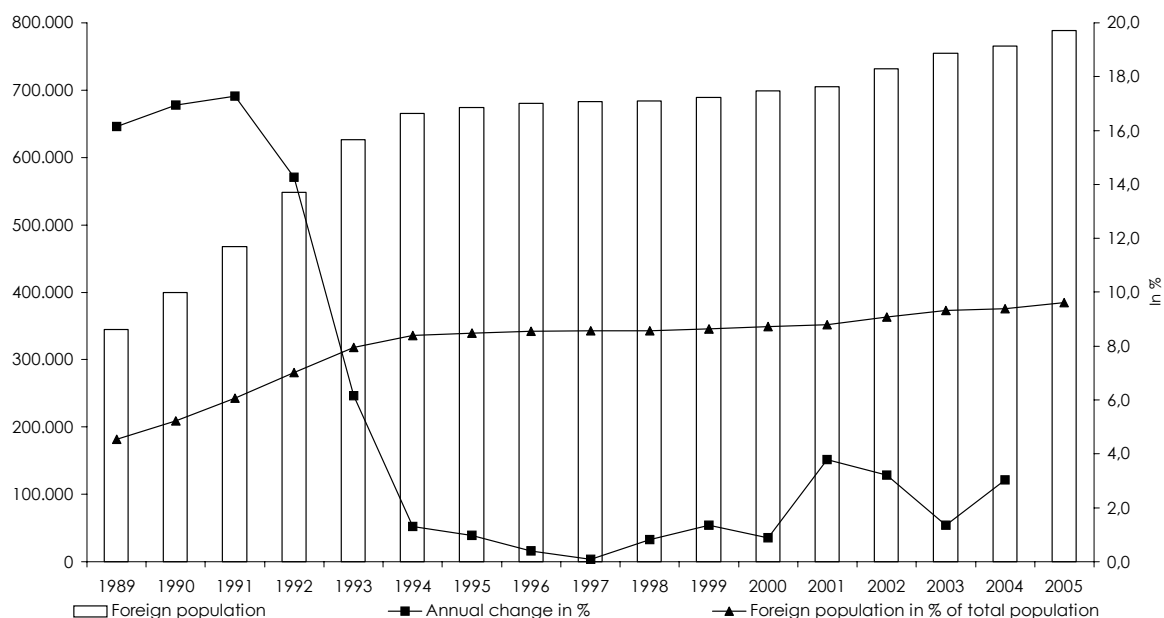
The net effect of diverging developments of migration, balance of births over deaths and naturalisation, is an increasing number of Austrians (+40,400 or 0.5 percent) to 7,398,600 in 2004. Also the number of foreigners rose, i.e., by 16,600 or 2.2 percent to 776,100; thus the reduction due to naturalisations was more than compensated by the positive balance of births over deaths and the substantial increase of immigration. The proportion of foreigners in the total population has as a consequence increased to 9.5 percent after 9.4 percent in 2003 (Figures 17 and 22).

Table 23: Foreign residents in Austria

	Population		Population change between beginning and end of year			
	Yearly average	Changes absolute	Total change	Birth-death	Migration	Naturalisation
				Total		
1985	7,564,984	+3,550	+3,503	-2,138	+5,641	.
1986	7,569,794	+4,810	+6,116	-107	+6,223	.
1987	7,574,586	+4,792	+3,467	+1,596	+1,871	.
1988	7,585,317	+10,731	+17,996	+4,789	+13,207	.
1989	7,619,566	+34,249	+50,503	+5,352	+45,151	.
1990	7,677,850	+58,284	+66,064	+7,502	+58,562	.
1991	7,754,891	+77,041	+88,017	+11,201	+76,816	.
1992	7,840,709	+85,818	+83,620	+12,140	+71,480	.
1993	7,905,632	+64,923	+46,227	+12,710	+33,517	.
1994	7,936,118	+30,486	+14,743	+11,731	+3,012	.
1995	7,948,278	+12,160	+9,578	+7,498	+2,080	.
1996	7,959,016	+10,738	+11,899	+8,019	+3,880	.
1997	7,968,041	+9,025	+6,150	+4,613	+1,537	.
1998	7,976,789	+8,748	+11,345	+2,894	+8,451	.
1999	7,992,323	+15,534	+19,725	-62	+19,787	.
2000	8,011,566	+19,243	+18,760	+1,488	+17,272	.
2001 <sup>1</sup>	8,043,046	+31,480	+44,200	+691	+32,964	.
2002 <sup>2</sup>	8,083,797	+40,751	+37,029	+2,268	+33,507	.
2003 <sup>2</sup>	8,117,754	+33,957	+37,947	-265	+36,297	.
2004 <sup>3</sup>	8,174,733	+56,979	+55,258	+4,676	+50,582	.
				Austrians		
1985	7,264,468	-1,274	-3,575	-4,900	-5,983	+7,308
1986	7,261,000	-3,468	-3,363	-2,912	-8,511	+8,060
1987	7,256,641	-4,359	-5,354	-1,499	-10,471	+6,616
1988	7,252,022	-4,619	-3,883	-1,299	-12,496	+7,314
1989	7,247,557	-4,465	-5,047	+1,247	-13,599	+7,305
1990	7,244,177	-3,380	-1,714	+2,439	-13,133	+8,980
1991	7,246,952	+2,775	+7,264	+4,017	-7,890	+11,137
1992	7,253,276	+6,324	+5,385	+2,320	-8,591	+11,656
1993	7,259,800	+6,524	+7,663	+1,707	-8,175	+14,131
1994	7,266,665	+6,865	+6,065	+987	-10,197	+15,275
1995	7,271,217	+4,552	+3,040	-2,823	-8,503	+14,366
1996	7,277,307	+6,090	+9,140	-2,181	-4,306	+15,627
1997	7,284,647	+7,340	+5,539	-4,650	-5,603	+15,792
1998	7,290,308	+5,661	+5,784	-6,089	-5,913	+17,786
1999	7,298,368	+8,060	+10,337	-9,028	-5,313	+24,678
2000	7,309,798	+11,430	+12,522	-7,483	-4,315	+24,320
2001 <sup>1</sup>	7,324,787	+14,989	+17,456	-7,505	-12,408	+31,731
2002 <sup>2</sup>	7,340,542	+15,755	+13,536	-5,911	-20,283	+36,011
2003 <sup>2</sup>	7,358,178	+17,636	+27,768	-7,521	-14,802	+44,694
2004 <sup>3</sup>	7,398,586	+40,408	+29,039	-2,571	-10,039	+41,645
				Foreigners		
1985	300,516	+4,824	+7,078	+2,762	+11,624	-7,308
1986	308,794	+8,278	+9,479	+2,805	+14,734	-8,060
1987	317,945	+9,151	+8,821	+3,095	+12,342	-6,616
1988	333,295	+15,350	+21,879	+3,490	+25,703	-7,314
1989	372,009	+38,714	+55,550	+4,105	+58,750	-7,305
1990	433,673	+61,664	+67,778	+5,063	+71,695	-8,980
1991	507,939	+74,266	+80,753	+7,184	+84,706	-11,137
1992	587,433	+79,494	+78,235	+9,820	+80,071	-11,656
1993	645,832	+58,399	+38,564	+11,003	+41,692	-14,131
1994	669,453	+23,621	+8,678	+10,744	+13,209	-15,275
1995	677,061	+7,608	+6,538	+10,321	+10,583	-14,366
1996	681,709	+4,648	+2,759	+10,200	+8,186	-15,627
1997	683,394	+1,685	+611	+9,263	+7,140	-15,792
1998	686,481	+3,087	+5,561	+8,983	+14,364	-17,786
1999	693,955	+7,474	+9,388	+8,966	+25,100	-24,678
2000	701,768	+7,813	+6,238	+8,971	+21,587	-24,320
2001 <sup>1</sup>	718,259	+16,491	+26,744	+8,196	+45,372	-31,731
2002 <sup>2</sup>	743,255	+24,996	+23,493	+8,179	+53,790	-36,011
2003 <sup>2</sup>	759,576	+16,321	+10,179	+7,256	+51,099	-44,694
2004 <sup>3</sup>	776,147	+16,571	+26,219	+7,247	+60,621	-41,645

Source: Statistics Austria. – <sup>1</sup> Statistical correction of Census 2001 data by 10,545 for annual average. – <sup>2</sup> Statistical correction: elimination of inconsistencies of balance of birth according to natural population development in the central population register (POPREG) and stock-flow data in the central register (ZMR) (2002: 1.254, 2003: 1.915). – <sup>3</sup> Overestimate of asylum seekers by 10.000 due to change in procedures in registering asylum seekers in the central register (ZMR).

Figure 17: Foreign resident population (beginning of the year)  
1989-2005



Source: Statistics Austria.

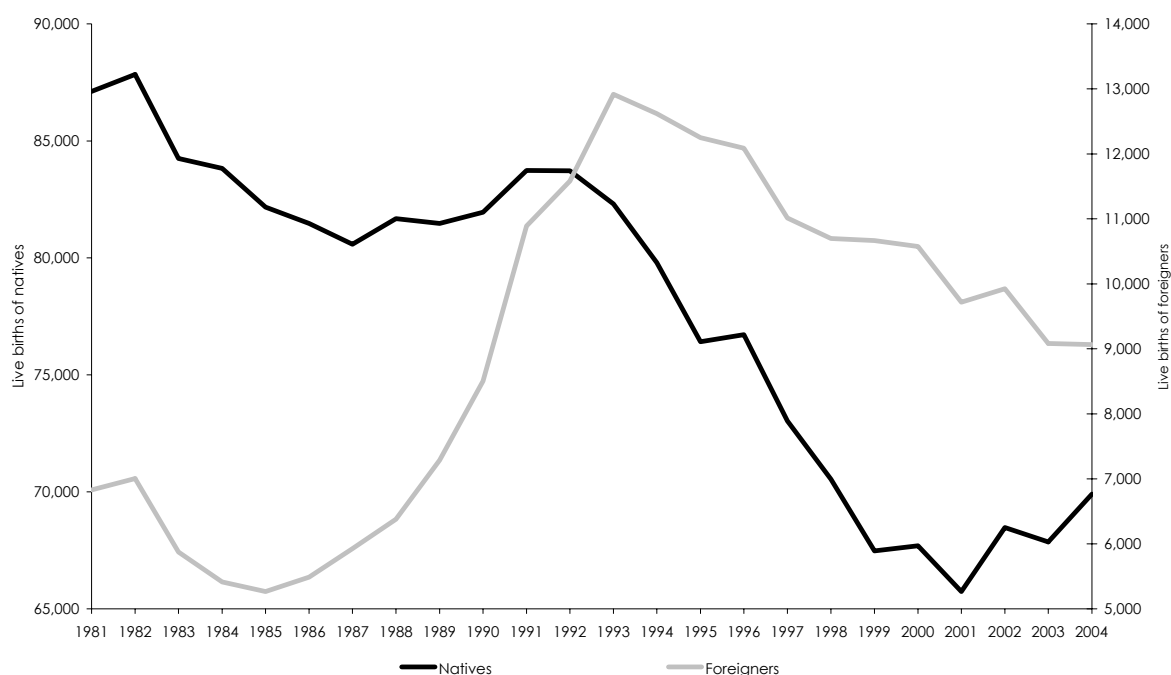
## 2. Live births of native and foreign women

The number of births of natives has been declining more or less continuously between 1992 and 2001, when a turning point was reached and births started to rise again. In contrast, the decline in the number of births to foreign women, which had set in a year later, does not yet show signs of a turnaround of the trend (Figure 18).

The total number of live births has been declining from a peak of 95,300 in 1992 to 88,700 in 1995. It remained at this level in the following year but took a dip again in 1997. The number of births declined between 1997 and 2001. In 2002 the number of live births increased again to 78,400, 2,900 (+3.9 percent, declined again in 2003 to 76,900, and rose again in 2004 – even slightly beyond the numbers of 2002 – to reach 79,000. The total number of births to Austrian mothers amounted to 69,900 in 2004, 2,000 or +3 percent versus 2003, and the number of births to foreign women amounted to 9,100, the same as 2003. The share of foreign births in the total number of births has increased between 1992 and 2004 from 12.2 percent to 13 percent.

The increase in births between 1988 and 1992 had thus been short-lived; it had been the consequence of an above average inflow of young migrants who had at the same time an above average fertility compared to Austrians. The declining number of births since then has to be seen as a result of the declining fertility rate of Austrian and foreign women. The fertility rate of Austrian women has stabilised in 1999 at 1.25, while it increased slightly in the case of foreign women from 2.10 1998 to 2.09 2000, but came down again for foreign women to 1.99 in 2001. In 2002 the fertility rate of both, Austrian and foreign women, increased slightly, which may be a result of the reform of the benefit scheme for childcare in 2002. On a national average the fertility rate increased slightly from 1.33 in 2001 to 1.4 in 2002. The impact of the reform was short-lived, however. In the year 2003 fertility fell back to the pre-reform level. Only in 2004 did the fertility rate rise again, particularly of migrant women (Figure 19).

Figure 18: Live births of native and foreign women 1981-2004

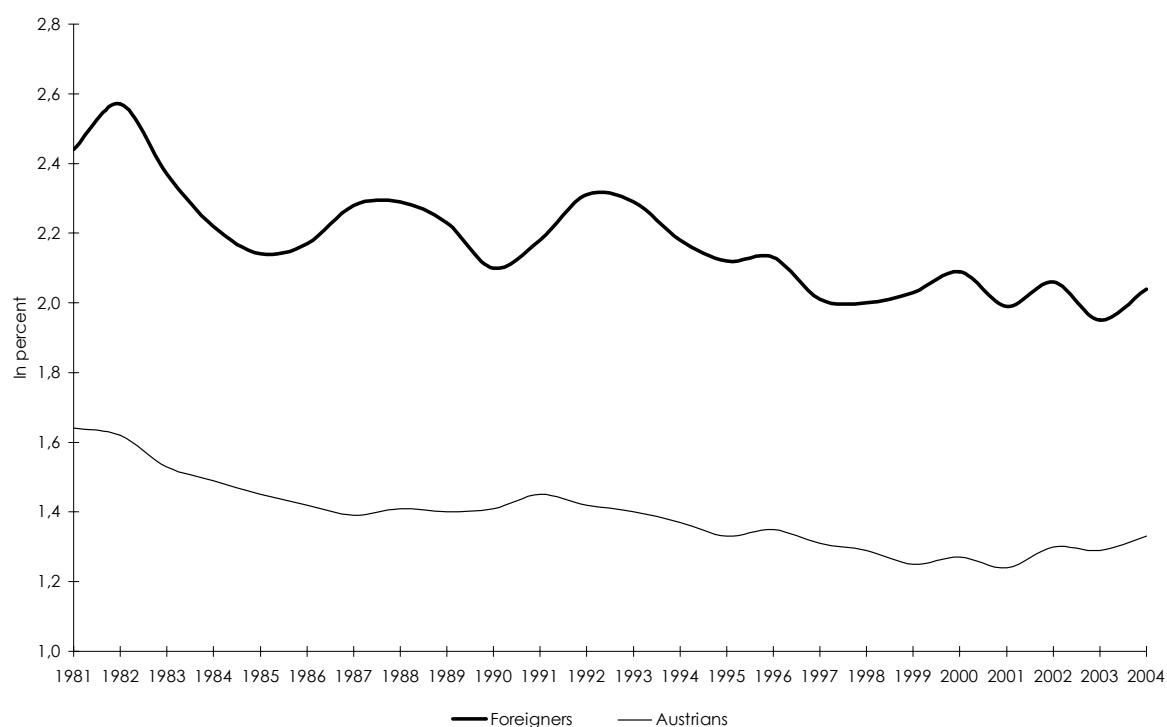


Source: Statistics Austria.

The increasing number of foreign births between 1992 and 1995 was solely the result of a rising number of young and medium aged foreign women and not the consequence of a rise in the fertility rate of foreign women in Austria. The fertility rate of foreign women decreased over this time span (1992-2001) from 2.37 children per woman to 1.99, i.e., by 13.9 percent. The fertility rate of Austrian women has decreased between 1992 and 2001 by 12.7 percent to 1.24 children per woman. The slight increase in the fertility rate of both native and foreign women in 2002, was short lived and may have been motivated by the new regulation of

paternal leave and the increased family allowance. Particularly migrant women had to realise that the eligibility criteria were difficult, particularly in the context of increased labour market competition and thus job insecurity. In 2003, their fertility rate declined from 2.06 to 1.95, i.e., by 5 percent, while it declined only slightly from 1.3 to 1.29 in the case of native women. In 2004, the fertility rate of Austrians and foreigners moved up again slightly to 1.33 and 2.04 respectively.

Figure 19: Total Fertility Rate of Austrian and Foreign Women  
Average number of children per woman (1981-2004)



Source: Statistics Austria.

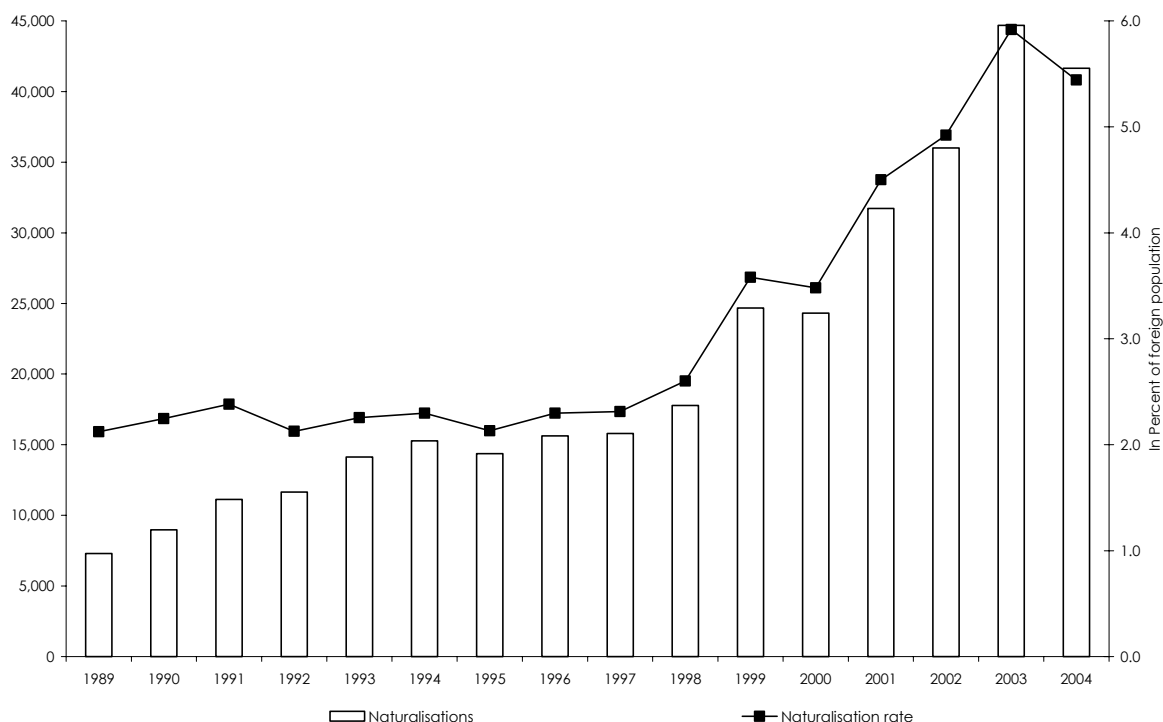
### 3. Number of naturalisations

The development of the rate of naturalisations over time follows with a certain time lag the waves of migrant inflows. It increased in the course of the 1970s, in the wake of the consolidation of foreign worker employment, family reunion and eventual settlement; it declined in the early 1980s and fluctuated at a relatively low level of 2.2 percent of the foreign population between 1987 and 1995. Ever since then the naturalisation rate rose, at times abruptly, reaching the peak in 2003 with 5.9 percent of the foreign population and coming down again slightly in 2004 to 5.4 in 2004 (Figure 20).

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

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

Figure 20: Naturalisations and rate of naturalisation in Austria  
Naturalisation in percent of foreign population, 1989-2004

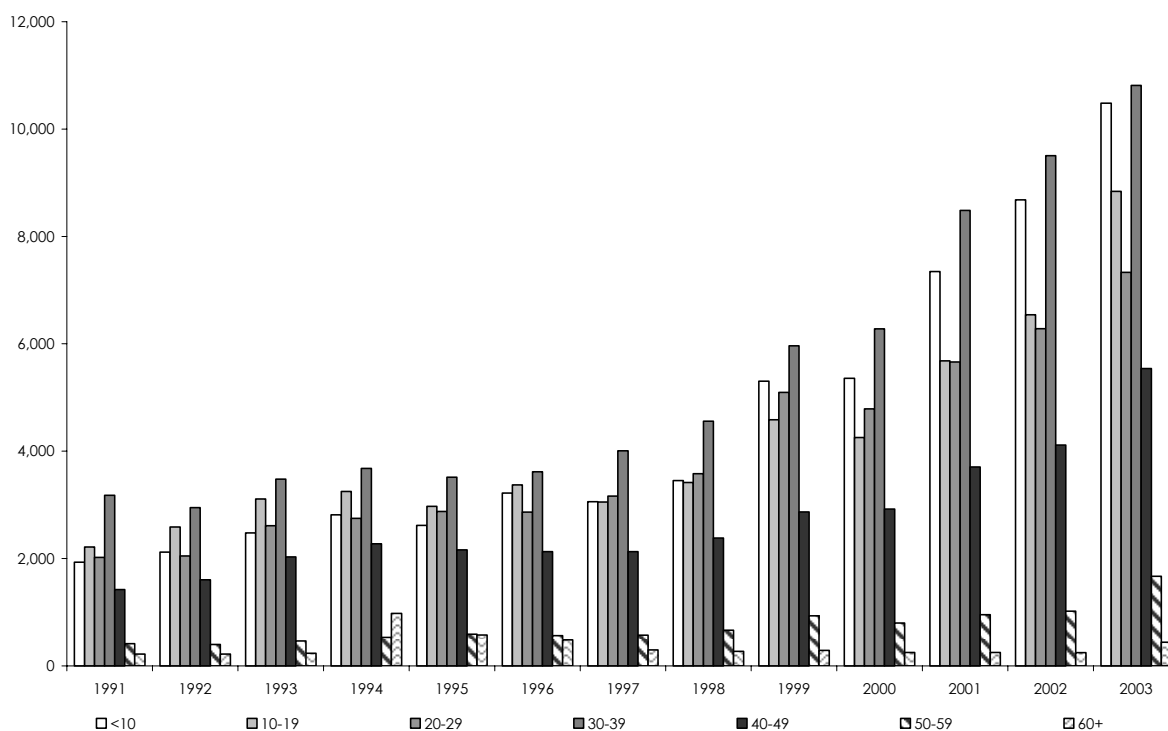


Source: Statistics Austria, WIFO.

A rising proportion of the naturalised Austrians are children under 10 years of age; in 2003, they made up 23 percent of all naturalised citizens, compared to 17 percent in 1991, while the proportion of the 10-19 year olds remained more or less stable (19.4 percent compared to 19.6 percent). Otherwise, the age structure of the 'new' Austrians has not changed much between then and now (see Figure 21).

In 2004 41,600 foreigners adopted the Austrian citizenship, 3,500 or 8 percent less than a year earlier. The gender distribution is even with 50.4 percent of all naturalisations going to women. A major part of the new Austrian citizens were former so-called 'guest workers', e.g., Turks (13,000 or 31 percent); the large number of persons from former Yugoslavia (19,100, 46 percent) is the result of the naturalisation of former refugees as well as foreign workers. The third large component of naturalisations concerns citizens from Central and Eastern Europe (3,500, 8.5 percent), of whom many arrived after the fall of the iron curtain. The naturalisation rate (naturalisations in percent of foreign population) increased continually from 1997 to 2003 – from 2.3 to 5.9 percent – and declined again to 5.4 percent in 2004. It is basically citizens of non-EU-countries, who adopt the Austrian citizenship, because it enables them not only to move freely within Austria but also within the EU (Table 24).

Figure 21: Number of naturalisations by age  
1991-2003

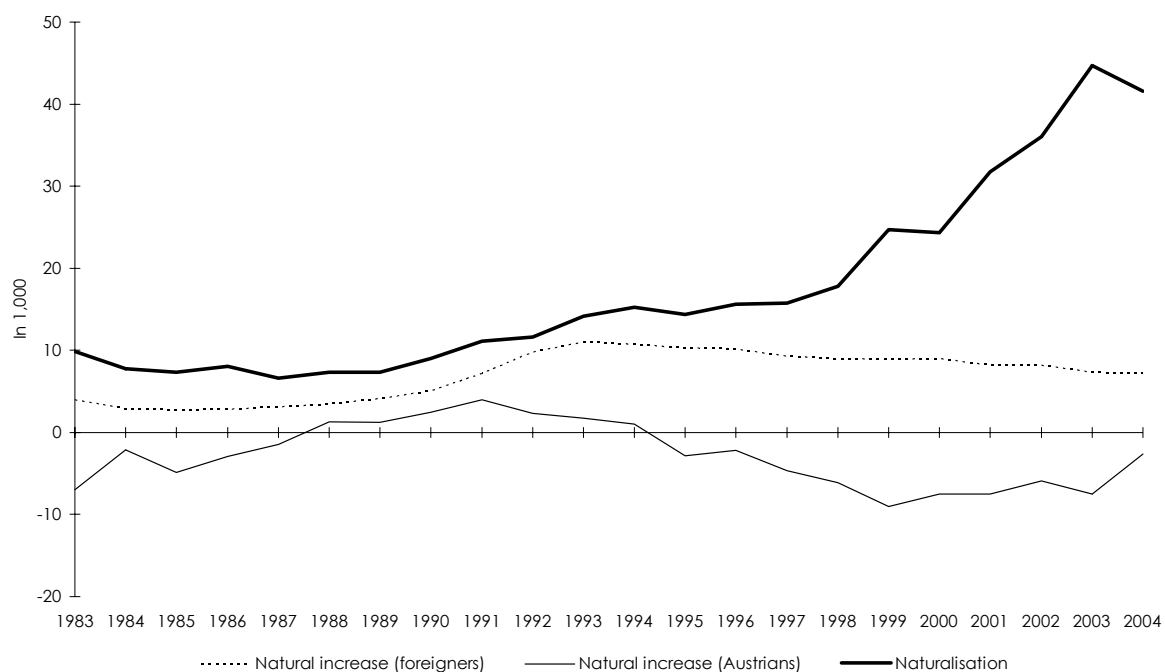


Source: Statistics Austria.



Between 1991 and 2004 325,000 foreigners took up Austrian citizenship, about two third from the traditional recruitment areas of migrant workers, the region of former Yugoslavia (109,000, 3.5 percent) and Turkey (98,000, 30 percent). In contrast – over the period 1980 to 1990, 96,600 foreigners were naturalised, of whom 25 percent from the above countries of origin. Then Germans and citizens of the former 'Eastern Block' were the main contenders (Table 24).

Figure 22: Natural increase and naturalisation  
1983-2004



Source: Statistics Austria.

Table 24: 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

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

#### 4. Foreign born population

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

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

According to the OECD (2005), similarly high proportions of foreign born as in Austria are found in Ireland (10 percent), the Netherlands (10.6 percent), Sweden and the USA (both 11.8 percent); clearly above is Australia (23.2 percent) and below is Denmark (6.2 percent), Biffi (2005B).

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

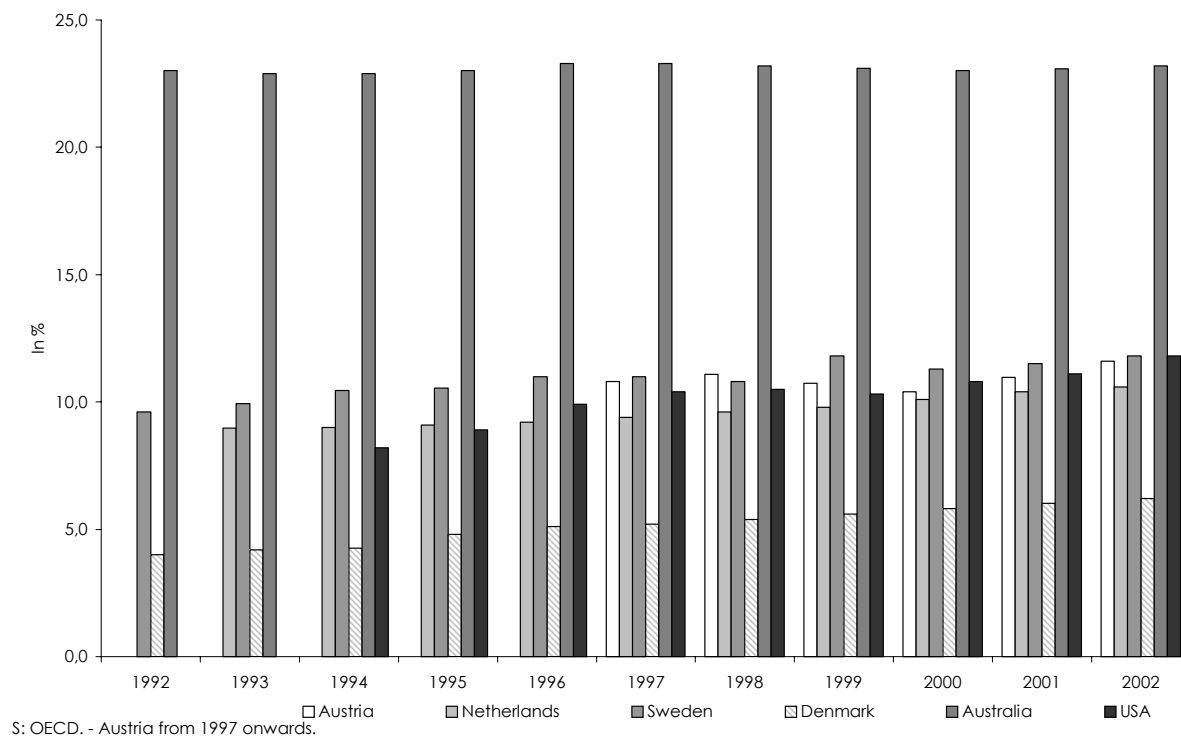
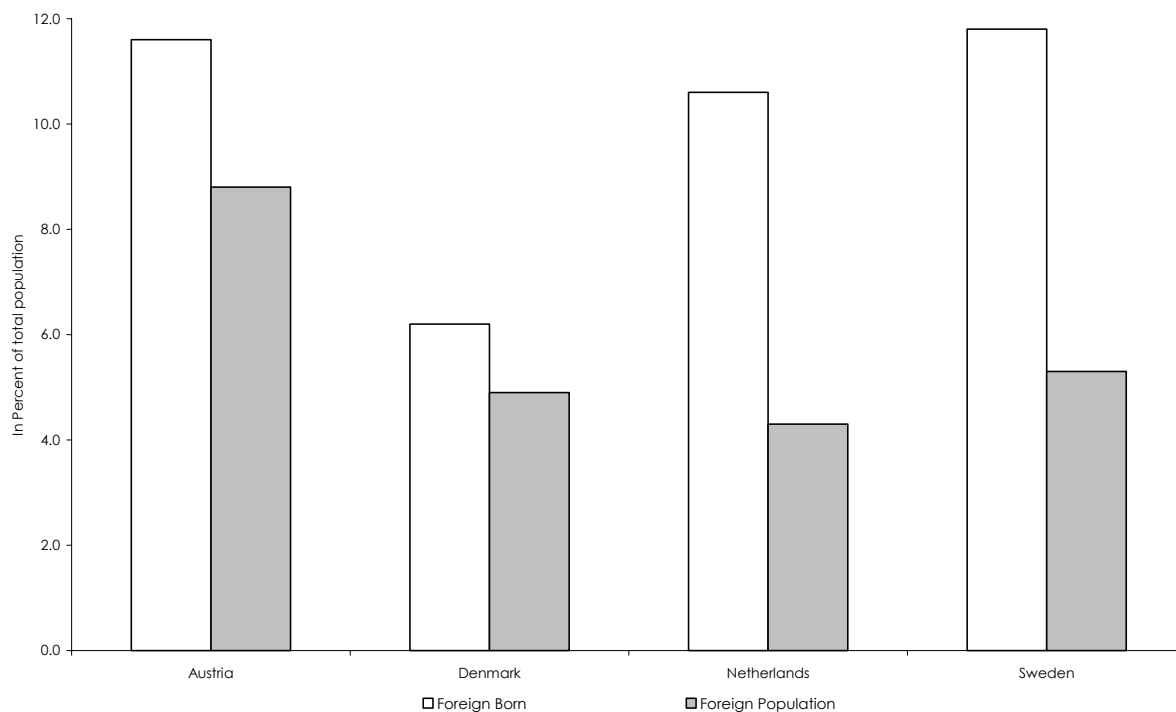


Figure 24: Foreign born and foreign population in percent of total population in Austria and other OECD countries



Source: OECD.

## 5. Development of mixed marriages

The number of total marriages in Austria has been stable for a long time – apart from some temporary increases as a result of marriage premia. The premia never had any long run impact on marriage behaviour, they did, however, have a significant effect upon the number of first marriages for the period, in which tax benefits or a marriage bonus were granted, i.e., in the 1970s and 1980s (see Figures 25 and 26). Also foreigners had access to marriage premia. In the 1990s one discontinued with the policy to provide incentives to marry, as these incentives did not have the effect hoped for, to raise the fertility rate.

In 2004, the number of marriages increased to 38,500, i.e., by 3.6 percent versus 2003. This was the third year in a row that the propensity to marry increased somewhat after a sharp decline in 2001 (34,200). Every category of marriages could exhibit an increase, i.e., both spouses Austrian, both spouses foreign and mixed marriages. Two third of the marriages in 2004 were first marriages.

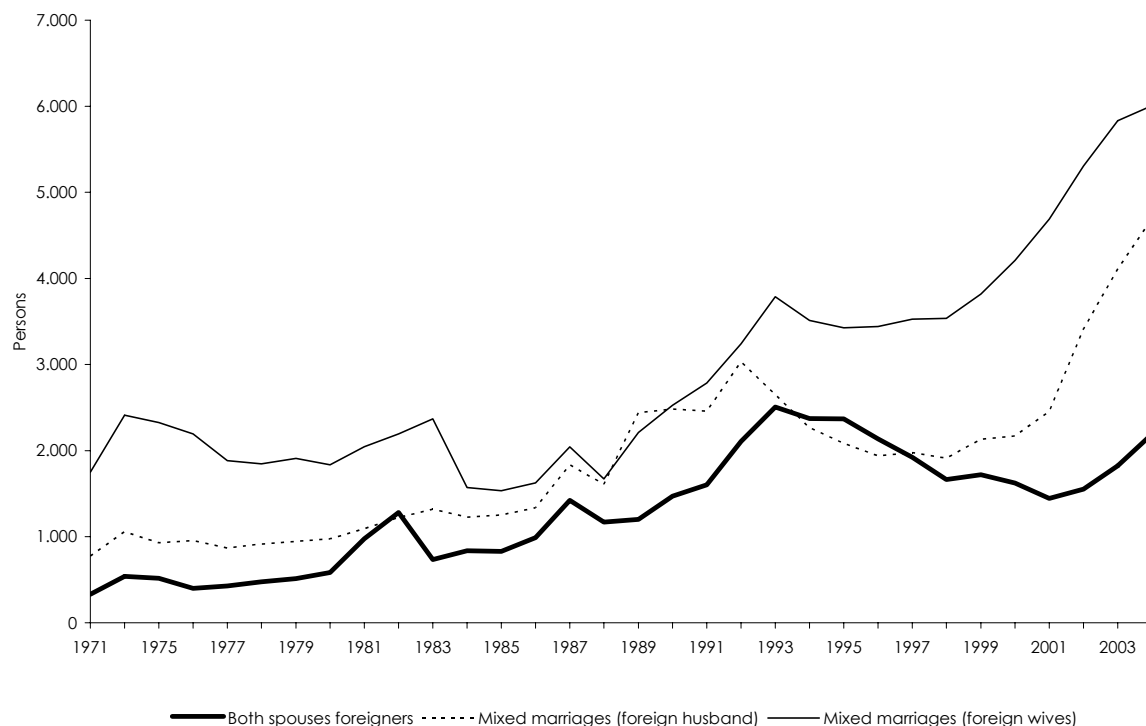
Figure 25: Total marriages and marriages of nationals  
1972-2004



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 2004, their share had come down to 68 percent. The share of foreign marriages (with both spouses foreigners) increased from 0.7 percent 1971 to 5.7 percent 2004. The number of mixed marriages increased as well. While in 1971 only 5.2 percent of all marriages were with an Austrian spouse and foreign partner, their share rose to 26.5 percent in 2004. 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 15.6 percent 2004. In contrast only 1.6 percent of all marriages in 1971 were mixed, with the wife being Austrian and the husband foreign. This share has increased over time as well, particularly in recent years. In 2004 12.2 percent of all marriages were mixed with the wife being Austrian and the husband foreign.

Figure 26: Mixed marriages and marriages of foreigners  
1971-2004



Source: Statistics Austria.

The reasons for the disparate development of marriages are complex and not solely due to demographic change. Behavioural factors are also responsible, e.g., Austrians tend not to marry to the same extent and at such an early age as in the olden days, i.e., the 1960s and 1970s. In addition, Austria's immigrant population tends to look for potential spouses in their countries of origin, often also third generation immigrants. In 1999 the Citizenship Law was amended to the extent that in the case of mixed marriages the partner of third country origin is eligible for Austrian citizenship after 6 years of marriage with the same partner. In the most recent legislative reform, it will be made even more difficult for the partner to obtain Austrian citizenship. The major hurdle is expected to be the need for regular income of one's own.

In 2004, the nationality mix of the 10,700 foreign spouses of Austrians was rather diverse; there is, however, a clear linkage with the traditional migrant source countries, i.e., former Yugoslavia and Turkey (15 percent of all foreign partners) and Hungary and Czech/Slovak Republic (3 percent).

Table 25: *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

Source: Statistics Austria.

### III. Employment and unemployment of foreign workers

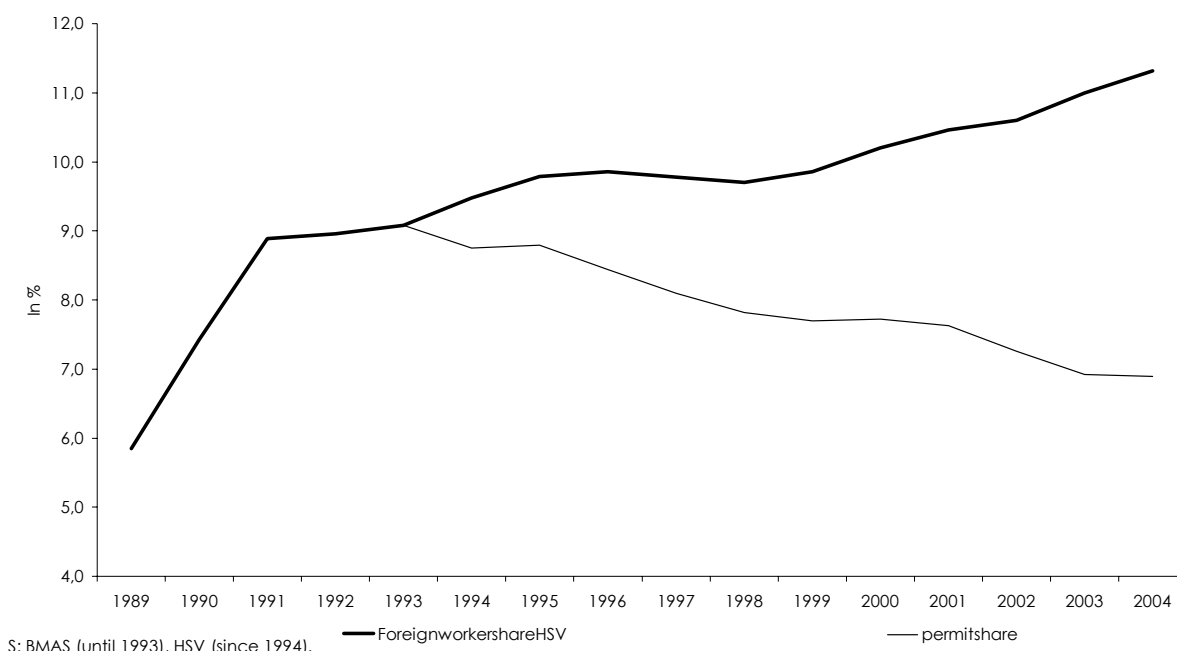
#### 1. Employment of foreign workers

According to social security data, Austria counted 362,300 foreign wage and salary earners in 2004, i.e., 11,900 or 3.4 percent more than a year ago. The current year will see another boost to foreign employment by the same amount. Accordingly, the foreign worker share in total employment rose to 11.8 percent after 11.5 percent on average in 2003, and will continue to rise. In this number, 95,600 citizens from the EEA/EU are included, 52,800 from the EU(15). Thus, 26.4 percent of foreign workers are EU(25) citizens, and more than two thirds are of third country origin (266,700) (Tables 26 and 27).

This shows that the numbers of foreigners of third country origin, excluding citizens from the new EU(10), have continued to rise, albeit less than last year. The exact number of foreigners is somewhat overestimated in the social security data, because naturalisations of foreigners become known to the social security department only with a certain time lag.

The administrative data of the Federal Ministry of Labour (permit data) shows that the number of third country citizens in need of a work permit has been declining continuously since the mid 1990s, not least due to integration measures which allow access to the labour market without the need of a permit after a certain period of legal employment in Austria. While in 1994, 268,800 work permits were registered with the LMS, this number has come down to 220,700 by 2004. This trend is going to continue, as migrants settle and integrate in Austria (Figure 27).

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



The first step towards promoting labour market integration of migrants has been taken in 1997. Then new legislation on residence and settlement of foreigners came into effect (Fremdengesetz 1997). This legislation was intended to promote the integration of foreigners, who have resided in Austria legally for a longer period of time. It was in particular meant to facilitate access to the labour market of family members, who had arrived in Austria before 1992. But at the same time, the enterprises were checked as to the implementation of the law, which in effect proved counterproductive. The 'habit' of some firms to employ a foreigner of a third country (who had a residence permit which would in principle allow



employment) without applying for a work permit, had to be discontinued. Before a firm is granted a first work permit for a foreigner, four unemployed, who could in principle fill the post (unemployment benefit recipients), have to be rejected by the firm in question. This is an effective entry barrier to foreigners. The second, and more effective legal reform step took place in 2003, with the introduction of the 'green card'. The option of long-term foreign residents to apply for a green card, which allows entry into the labour market without the firm having to apply for a work permit, has significantly improved the integration of unskilled migrants into the labour market.

The high and rising numbers of seasonal workers from abroad, who may enter under a quota, has, however, raised competition on the low wage end of the labour market exerting an upward pressure on unemployment of natives and migrants, as seasonal work represents also an option for resident migrants to enter the labour market.

Table 26: Foreign wage and salary earners in Austria from 1961-2004

Annual average

	Foreign <sup>1</sup> workers	Changes		Share in total active employment In percent
		Absolute	Percent	
1961	16,200	.	.	0.7
1962	17,700	1,500	9.3	0.8
1963	21,500	3,800	21.5	0.9
1964	26,100	4,600	21.4	1.1
1965	37,300	11,200	42.9	1.6
1966	51,500	14,200	38.1	2.2
1967	66,200	14,700	28.5	2.8
1968	67,500	1,300	2.0	2.9
1969	87,700	20,200	29.9	3.7
1970	111,715	24,015	27.4	4.7
1971	150,216	38,501	34.5	6.1
1972	187,065	36,849	24.5	7.4
1973	226,801	39,736	21.2	8.7
1974	222,327	-4,474	-2.0	8.4
1975	191,011	-31,316	-14.1	7.2
1976	171,673	-19,338	-10.1	6.4
1977	188,863	17,190	10.0	6.9
1978	176,709	-12,154	-6.4	6.4
1979	170,592	-6,117	-3.5	6.2
1980	174,712	4,120	2.4	6.3
1981	171,773	-2,939	-1.7	6.1
1982	155,988	-15,785	-9.2	5.6
1983	145,347	-10,641	-6.8	5.3
1984	138,710	-6,637	-4.6	5.1
1985	140,206	1,496	1.1	5.1
1986	145,963	5,757	4.1	5.3
1987	147,382	1,419	1.0	5.3
1988	150,915	3,533	2.4	5.5
1989	167,381	16,466	10.9	6.0
1990 <sup>2</sup>	217,611	50,230	30.0	7.6
1991 <sup>2</sup>	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 <sup>3</sup>	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

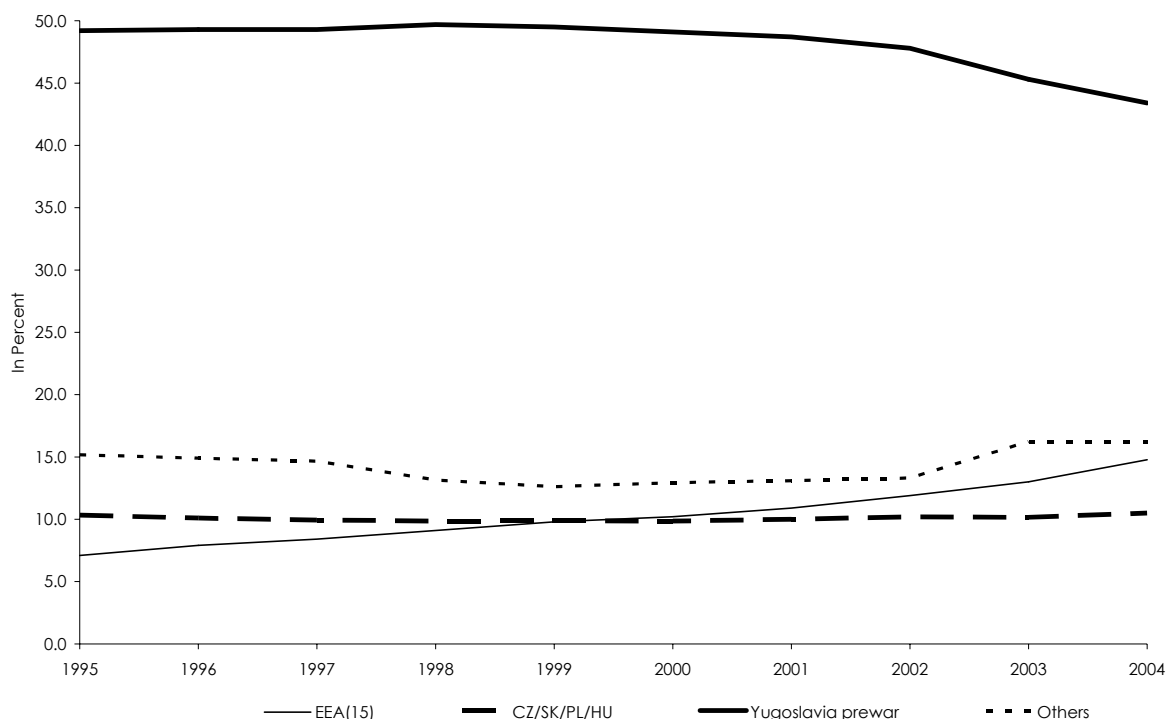
Source: Federal Ministry of Economics and Labour; Federation of Austrian Social Security Institutions. - <sup>1</sup> Corrected series (permanent licences and persons on parental leave included). - <sup>2</sup> Excluding the institutionally induced short term overshoot of foreign work permits over foreign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

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(15) citizens that rises which may be taken as a sign of deepening of integration into the EU: the share of EU(15)-citizens in the foreign work force has been rising from 6.3 percent in 1994 to 14.7 percent 2004, i.e., by 8.4 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 43 percent 2004. The share of persons from Croatia is rather small (3.3 percent 2004). The proportion of Bosnians has increased rather more rapidly, as they received preferential treatment on humanitarian grounds when applying for work permits. In 2004, they accounted for 7.6 percent of all foreign workers. The Slovenes, now a new EU-MS, account for 1.2 percent of all foreign workers, and Rest-Yugoslavia for the bulk, i.e., 31.3 percent of all foreign workers.

Figure 28: *Composition of foreign labour by region of origin: 1995-2004*



Source: Federation of Austrian Social Security Institutions.

The share of Turks in foreign employment has declined between 1989 and 1997 from 23.4 percent to 17.7 percent. In 1998 their numbers increased again more than proportionately to a share of 18.2 percent of all foreign workers – basically as a result of the implementation of the association agreement of Turkey with the EU (article 4c/2 AuslBG). According to the integration of the association agreement into the Austrian Foreign Worker Law, access to the labour market has to be granted (either a work permit or any other type of work entitlement) upon request of the eligible Turkish citizen. In 1999 the number of work permits for Turkish citizens rose proportionately such that their share in foreign employment remained stable at 18.2 percent. Since then their share in foreign employment is declining and reached 15.1 percent in 2004; this is the lowest share in foreign employment since the late 1970s. This is not the result of a reduction in inflows but rather of rapid increases in the naturalisation rates.

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 26.8 percent in 2004, whereby citizens from the new EU-MS account for 12 percent of all foreign workers (Table 28, Figure 28).

Ever since 1993, the employment opportunities of foreign women improved relative to foreign men. The share of women in foreign employment rose from 33.5 percent in 1992 to 39.5 percent in 2004. The proportion of women in foreign employment remained clearly below the Austrian average of 44.2 percent in 2004 (Table 28).

Table 27: Foreign workers by nationality 1971-2004<sup>1</sup>

Annual average

	Foreign workers total	EEA 15	Of which: Germany	EFTA	EEA 25	Yugoslavia	Croatia	Slovenia	Bosnia	Turkey	Others
	In percent										
1971	150,216	.	3.0	.	.	76.0	.	.	.	13.1	7.0
1972	187,065	.	2.8	.	.	77.7	.	.	.	11.4	7.2
1973	226,801	.	2.5	.	.	78.5	.	.	.	11.8	6.4
1974	222,327	.	2.6	.	.	76.2	.	.	.	13.5	7.0
1975	191,011	.	3.1	.	.	73.9	.	.	.	14.1	8.0
1976	171,673	.	6.2	.	.	70.2	.	.	.	14.3	8.3
1977	188,863	.	6.3	.	.	69.7	.	.	.	14.3	8.7
1978	176,709	.	6.6	.	.	68.5	.	.	.	14.8	8.9
1979	170,592	.	6.8	.	.	67.2	.	.	.	15.6	9.2
1980	174,712	.	6.9	.	.	65.9	.	.	.	16.2	9.8
1981	171,773	.	7.1	.	.	64.5	.	.	.	16.9	10.3
1982	155,988	.	7.6	.	.	62.0	.	.	.	18.3	10.6
1983	145,347	.	7.8	.	.	61.4	.	.	.	19.0	10.5
1984	138,710	.	8.0	.	.	59.9	.	.	.	20.0	10.7
1985	140,206	.	8.0	.	.	58.5	.	.	.	20.8	11.4
1986	145,963	.	7.8	.	.	57.3	.	.	.	21.4	12.1
1987	147,382	.	7.8	.	.	56.0	.	.	.	22.2	12.6
1988	150,915	.	7.9	.	.	55.1	.	.	.	22.7	14.3 <sup>2</sup>
1989	167,381	.	7.4	.	.	54.3	.	.	.	23.4	14.9 <sup>2</sup>
1990 <sup>3</sup>	217,611	.	6.0	.	.	50.8	.	.	.	23.2	20.0 <sup>2</sup>
1991 <sup>3</sup>	266,461	7.2	5.1	0.7	.	48.5	.	.	.	21.6	22.0 <sup>2</sup>
1992	273,884	6.9	5.0	0.7	.	48.8 <sup>4</sup>	0.4	0.5	.	20.3	22.4
1993	277,511	6.9	5.0	0.7	.	45.6	2.3	1.6	1.2	19.6	22.1
1994	291,018	6.3	4.2	0.3	.	44.4	1.3	0.9	2.3	18.6	25.9
1995	300,303	7.0	4.5	0.1	.	43.1	1.6	0.9	3.6	18.2	25.5
1996	300,353	7.8	4.9	0.1	.	42.0	1.8	1.0	4.5	17.8	25.0
1997	298,775	8.3	5.2	0.1	.	41.3	1.9	1.1	5.0	17.7	24.6
1998	298,582	9.0	5.7	0.1	.	41.0	2.1	1.1	5.5	18.2	23.0
1999	306,401	9.7	6.1	0.1	.	40.1	2.3	1.1	6.0	18.2	22.5
2000	319,850	10.1	6.5	0.1	.	38.8	2.6	1.1	6.6	17.9	22.8
2001	329,314	10.8	7.1	0.1	.	37.3	3.0	1.1	7.3	17.3	23.1
2002	334,432	11.8	7.9	0.1	.	35.8	3.2	1.2	7.6	16.8	23.5
2003	350,361	12.9	9.6	0.1	.	33.4	3.2	1.1	7.6	15.3	26.3
2004	362,300	14.7	10.8	0.1	26.4	31.3	3.3	1.2	7.6	15.1	26.8

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

Table 28: Foreign workers by gender 1971-2004

	Male	Female Percent	Total
September 1971	70.9	29.1	100.0
September 1972	68.5	31.5	100.0
September 1973	69.0	31.0	100.0
September 1974	67.3	32.7	100.0
September 1975	63.8	36.2	100.0
September 1976	61.3	38.7	100.0
September 1977	61.3	38.7	100.0
September 1978	61.5	38.5	100.0
September 1979	61.6	38.4	100.0
September 1980	60.9	39.1	100.0
September 1981	61.0	39.0	100.0
September 1982	60.4	39.6	100.0
September 1983	60.4	39.6	100.0
September 1984	61.1	38.9	100.0
September 1985	60.9	39.1	100.0
September 1986	60.4	39.6	100.0
September 1987	61.3	38.7	100.0
September 1988	62.1	37.9	100.0
September 1989	62.6	37.4	100.0
Annual average 1989	61.6	38.4	100.0
Annual average 1990	64.9	35.1	100.0
Annual average 1991	66.1	33.9	100.0
Annual average 1992	66.5	33.5	100.0
Annual average 1993	66.3	33.7	100.0
Annual average 1994 <sup>1</sup>	63.8	36.2	100.0
Annual average 1995	63.2	36.8	100.0
Annual average 1996	62.6	37.4	100.0
Annual average 1997	62.5	37.5	100.0
Annual average 1998	62.8	37.2	100.0
Annual average 1999	62.7	37.3	100.0
Annual average 2000	62.2	37.8	100.0
Annual average 2001	61.3	38.7	100.0
Annual average 2002	61.1	38.9	100.0
Annual average 2003	60.7	39.3	100.0
Annual average 2004	60.5	39.5	100.0

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

The share of women in foreign employment differs greatly by country of origin. Women from the Federation of Yugoslavia have the highest share of foreign female employment, and continued to do so in 2004 (44.7 percent). Next in line are Bosnians (41.3 percent) and Croatians (41.1 percent). The lowest proportion of women in total employment is amongst Macedonians (25.5 percent) but rising and Turks (26.7 percent), where the trend is falling. The lifting of labour market entry barriers to Turkish citizens as a result of the implementation of agreements of the EU with Turkey in 1997 tended to raise the share of women in the employment of Turks in Austria till 2001 with 27.3 percent; since then a declining trend set in,

partly due to limited work opportunities in their major skill segments. Women from CEECs have low but rising employment shares – in 2004 to 30.7 percent.

*Table 29: Foreign workers of third countries by gender and nationality  
Annual average*

Nationalities	2003			2004		
	Male	Female	Total	Male	Female	Total
Yugoslavia	32,098	25,948	58,046	30,782	24,918	55,700
Croatia	15,173	10,397	25,570	15,317	10,672	25,989
Slovenia	4,293	1,548	5,841	4,504	1,623	6,127
Bosnia	24,993	17,761	42,754	24,781	17,442	42,223
Macedonia	3,502	1,063	4,565	3,659	1,253	4,912
Turkey	25,503	9,392	34,895	23,542	8,570	32,112
Others	34,058	14,712	48,770	36,761	17,057	53,818
Of whom:						
Eastern Europe	27,212	11,493	38,705	29,203	12,945	42,148
Total	139,620	80,821	220,441	139,346	81,535	220,881

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 2004-05) provides a relatively good estimate of the average annual employment development in the current year. Accordingly, total employment in manufacturing declined the fourth year in a row. It was, however, just the employment of natives, which declined, foreign workers saw a clear increase in manufacturing employment.

Employment declines of natives and foreign workers alike took place in manufacturing industries, which were faced with significant outsourcing and offshoring of certain production processes/lines, in particular to neighbouring countries in the East; amongst these 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. Foreign workers, who tend to be core workers in traditional craft skills and as un- and semiskilled labourers, were amongst the losers in Austria of the reallocation of elements of production from West to East. Some of these industries, which are highly export oriented and are major supplier industries in a world of increasing intra-industry trade, in particular metal and machine industries, could expand output and employment at the higher end of the skill segment in Austria.

In the current year, foreign workers in manufacturing industries and construction increased their share in employment slightly, with the exception of chemical industries.

Table 30: Employment of wage and salary earners by industry  
By end of June

	2004			2005		
	Total	Foreigners	Foreigners in percent of total	Total	Foreigners	Foreigners in percent of total
Agriculture and forestry	32,734	11,242	34.3	33,545	11,594	34.6
Agriculture and forestry	32,734	11,242	34.3	33,545	11,594	34.6
Mining and manufacturing	877,961	123,893	14.1	865,421	124,392	14.4
Mining, stones and minerals	13,398	788	5.9	13,416	807	6.0
Food, drinks, tobacco	73,820	12,770	17.3	72,060	12,786	17.7
Textiles, clothing, leather	30,542	7,430	24.3	28,855	6,765	23.4
Wood, paper, printing, publishing	77,669	7,712	9.9	77,055	7,749	10.1
Chemicals, recycling	59,549	8,104	13.6	59,352	7,929	13.4
Stone and glassware	29,114	3,727	12.8	28,715	3,723	13.0
Production and processing of metals	276,255	30,224	10.9	268,779	30,452	11.3
Furniture, jewellery, musical instruments etc.	37,645	3,998	10.6	36,773	3,960	10.8
Energy and Water supplies	27,110	349	1.3	27,167	375	1.4
Construction	252,859	48,791	19.3	253,249	49,846	19.7
Services	2,194,404	236,455	10.8	2,234,612	248,305	11.1
Trade, repair works	495,775	53,273	10.7	502,553	55,804	11.1
Restaurants and hotels	165,130	50,804	30.8	168,245	52,507	31.2
Transport, telecommunications	214,354	23,962	11.2	219,103	24,801	11.3
Financing, insurance	109,743	3,698	3.4	109,974	4,069	3.7
Business oriented services	296,340	54,775	18.5	307,246	57,753	18.8
Public administration, social security <sup>1</sup>	448,960	12,473	2.8	460,890	13,368	2.9
Education and research	145,124	6,203	4.3	146,105	6,831	4.7
Health- veterinary and social services	171,134	13,834	8.1	170,703	14,949	8.8
Other public and private services, extraterritorial organisations <sup>1</sup>	144,459	16,821	11.6	146,422	17,578	12.0
Private households	3,385	612	18.1	3,371	645	19.1
All Industries	3,105,099	371,590	12.0	3,133,578	384,291	12.3
Military service	11,872	.		12,346	.	
Parental leave	111,950	.		114,648	.	
Unknown	.	840		.	293	
Total	3,228,921	372,430		3,260,572	384,584	

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

As jobs for migrants started to dry up in manufacturing industries, i.e., in the tradeable sector, migrants increasingly turned to services and non-tradeables. As a result, their numbers increased in services from 224,000 in June 2003 to 236,000 in June 2004 (+5.6 percent) and 248,300 in 2005 (+5 percent). Thus their share in services employment increased to 11.1 percent in 2005, after 10.8 percent in 2004.

The most dynamic services industries were business services which include the catch-all of temporary work agencies. The share of foreign workers increased to 18.8 percent, after



18.5 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.

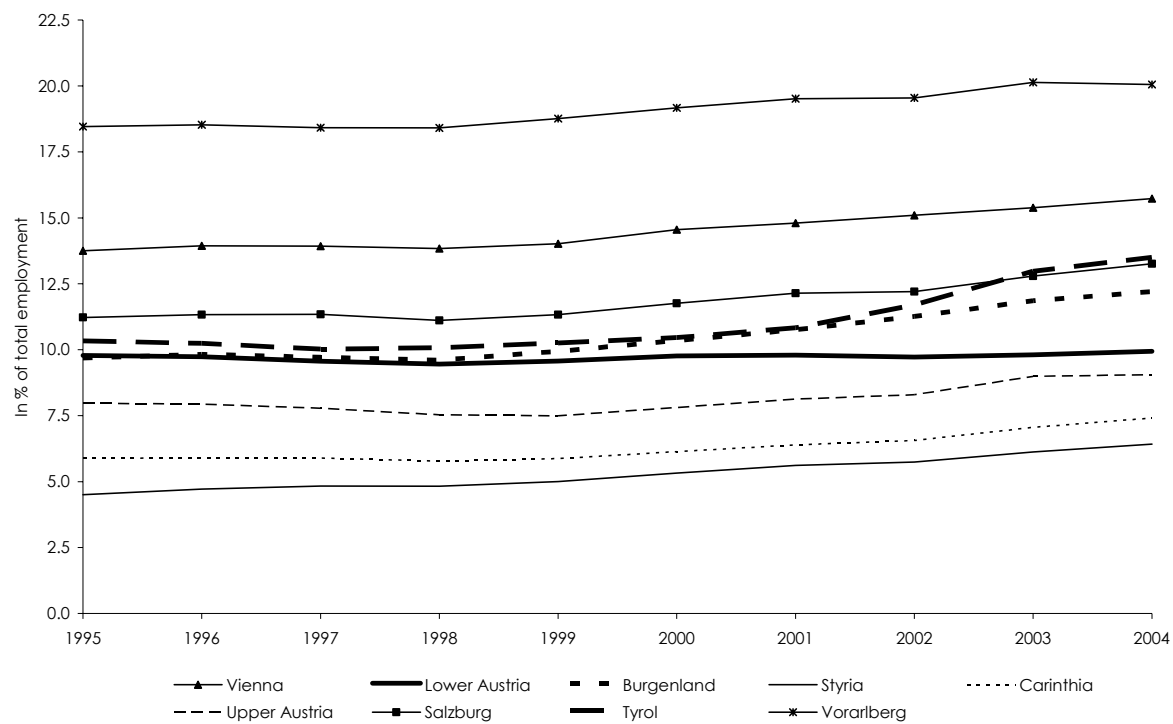
According to social security data, foreign employment rose by 12,200 or 3.3 percent to 384,600 in June 2005 versus a year ago. The industrial concentration of foreign workers, which had intensified in the early 1990s, has declined somewhat around the middle of the 1990s. In the second half of the 1990s, however, certain industries could only keep their competitive edge with the help of foreign workers. The primary sector for instance (agriculture and forestry) has increased the foreign worker share to 34.6 percent in June 2005. The supply of Austrian nationals for seasonal work, help in harvesting, etc., is not sufficient. Agriculture and forestry have now together with tourism industries (31.2 percent) and textiles-clothing-leather industries (23.4 percent) the highest foreign worker density.

Next in line are construction (19.7 percent), household services (19.1 percent), and business services (18.8 percent). The relatively high share of foreign workers in business oriented services is the result of a polarised skill structure of the foreign work force – on the lower end cleaning services account for the high share, on the upper end highly skilled consultants and computer specialists. (Table 30)

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

The regional distribution of foreigners in terms of the proportion of foreign workers in total employment has remained very stable in the second half of the 1990s but is changing slowly since 2000. Every federal state started to increase the share of foreign workers in total employment from 1999 onwards, but the rank order changed little. The region with the highest share of migrant workers is Vorarlberg, the westernmost province, followed by Vienna. Until 2003, Salzburg was number three in terms of foreign workers shares in the employment. This changed in 2004, when Tyrol, a region with an important tourism sector, moved up one rank, as seasonal workers are increasingly coming from abroad. In 2004, particularly Germans started to move in, taking advantage of free mobility of labour within the EU in view of the depressed labour market at home. At the bottom end of foreign worker intake are Styria and Carinthia. Thus, the rank order was affected by a differing regional mix of temporary workers and settlers, and the regionally differing propensity to grant citizenship to foreigners (Figure 29, Table 31).

Figure 29: Foreign worker share by region/Bundesland in Austria (Foreigners in percent of total employment): 1995-2004



Source: Federation of Austrian Social Security Institutions.

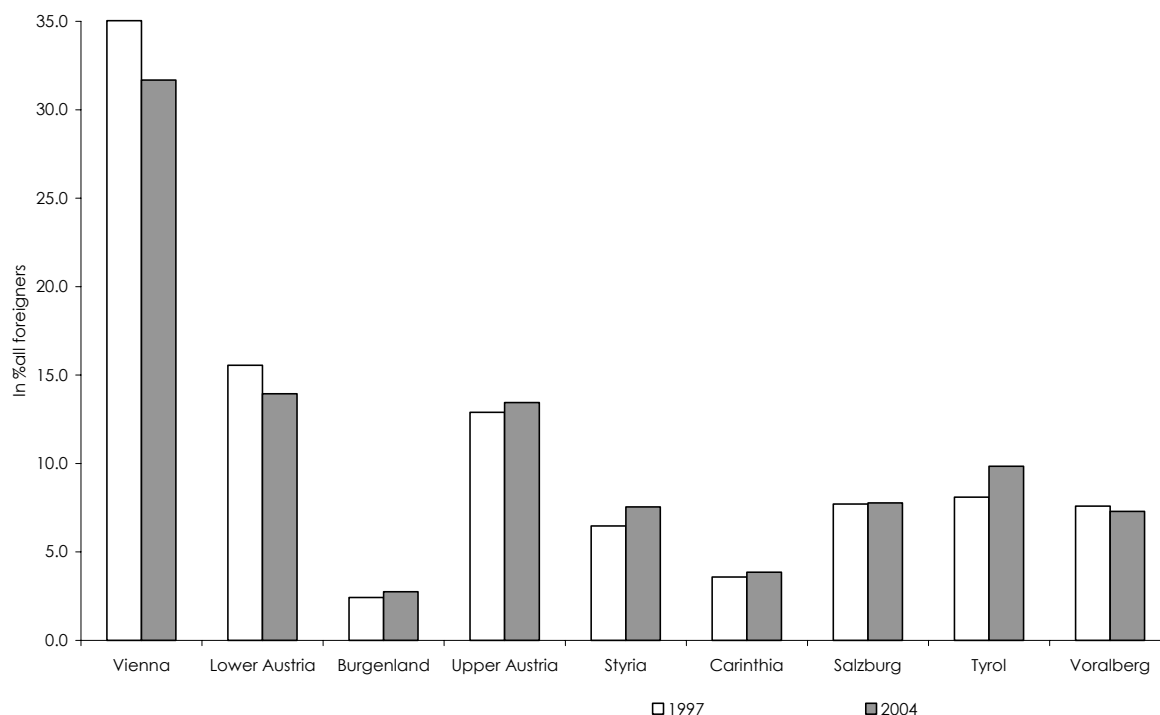
Table 31: Regional distribution of foreign labour in Austria  
Annual average

	2003			2004		
	Total employment <sup>1</sup>	Foreigners <sup>2</sup>	Percent	Total employment <sup>1</sup>	Foreigners <sup>2</sup>	Percent
Vienna	734,064	112,940	15.4	728,600	114,603	15.7
Lower Austria	502,547	49,281	9.8	508,192	50,526	9.9
Burgenland	81,063	9,615	11.9	81,691	9,971	12.2
Styria	419,418	25,664	6.1	425,198	27,315	6.4
Carinthia	186,599	13,169	7.1	188,657	13,984	7.4
Upper Austria	530,192	47,676	9.0	537,366	48,673	9.1
Salzburg	210,908	26,983	12.8	212,357	28,161	13.3
Tyrol	261,850	33,983	13.0	264,678	35,746	13.5
Vorarlberg	130,768	26,336	20.1	131,805	26,433	20.1
Austria	3,057,409	350,361	11.5	3,078,544	362,299	11.8

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

The distribution of foreign workers across Austria is changing only marginally over time. The concentration of foreign workers upon Vienna and Lower Austria is somewhat reduced between 1997 and 2004, while particularly Tyrol and Styria attract larger numbers.(Figure 30).

Figure 30: Regional distribution of foreign labour in Austria (total foreign employment = 100): 1997-2004



Source: Federation of Austrian Social Security Institutions.

The regional concentration of foreign workers differs somewhat by the nationality of foreigners. While on average 31.7 percent of all foreign workers were working in Vienna in 2004 – Yugoslavs are to a larger extent than the average concentrated upon Vienna (34.6 percent of all Yugoslavs). In contrast, the share of Turks (30.6 percent) is somewhat below the national average. The greatest concentration upon Vienna is given in the case of the mix of 'others'. These migrants are either persons from CEECs, who tend to settle in Vienna, in particular Poles and Slovaks, on the other hand international corporations and their management tend to have their headquarters in Vienna just as international organisations thus contributing to the high share of 'others' upon Vienna (32.3 percent), (Table 32).

Table 32: Foreign workers by region and nationality 2003 and 2004

Annual average

	Total		Foreign workers <sup>1</sup>				Among them from			
	2003	2004	Germany		Former Yugoslavia		Turkey		Others	
			2003	2004	2003	2004	2003	2004	2003	2004
	Percent									
Vienna	32.3	31.7	21.4	19.7	34.7	34.6	30.2	30.6	33.0	32.3
Lower Austria	14.1	13.9	9.0	8.6	12.7	12.8	16.4	16.3	16.6	16.4
Burgenland	2.7	2.8	1.3	1.1	1.4	1.3	0.7	0.7	6.5	6.4
Upper Austria	13.6	13.5	12.2	13.2	14.7	14.4	11.5	11.1	13.4	13.4
Styria	7.3	7.5	7.1	6.9	8.0	8.3	3.0	3.3	8.7	8.7
Carinthia	3.8	3.9	4.2	4.3	5.1	5.2	0.8	0.8	3.1	3.2
Salzburg	7.7	7.8	11.1	11.9	9.1	9.1	6.3	6.4	5.1	5.0
Tyrol	9.7	9.8	17.2	17.0	7.5	7.5	13.7	13.9	8.5	8.7
Vorarlberg	7.5	7.3	13.6	13.2	5.6	5.4	16.8	16.3	3.6	3.4
Austria	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Federation of Austrian Social Security Institutions. - <sup>1</sup> In the total number of foreign employment 3,700 (2002) and 4,700 (2003) foreign citizens are included, who work in mining and railway systems, and who can not be attributed to a province.

Germans are more dispersed over Austria than other nationalities, the largest numbers being in Vienna, followed by Tyrol, Vorarlberg and Upper Austria. Yugoslavs on the other hand tend to concentrate apart from Vienna in Upper Austria. Turks, given their occupational specialisation in textiles, clothing and leather, are, apart from Vienna, more than proportionally represented in Vorarlberg, Lower Austria and Tyrol.

## 2. Unemployment of foreign workers

Apart from a slight decline of unemployment in 1994 the numbers of (registered) unemployed have been increasing between 1989 and 1998, in spite of intermittent phases of substantial economic growth and concomitant employment increases. The slight decline in unemployment during 1994 remained short-lived as it was not the consequence of a significant improvement of employment but much rather the result of a rush into early retirement and disability pensions as well as a rise in the number of discouraged workers and thus supply reductions. The period of economic upswing between 1997 and 2000 allowed unemployment to decline from 1999 to 2000. In 2001 unemployment started to rise again as the economy entered into a downward trend and continued to rise well into the current year. Unemployment increased in 2004 by 3,800 or 1.6 percent on a yearly average to 243,900. Natives had an increase by 0.8 percent to 203,500 and foreigners by 5.7 percent to 40,400.

The share of foreign workers in total unemployment rose to 16.6 percent, after 15.9 percent in 2003. Foreign men constitute a somewhat larger fraction of total male unemployment, namely 18.6 percent, compared to a share of foreign women in total female unemployment of 13.9 percent. While women make up 45 percent of all unemployed, the proportion of women in foreign unemployment is significantly lower with 35.6 percent (Table 33).

Table 33: Total unemployed and unemployed foreigners 1975-2004

Annual average

	Unemployed			Of which foreigners		
	Male	Female	Total	Male	Female	Total
1975	25,433	30,032	55,464	3,360	1,432	4,792
1976	26,548	28,709	55,257	2,817	1,073	3,890
1977	23,511	27,654	51,165	2,522	1,019	3,541
1978	28,846	29,724	58,570	4,188	1,346	5,534
1979	28,524	28,195	56,719	3,565	1,055	4,620
1980	26,544	26,617	53,161	2,815	868	3,683
1981	38,008	31,286	69,295	4,787	1,269	6,056
1982	65,126	40,220	105,346	8,467	1,741	10,208
1983	79,819	47,556	127,376	7,466	2,067	9,533
1984	80,599	49,870	130,469	5,994	1,968	7,961
1985	84,155	55,292	139,447	5,969	2,169	8,139
1986	88,856	63,116	151,972	6,371	2,597	8,967
1987	95,015	69,453	164,468	7,191	3,107	10,297
1988	89,829	68,802	158,631	6,896	3,088	9,984
1989	81,001	68,176	149,177	7,266	3,298	10,564
1990	89,032	76,762	165,795	12,984	5,367	18,351
1991	98,984	86,044	185,029	14,737	6,090	20,827
1992	107,202	85,896	193,098	15,864	6,113	21,977
1993	126,681	95,584	222,265	19,363	7,722	27,086
1994	120,567	94,374	214,941	17,500	7,945	25,445
1995	120,004	95,712	215,716	17,163	7,728	24,891
1996	128,025	102,482	230,507	19,145	8,460	27,605
1997	128,580	104,768	233,348	18,687	8,845	27,532
1998	129,429	108,365	237,794	18,746	9,717	28,463
1999	121,518	100,224	221,743	17,925	9,282	27,207
2000	107,509	86,804	194,314	16,805	8,953	25,758
2001	115,324	88,560	203,883	20,201	10,406	30,607
2002	134,377	98,041	232,418	24,022	12,109	36,131
2003	139,717	100,362	240,079	25,216	12,992	38,209
2004	140,262	103,618	243,880	26,019	14,375	40,394

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

The total unemployment rate has been rising since 2000 by 1.3 percentage points to 7.1 percent in 2004; the cyclical pattern for foreign workers is similar. However, the rise has been somewhat more pronounced, i.e., by 2.5 percentage points to 10 percent. The differential has thus increased between 2000 from 1.7 percentage points to 2.9 percentage points.

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 2004, the unemployment rate of men surpassed the rate of women by 0.9 percentage points (7.5 percent versus 6.6 percent). In contrast, the unemployment rate of foreign men has always been higher than for foreign women – with the exception of a very short period (1987-

88). The differential between foreign men and women in 2004 was almost double that of natives (1.5 percentage points). It has thus come down from the high level of 2 percentage points of 2002.

In 2004, the unemployment rate of foreign men amounted to 10.6 percent, the same as a year ago. It is significantly higher than the national average unemployment rate of men of 7.5 percent. Foreign women had an unemployment rate of 9.1 percent, after 8.6 percent a year ago. The national average unemployment rate of women amounted to 6.6 percent in 2004.

Table 34: Total unemployment rates and unemployment rates of foreigners

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

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

Turkish workers have traditionally had the highest unemployment rates of any foreign worker group. This was also the case in 2004. The unemployment rate of Turks had declined continuously between 1997 and 2000, but rose again in 2001 until 2004 to 13.2 percent, after 12.6 percent in 2003. The unemployment rate of Yugoslavs rose to 11 percent (after

10.8 percent 2003), thus raising the differential between Turks and Yugoslavs to 2.2 percentage points (Table 34).

#### 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.

Table 35: *Unemployment rates of indigenous and foreign active labour according to selected occupations*

1994-2004

Selected occupations	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<i>Nationals</i>										
Agriculture and forestry	14.3	14.3	14.2	15.0	14.7	14.0	14.2	15.0	15.7	16.3
Stone- and mineral workers	3.8	4.6	4.4	4.3	4.0	3.8	3.9	4.2	4.5	4.4
Construction	8.0	8.6	8.3	8.4	8.2	7.9	8.9	9.5	9.7	9.7
Metalworkers, electricians	8.4	8.9	8.2	7.8	7.2	5.9	6.1	7.4	7.5	7.2
Wood processing	4.5	5.1	5.3	5.4	5.4	4.6	5.1	6.3	6.2	5.8
Textile workers	5.6	6.4	6.2	5.4	5.1	4.2	4.5	5.7	5.8	5.9
Clothing, shoe industry	14.2	15.9	15.9	15.7	14.6	12.8	12.0	13.3	13.6	13.9
Retail trade	4.2	4.5	4.8	5.0	4.7	3.9	3.9	4.5	4.8	4.8
Tourism	17.8	18.4	18.5	18.5	17.1	15.3	15.4	16.2	16.6	17.5
Total	6.7	7.1	7.2	7.2	6.7	5.8	6.0	6.7	6.9	7.9
<i>Foreigners</i>										
Agriculture and forestry	14.8	14.0	12.8	12.4	11.7	10.5	11.0	10.3	9.3	8.5
Stone- and mineral workers	4.7	6.1	5.4	5.4	5.8	5.1	4.9	5.9	5.6	5.7
Construction	9.9	11.1	10.9	11.2	11.2	11.1	13.3	14.2	13.8	14.0
Metalworkers, electricians	8.8	10.4	9.7	9.6	8.7	7.2	8.2	10.8	10.7	10.3
Wood processing	4.7	6.3	6.5	6.3	6.0	5.2	5.5	6.5	5.9	5.4
Textile workers	6.6	7.4	5.8	4.9	5.3	4.2	3.8	4.6	5.4	5.9
Clothing, shoe industry	8.2	8.3	8.6	8.9	8.2	7.6	8.1	9.2	9.8	10.1
Retail trade	1.8	2.0	2.3	2.6	2.4	2.1	2.6	3.3	3.7	3.9
Tourism	10.5	10.9	11.3	11.7	10.9	10.0	9.8	10.2	10.2	10.5
Total	7.7	8.4	8.4	8.7	8.2	7.5	8.5	9.8	9.8	9.2

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.

Foreigners have higher unemployment rates in most occupations, except in tourist services, in agriculture and forestry, in the textile and clothing industry and in retail trade. The ranking of unemployment rates by occupation differs therefore between natives and foreigners. In 2004, natives had the highest unemployment rates in tourism (17.5 percent), followed by agricultural occupations (16.3 percent) and in the clothing and leather industry (13.9 percent). Foreign workers, in contrast, had the highest rates in construction (14 percent),

followed by tourism (10.5 percent), metal and electricians' work (10.3 percent), and work in the leather, clothing and shoe industry (10.1 percent).

In 2004, unemployment rates increased in almost all major occupations for nationals, with the exception of wood processing, metal work, stone and mineral work. In the case of migrants, the unemployment rates increased also in almost all occupations, with the exception of agriculture and forestry, metal work, and wood processing (Table 35).

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

Table 36: Unemployment rates by industry of Austrians and foreigners 2003/2004

	Total labour force		Austrians		Foreigners	
	2003	2004	2003	2004	2003	2004
Agriculture and forestry	12.9	13.0	13.6	13.9	10.9	10.8
Mining and manufacturing	9.1	9.0	8.7	8.6	11.3	11.3
Mining, stones and minerals	5.8	6.4	5.4	6.0	11.4	11.9
Food, drinks, tobacco	6.9	7.0	6.8	6.9	7.3	7.2
Textiles, clothing, leather	11.1	11.8	11.5	12.1	10.0	11.0
Wood, paper, printing, publishing	9.1	9.0	9.0	8.9	10.2	10.0
Chemicals, recycling	6.2	6.1	6.1	6.0	6.8	6.9
Stone and glassware	7.8	7.9	7.4	7.5	10.0	10.2
Production and processing of metals	5.4	5.2	5.2	5.1	6.6	6.6
Furniture, jewellery, musical instruments etc.	7.3	7.0	7.0	6.8	9.4	9.0
Energy and Water supplies	2.0	1.8	1.9	1.7	9.2	8.6
Construction	15.2	15.2	14.9	14.9	16.5	16.4
Services	5.8	6.0	5.6	5.7	7.9	8.2
Retail trade, repair works	7.7	7.7	7.6	7.7	7.7	7.9
Restaurants and hotels	17.3	17.8	19.2	19.8	12.6	13.0
Transport, telecommunications	4.4	4.6	4.3	4.4	5.5	5.6
Financing, insurance	2.6	2.5	2.5	2.5	3.4	3.2
Business oriented services	6.0	6.1	5.8	5.9	7.0	7.2
Public administration, social security	1.6	1.6	1.6	1.6	2.2	2.3
Education and research	1.7	1.7	1.7	1.7	3.8	3.3
Health-, veterinary and social services	3.8	3.9	3.8	3.9	3.6	3.9
Other public and private services, extraterritorial organisations <sup>1</sup>	7.9	8.5	7.7	8.3	9.4	10.3
Private households	13.1	13.8	13.8	14.1	9.7	12.3
Sum of industries	7.3	7.3	6.9	6.7	9.8	10.0

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

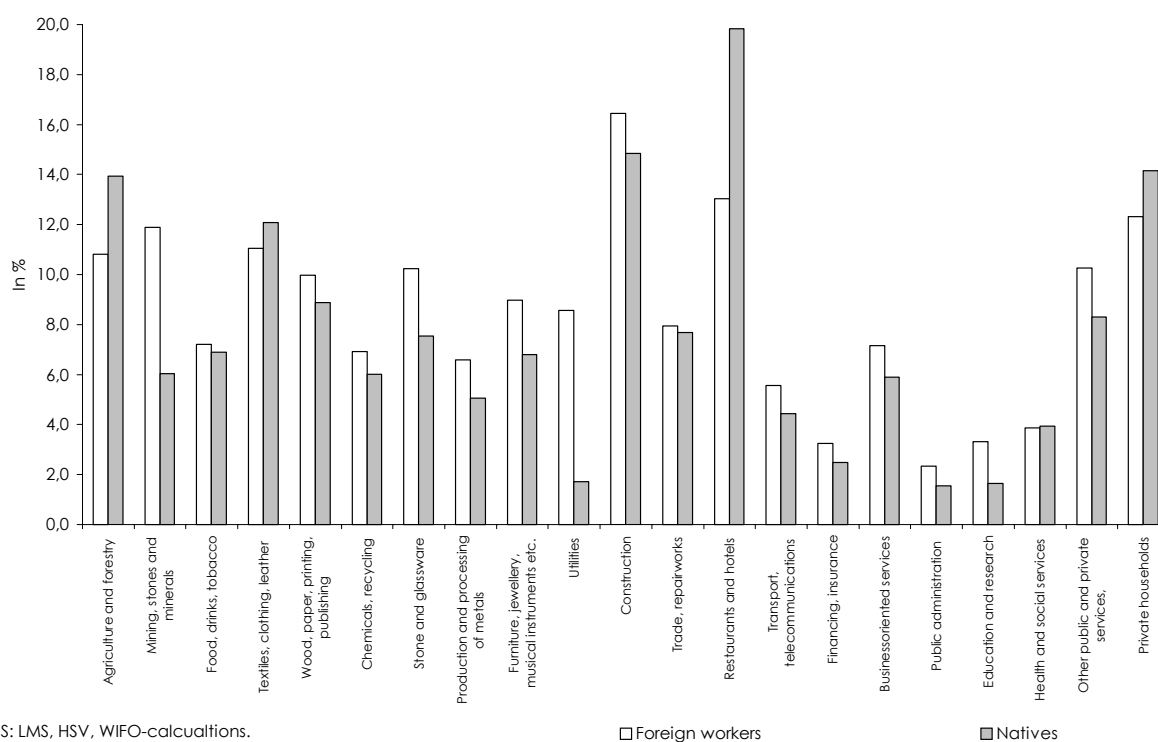
A slightly different picture emerges, if one calculates unemployment rates by industry. One aspect is the same, i.e., industries which have a strong seasonal employment component have the highest unemployment rates. Tourism industries take the lead with 17.8 percent, followed by construction (15.2 percent); agriculture is number 4 in this industry ranking of unemployment rates (13 percent) in 2004. Unemployment rates of people working in private



households (13.8 percent), are somewhat higher than for people working in agriculture (Table 36 and Figure 31).

While the average unemployment rate of foreigners is higher than for native workers, this is not the case in the seasonal industries – tourism and agriculture – as well as in private households. Also in textile-clothing-leather industries foreigners tend to have lower unemployment rates than Austrians. 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, high wage jobs of natives.

Figure 31: Unemployment rates by industry of Austrians and foreigners 2004



#### IV. Irregular migration<sup>5</sup>

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

<sup>5</sup> This section draws upon the Austrian contribution to "Illegally resident third country origin nationals in the EU-MS: states approaches towards them, their profile and social situation". Download from [www.emn.at](http://www.emn.at)

public health care in case of emergencies, they have also access to education services such as language courses, but they have no access to the formal labour and housing market. Furthermore, the possibility of issuing a residence permit on humanitarian grounds offers routes of legalisation of residence.

Various data sources provide a fragmented picture of the numbers and characteristics of persons residing illegally in Austria, e.g., apprehensions of persons entering or residing illegally, recorded by the Mol/Criminal Intelligence Services or client data of NGOs and welfare institutions working in the field of migration and asylum. These data can only serve as an indicator without, however, representing any clear picture about the actual numbers. Of the few estimates that exist, each refers to a particular group of illegally residing immigrants and not to the phenomenon as a whole, e.g., illegally resident pupils or illegally employed foreigners. To give an example, by comparing two different data sources, *Biffi (2002)* estimates that among 6 to 15 year olds about 5,000 to 7,000 children and adolescents are residing illegally in Austria.

Looking at apprehension data (smuggled persons, illegally entering and/or residing persons), the number has been declining since 2003. In 2004, 38,530 persons were apprehended. The most important countries of origin among smuggled persons are the Russian Federation, India, Moldova and Georgia; the main countries among illegally entering and/or residing persons are Romania, Bulgaria, Moldova and Serbia.

Besides apprehension data, a variety of NGOs, welfare institutions and studies produce data on profiles of illegally resident immigrants. Although not representative, these sources shed light on the structures of illegal immigration 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, control, rectify or undo illegal immigration. The state approach that is mostly applied is prevention and exertion of domestic control, followed by a policy of expulsion and deportation (Table 37).

Trafficking in and smuggling of human beings play an important role in Austria, which is considered both, destination country as well as transit country for immigrants 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 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.

The few data collected reveal that the branches most affected by illegal foreign employment are the sectors of construction, catering, agriculture and small-scale industry. Until 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 information is available on clandestine work by nationality of illegally residing migrants.

#### 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 2004, all in all 66,500 such police actions were registered, 5,500 or 7.6 percent less than a year ago. Thus, the downward trend, which set in three years ago, continued well into the current year.

The majority of actions (39.5 percent) are taken at the border, i.e., rejections of entry due to information from the SIS (Schengen Information System) or lack of required papers (passport or visa), or expected black market work, or lack of financial means; followed by denials of residence (13.7 percent of all actions), and custody prior to deportation (13.6 percent of all actions).

Once a person entered Austria successfully and engaged in illegal activities, expulsions and denial of residence rights may be the consequence. The number of expulsions and withdrawals of the right of residence due to limited financial means, clandestine work and un-employability declined in 2004. The large majority of apprehended foreigners has entered as tourists and engages in clandestine work. They do not represent a security risk in the narrow sense of the term but represent nonetheless a sizeable number of refusals of residence in Austria (Table 27).

With Austria's full fledged membership to Schengen, border checks have taken on a new dimension. The number of rejections at the border due to lack of passport or visa could be almost halved in 1997 and continued to decline until 2003; in contrast, in 2004 the number rose again from 6,500 to 9,800. In the current year a further rise is taking place.

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

Table 37: Statistic of alien police measures

	Sum	Sum	Sum	Sum	Sum
	over the year	over the year	January to	January to	January to
			May	May	May
	2003	2004	2003	2004	2005
<i>Rejections at the border</i>					
§ 52/1 FrG (no passport or Visa)	6.491	9.830	2.281	3.577	4.596
§ 52/2/1 FrG (refusal of residence)	1.238	1.717	516	663	537
§ 52/2/2 FrG (SIS - search)	8.765	9.162	3.752	4.325	3.413
§ 52/2/3/a FrG (security)	1.216	1.907	353	444	2.057
§ 52/2/3/b FrG (clandestine work)	1.172	510	442	238	43
§ 52/2/3/c FrG (trafficking of humans)	124	79	15	25	42
§ 52/2/4 FrG (lack of financial means)	3.321	3.029	1.695	2.024	327
§ 52/2/5 FrG (finance delict)	44	46	19	21	41
<b>Total</b>	<b>22.371</b>	<b>26.280</b>	<b>9.073</b>	<b>11.317</b>	<b>11.056</b>
<i>Removal to home country</i>					
§ 55/1/1 FrG (avoidance of border control)	2.119	3.074	833	1.372	486
§ 55/1/2 FrG (accord to take persons back)	1.016	1.058	292	436	331
<b>Total</b>	<b>3.135</b>	<b>4.132</b>	<b>1.125</b>	<b>1.808</b>	<b>817</b>
<i>Expulsion from Austria - § 33</i>					
§ 33/1 FrG (illegal residence)	6.415	5.449	2.543	2.201	1.866
§ 33/2/1 FrG (criminal case)	16	32	6	15	6
§ 33/2/2 FrG (illegal purpose)	8	5	3	3	1
§ 33/2/3 FrG (prostitution)	13	9	1	5	14
§ 33/2/4 FrG (lack of financial means)	120	107	56	61	18
§ 33/2/5 FrG (clandestine work)	436	258	175	165	44
§ 33/2/6 FrG (illegal entry)	379	244	114	182	46
<b>Total</b>	<b>7.387</b>	<b>6.104</b>	<b>2.898</b>	<b>2.632</b>	<b>1.995</b>
<i>Expulsion from Austria - § 34</i>					
§ 34/1 FrG (false pretense, deceit)	134	251	47	75	199
§ 34/2 FrG (lack of employment)	9	12	2	5	1
§ 34/3 FrG (unemployable)	1	11	0	7	3
<b>Total</b>	<b>144</b>	<b>274</b>	<b>49</b>	<b>87</b>	<b>203</b>
<i>Refusal of residence</i>					
§ 36/1 FrG (security)	2.072	1.891	832	766	617
§ 36/2/1 FrG (criminal civil case)	2.147	2.662	879	1.140	1.255
§ 36/2/2 FrG (criminal administr.act)	17	19	7	8	8
§ 36/2/3 FrG (finance delict)	16	6	8	3	1
§ 36/2/4 FrG (prostitution)	7	24	4	9	40
§ 36/2/5 FrG (Trafficking of humans)	178	158	90	72	79
§ 36/2/6 FrG (false information)	383	583	144	217	171
§ 36/2/7 FrG (lack of financial means)	8.416	2.929	3.109	1.926	714
§ 36/2/8 FrG (clandestine work)	1.657	642	752	306	200
§ 36/2/9 FrG (deceptive marriage)	164	200	36	70	98
§ 36/2/1 FrG (deceptive adoption)		36		12	5
<b>Total</b>	<b>15.057</b>	<b>9.132</b>	<b>5.861</b>	<b>4.529</b>	<b>3.188</b>
<i>Custody prior to deportation §61/1</i>	11.149	9.041	4.398	4.200	3.170
<i>Lesser means §66</i>	622	362	472	123	88
<i>Coercive Measures §66/5</i>		391			
<i>Voluntary exit §23/3 SDÜ</i>					
Registered border crossing	2.433	3.530	909	1.094	1.711
No registered border crossing	1.608	1.980	633	847	698
<b>Total</b>	<b>4.041</b>	<b>5.510</b>	<b>1.542</b>	<b>1.941</b>	<b>2.409</b>
<i>Deportation</i>					
§ 56/1 FrG	8.073	5.274	3.010	2.164	1.761
<b>Sum of all actions</b>	<b>71.979</b>	<b>66.500</b>	<b>28.428</b>	<b>28.801</b>	<b>24.687</b>

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.

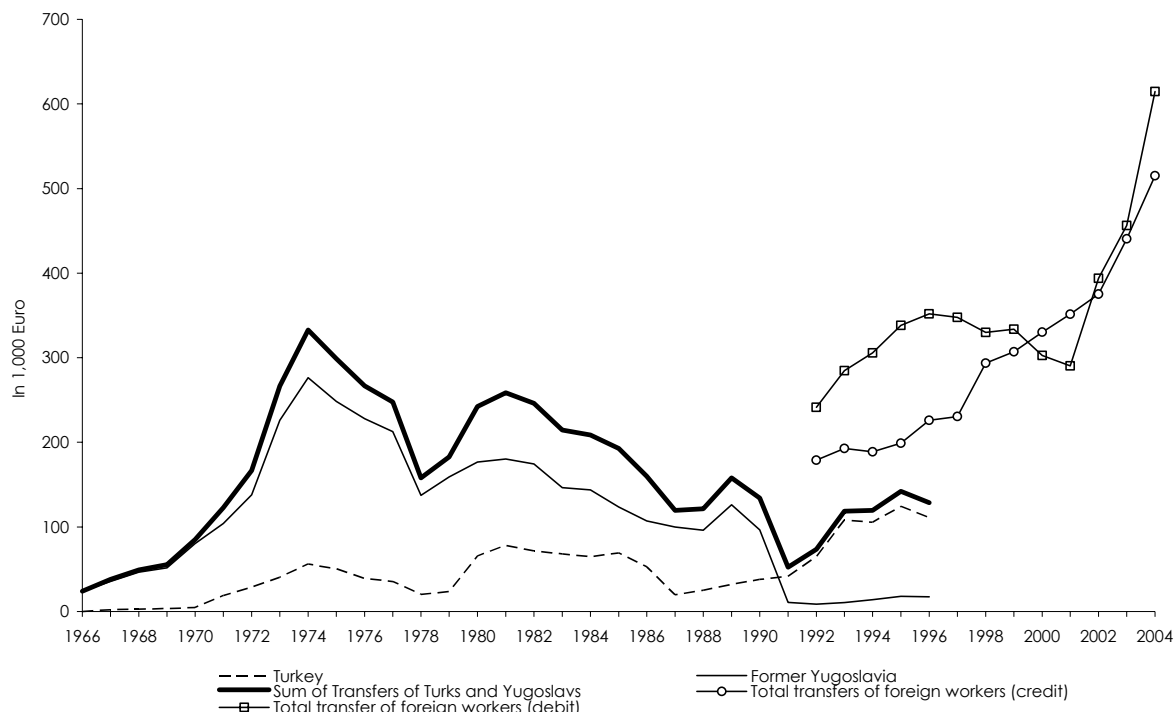
The development of remittances to Turkey follows a very different pattern over time. The pattern is anti-cyclical; the remittances increased in periods of economic slack and growing unemployment in Austria. Ever since 1987, when a very low level of money transfers to Turkey was reached, the remittances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

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

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

New time series are being developed on the basis of money transfers of foreign workers. According to this data (available since 1992) both in- and outflows have increased in the early 1990s, outflows (debit) reached their peak by mid 1996 and declined thereafter until 2001. In the year 2002, money outflows, i.e., transfers abroad have taken a strong upswing, which continued well into 2004, thus exceeding the inflows of money from abroad since 2002.

Figure 32: Remittances of foreign workers to their home countries<sup>5</sup>  
1966-2004



Source: Austrian National Bank (OeNB).

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

Inflows of money from abroad were until 1999 somewhat smaller than outflows, but started to surpass them slightly between 2000 and 2001. In 2002, the two balanced each other more or less out (in and outflows around 0.4 million €). This point makes clear that Austria is a country of immigration as well as emigration; while until 1999 the impact of the transfers on the balance of payments tended to be negative, this changed in 2000 and the balance became slightly positive. The deficit in the balance of payments of foreign workers reached a maximum in 1995 with some 0.14 million € (1.9 million ATS) and declined to 0.04 million € by mid 1999. In 2000 the balance turned positive to 0.6 million €. The balance of payments of foreign workers thus had a positive impact on the total balance of payments of Austria in 2000 and 2001. In 2002 and 2003 it was more or less neutral in its impact, but became negative in 2004.

## VI. Integration of migrants<sup>6</sup>

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

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

Austria is a country with a long tradition of immigration, particularly worker migration and refugee intake. As a result, it has an above average share of migrants (foreign born) in its population in EU – comparison, the majority from third countries. Both migration and integration policies are decided upon and implemented in the regions (Bundesländer). Federal laws tend to provide a general framework only, leaving it up to the federal states to draw up integration measures suitable for the special circumstances of the region. Even today, integration is a relatively loose term in the new law regulating the residence and settlement of foreigners (Niederlassungs- und Aufenthaltsgesetz – NAG 2005), leaving it up to the states to devise an institutional and budgetary framework to organise the integration of migrants. Due to the strong regional focus of policy formulation and implementation and the horizontal character of integration, comprising areas as diverse as education, employment, housing, health, social services, cultural activities and the like, little is known on a federal level about the amount of money spent on integration in the various regions, the instruments and measures implemented and their respective effectiveness<sup>7</sup>.

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

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<sup>6</sup> This chapter is an excerpt of a presentation at the Technical Seminar on Integration Mainstreaming (INTI), in Dublin, 4 to 5 October 2005.

<sup>7</sup> For a first attempt to collect information about integration measures in the various regions see *IOM/BMI (2005)*.

migrants as well as host communities. The various integration systems may differ by the speed, depth and scope of integration, which may be guided by different objectives of the regions as to the role of migration in their socio-economic development.

One regional difference in integration measures which has received the attention of the media lately is housing policy, to be precise: the access of council housing to foreign residents. While cities like Salzburg<sup>8</sup> or Innsbruck have opened council housing to poor foreigners for some time, this has only been the case in exceptional circumstance in the cities of Vienna and Graz. The EU guideline to open council housing to permanent residents of third countries (2003/109/EC) is going to be implemented in the latter cities in 2006, as the new settlement law (§45 NAG 2005) offers a definition of permanent residence status. Thus, from January 23 onwards, every permanent resident with a green card (after 5 year legal residence, sufficient income and knowledge of German (Integration package), is eligible for an apartment in council houses in Vienna.

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

In this report I concentrate on Tyrol, a federal state (Bundesland) with a proportion of foreign born in the population corresponding to the national average of 12.5 percent (2001), (Figure 33). Tyrol is chosen because it is a very diverse region as far as the demographic and socio-economic structure is concerned, encompassing rural as well as urban areas, a wide spread of industries with a dominance of small and medium sized enterprises, and a great diversity of migrants as far as their ethnic and cultural mix is concerned, their educational attainment and the reason for coming (work, family reunion, refugees). The mainstream integration system developed in Tyrol has the ingredients necessary for a national system of integration, giving NGOs an important role in shaping it.

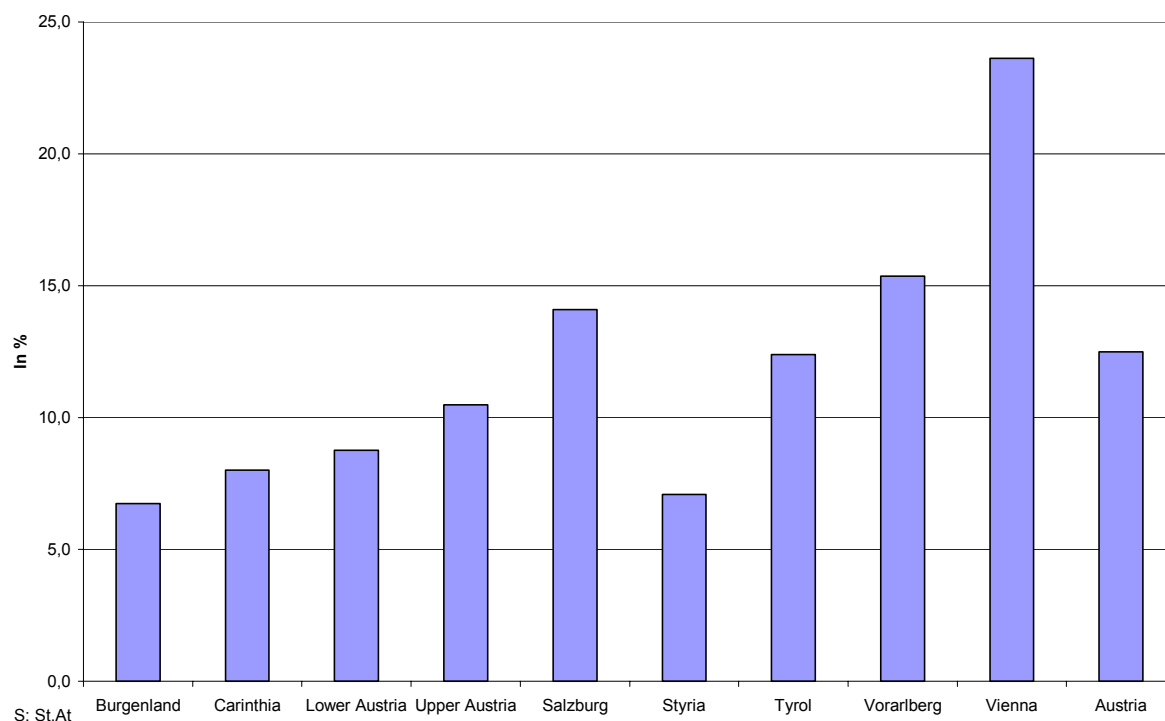
Vienna has addressed the issue of integration earlier than other federal states, combining targeting and mainstreaming, as both approaches seem to be necessary in a society under constant flux. But we do not focus on the city of Vienna, as cities face different challenges than regions like Tyrol. Vienna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

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<sup>8</sup> Salzburg has introduced a quota system in 1992, according to which 20 percent of council housing are to be made available to third country citizens who have resided or worked in Salzburg for three years. The proportion is in accordance with the foreign worker share in the city.



Figure 33: Proportion of foreign born in the population in Austria by region (Bundesländer) 2001



In 2002, Tyrol established an agency within the State government (Integrationsreferat der Landesregierung)<sup>9</sup>, with the mission to mainstream integration policies and measures for migrants in all relevant portfolios of the State government and the communities, reaching out to and including civil society and social partners. Integration is seen as an essential part of a 'harmonious social development'. In order to be able to effectively mainstream integration, a think-tank, i.e., a consultancy body, has been created as a first step. This body advises the agency on how to go about mainstreaming integration. This body comprises consultants of various kinds, experts with and without migration background in a variety of specialty fields in the various departments and regions, as well as NGOs and the scientific community. A university institute (University Innsbruck) follows the development steps of integration mainstreaming and analyses and evaluates the process and progress.

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

<sup>9</sup> For details see the multilingual website [www.integrationsportal.at](http://www.integrationsportal.at)

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

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

The agency has certain tasks to fulfil, in particular

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

The website is already an important source of information for migrants. It provides links to German courses for migrants and institutions engaged in mainstreaming activities. The agency is also the major source of funding of institutions, associations and initiatives of individuals and groups of persons in support of activities which promote the integration of migrants and the peaceful co-existence of natives and immigrants.<sup>10</sup>

#### A) *The role of NGOs in mainstream integration*

The above outline of the design of integration mainstreaming indicates the important role Tyrol regional government is giving to NGOs in defining integration and in drawing up a horizontal (including all portfolios) and vertical (including all localities and levels of administration) system of integration. Thus, NGOs participate in the early stage of planning mainstreaming. In addition, they are important partners of public administration in organising integration initiatives and implementing integration measures. A good example of an NGO,

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<sup>10</sup> See <http://www.tirol.gv.at/themen/gesellschaftundsoziales/integration/downloads/foerderungsrichtlinien.pdf>

which acts as a bridge between public administration, migrants and host communities is the multicultural association ('Verein Multikulturell')<sup>11</sup>.

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

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

This NGO is thus not only integrated in the development of the guidelines of integration (mainstreaming), but also in the effective execution of various tasks, in particular provision of intercultural and professional competence; The 'Verein Multikulturell' is, for example, cooperating with other NGOs/NPOs in the region, e.g. the multicultural nursery (Kindervilla; <http://www.kindervilla.info/>): 'Kindervilla' provides day-care for preschool children in various languages (by bilingual/bicultural professionals) for children of natives and migrants; its cooperation with the multicultural association is in the provision of German courses for migrant school children after school hours, to promote their learning capacity. The intercultural competence of the association is also accessed by public institutions, training officials at various levels of government, helping migrant families to access mainstream as well as targeted services, etc., The integration of NGOs into EU-wide networks promotes the

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<sup>11</sup> For more information see their website: <http://www.migration.cc>

expertise and professionalism of local actors; it is also helpful in accessing EU-wide funds to promote integration.

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

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

## **VII. Statistical commentary**

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

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