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SATISFYING LABOUR DEMAND THROUGH MIGRATION IN AUSTRIA

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The EMN has been established via Council Decision 2008/381/EC and is financially supported by the European Commission and the Austrian Federal Ministry of the Interior.



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Foreword

Dear Reader,

In 2002, the Austrian Ministry of the Interior appointed the office of the International Organization for Migration (IOM) in Vienna to become the Austrian National Contact Point (NCP) within the European Migration Network (EMN). The overall aim of the EMN is to provide the public with objective and reliable data on migration and asylum in Europe. The Austrian NCP has built a broad network of Austrian partners within various ministries and agencies, research institutions and NGOs, which is constantly updated. All information about the NCP in Austria is provided on the website (www.emn.at).

The present study on “Satisfying labour demand through migration in Austria” is the Austrian contribution to the EMN Study “Satisfying labour demand through migration”. The opinions presented in the national study are those of the NCP Austria and do not necessarily represent the position of the Austrian Ministry of the Interior.

The main body of the study was written by Prof. Dr. Gudrun Biffl, Head of the Department Migration and Globalisation at the Danube University Krems. Anna Faustmann and Isabella Skrivanek acted as researchers; Elisabeth Petzl and Mária Temesvári from the National Contact Point Austria contributed some data and legal advice.

The national network of the NCP Austria was involved by responding to specific questions arising during the study and by preparing the national conference on “Labour migration and its Challenges in the EU – Perspectives in the EU Member States”. In this context information on the European Migration Network in general was provided, thereby establishing contacts for possible future cooperation.

All of the above-mentioned persons acted in their respective tasks with great professionalism and commitment. A warm ‘thank you’ goes to all of them.

Enjoy reading!

Dr. Katerina Kratzmann

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EMN Information

The EMN was launched in 2003 as a pilot project and was formally established by Council Decision 2008/381/EC¹ in May 2008. “As stipulated in Council Decision 2008/381/EC, the objective of the [...] EMN is to meet the information needs of Union institutions and of Member States’ authorities and institutions on migration and asylum, by providing up-to-date, objective, reliable and comparable information on migration and asylum, with a view to supporting policymaking in the European Union in these areas. The EMN will also serve to provide the wider public with such information.”²

The EMN is co-ordinated by the European Commission (under the direct responsibility of the Directorate General Home Affairs) with the assistance of two service providers³, and is overseen by the EMN Steering Board. The EMN Steering Board is chaired by the Commission and consists of one representative from each Member State⁴, observers from Denmark⁵ and the European Parliament. The role of the Steering Board is to provide political guidance to the EMN, ensuring the link between policy relevance and activities undertaken, as well as approving the EMN’s annual work programme.

At present the EMN consists of 26 National Contact Points, which are established in 26 EU Member States, with each one composed of at least three experts. The EMN NCPs have been designated by the government of their Member State. In Austria the EMN NCP is based at the International Organization for Migration (IOM) in Vienna.⁶ The core activities of the EMN NCPs include the preparation of Annual Policy Reports and Annual Reports on Asylum and Migration Statistics, undertaking research and draft studies addressing policy developments, issuing ad-hoc queries and responding promptly to such requests from other EMN NCPs. Last but not least, the NCPs are establishing a national network composed of national organisations, institutions and individuals active in the area of migration and asylum.

The EMN NCPs do not engage in primary research, but rather collect, gather and evaluate pre-existing data. EMN Studies such as “Satisfying labour demand through migration” are developed according to a common methodology in order to have comparable findings. To increase the comparability of the outputs, a Glossary has been launched by the EMN in order to ensure that similar terminology is used in the national reports.

Specifications for studies and reports are developed by the EMN NCPs in co-operation with the European Commission and its service providers. Using these, each EMN NCP produces a national report (whenever possible in co-operation with their national network members). A synthesis report is then prepared by the European Commission with the service provider GHK-COWI giving the key findings from each national report, highlighting the most important aspects and placing them within an EU perspective. All national and synthesis reports are available on the EMN website.⁷

¹ Council Decision establishing a European Migration Network, 2008/381/EC, available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32008D0381:EN:NOT>.

² European Commission: EMN Status Report 2009, Version 1, April 2010, p. 6.

³ In 2009, the European Commission appointed GHK-COWI and iLiCONN as Service Providers. GHK-COWI’s priorities are to increase the coordination capacity of the network and to produce the Synthesis Reports in a timely manner, whilst iLiCONN is responsible for developing the Information Exchange System and a Website.

⁴ Initially Ireland did not participate in the adoption of the Council Decision in May 2008, instead notifying its willingness to opt-in in July 2008. This was finally concluded through Commission Decision C(2009)2708 and published in the Official Journal (L108/53 of 29th April 2009).

⁵ Even though Denmark is not formally required to designate an EMN NCP, nevertheless they do take part in some EMN activities and meetings.

⁶ For more information on the EMN NCP AT visit <http://www.emn.at> and for more information on the IOM Vienna visit <http://www.iomvienna.at>.

⁷ For more information on the EMN visit <http://emn.sarenet.es/html/index.html> (consulted on 04 June 2010).

Executive Summary

The study identifies the degree to which migrants from the EU and third countries contribute to the satisfaction of labour demand in the various skill levels in Austria in the period after the enlargement of the EU in 2004. The information is taken from the annual labour force survey (4th quarter), discerning 3 skill groups, the highly skilled, the skilled and the low skilled workers (15-64 year olds). In addition, researchers and seasonal workers who are special target groups of migration policy are taken into account.

The early beginnings of migration policy in the context of labour migration go back to the so-called “guest worker model” of the 1960s, which focused on satisfying labour demand and reducing labour scarcities. The main source countries were Non-EU member states, in the main from the region of former Yugoslavia and Turkey. The position today is different. Increasingly migrants from other EU-MS come to take up jobs, even though workers from the new EU-MS do not yet enjoy the right to free movement of labour. They may enter the labour market on the basis of labour market testing, thereby responding to labour scarcities and skill needs of the labour market. After one year of work in Austria, they also enjoy free labour movement, just as citizens of the EU-15. Mobility of labour within the EU is the main driving force behind immigration to Austria. Some 60% of the annual net inflow of migrants accrues to the EU-27. The rest is the result of family reunification and humanitarian intake of third country citizens together with a small inflow of highly skilled economic migrants from third countries.

Austria is currently rethinking its migration policy by discussing options to raise the inflow of highly skilled migrants in general and of highly skilled third country nationals in particular. A reorientation of migration policy towards the highly skilled is expected to alleviate pressures on public budgets arising from population ageing on the one hand and to speed up the transition from an industrial to a knowledge society on the other.

Austria is well suited to establish skill shortages on the labour market, an important ingredient of any immigration model targeting skilled migrant workers. A major point in question remains, however, why Austria has so far not been able to attract larger numbers of highly skilled economic migrants for settlement.

The support of immigration is not unanimous; right wing political parties are strongly opposing further immigration, and unions have until very recently not been in favour of immigration for fear of downward pressure on wages and working conditions.

As far as facts and figures are concerned, Austria features among the EU-MS with a particularly high proportion of migrants in the work force. In 2009, 10.6% of total employment were foreign citizens and close to 20% were foreign born. Workers from another EU-15 country are on average the best skilled group, followed by persons from the new EU-MS. Third country citizens have an above average share of low skilled labourers.

However, in the course of the last 5 years, the skill composition of persons from the EU has deteriorated while the contrary is true for third country migrants. Accordingly, the policy to promote immigration of highly skilled third country citizens, which has been pursued since 2003, has been successful. It is a rather slow process, however, requiring migration policy reform in order to raise the annual high skilled economic migrant intake. This is what the current government aims at when planning to amend the immigration model by bringing in employer nomination schemes targeting highly skilled economic migrants.

1. Introduction: Purpose and Methodology

1.1 Purpose

The aim of this study is to provide insight into the occupational and skill composition of migrant workers in Austria. Migrants are defined as persons with another than the Austrian citizenship. The study differentiates, where possible, between EU-15, EU-10, EU-2 citizens and citizens of third-countries. This study is intended for policy makers at national and European level, particularly in the labour market sphere, as well as interest groups, research institutions in the field of migration and civic society at large.

The report clarifies what type of occupations and skill levels enter Austria from within Europe, where free mobility of labour and therefore market conditions drive labour mobility. It informs also about the occupational and skill composition of migrants of third countries, who enter Austria either as labour migrants, who fulfil the requirements of the highly skilled immigration programme (Schlüsselkraftverfahren), or as family members, whose immigration is regulated by the family reunion immigration programme. A minor group of migrants enters as refugees according to the Geneva Convention, or as asylum seekers; the latter may join the labour force as temporary workers.

An in depth understanding of the skill composition of migrant labour is a precondition for the design of immigration policy. Currently, Austria is discussing to introduce criteria along the lines of the UK to promote the inflow of highly skilled third country migrants – on the one hand to speed up the transition from an industrial society to a knowledge society, on the other to combat population ageing. While population ageing is a strong argument for a larger migrant intake, the current skill mix represents a challenge for integration policy, above all education and labour market policy. While immigration may postpone the slowdown of labour supply growth, it does not resolve the problem of qualitative aging, i.e. the skills implications of an older work force. Therefore, a rethinking of immigration policy towards a larger high-skill intake has set in towards the end of the 1990s.

1.2 Methodology

This national report was produced by Prof Dr. Gudrun Biffl. The Labour Force Survey is the only data source which allows the differentiation by occupation and the concomitant skill levels. Accordingly, Statistics Austria provided the anonymised data files of the labour force surveys of 2004-2009; Mag. Anna Faustmann and MMag. Isabella Skrivanek pulled out the data (via SPSS) by occupation and skill level, and filled out the statistical tables at the end of the report⁸.

Where necessary, other sources of data are included or referenced, in particular social security data (which only differentiates data by industry), data from the central population register of Statistics Austria, and inflow data of third country citizens of the Ministry of the Interior.

This report is the first of its kind in Austria, identifying occupations and skills of foreign citizens by regions and the ten most important source countries, in view of implementing migration and other policies conducive to attract highly skilled (third country) migrants. It is an important complement to the recent collaborative study (Biffl et al. 2010) of the Danube University (DUK) and the Institute of Advanced Studies (IHS), which looked into the contribution of increased skilled migration to economic growth and the degree of alleviation of the pressure on public budgets arising from ageing.

⁸ It has to be borne in mind that the small sample size of the Labour Force Survey (1% of households) does not always provide reliable information on the employment level of sub-groups and sub-categories of occupations by nationality. Shaded figures inform about problems associated with small sample size.

1.3 Definitions

Terms and definitions in this study are used in accordance with the EMN Glossary where possible. The following definitions serve as a basis for the terminology of the study:

(IOM Glossary on Migration):

Migrant (Economic): A person leaving his/her habitual place of residence to settle outside his/her country of origin in order to improve his/her quality of life. This term may be used to distinguish from refugees fleeing persecution, and is also used to refer to persons attempting to enter a country without legal permission and/or by using asylum procedures without bona fide cause. It also applies to persons settling outside of their country of origin for the duration of an agricultural season, appropriately called seasonal workers.

(Article 2(b) of Council Directive 2009/50/EC (“highly qualified employment”) / UNESCO Glossary of Migration-related Terms):

Migrant (Highly Qualified): In EU context, this refers to a person who is employed in a Member State, is protected as an employee under national employment law and/or in accordance with national practice, irrespective of the legal relationship, for the purpose of exercising genuine and effective work for, or under the direction of, someone else; is paid; and has the required adequate and specific competence, as proven by higher professional qualifications.

(IOM Glossary on Migration):

Migration (Labour): Movement of persons from their home State to another State for the purpose of employment. Labour migration is addressed by most States in their migration laws. In addition, some States take an active role in regulating outward labour migration and seeking opportunities for their nationals abroad.

(Directive No (EC) 89/391 on the introduction of measures to encourage improvements in the safety and health of workers at work):

Worker: Eurostat provides the following definition: Any person employed by an employer, including trainees and apprentices but excluding domestic servants.

For the purpose of this study however, workers are referred to as *Employed Persons* as applied in the Labour Force Survey:

- aged 15 year and over (16 and over in ES, UK and SE (1995-2001); 15-74 years in DK, EE, HU, LV, FI and SE (from 2001 onwards); 16-74 in IS and NO),
- who during the reference week performed work, even for just one hour a week, for pay, profit or family gain,
- who were not at work but had a job or business from which they were temporarily absent because of, e.g., illness, holidays, industrial dispute or education and training.

In order to provide a common framework for the study to facilitate comparability, the following five broad categorisations are used:

- a) **Highly skilled**
- b) **Skilled**
- c) **Low skilled**
- d) **Researchers**

e) Seasonal workers

Throughout the text, these are referred to as 'economic migrants'. Each of these categorisations is elaborated in turn below. The definition of Employment follows the LFS criteria⁹, i.e. employed persons are aged 15-64, who during the reference week performed work, even for just one hour a week, for pay, profit or gain.

a) **Highly skilled**

Derived from Article 2(b) of Council Directive 2009/50/EC ("highly qualified employment")

This refers to a person falling within ILO ISCO-88 Classes 1, 2 and 3, e.g. a person who is qualified as a manager, executive, professional, technician or similar, who moves within the internal labour markets of trans-national corporations and international organisations, or who seeks employment through international labour markets for scarce skills.

In Austria, there is a distinction between *highly skilled*, referring to someone who has the required adequate and specific competence, as proven by higher educational qualifications, and/or extensive (vocational) experience; and *highly qualified*, referring to someone who has required adequate and specific competence, as proven by higher educational qualifications only. This distinction reflects the Austrian education and training system which has a strong vocational orientation. Accordingly, international comparability is at times difficult to achieve, in particular in the area of health and social services. Nursing in Austria does not require university education but is comparable to apprenticeship education in commercial and technical occupations without 'Matura' (university entrance requirement).

b) **Skilled**

The category "*Skilled*" is derived by aggregating the following groups in the International Labour Organisation ISCO-88 classifications¹⁰ into one group:

- Major Group 4: Clerks
- Major Group 5: Service Workers and Shop and Market Sales Workers
- Major Group 6: Skilled Agricultural and Fishery Workers
- Major Group 7: Craft and Related Trades Workers
- Major Group 8: Plant and Machine Operators and Assemblers

c) **Low skilled**

The following ISCO-88 classifications are taken as "*low skilled*":

- Major Group 9: Elementary Occupations

d) **Researcher**

Derived from Council Directive 2005/71/EC

Means a (third country national) holding an appropriate higher education qualification, which gives access to doctoral programmes, who is selected by a research organisation for carrying out a research project for which the above qualification is normally required.

⁹ http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_lfs/methodology/definitions.

¹⁰ Major, Sub-Major, Minor and Unit Group titles are available from <http://www.ilo.org/public/english/bureau/stat/isco/isco88/major.htm>.

There is an overlap with category a) highly skilled: data are taken from the labour force surveys, whereby researchers represent a subgroup. In the case of flow data, administrative data is used, namely of third country citizens (including EU-12 MS, for whom transition regulations apply); researchers may enter for work within the highly skilled inflow category, within and without quotas.

e) Seasonal Worker

Derived from Council Resolution of 20 June 1994 on limitation on admission of third-country nationals to the territory of the Member States for employment

Refers to a (Third Country National) worker who is resident in a third country but is employed in an activity dependent on the rhythm of the seasons in the territory of a Member State on the basis of a contract for a specified period and for specific employment.

The labour force survey does not provide this distinction. Accordingly, administrative data is used in the report and integrated in the data sheets in the Appendix. Austria only distinguishes between seasonal work in tourism and agriculture/forestry for third country citizens and for persons of the new EU-MS as long as transition agreements apply.

2. Approach to Economic Migration in Austria

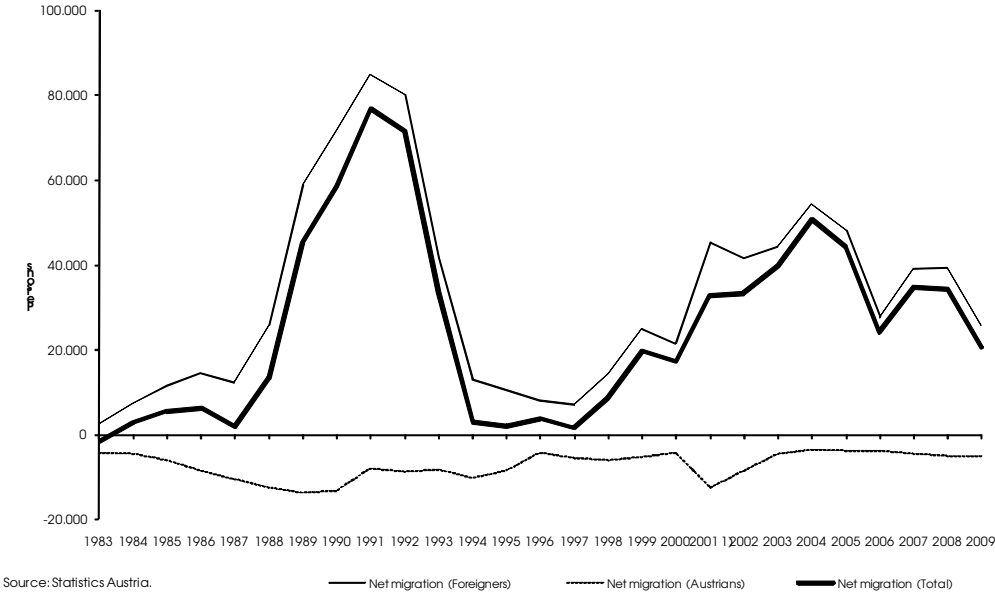
The Austrian labour migration system has its origins in the so-called “guest worker model”, going back to the early 1960s. The objective of that model was to satisfy labour demand, which was perceived to be cyclical rather than structural. As Austria was the poor-house of Europe after WWII, it could not attract highly skilled workers, as the wages were too low compared to other immigration countries. As a consequence Austria lost highly skilled native workers to neighbouring Germany and Switzerland as well as immigration countries like Canada, USA, and Australia. Accordingly, labour scarcities emerged. As Austria could not attract highly skilled migrants, given the competition for high potentials, it had to restructure work organisations within enterprises and a given production technology, in accordance with the skills at hand, complemented by un- and semiskilled migrant workers.

By the mid 1980s, the demand for economic migrants declined as the labour supply of natives increased, not least because the baby boom generation entered the labour market. However, family reunion and chain migration had already set in, thereby promoting supply driven rather than demand driven immigration. In addition, increasing numbers of asylum seekers and refugees raised labour supply.

In consequence, in 1992, the foreign worker legislation was complemented by immigration laws modelled after the immigration legislation of USA, thereby hoping to contain immigration. In view of free mobility of labour within the EU, Austria contained the inflow of migrants of third countries, particularly of workers. Only family members (reunification) and a select group of highly skilled economic migrants from third countries were allowed to enter. As can be taken from figure 1, the policy move was considered to be a success. Net migration declined abruptly after 1992; net immigration picked up slowly in the wake of Austrian EU-membership and gained momentum with the onset of Eastern enlargement of the EU.

It was not until 2008 that the government decided to introduce legislative reforms similar to those in the UK in 2005, in recognition of skill needs which the Austrian education system could not satisfy in large enough numbers. Following the red-white-red card discussions in 2009, the Austrian government is currently working on the development of an immigration model, which is capable of attracting highly skilled third country economic migrants.

Figure 1: Net migration of Austrians and foreigners 1983-2009



2.1 National Vision and Policy

As shown above, historically Austria could not attract highly skilled workers. In the 1990s Austria still experiences brain drain¹¹ and does not import highly skilled workers just as much as in 2006, were the EMN study “Conditions of Entry and Residence of Third Country Highly-Skilled Workers in Austria”¹² comes to the conclusion that Austria has a low intake of highly skilled workers and “the migration system does not appear to encourage the recruitment of highly skilled people from third countries.”¹³

In 2009 and 2010 a new picture emerges, as the Austrian government is rather divided over immigration policy and its reform. While employers’ associations push for an increased intake of highly skilled migrants, workers’ associations argue that increased investment in further education and training, as promoted by the EU in its Lifelong Learning programme¹⁴, is a more promising road for satisfying skilled labour demand. The workers’ representatives point towards the limited capacity of Austria to attract skilled migrants (OECD 2005A). They argue that only small numbers of migrants from the new EU-MS took advantage of the opening up of 67 skilled occupations without prior labour market testing between 2008 and today. Another indicator for the limited attractiveness of Austria for highly skilled migrants is the small number of highly skilled third country migrants who enter Austria under the highly skilled immigration programme (Schlüsselkraftverfahren). The ceiling in the quota of highly skilled workers is continually raised but the numbers flowing in remain small, i.e. around 900 persons annually in the last couple of years¹⁵.

Austria hopes to close the gap in skilled labour demand by facilitating access of third country graduates from Austrian universities to the labour market, a common practice in traditional immigration countries. This has been possible in principle since 2003, but access to public sector employment, where many university graduates tend to find a job, tend not to be open to third country citizens, e.g. in the case of medical doctors. Private industries on the other hand do often not pay the entry wages required for a third country citizen to get a settlement permit.

Thus there appears to be an inconsistency between the vision of migration policy and the actual implementation. On the one hand the migration system does not appear to encourage the recruitment of highly skilled people from third countries, on the other, their career opportunities in Austria appear to be limited, as legal ramifications are not in line with the rhetoric, and as social networking is an important element of career opportunities (insider-outsider problem, Biffl 2000).

a) Does the Austrian government have a vision on the (possible) future role of migration in combating labour shortages?

Yes. In view of population ageing most stakeholders in Austria want to use migration as one tool to raise labour supply, to counter the negative effects of population ageing on labour

¹¹ If highly skilled is narrowly defined as university graduates, as was mentioned in the EMN study “Conditions of Entry and Residence of Third Country Highly-Skilled Workers in Austria”.

¹² EMN NCP AT (Biffl): Conditions of Entry and Residence of Third Country Highly-Skilled Workers in Austria. Vienna, September 2006, p. 6. Available at <http://emn.sarenet.es/Downloads/prepareShowFiles.do;jsessionid=C0781A7C0D4112CD21E0C0F62D40E55E?entryTitle=06.%20Conditions%20of%20entry%20and%20residence%20of%20Third%20Country%20HIGHLY-SKILLED%20WORKERS%20in%20the%20EU>.

¹³ Ibid, p. 10. .

¹⁴ Decision No 1720/2006/EC of the European Parliament and of the Council establishing an action programme in the field of lifelong learning. <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:327:0045:0068:en:PDF>

¹⁵ The data stems from the register of third country migrants by entry category of the Ministry of the Interior. For more information see Biffl et al. 2009.

productivity and the public budget. Austria sees the need for more immigration from the year 2020 onwards, when the baby boom generation will reach retirement age. Until then Austria does not expect any labour scarcities. Austria sees the major challenge in raising the actual retirement age of currently 59 to the legal age of 65. Again it is the workers' representatives who argue that employers will only be enticed to prolong employment of mature workers and to invest in education and training in case of labour scarcities. Employers on the other hand argue that scarcities of skilled labour will lead to reallocation of production to neighbouring countries and/or investment in labour saving production technology.

It is the latter which causes concern for the government. Austria has large numbers of un- and semiskilled workers, largely of migrant origin. To provide jobs for them is important, and to raise their skill levels is even more important. But the school system does not appear to be capable of raising the educational attainment level of migrant children to the level of native children fast enough (OECD 2006).

b) What is the policy towards addressing any labour shortages in Austria?

Austria addresses labour shortages through a policy mix, namely:

- by raising the activity rate of women, particularly also migrant women,
- by raising the employment rate of mature workers and
- by using the migration tool to select certain key skills. These skilled migrants need not necessarily have high qualifications in terms of proven higher educational qualifications, but they have to be nonetheless highly skilled in terms of their competency levels. This is particularly the case for care workers in the mobile home services sector. In the latter case self-employment is a preferred option on the part of Austrian authorities.

Consequently, Austria has a short- to medium term perspective as well as a long-term perspective to satisfy labour demand. The long-term perspective aims at raising the labour supply of women by various instruments: e.g. education policy to raise the educational attainment level; infrastructural investments, in particular in social services to promote outsourcing of care work from households to the market; and reforms of the retirement regulations to raise the employment level at older ages. The latter holds also for men.

In addition, school reforms are envisaged to raise the educational attainment level of children of poor socio-economic background, often migrants. All these entail reforms, which have been put in motion but which will need a longer time horizon to become fully effective.

In the short to medium run, Austria expects a noticeable inflow of migrants from the new EU-MS (10) as transition regulations will come to an end in spring 2011. Fears are for an inflow of unskilled labourers thereby exerting pressure on unskilled workers, often of migrant background, who are already facing slack labour demand.

One hopes to raise demand for unskilled workers by bringing in highly skilled migrants of third countries, as the latter tend to promote economic growth thereby raising labour demand also at the lower skill end (Storesletten 2000). Reforms of immigration legislation in that direction have been decided upon in the current coalition government agreement.

c) Why can Austria not attract significant numbers of highly skilled migrants?

It may well be that it is not legal barriers to entry and residence of highly skilled that hamper immigration and circular migration of the highly skilled into Austria. Indications are that seniority rules and thus functional mechanisms of the Austrian labour market are important

explanatory factors for the limited intake of the highly skilled outside normal inter-company skill transfers.

The important role of internal labour markets, i.e. internal career ladders underpinned by seniority wages, in large enterprises and the public sector may be one of the major reasons for the limited access of highly skilled migrants to these sorts of jobs. The same may hold for natives, who would like to return from abroad and take up adequate employment in Austria (circular migration) but who are not willing to start at the very beginning of a career path. A characteristic of Austrian career developments are low entry wages in an international comparison and slow wage increases as turnover is still high close to the entry port. Thus, entry wages tend to be below productivity but continued employment bears the prospect of recuperating foregone earnings from the age of the mid 30s onwards.

One way of breaking into internal labour markets is through temporary work agencies and personnel leasing companies. Austria does not take recourse to these agencies to the same extent as the UK, Ireland, Netherlands or the Nordic countries. But then, these countries do not have as pronounced wage (and work) hierarchies as Austria as exemplified by age-earnings curves and therefore not the same extent of an insider-outsider problem. Only France, and possibly Belgium and Italy, appear to have a similar insider-outsider problem as Austria as exemplified by the pervasive character of seniority wage rules. Pronounced internal labour markets with seniority wage scales do not only have an impact on cross-border labour mobility within the EU which is apart from inter-company labour transfers, but also on employment opportunities of mature workers in ageing societies. (OECD 2005B)

2.2 Legislative and Institutional Framework

Administrative procedures in the migration field are carried out by two regulatory institutions - the Federal Ministry of the Interior and the Federal Ministry of Labour, Social Affairs and Consumer Protection. While the former regulates the inflow and resident status of immigrants and short-term movers of third countries, 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 and Regulations. The Chancellery has the position of a mediator in certain situations. In contrast, integration of migrants is regulated and organised on state level. Only very recently, in December 2009, did the Ministry of the Interior produce a National Action Plan for Integration. The procedures and the budget plans for the promotion of integration on a federal level have not yet been made public.

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. 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 Directives. 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. The employment of certain groups of third-country nationals is regulated in the Foreign Employment Act.

Immigration of third country citizens to Austria for the sole purpose of work is limited to workers with key skills¹⁶ (Schlüsselkraftverfahren) and seasonal workers.¹⁷ In addition,

¹⁶ Key workers are more narrowly defined by the Austrian laws than highly qualified workers in Article 2(b) of Council Directive 2009/50/EC.

¹⁷ Nowotny, I. Das Ausländerbeschäftigungsgesetz; Die Regelung des Zugangs von AusländerInnen zum österreichischen Arbeitsmarkt, in Fassmann: 2. Österreichischer Migrations- und Integrationsbericht, 2007 p. 55.

workers of the new EU Members States may access the labour market in 67 occupations designated as shortage occupations and health workers (skilled worker act of 2008).

Admission and employment of third country nationals

Depending on the purpose of the stay, the Austrian settlement and residence laws provide different residence titles (settlement and temporary residence permits and other residence titles sui generis). Settlement is characterised by a long-term perspective of stay in Austria, whilst a temporary residence permit allows only a temporary stay. In particular, EC –long term residence status and Austrian citizenship can only be obtained by third country citizens, if the migrant had a settlement permit. The total number of settlement permits is capped by annual quotas for various categories, while no quota limitations apply for temporary residence permits.

In the context of labour migration, the following settlement and temporary residence permits are most relevant:

1. “settlement permit – key worker”
2. “residence permit – intercompany transfers (Rotationskraft)”
3. “residence permit – persons on business assignments of third country firms without a registered office in Austria (Betriebsentsandter)”
4. “residence permit – special cases of paid employment” specified in the Foreign Employment Act, the most prominent being for researchers.

For the above permits, access to the labour market is linked to the residence permit in a so called “one stop shop procedure”, which means that the settlement and the work permit are issued in a single procedure. In addition, third country nationals who have a residence permit without the explicit right to enter the labour market, may obtain a work permit on the basis of an employer nomination scheme, i.e. after labour market testing.¹⁸

The work permits are subject to quota regulations: the total number of work permits is capped (Federal State quotas) to the extent that the number of employed and unemployed foreigners does not exceed 8% of the total dependent labour supply (291,000 for 2010).¹⁹ In some special cases a work permit can be granted by the governor beyond this quota up to a limit of 9% of the labour supply.

The requirements for a ‘key worker’ are in terms of a certain minimum earnings level rather than in terms of educational attainment levels such that young third country university graduates may not qualify, as entry wages tend to be below this ceiling. The person's monthly gross earnings have to be 60 percent or beyond the social security contribution ceiling, i.e. be equal to or surpass EUR 2,412 in 2009. Moreover, prior work experience has to be proven in addition to key skills (competencies). Accordingly, the numbers of third country employees with those narrowly defined characteristics are fairly stable over time at some 900 persons on an annual average (the annual number of some 1,300 ‘key workers’ includes also dependent children and partners, the latter making up some 40% of the total).

The average age of skilled third country migrants ranges between 33 and 41. The oldest ones tend to be self-employed highly skilled workers, the youngest ones are researchers or intercorporate transferees, somewhat older tend to be artists.²⁰

¹⁸ Art. 4b Aliens’ Employment Act

¹⁹ Art.12a Aliens’ Employment Act

²⁰ For more details see Biffl et al 2009.

Depending on the length of stay intercompany transferees and persons on business assignment need a work permit (duration of stay of more than six months) or a job confirmation (for the work visa D²¹, which is issued by the embassies for a duration of work of up to six months).²²

According to the requirements of the Directive 2005/71/EC researchers have to provide a hosting agreement of a registered research institution. They do not need a work contract just as all other activities which are exempted in the Foreign Employment Act.²³

Thus, persons with a residence permit on the basis of ‘special cases of paid employment activity’ are exempted from the foreign worker employment law and therefore do not need a work permit. Among the activities are *inter alia* diplomats, as well as their domestic service providers, representatives of religious groups, internationally renowned researchers, mariners/employees on cross border ships, top managers as well as their family members and household service providers.²⁴

As immigration of workers to Austria is highly controlled and limited, the Federal Ministry of Labour, Social Affairs and Consumer Protection can admit seasonal workers in tourism and in agriculture and forestry in order to meet seasonal peak demands for workers.²⁵ The work permit is limited to six months but can be extended by a further six months if this is foreseen in the regulation, after twelve months the seasonal worker is not allowed to apply for a further permit for two months in order to prohibit settlement via this channel. Annual quotas (Kontingente) are set by the Federal Minister of Labour, Social Affairs and Consumer Protection.

The right to and the conditions of family reunification depend on the status of the sponsor. Family reunion is uncapped for third country citizens who are partners of or are dependent children of an Austrian or EU citizen.²⁶ Only the inflow for settlement of third country citizens and of their family members is regulated by quotas.

Family members of EEA nationals or Austrian nationals are granted free access to the labour market. In most cases also family members of third country nationals have access to the labour market, namely when they have resided legally in Austria for 4 years, or when they have obtained a work permit on the basis of labour market testing or when they can carry out work on their own account.

Employment of nationals of the new EU 8 and EU 2 Member States

Austria applies labour market access restrictions for the 8 EU Member States that joined the EU in 2004 until 30 April 2011 and for the Romania and Bulgaria until 31 December 2013, i.e. nationals of these EU MS can take up employment, if they are granted a work permit (labour market testing applies). According to the principle of community preference when issuing work permits, preference is given to nationals of the new EU MS over third country nationals. After one year employment in Austria the person is granted free access to the Austrian labour market with a so-called “confirmation of free mobility”.²⁷

²¹ Art. 24 Settlement and Residence Act.

²² Art. 18 Aliens’ Employment Act

²³ Art. 67 Settlement and Residence Act

²⁴ Highly skilled managers are third country nationals who have a leading position in the managing or executive board of an multinational company or who are internationally recognised researchers and who have a monthly gross income of 120% or more of the wage level at which no further rise in social security contributions has to be paid (in 2010 this meant an income of at least €4.900 per month).

²⁵ Art. 2 Settlement Regulation

²⁶ 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 *Biffl* (2005).

²⁷ Art. 32a Aliens’ Employment Act

Additionally, Austria allows employment of new EU nationals in 67 shortage occupations, as mentioned above (e.g. brick layers, carpenters, welders, glaziers etc.²⁸) even if the quotas for the work permits are surpassed. Also for these occupations labour market testing applies and occupational competencies and skills have to be documented.²⁹

2.3 Political Debate and Involvement of Stakeholders

Austria has a long tradition of debating migration in the political arena. Political parties with opposing views are the green party on the one hand and the freedom party on the other. While the former is in favour of immigration, preferably on the basis of a point system like the one in Canada, the freedom party is downright against immigration, scapegoating migrants for unemployment and security problems. The two major Parties, the Christian Democrats and the Social Democrats, are rather lukewarm in their approach to migration. In contrast, as stated above, the social partners have very pronounced views on immigration. While the industrialists and the chamber of commerce promote increased skilled migration³⁰, the chamber of labour and the unions are reticent in their immigration stance. The latter argue that immigration from other EU-MS to Austria is high and rising, thereby satisfying labour demand. Currently some 60% of immigrants to Austria are from another EU-MS, largely for work. Not even in the year of crisis of 2009 did the inflow of migrants slow down significantly. This together with high levels of unemployment explains the rather modest support of government for increased migration of (skilled) third country citizens.

Unions have, however, recently come around to addressing issues of migrants. They promote careers of migrants in their rank and file and provide support for special needs of migrants (translations, help with bureaucracy, language training...). They also cooperate increasingly with unions in the new EU-MS and engage in capacity building across the border.

At municipal level close cooperation with various cities in the EU is taking place, and in the case of Vienna particularly also with Istanbul.

²⁸ The occupations are cited in the shortage worker act 2008.

²⁹ Regulation concerning the employment of skilled workers 2008

³⁰ See discussion paper : Zuwanderung gestalten – Ein zukunftsorientiertes Migrationsmodell.
<http://www.iv-net.at/b1805m143>

3. Approach to Implementing Economic Migration Policy

Perceived labour shortages are the *raison d'être* for creating a labour migration system. However, labour shortages are not easy to predict or to forecast. In manpower planning, long term forecasts (over 5 years) have generally turned out to be wrong, but fairly accurate predictions can be made for the medium term (2 to 3 years, see also Blaug 1973). Werner (1994) argues that analyzing trends and changes in the labour market is more useful than carrying out mechanistic forecasts. This is also the experience in Austria.

General labour market testing tends to be a more efficient way to manage the intake of foreign workers than individual labour market tests. It requires that a ceiling is placed (possibly by sector and region) which in turn presupposes fairly accurate labour market information and forecasts.

For purposes of meeting labour shortages – absolute or relative³¹ – flexible mechanisms for identifying and meeting labour demand that are close to economic realities and involve social partners in decision-making on migration planning, have been most effective in Austria.

3.1 Implementation of Economic Policy and Legislation

a) Mechanisms in place to identify, map and determine labour shortages

One way of identifying labour and skills shortages are employer reports and surveys³². These have a long tradition in Austria as part of labour market monitoring. While regular, comprehensive employer surveys along a common grid among the EU-MS are very recent – in 2009 the first comprehensive employer survey of job vacancies has been undertaken³³ – enterprise surveys of skill shortages or perceived skill needs have been undertaken regionally (Bundesländer) and nationally since the 1970s.

Initially, regular enterprise surveys were conducted by a market research institute (IFES), upon request of the Federal Ministry of Labour and Social Affairs and Consumer Protection, as part of an annual labour market monitoring and forecasting procedure. In these surveys, current skill needs as well as needs for the following year were surveyed (on the basis of a representative sample of enterprises). After some years, it became clear that enterprises, in particular small and medium sized enterprises (SME), have a very short planning horizon and longer term skill needs (planning horizon beyond half a year) could not be identified by that method. In particular, cyclical turning points could not be judged by individual enterprises. Consequently, the Austrian Institute of Economic Research (WIFO) is running regular employer surveys (WIFO-Investitions- und Konjunkturtest, Innovationstest), comparable to the ifo-institute in Munich. The data are analysed by WIFO and integrated into the quarterly business cycle forecasting model. The enterprise surveys provide information on demand for their output, on investment behaviour and on innovative activities.

This is an important input from which cyclical turning points can be judged. Such information is an integral part of any labour market forecast. An intake of migrant workers in situations of an economic downswing can exacerbate labour market problems. On the other hand, labour shortages may hamper economic growth in a situation of an economic upswing. It follows

³¹ Labour shortages can be absolute – that is persons required by the employers simply do not exist in the numbers required, or relative – that is for various reasons (mobility, particular skills, wages, conditions of work etc.) the existing labour force does not wish or is unable to fill certain jobs.

³² FAMO (Fachkräftemonitoring <http://www.famo.at/>) in CENTROPE is a more recent data source, others are from Synthesis employer monitoring (<http://www.synthesis.co.at/>) or the business cycle employer survey of the Austrian Institute of Economic Research (WIFO <http://www.wifo.ac.at/>).

³³ Source Statistics Austria; http://www.statistik.at/web_de/statistiken/arbeitsmarkt/offene_stellen/index.html

that close cyclical monitoring has to be one element of management of migration policy. In addition, other planning instruments have to be in place as forecasts of labour market needs in particular skill shortages, require a complex information system.

Accordingly, the Ministry of Labour and later the LMS (Labour Market Service) embarked upon the development of a variety of monitoring systems and manpower forecasting models along the lines of the Bureau of Labour Statistics (BLS) in Washington, D.C (www.bls.gov).

At present, Industry-Occupation Matrices (by Federal State-Bundesland), which have been built on the basis of Census data, and annual social security employment data, are an integral part of econometric forecasting models. The matrices are continually updated and are the basis of medium to long-term forecasts of labour demand developments by occupation and industry (for Austria and some federal states, e.g. Upper Austria and Styria). Occupational skill shortages are identified on the basis of Industry-Occupation Matrices, which are integrated into an Input-Output Model, in order to better understand the origin of skill needs, i.e. the workings of industrial restructuring and the implications for labour demand by occupation. The regional sectoral MultiREG macromodel, which has been developed by WIFO and Joanneum Research for Upper Austria and will be extended to include all provinces, offers a tool that is generating medium- to long-term forecasts of gross output and employment broken down by Länder and industrial sectors. MultiREG maps the links between demand, production, employment and income. Using the model for medium-term employment forecasts at Länder level calls for some adjustments. In order to ensure that they match the forecast for Austria on a national basis, additional data sources on employment have to be integrated. (Huber et al. 2006, Fritz et al. 2002)) Independent of this system, the educational attainment level of the work force (by occupation and industry) is monitored, in particular the transition from school to work.

Another way to identify labour scarcities is via the skills monitor of the Labour market Service - LMS (AMS-Qualifikationsbarometer). It is an online service for enterprises as well as persons looking for jobs; it provides, amongst other services, the skill requirements in particular occupations and professions (10.000 occupations). This database is a prerequisite for efficient education and training measures provided for unemployed and funded by the LMS. In addition, it is an indicator of skill needs which cannot be rapidly satisfied by the Austrian education and training system (initial and further education). It also serves as an information device for the recruitment of migrant workers (work permits). Occupational/skills shortages are defined by a ratio of unemployed to job openings of 1.5:1. The ratios are calculated for local labour markets because of the limited labour mobility within Austria – the result of high labour mobility costs (housing etc.) and relatively small regional wage differences.

A certain sequence in procedures is followed - the scarce skills may be imported in the first instance from new EU(12)-MS, and second from the rest of the world. For unskilled workers the transition regulations apply – as there is sufficient unskilled labour supply in Austria.

The Austrian monitoring system has been developed after abandoning enterprise panels as forecasting instruments. The latter had been in place between the mid 1980s and the late 1990s, and were similar to the Excelsior Information System in Italy. Just as in the case of Excelsior, actual job take-up tended to be far below the survey results. Consistent overestimates of expected labour demands in employer surveys were the reason for abandoning this instrument as a planning instrument for labour and migration policy in Austria. The decision against employer surveys as a guide for migration policy was the result of a migration and training policy mistake in the early 1990s, when an enterprise survey indicated severe shortages of ICT-Personnel. Accordingly, education and training policy as well as migration policy were directed to deal with this problem. This resulted in an

oversupply of information-communication skills as large numbers of ICT personnel began to enter the labour market at a time when the ICT-bubble had burst, thereby exacerbating the unemployment problems of ICT-personnel.

An example of the application of a complex set of forecasting models and labour market monitoring systems is the annual migrant intake of seasonal workers. The starting point is an analysis of labour market developments, in particular of unemployment rates in tourism and agriculture by WIFO and DUK, followed by an analysis of the labour supply developments resulting from migration policy (family reunification, asylum seekers and refugee intake) and the picture of the regional labour market monitor. On the basis of this information, annual inflow quotas are determined by the Ministry of the Interior, together with the Ministry of Labour and Social Affairs, the provinces and the social partners (Biffel et al. 2009).

In order to provide more focused information on skill needs in the provinces, the social partners are included in the local LMS as decision making partners rather than as members of an advisory board. The inclusion of the social partners (Chamber of Commerce, Chamber of Labour, Chamber of Agriculture, as well as unions and industrialists) in the board of directors of the LMS, both on federal as well as provincial level, promotes decision taking on the basis of real problems rather than ideological battles and idiosyncrasies. The regional government is included in the decision making process on migrants, i.e. the setting of quotas, within which the LMS has free decision making capacity. Should the migrant intake go beyond the quotas, decisions are taken on a case by case basis by the governor of the region.

b) How is 'Job-matching' ensured, i.e. making sure that the migrants' profile fits with the employment offered?

Job matching on an individualised basis remains a challenge. While un- and semiskilled labourers are easily matched with the job, matching becomes more difficult as the skills and the skill requirements get more complex. The LMS together with advisory councils undertake the matching so far. Skills assessments are in the hands of the social partners, while the recognition of qualifications of migrants rests with the educational authorities.

c) What kind of integration measures are in place?

Austria does not make any distinction between migrants and non-migrants in their labour market policy measures. The focus is much rather on specific target groups like distant learners, marginalised groups of workers and the like. The only specific instrument of integration of migrants is the organisation and funding of German as a second language courses by the LMS. In addition, general integration policies are established in primary and adult education and in community services.

While most migrants do not need any special integration support on the labour market, namely third country workers who have a work contract and who are free to enter, reside and work in Austria outside of any quota regulation, others are in need of special assistance beyond the right of free access to the labour market. This is particularly true for migrants who enter as family members or as asylum seekers and refugees. While the new immigration policy of 1992/93 regulated their inflow and residence rights, the labour market integration needs were not addressed as the Ministry of Labour and the social partners, who had been running the so-called "Guest Worker model", were not taken into the boat of policy coordination.

It was not until 1996 that the Federal Minister of the Interior (Caspar Einem) made the first steps towards the coordination of migration and integration policies. This policy initiative is frozen in law (Alien Law 1997), attempting to promote labour market integration of migrants,

who had resided in Austria for a longer period of time. It was meant to facilitate access to the labour market of family members, who had arrived in Austria before 1992.

As a coordinating step on the part of the Ministry of Labour, enterprises were increasingly controlled to ensure abidance by the law, namely the execution of labour market testing in case of first issues of work permits. As a result, the 'habit' of some firms to employ a third country foreigner (who had a residence permit but no right to access work or only under the condition of labour market testing) without applying for a work permit by the LMS, had to be discontinued. The rules had to be applied, i.e. a firm got a first work permit for a foreigner granted only after four unemployed, who could in principle fill the post (unemployment benefit recipients), got the job offered but rejected it. Labour market testing is an effective labour market entry barrier of unskilled and semi-skilled third country migrants. Thus, the 'coordination' of policy resulted in the application of the law which in effect reduced the employment opportunities of certain groups of third country migrants.

The enforcement of labour market testing went hand in hand with an increase in the quota of seasonal workers from abroad. It is in the discretionary power of the Minister of Labour, Social Affairs and Consumer Protectionism to decide upon an annual inflow of seasonal workers in tourism and in the agricultural/forestry sector, on the basis of regional and social partnership decisions. Both instruments contributed to a decline in clandestine work, but they reduced the chances of labour market integration of un- and semiskilled migrants already residing in the country.

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, i.e. the abandonment of the requirement of labour market testing, has significantly improved the employment opportunities of unskilled third country migrants. One year after the introduction of the green card system the quota for seasonal workers from abroad had to be reduced. This was a reaction to the increase in unemployment which resulted from the substantial supply increases in the low skill segment, as seasonal work represents an employment option for resident migrants. One has to acknowledge, however, that easy access to seasonal workers from abroad within a large quota contributes to reducing clandestine work, particularly if the season is short (harvesting) and if traditional personal connections are the basis for recruitment.

Thus the coordination of migration policy with labour market policy, which started in the mid to late 1990s, introduced a better understanding of the impact of immigration on labour demand and supply in the respective administrative disciplines. Another aspect which became increasingly an issue and resulted in amendments to migration law (NAG 2005) was the age cut-off for family reunification of children. Raising the age from originally 14 (until 2000) to 18 (2005) meant a significant improvement of the education and earnings opportunities of third country youth in Austria. While second generation migrants who arrive in Austria at a relatively young age, tend to be quite successful in school and later on the labour market, this is not the case for youth arriving at an older age. Some of the greatest difficulties migrant youth are faced with on the labour market today are the result of protracted entry, often after the age for compulsory schooling in Austria (15), and the concomitant lack of school leaving certificates or acknowledgement of credentials obtained abroad.

3.2 Statistics and Trends

Austria has a high and rising share of migrants in the work force. In 2009, according to the labour force survey, of a total of 3.993.900 workers 422.900 or 10.6% were foreign citizens: 2,6% other EU-15 nationals, 1,4% EU-10 nationals, 0,5% EU-2 nationals and 6,1% third-country nationals.

Table 1: Total stock of workers by groups of citizenship, 2009

Countries of citizenship		
Nationals	3.571.034	89,4%
Foreign nationals	422.910	10,6%
<i>EU 15</i>	<i>105.245</i>	<i>2,6%</i>
<i>EU 10</i>	<i>55.008</i>	<i>1,4%</i>
<i>EU 2</i>	<i>20.428</i>	<i>0,5%</i>
<i>TCNs</i>	<i>242.229</i>	<i>6,1%</i>
Total	3.993.944	100%

Source: Labour Force Survey 2009.

The proportion of foreign born was close to 20%. The share of foreign employees did not differ much by gender: 10.8% of all male workers had a foreign citizenship and 10.4% of female workers. The share of foreign citizens has increased between 2004 and 2009 by 1 percentage point on average, the increase was more pronounced for women than for men (1.5 percentage points versus 0.1 percentage point).

3.2.1 Statistics on the labour market and migration

A break-down of the employment stocks by skill level shows that 39% of total employment in 2009 accrued to the highly skilled group, i.e. ISCO-88 classes of 1, 2 and 3, 51.8% to the skilled group of ISCO-88 groups 4-8 and 9.2% to the low skilled group of elementary occupations. The overall skills composition so defined did not change much between 2004 and 2009. Table 2 shows that workers with EU-15 citizenship are on average the best skilled group, 59.2% belonging to the highly skilled and only 3.9% to the low skilled. In contrast, citizens of EU-10 countries are less skilled than the Austrians, 30.9% belonging to the high skilled group and 17.7% to the low skilled one. A striking feature of this group of workers is that they have about the same proportion of persons with medium skills as Austrians (51.5%). Citizens of EU-2 countries have a somewhat smaller proportion of workers with medium skills (49.8%) but a significantly higher proportion of persons with low skills (35.8%). This share is only slightly below the share of low skilled workers of third country origin (36.5%). In contrast, the share of highly skilled workers is higher among third country citizens than among EU-2 workers (17.1%).

Table 2: Workers by groups of citizenship and main category of employment, 2009

Main categorisation	Nationals		EU 15		EU 10		EU 2		TCNs		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
A. Highly skilled	1.393.539	39,0%	62.282	59,2%	16.973	30,9%	2.936	14,4%	41.334	17,1%	1.517.064	38,0%
B. Skilled	1.849.662	51,8%	38.848	36,9%	28.312	51,5%	10.176	49,8%	112.585	46,5%	2.039.583	51,1%
C. Low skilled	327.833	9,2%	4.115	3,9%	9.723	17,7%	7.316	35,8%	88.310	36,5%	43.7297	10,9%
TOTAL	3.571.034	100,0%	105.245	100,0%	55.008	100,0%	20.428	100,0%	242.229	100,0%	3.993.944	100,0%

Source: Labour Force Survey 2009.

The proportion of foreign citizens amongst the employed changed somewhat over time: the share of migrants in high skilled jobs increased from 6.4% in 2004 to 8.1% in 2009, and declined in the medium (from 9.6% to 9.3%) and low skill segment (from 25.1% to 25% in 2009).

Table 3: Workers by groups of citizenship and main category of employment, 2009

Nationality		A. Highly skilled	B. Skilled	C. Low skilled	Total
Nationals	abs.	1.393.539	1.849.662	327.833	3.571.034
	% of Total	91,9%	90,7%	75,0%	89,0%
Foreign Nationals	abs.	123.525	189.921	109.464	422.910
	% of Total	8,1%	9,3%	25,0%	10,6%
EU 15	abs.	62.282	38.848	4.115	105.245
	% of Total	4,1%	1,9%	0,9%	2,6%
EU 10	abs.	16.973	28.312	9.723	55.008
	% of Total	1,1%	1,4%	2,2%	1,4%
EU 2	abs.	2.936	10.176	7.316	20.428
	% of Total	0,2%	0,5%	1,7%	0,5%
TCNs	abs.	41.334	112.585	88.310	242.229
	% of Total	2,7%	5,5%	20,2%	6,1%
Total	Total	1.517.064	2.039.583	437.297	3.993.944

Source: Labour Force Survey 2009.

Disaggregated by nationals, other EU nationals plus third country nationals³⁴ and occupation:

In 2009, of all highly skilled workers 4% were EU-14 nationals – compared to 3% in 2004; 1% were EU-10 nationals – just as in 2004; less than 1% were EU-2 nationals – just as in 2004; and 3% were third country citizens – compared to 2% in 2004.

Of all skilled workers, 2% were migrants from another EU-15 country (2004: 1%); 1% was from an EU-10 –MS (2004: 2%); less than 1% were EU-2 nationals – just as in 2004; but 6% were from third countries – just as in 2004.

Of all low skilled workers, 1% was from another EU-15 country (2004: 1%); 2% were from an EU-10 country (2004: 1%); 2% were from an EU-2 country (2004: 2%), and 20% were from a third country (2004: 21%).

Thus, the rising share of highly skilled migrants in total employment is due to above average increases of EU-15 (a rise of 1.1 percentage points between 2004 and 2009) and third country highly skilled workers (+0.8 percentage points between 2004 and 2009). The declining share of skilled migrant workers is, in contrast, due to an above average fall in the number of medium skilled EU-10 (-0.2 percentage points) and third country nationals (-0.9 percentage points 2004/2009). The share of low skilled migrant workers in total employment declined only in the case of third country citizens (-1.1 percentage points 2004/2009), while rising for all EU groups, in particular from EU-10 countries.

The labour force data substantiate the notion that migrants from another EU-MS tend to have higher skills than third country citizens. The dynamics over time show that EU-15 citizens tend to satisfy growing skill demands increasingly (rising share of highly skilled plus skilled migrants in total highly skilled and skilled employment: from 4,4% in 2004 to 6% in 2009) while EU-10 and EU-2 citizens tend to be somewhat stronger represented in the low skill

³⁴ The category “third-country nationals” also includes persons originating from Switzerland and non-EU EEA countries.

segment, and increasingly so (rising share from 3.1% to 3.9% 2004/09). Third country nationals, on the other hand have a very diverse skill composition, satisfying labour demand in all three skill levels. Over time, the share of highly skilled rises (from 1.9% to 2.7%) and the share of low skilled declines (from 21.3% to 20.2%). The great bulk remains in the low skilled segment, however, namely 88.300 or 36% of all third country workers in 2009.

Researchers are to a significant extent migrants. In 2009, 11.1% of a total of 431,400 researchers were migrants, the majority from another EU-15 country (7.1% of all researchers). But also persons from EU-10, EU-2 and third countries are increasingly satisfying the demand for researchers. In 2009, 2.7% of all researchers were from third countries, 1.1% from EU-10 and 0.2% from EU-2 countries.

Seasonal workers may enter Austria either on the basis of a temporary employment permit granted by the Federal Ministry of Labour, Social Affairs and Consumer Protection, or as a result of a bilateral cross-border agreement (commuters from Hungary). These temporary work contracts are linked to employment contracts, which in both cases have a ceiling. In these cases the residence in Austria is an integral part of the work contract and does not need processing by the Ministry of the Interior. Consequently, they are not included in the third country citizenship residence register of the Ministry of the Interior. Accordingly, a large proportion of seasonal workers are commuters in border regions in the East and Southeast of Austria.

Seasonal work is not only an opportunity to work for non-resident third country migrants (or EU-12 countries for as long as the transition regulations apply) but also for third country migrants residing in Austria who do not have the resident permit which grants access to the labour market without prior labour market testing. As a consequence of the introduction of the 'green card' in 2003, which allows entry into the labour market without the firm having to apply for a work permit, the employment opportunities of unskilled migrants who have legally resided in Austria for 4 years improved. Accordingly, the seasonal worker quota in agriculture, forestry and harvesting plus tourism could be reduced in 2003 from some 27,000 (sum of monthly contingents averaged over a year) to some 21,000 in 2004. The actual number of seasonal workers has been fluctuating around an annual average of some 12,000 ever since then. About two thirds of the seasonal foreign workers are working in agriculture and forestry and one third in tourism.

Seasonal foreign workers make up a fairly high proportion of foreign wage and salary earners in agriculture and forestry, namely some 80% to 90%. In contrast, only some 8% of all foreign workers in tourism are working on the basis of a seasonal work permit. The seasonal worker regulation is an important means to reduce clandestine work of third country migrants³⁵. (Biffel et al. 2009)

Disaggregated by nationals, other EU nationals plus third country nationals³⁶ and sex.

In 2009, men were on average somewhat better skilled than women. Of a total of 2.1 million employed men 39.6% were highly skilled - compared to 36.1% of the 1.9 million employed women, 55.1% were skilled (compared to 50.9% of women) and 12.7% were unskilled (compared to 13% of women). The best skilled men and women were citizens from another EU-15 country: 64.2 % of men and 53.3% of women were highly skilled and only 2.7% of men and 5.4% of women were low skilled. In contrast, 40.7% of Austrian men and 37% of

³⁵ The contingent as well as the number of seasonal permits is larger than the number of employed persons averaged over a year. In seasonal peak times the actual number of seasonal workers is quite high, however, e.g. in June 2009 some 12,000 harvesters and seasonal workers in agriculture and forestry were employed in addition to 3,600 seasonal workers in tourism.

³⁶ The category "third-country nationals" also includes persons originating from Switzerland and non-EU EEA countries.

Austrian women were highly skilled and 7.8% respectively 10.7% were low skilled. Women from another EU-15 country contributed thus more to skilled (2.1 vs 1.7%) and low skilled (1.1 vs 0.8%) and less to high skilled labour demand (3.8 vs 4.3% of high skilled labour) than third country men.

In the case of EU-10 and EU-2 citizenship women are working more than proportionately in Austria than men, namely 1.7% respectively 0.7% of all female employment compared to 1.1% respectively 0.4% of all male employment; their skill composition differs by sex. Women from EU-10 countries have a pronounced polarisation of their skill structure. While 35.9% of EU-10 female workers are highly skilled, compared to 24% of EU-10 men, 20.9% are low skilled – compared to 13.4% of their male counterparts.

EU-2 women are, in contrast, to a smaller extent than their male counterparts highly skilled (10.6% versus 19.8%), and the proportion of unskilled is significantly higher than in the case of EU-2 men (43% versus 25.4%).

Amongst third country citizens women have an even higher share of unskilled workers than EU-2 women (47.7%), but they also have a higher share of highly skilled (15.5%). Men of third countries are on average better skilled than their female counterparts. Migrant men tend to be much stronger represented in the medium skill bracket than migrant women.

Table 4: Workers by groups of citizenship and main category of employment by sex, 2009

	1. Nationals			2. (Other) EU-15 Nationals in Group ⁴			3. EU-10 Nationals in Group ⁴			4. EU-2 Nationals in Group ⁴			5. Third Country Nationals in Group			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
A. Highly skilled□	40.7	37.1	39.0	64.2	53.3	59.2	24.0	35.9	30.9	19.8	10.6	14.4	18.2	15.5	17.1	39.6	36.1	38.0
B. Skilled□	51.5	52.2	51.8	33.1	41.4	36.9	62.6	43.2	51.5	54.8	46.3	49.8	53.3	36.9	46.5	51.2	50.9	51.1
C. Low skilled□	7.8	10.7	9.2	2.7	5.4	3.9	13.4	20.9	17.7	25.4	43.0	35.8	28.5	47.7	36.5	9.2	13.0	10.9

Source: Labour Force Survey 2009.

The ten major migrant nationalities

The ten major single nationalities of migrants in Austria represent 76% of all foreign citizens in the work force in 2009. They are in the correct rank order: from Germany, Serbia-Montenegro, Bosnia-Herzegovina, Turkey, Croatia, Poland, Romania, Slovakia, Italy (in the main from South Tyrol) and Hungary. The rank order has changed between 2004 and 2009 in that the influx from Germany gained weight, overtaking immigrant numbers from Serbia-Montenegro and Bosnia-Herzegovina. Also the number of Romanians increased significantly since EU-membership in 2007 such that they jumped the queue from 8th place in 2004 to 7th place in 2009.

The skill composition of the migrant workers differs greatly by country of origin. Of the 4 top migrant nationalities, Germans have the highest proportion of highly skilled workers (56% highly skilled) and a fairly high proportion are skilled (39%). In contrast, workers from the regions of former Yugoslavia and Turkey tend to have a fairly similar skill structure with some 10% highly skilled and an almost equal division of skilled and low skilled. Amongst them, migrants from Bosnia-Herzegovina tend to be somewhat better skilled than the other two categories.

Table 5: The top 4 migrant worker groups by skill level, 2009

	Total	A. Highly skilled		B. Skilled		C. Low skilled	
			In %		In %		In %
Germany	75.942	42.933	56,5%	29.816	39,3%	3.193	4,2%
Serbia-Montenegro	51.429	4.181	8,1%	23.834	46,3%	23.414	45,5%
Bosnia-Herzegovina	47.389	4.309	9,1%	24.555	51,8%	18.525	39,1%
Turkey	38.965	4.153	10,7%	17.681	45,4%	17.131	44,0%

Source: Labour Force Survey 2009. Shaded figures are statistically not reliable due to small sample size.

Some major occupations of economic migrants.

Migrants make up 21% of all employees in housekeeping and restaurant services. The major group are third country nationals (12% of all workers), followed by other EU-15 nationals (5% of all workers in 2009, largely from Germany), by citizens of EU-10 countries (3%) and EU-2 countries (1%).

In personal care work some 8% are migrant workers, mostly female, evenly spread over the various source countries (3% of the total from third countries, 2% ex aequo from EU-15 and EU-10 and 1% from EU-2).

Of all health professionals except nursing 9% were migrants, basically from EU-15 (7%) and EU-10 (1%).

Nursing personnel is not captured in the occupational classification of 223, but rather in 323 (non-academic nursing and care), where more than 11% of all workers had a foreign citizenship in 2009.

The highest proportion of migrants is working as a labourer in manufacturing, construction, transport and mining (ISCO 93) with 22%, mainly persons from third countries (19%). In contrast, highly skilled professionals in engineering and related professions are mainly from another EU-15 country (6% of the total), followed by EU-10 (4%) and third country nationals (3% of the total).

Flow data:

Flow data on migrants refer to the number of settlement permits (NB = Niederlassungsbewilligung) and residence permits (until 2005 AE = Aufenthaltserlaubnis, from 2006 AB = Aufenthaltsbewilligung) granted to third country citizens (as EU-citizens do not require such a permit due to freedom of movement of persons).³⁷

Accordingly, it is important to remember that a relatively small proportion of the annual inflows of settlers is regulated by quotas; temporary residents are able to reside on the basis of regulations of labour market institutions (seasonal or other employment contracts), university or other school access rights or on humanitarian grounds. Over the year 2008 a sum total of 21.200 resident permits were issued to newcomers from third countries (-300 or 1.6 percent versus 2007), of which 15.400 or 72 percent to settlers. Thus the annual inflow of settlers remained more or less at the level of 2007 - after the abrupt decline in 2006, which had resulted from the reforms of the immigration regulations in 2005. The reforms effectively took away the right to family reunion of paupers and persons on social assistance.

The number of temporary resident permits granted to third country citizens increased slightly to 5,900 permits (180, 3.2 percent), after the break in 2006, after which the numbers were more than halved as a result of a switch from resident permits to work visas for temporary work of less than 6 months.

³⁷ For access to the labour market of EU nationals under transitional agreements see chapter 2.2.

Of the 15.400 new settlers in 2008, almost one half (7.400) were issued on the basis of a quota, i.e., either due to high skills/key workers (Schlüsselarbeitskraft) or as a family member of a third country citizen, who is a settler in Austria within a quota. Thus, 52 percent of the new third country settlers have the right to join their Austrian or EEA-family members or may settle on humanitarian grounds.

Settler permits can also be acquired by having a temporary permit transformed or the status of a settler visa without access to work transferred into one with access to work. In the course of 2008, 2.600 such transformations were taking place; 78% went to persons who were not under a quota/cap, namely 2.008. The transformations of titles were evenly spread across men and women.

Table 1: Annual inflows of settlers and temporary residents of third countries

Residence Permits issued in the course of the Year 2002-2008

Annual Sum by end of December

	2002	2003	2004	2005	2006	2007	2008
First issue settler	27.166	34.564	31.835	32.166	16.353	15.888	15361
First Issue temporary resident	38.801	35.405	32.209	21.200	6.613	5.699	5.879
	65.967	69.969	64.044	53.366	22.966	21.587	21.240
<i>Men</i>							
First issue settler	11.976	15.158	14.471	14.508	7.016	7.083	7.037
of which within quota regulation	2.745	2.977	1.840	2.287	1.616	2.096	2.218
outside quota	9.231	12.181	12.631	12.221	5.400	4.987	4.819
Prolongation of settlement	0	34.332	33.443	36.484	51.852	59.203	56.327
Transfer of title to settler (no quota)					362	614	1.057
Transfer of title to settler (inside quota)					144	280	279
First issue temporary resident	21.257	19.891	16.903	11.374	2.902	2.621	2.660
of which within quota regulation						0	
outside quota	21.257					2.621	2.660
Prolongation of temporary stay	0	13.943	10.757	9.994	7.521	7.124	7.596
extension of residence permit		13.943	10.757	9.994	7.521	7.124	7.596
transfer of other title to resident title						0	
Total	33.233	83.324	75.574	72.360	69.291	76.031	73.620
<i>Women</i>							
First issue settler	15.190	19.406	17.364	17.658	9.337	8.805	8.324
of which within quota regulation	3.851	5.050	3.298	3.971	2.453	3.159	5.183
outside quota	11.339	14.356	14.066	13.687	6.884	5.646	3.141
Prolongation of settlement	0	37.214	38.304	41.883	55.778	62.174	63.067
Transfer of title to settler (no quota)					450	619	951
Transfer of title to settler (inside quota)					229	292	289
First issue temporary resident	17.544	15.514	15.306	9.826	3.711	3.078	3.219
of which within quota regulation						0	
outside quota	17.544					3.078	3.219
Prolongation of temporary stay	0	13.381	12.731	12.508	8.008	7.085	7.422
extension of residence permit		13.381	12.731	12.508	8.008	7.085	7.422
transfer of other title resident title						0	
Total	32.734	85.515	83.705	81.875	76.834	81.142	82.032
<i>Total</i>							
First issue settler	27.166	34.564	31.835	32.166	16.353	15.888	15.361
of which within quota regulation	6.596	8.027	5.138	6.258	4.069	5.255	7.401
outside quota	20.570	26.537	26.697	25.908	12.284	10.633	7.960
Prolongation of settlement	0	71.546	71.747	78.367	107.630	121.377	119.394
Transfer of title to settler (no quota)					812	1.233	2.008
Transfer of title to settler (inside quota)					373	572	568
First issue temporary resident	38.801	35.405	32.209	21.200	6.613	5.699	5.879
of which within quota regulation	0	0	0	0	0	0	
outside quota	38.801	0	0	0	0	5.699	5.879
Prolongation of temporary stay	0	27.324	23.488	22.502	15.529	14.209	15.018
extension of residence permit	0	27.324	23.488	22.502	15.529	14.209	15.018
Total	65.967	168.839	159.279	154.235	147.310	158.978	158.228

Source: Ministry of the Interior.

As to the newly issued temporary resident permits: of the total of 5.900 issued to third country citizens in 2008, the majority are persons working in Austria temporarily (and their family members), followed by students and their family members, and 1 percent could stay on humanitarian grounds, many of them 'integrated' asylum seekers.

Temporary residence may be granted on the basis of various regulations, e.g., a temporary employment permit granted by the Federal Ministry of Labour Social Affairs and Consumer Protection in the case of seasonal work, or as a result of a bilateral cross-border agreement (commuters from Hungary). These temporary work contracts are linked to employment contracts, which have a ceiling, e.g., in the case of seasonal workers and cross-border commuters. In these cases the residence in Austria is an integral part of the work contract and

does not need processing by the Ministry of the Interior. All other temporary residence cases which exceed a stay of 6 months are documented by the Ministry of the Interior, e.g., students, training and work experience schemes, sports and entertainment schemes etc. These stays are uncapped, e.g., researchers, students etc., i.e., all of the 5.900 temporary residence permits issued in 2008, are uncapped by quotas. The temporary residence status may be extended, e.g. in case of students. The total number of extensions is almost triple the number of first issues, namely 15.000 in 2008, +809 or 5.7% versus 2007.

In the course of 2008 15.400 first settler permits were issued, somewhat less than in 2007 and about 1.000 (-6.1%) less than in 2006. Two third of the settlement permits are issued to persons in uncapped categories, namely 10.000. The settler permits issued to third country citizens, for whom no quota limit applies, are either family members of Austrians (or of citizens of the EEA) or they have obtained settlement rights in another EU-MS, or else may reside in Austria on humanitarian grounds. As far as the first group is concerned, they have unlimited access to the labour market (5.900 in 2008). The latter may access work on the basis of labour market testing.

Amongst the capped categories a fairly small number are highly skilled migrants, who come for work. The figures have been rising between 2006 and 2008 by 300 or 52% to 832. They constituted 15 percent of all first quota settlement permits in 2008. The majority of first settlers, who come under a quota, are family members who may only enter the labour market after labour market testing (limited access to work), (Table 2).

Table 2: Sum of settlement permits granted to citizens of third countries (Non-EU) by residence status and gender

1 January to end of December

	2006			2007			2008		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Sum of all first settlement permits within the quota regulation	1.616	2.453	4.069	2.096	3.159	5.255	2.218	3.141	5.359
No access to work	44	72	116	62	57	119	86	88	174
Limited (Family reunion)	1.043	2.050	3.093	1.353	2.665	4.018	1.333	2.508	3.841
Limited (Family reunion with self-employed high skilled settler)	13	12	25	13	20	33	5	17	22
Limited (Family reunion with salaried high skilled settler)	87	190	277	116	235	351	147	328	475
Limited (mobility of self-employed)	2	1	3	2	2	4		2	2
Limited (mobility of salaried worker)	2	5	7	7	5	12	6	7	13
High skilled settler (self-employed)	22	5	27	25	9	34	26	10	36
High skilled settler (salaried worker)	403	118	521	518	166	684	615	181	796
Sum of all first settlement permits outside the quota regulation	1.840	1.849	3.689	2.114	2.002	4.116	2.119	1.950	4.069
Family member	555	589	1.144	291	373	664	172	248	420
No access to work	17	21	38	9	8	17	11	9	20
No access to work (Humanitarian status)	17	7	24	8	7	15	2	2	4
Limited access to work (Family reunion)	1.179	1.151	2.330	1.682	1.507	3.189	1.860	1.624	3.484
Limited access to work (Family reunion humanitarian)	23	38	61	72	78	150	34	46	80
Limited access to work (European agreement)	2	4	6	3		3	3	5	8
Limited access to work (humanitarian)	47	39	86	49	29	78	37	16	53
First settlement permits: Family member	3.560	5.035	8.595	2.873	3.644	6.517	2.700	3.233	5.933
Family reunion (labour market testing for access to labour market)				18	16	34	24	11	35
Family reunion with Austrian/EEA (free access to labour market)	3.560	5.035	8.595	2.855	3.628	6.483	2.676	3.222	5.898
Sum of all first settlement permits	7.016	9.337	16.353	7.083	8.805	15.888	7.037	8.324	15.361
Prolongation of settlement permits	22.462	24.260	46.722	29.781	31.527	61.308	31.554	33.778	65.332
Family member	907	2.510	3.417	1.129	2.441	3.570	1.199	2.467	3.666
No access to work	355	525	880	364	561	925	375	529	904
Limited access to work (LM-testing)	11.327	11.140	22.467	12.712	12.133	24.845	10.887	10.740	21.627
High skilled settler (self-employed)	20	11	31	9	4	13	12	4	16
High skilled settler (salaried worker)	125	49	174	57	35	92	75	30	105
Unrestricted access to labour market	9.728	10.025	19.753	15.510	16.353	31.863	19.006	20.008	39.014
Prolongation of other settlement permits	29.389	31.518	60.907	29.422	30.647	60.069	24.773	29.289	54.062
Permanent residence- EU mobility	14.392	11.325	25.717	16.717	14.455	31.172	12.286	11.931	24.217
Permanent residence- family member EEA	1.293	1.683	2.976	1.902	1.818	3.720	1.594	2.188	3.782
Family member of perm. resident (LM-Testing)				12	17	29	29	27	56
Family member of Austrian/EEA (free access to LM)	13.704	18.510	32.214	10.791	14.357	25.148	10.864	15.143	26.007
Sum of all settlement permits	58.867	65.115	123.982	66.286	70.979	137.265	63.364	71.391	134.755

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

Settlement permits entitle third country citizens to settle in Austria, but not everybody intends to settle, while others want to transform their settlement category into another title with more rights, e.g. free access to the labour market. Adding also the extensions and transformations into the picture, Austria issued a total of some 134.800 settlement permits in 2008.

In the event of a legal stay beyond 5 years, settlers may opt for obtaining a settlement certificate, which is available since 2003, modelled after the American 'green card'. Prolongations of settlement permits are becoming more frequent as the duration of stay gets longer and integration proceeds. In addition, large numbers of prolongations go to third country citizens who have permanent residence rights in another EU-MS. They may access the labour market in Austria without any limitations. Their numbers amounted to 25.700 in 2006, increased to 31.200 in 2007 and declined again in 2008 to 24.200.

Table 3: Sum of temporary residence permits granted to citizens of third countries (Non-EU) by residence status and gender

1 January to end of December

	2006			2007			2008		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
First temporary residence permits	2.902	3.711	6.613	2.616	3.068	5.684	2.660	3.219	5.879
Employed persons on basis of GATS (mode 4)	126	73	199	93	12	105	152	19	171
Family member of highly skilled								2	2
Family member of researcher	9	17	26	7	34	41	19	38	57
Family member of intercompany transfers	42	94	136	41	90	131	40	94	134
Family member of special employment-artist/scier	114	204	318	123	197	320	97	158	255
Family member of students	76	84	160	50	64	114	51	77	128
Family member of scientist/artist	11	10	21				13	45	58
Researcher	45	29	74	96	47	143	102	49	151
Humanitarian grounds	64	80	144	84	104	188	58	54	112
Artist (on the basis of work contract)	57	34	91	25	19	44	42	20	62
Artist (self-employed)	32	17	49	24	9	33	17	15	32
Intercompany transfers	135	51	186	120	27	147	114	36	150
Pupil	256	346	602	207	356	563	208	333	541
Self-employed	13	6	19	9	1	10	9	3	12
Special cases of salaried employees	597	1.391	1.988	542	1.123	1.665	529	1.164	1.693
Social worker	2	2	4	1	2	3		1	1
Students of higher education	1.323	1.273	2.596	1.194	983	2.177	1.209	1.111	2.320
Extensions of temporary residence permits	7.521	8.008	15.529	7.124	7.085	14.209	7.596	7.422	15.018
Employed persons on basis of GATS (mode 4)	74	45	119	44	38	82	90	39	129
Family member of highly skilled							8	10	18
Family member of researcher	3	6	9	13	16	29	4	4	8
Family member of intercompany transfers	62	150	212	61	153	214	9	35	44
Family member of special employment-artist/scier	171	335	506	281	524	805	67	165	232
Family member of students	150	217	367	120	165	285	320	519	839
Family member of scientist/artist	41	66	107	35	58	93	128	173	301
Researcher	17	7	24	48	26	74	20	46	66
Humanitarian grounds	35	55	90	39	46	85	127	62	189
Artist (on the basis of work contract)	107	83	190	104	79	183	44	46	90
Artist (self-employed)	91	53	144	104	56	160	123	89	212
Intercompany transfers	154	55	209	149	46	195	109	65	174
Pupil	595	891	1.486	481	780	1.261	182	45	227
Self-employed	12	3	15	20	6	26	471	784	1.255
Special cases of salaried employees	705	857	1.562	1.018	653	1.671	22	5	27
Social worker	5	11	16	0	0	0	1.136	678	1.814
Students of higher education	5.299	5.174	10.473	4.607	4.439	9.046	4.736	4.657	9.393
Sum of all temporary residence permits	10.423	8.008	22.142	9.740	10.153	19.893	10.256	10.641	20.897

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

In addition to settlement permits, the Federal Ministry of the Interior issues temporary residence permits to persons who have obtained the right to enter for study, temporary work and business purposes including services mobility (GATS mode 4 = posted workers) or on humanitarian grounds. In the course of 2008, all in all 5,900 temporary residence permits were issued for the first time, and 15.000 were extended. The largest number of first temporary residence permits goes to students of higher education, namely 2.300 or 39 percent of all first temporary resident permits. Students are also the largest group to get their temporary stay extended namely 9.400 or 63% of all extensions, (Table 3).

Temporary residence status does not envisage the possibility of family reunion and access to welfare payments, in particular unemployment benefits. While the average duration of stay of

temporary residents before the administrative break in 2006 was on average 4 to 6 weeks (in 2005 and 2004), it rose to 7 months by mid 2008.

Labour Market needs (vacancies):

Job vacancy data from the employer survey in 2009³⁸ shows that of the 52,700 job openings the largest number referred to the medium skill segment (54% of all vacancies) followed by highly skilled workers (31% of all job openings). But there is also unsatisfied demand for unskilled workers, even in the year of the economic crisis of 2009.

The major occupations for which job openings were recorded were in services tasks, in particular sales personnel (27% of all vacancies), followed by trades persons, i.e. technicians and similar skill level (21.4%) and crafts skills (13.5%). Vacancies for unskilled workers amounted to 12.3%.

The year of economic crisis has to be borne in mind, however, when wanting to explain the very low vacancy rate of 1.3%, compared to an unemployment rate of some 4.1%.

Future needs:

Projections / scenarios of future needs (in next 5, 10, 20 years), indicate that immigration to Austria will continue, on the one hand flowing from chain migration and family reunion, on the other in the wake of the fall of transition regulations and further enlargement of the EU. In addition, Austria is planning to implement a point based system of increased skilled migration from third countries. According to the forecast, Austria expects to raise the annual average intake of highly skilled from the current number of 1.000 persons to some 8.000 by 2030. Accordingly, Austria hopes to raise the number of highly skilled migrants by 100.000 between now and 2030. (Biffel et al 2010)

The planning and control of migration flows is becoming increasingly difficult, given the necessary rights to family reunification, to refuge and to settlement after a certain period of legal residence on the one hand and free mobility of labour within the EU. Thus it will be difficult to adapt the migration system towards a larger inflow of highly skilled migrants. If immigration to Austria continues to take place along traditional un- and semiskilled lines, it will not fit into the emerging specialisation processes of industrial production and economic integration and will most likely result in increased unemployment of the less skilled. These circumstances will not only limit potential economic growth but will contribute to rising income inequality and endanger social cohesion. The need for adjustment assistance is evident, one element being a coherent approach by the government and other relevant parties in the development of a system of lifelong learning.

The development of a system of lifelong learning is a major tool to raise and adapt the skill base of the work force and thus productivity. It is an integral part of the Lisbon Agenda towards a productive knowledge society. It may not suffice, however, to reduce the productivity gap between Europe and North America. The latter, together with Australia, are more successful than Europe in attracting the highly skilled, who almost by definition contribute more than proportionately to economic and productivity growth. In that light, Europe may have to rethink its migration policies and develop better tools to attract and retain the highly skilled.

This can for example be achieved by implementing a system of controlled migration. It is a prerequisite for maximising the economic advantage associated with migration. However, integration measures have to complement immigration if social cohesion is not to be jeopardised. Even in cases of temporary worker migration, integration measures should be

³⁸ Statistics Austria, Employer Survey 2009.

accessible, in particular housing and language courses, in order to promote social cohesion, one of the main pillars of the Lisbon Agenda.

While migrants will have a role to play in alleviating the problems linked to population ageing, the eventual ageing of the migrants themselves will add yet another dimension to the already daunting task of providing adequate care for an ageing population. The comparatively weak health of older migrants relative to natives implies that health care institutions will be faced with caring for people with special needs due to often chronic and multimorbid health problems as well as different language and cultural background. This may imply institutional adjustments, e.g. intercultural and diversity training for care-personnel, medication and equipment.

As migratory processes do not only have an economic dimension but also political, cultural, social, humanitarian and even strategic ones, it is important to inform the Austrian population about the contributions of immigrants to the wellbeing of society. In this respect Austria will have to learn from the traditional immigration countries overseas, where the media play an important role in informing the general public about the economic benefits accruing from immigration. However, this may partly be the result of a better informed media, as research into the role of immigration in socio-economic development is abundant and outcomes are readily available – a result of a long tradition of generous funding of migration research and a policy of transparency.

3.2.2 Analysis of trends and relevant developments

a) Are there any shortages in particular occupations and/or sectors in the Member State?

Yes, in the main in personal social and health care services, to some extent also in the high skill segment of engineering and natural science. The root causes are mainly deficiencies in the Austrian education system. In the first case, the reforms of the education system of the 1960s and 1970s did not integrate social and health care in the federal system but left this part of education and training to the Bundesländer to organise. As a consequence, health care education and training is fragmented and not included in the higher education stream which leads to a Matura, i.e. university entrance qualification levels. This has an impact not only on wages and career options but also on the social status and the working conditions.

In contrast, investment in higher education and university facilities in the natural sciences and engineering were insufficient to provide incentives to follow these long cycle university studies. In addition, wage and employment policy provided more incentives to choose law and business studies than science courses. In consequence, not enough people want to work in these occupations, for reasons of limited career opportunities and earnings.

Accordingly, demand is high for migrants in these occupations.

b) To what extent have these been successfully filled by migrant workers over recent years or not (e.g. in regard to their numbers/ occupation category/ job type)?

As data indicates, Austria was so far successfully applying this strategy. Germans and other EU citizens tend to satisfy the demand for engineers and similar occupations while women of new EU-MS tend to work in care services, often as self-employed with low pay and working conditions.

c) What (if any) evidence is there that economic migrants are returning to their country of origin when the labour shortages in the particular occupations and/or sectors cease

to exist (increasing unemployment and thus an apparent lack of need for migrant workers)?

There is no indication that migrants return home in cases where the demand for their labour dries up. Unemployment benefits and active labour market policies are in place to finance retraining and further education to ensure renewed employability.

d) With reference also to Article 14(2) of Directive 2009/52/EC (Employer Sanctions),³⁹ is there information on the extent of illegally resident third-country nationals working in specific sectors (e.g. construction, agriculture, domestic, hotels)? If so, can an assessment of their impact on, and the needs of, the labour market in these sectors be made?

Austria has a long tradition of moonlighting. Employer sanctions have not been very successful to combat clandestine work. However, legalisation of services, above all in the household sector, can create a large number of jobs thereby reducing unemployment of lower to medium skill groups.

This could be seen in the case of legalising domestic care work. With eastern enlargement of the EU illegal employment of home care workers from Central and Eastern European Countries gained momentum. In 2006, the estimated numbers of illegal workers in care work were in the order of 40.000 workers, mainly women from Slovakia. The organisation of care work in the household sector became a hot topic in public debate. It triggered off a reform of legislation in 2007, promoting the legalisation of clandestine care workers from new EU-MS. By 2008, some 20.000 legalisations were registered, many of them as self-employed. Thus the above average employment and labour supply growth in 2008 was to a certain extent a mirage and brought about by legalisation of clandestine care workers. The pronounced slow-down in measured productivity growth in 2008 has to be re-interpreted in that context as well.

The few data collected on illegal (foreign) employment reveal that, apart from care work, the industries most affected are construction, catering, agriculture and small-scale industry. Until 2002 (Biffl et al., 2002), the majority of illegally working immigrants came from Poland or Slovakia on the one hand and the successor states of Former Yugoslavia on the other. Jandl, et al. (2007) estimate illegal employment to be most pronounced in construction, catering/tourism (with some 15% of total employment) and agriculture (13%) (ibid).

Ever since then, no comprehensive information has been made available on clandestine work by nationality. But some of the complex administrative procedures regarding access to the labour market of migrants from third countries (and for citizens of new EU-MS for as long as the transition regulations apply) have to be understood as instruments to combat clandestine work, in particular seasonal work in tourism and harvesting. The actual numbers of permits granted annually are in the order of 60.000 to 70.000 – for a limited time period, obviously. In an annual average the numbers are quite small in comparison though (12.100 in 2008 and 11.700 in 2009), taking into account that some may only work a few weeks and have a tradition of coming to the same employer over years. While this system is efficient in combating clandestine work, it also makes sure that every seasonal worker has social security coverage during the period of work in Austria.

Another group of persons has been taken out from the pool of clandestine workers, i.e., third country students. The amendment of the Alien Law of July 2002 allowed students to take up employment but only as part-timers, to help cover their living expenses. This amendment was not expected to and did not raise labour supply of migrant students but tended to legalise their

³⁹ Available from <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:168:0024:0032:EN:PDF>.

work. No exact numbers have come forward yet, as most of them are 'casual workers', who do not get full social security coverage.

4. Co-operation with Third Countries for Economic Migration

Today, Austria does not cooperate with any third country to satisfy its labour demand. This was the case in the days of the foreign worker model, when recruitment centres in Turkey and former Yugoslavia were cooperating with the local LMS to recruit migrant workers.

5. Analysis and Conclusions

The major part of immigration to Austria is a result of free mobility of labour within the EU and of family reunification. Only a small proportion of third country migrants enter on the basis of scarce skills and thus labour recruitment (1.5% of all settler residence permits). Consequently, the speed of labour market access depends on the legal status of the migrant. Most migrants have free access to the labour market and do not need any special integration support. Those in need of special assistance are mainly third country family members, who enter under the family reunification scheme; in addition refugees are in need of special assistance, which is provided by the Labour Market Service and the regions with generous co-funding by the Ministry of the Interior. There is one group, however, which would need special assistance but does not get it, i.e., asylum seekers.

Until today, labour shortages could be successfully addressed by promoting the inflow of skilled migrants from new EU-MS through opening a large number of occupations to free entry, thereby loosening the net of transition regulations. Employers are, however, increasingly concerned about skills shortages, raising the issue of skilled immigration from third countries. The study raises the question to what extent an adaptation of the migration model can alleviate that shortage given that Austria has difficulties in attracting highly skilled migrants and keeping them. Recognition of skills obtained from abroad is one issue, moving up the career ladder is another. A pronounced Insider-Outsider labour market segmentation may hamper any efforts of migration policy to satisfy perceived skill needs.

Annex

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