



# Recruiting Immigrant Workers AUSTRIA





# **Recruiting Immigrant Workers: Austria 2014**

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## *Foreword*

This review of Austria's labour migration policy is the fifth of a series conducted by the OECD Secretariat as a follow-up to the 2009 High Level Policy Forum on International Migration. The rationale for this initiative was the recent growth in labour migration observed in many countries and the likelihood that recourse to labour migration would increase in the context of demographic ageing. Prior to the 2008-09 economic crisis, many countries had made substantial changes to labour migration policies with a view to facilitating recruitment from abroad. With the introduction of these changes, more prominence was accorded to the question of their effectiveness and more broadly, to the objectives of labour migration policy in general. Although the economic crisis put a damper on labour migration movements, it did not stop them entirely, and interest in labour migration policy is unlikely to diminish in the near future.

The central objective of labour migration policy is to help meet those labour market needs which cannot be satisfied through tapping domestic labour supply in a reasonable time-frame, without adversely affecting the domestic labour market and without hindering development prospects in vulnerable origin countries. Although the objective itself can be easily stated, specifying the criteria for assessing the success of policy in achieving it is a complex matter. It involves evaluating how well labour market needs have been identified and whether migration has had an impact on the labour market, both of which are analytically difficult.

This series of reviews addresses the question of whether labour migration policy is effective in meeting labour market needs without adverse effects, and whether the policy is efficient. To address these questions, this review aims to analyse two key areas: i) the labour migration system and its characteristics, in terms of both policies in place and the labour migrants who arrive; and ii) the extent to which it is responding to the current and forecasted needs of the domestic labour market, as well as any impact on the latter.

The focus is specifically on discretionary labour migration, that is, those labour migration movements over which policy has direct, immediate

oversight. Free movement within the EU/EFTA region, which is important in many European countries and accounts for the bulk of flows in Austria, is also covered in its relation to discretionary labour migration.

Austria is no exception to the widespread discussion in OECD countries regarding effective labour migration policy. It has recently reformed its labour migration system, and it is in this context that Austria requested that the OECD review its labour migration policy.

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## Acronyms and abbreviations

AK	Chamber of Labour ( <i>Österreichische Bundesarbeitskammer</i> )
AMS	Austrian Public Employment Service ( <i>Arbeitsmarktservice Österreich</i> )
ANZSCO	Australian and New Zealand Standard Classification of Occupations
ARUFA	Study on the working conditions of graduates ( <i>Arbeitssituation von Universitäts- und FachhochschulabsolventInnen</i> )
BFA	Federal Office for Migration and Asylum ( <i>Bundesamt für Fremdenwesen und Asyl</i> )
BMEIA	Federal Ministry for Europe, Integration and Foreign Affairs ( <i>Bundesministerium für Europa, Integration und Äußeres</i> )
BMI	Federal Ministry for the Interior ( <i>Bundesministerium für Inneres</i> )
DIHK	German Chamber of Commerce ( <i>Deutsche Industrie- und Handelskammer</i> )
DIOC	Database on Immigrants in OECD Countries
EFTA	European Free Trade Association
EURES	European Employment Services
FFG	Austrian Research Promotion Agency ( <i>Österreichische Forschungsförderungsgesellschaft</i> )
IUW	Innovation Centre of the University of Vienna ( <i>Innovationszentrum der Universität Wien</i> )
IV	Federation of Austrian Industries ( <i>Industriellen Vereinigung Österreich</i> )
LAC	Local Advisory Council ( <i>Regionalbeirat</i> )

LKÖ	Austrian Chamber of Agriculture ( <i>Landwirtschaftskammer Österreich</i> )
MINT	Mathematics, information sciences, natural sciences and technology ( <i>Mathematik, Informatik, Naturwissenschaften, Technik</i> )
ÖEAD	Austrian Agency for International Mobility and Co-operation in Education, Science and Research ( <i>Österreichische Agentur für internationale Mobilität und Kooperation in Bildung, Wissenschaft und Forschung</i> )
ÖGB	Austrian Trade Union Federation ( <i>Österreichischer Gewerkschaftsbund</i> )
ÖOG	Austrian Oriental Society ( <i>Österreichische Orientgesellschaft</i> )
RWR	Red-White-Red ( <i>Rot-Weiß-Rot</i> )
WIFO	Austrian Institute of Economic Research ( <i>Österreichisches Institut für Wirtschaftsforschung</i> )
WKÖ	Austrian Economic Chamber ( <i>Wirtschaftskammer Österreich</i> )
WWTF	Vienna Science and Technology Fund ( <i>Wiener Wissenschafts-, Forschungs- und Technologiefond</i> )
ZAV	Central International Placement Service ( <i>Zentrale Auslands- und Fachvermittlung</i> )
ZKO	Central Co-ordination Office for the Control of Illegal Employment ( <i>Zentrale Koordinationsstelle des Bundesministeriums für Finanzen</i> )

## Executive summary

Austria has favourable labour market conditions compared with other OECD countries, and the demographic challenges are stronger than elsewhere. Against this backdrop, a major reform of the legal framework for permanent labour migration – the Red-White-Red (RWR)-Card – was introduced in 2011 with a view to facilitate admissions of labour migrants in highly skilled occupations and to open up for migration for shortage occupations in the medium-skilled segment. The reform abolished numerical limits on permanent labour migration and converted the system into a points-based admission scheme. At the same time, the EU Blue Card was introduced. In spite of a significant increase since then, Austria still has one of the lowest inflows of permanent labour migrants relative to its population.

Most migration for employment comes through the free-mobility channel, where flows are above the average of European OECD countries on a per-capita basis. Whereas permanent labour migration from non-EU/EFTA countries is small, flows from the European free-movement area are relatively large and currently account for 76% of total permanent migration. Relative to the population, only Luxembourg, Switzerland and Norway have higher free-movement flows. Temporary labour migration from non-EU/EFTA countries is above OECD average and equivalent to about 0.5% of the Austrian workforce. By far the most important component is seasonal labour, accounting for well above two thirds of all temporary flows.

So-called “key workers” are the main category of admission for managed permanent labour migration, accounting for 70% of permanent flows. This labour market tested category is for skilled and highly skilled migrants with earnings above a certain salary threshold. The second most important group are workers in shortage occupations, the majority of which are employed in medium-skilled, technical jobs. This group has only become eligible for admission in 2012 and is of growing importance since. Entries of labour migrants through other categories – a very highly skilled track, the EU Blue Card track, and a facilitated track for international graduates from Austrian universities – are marginal.

The reform of the labour migration system coincided with the full opening of the labour market for the central and eastern European countries which joined the EU in 2004, making it difficult to assess the importance of the reform. The available evidence suggests that managed labour migration and free mobility are complementing each other. Whereas recent EU/EFTA migrants mainly fill jobs in the medium-skilled segment of the labour market, permanent labour migrants are mostly employed in highly skilled occupations or specialised medium-skilled occupations with demand that cannot be filled by labour market inflows of the domestic labour force and free mobility. Temporary labour migrants, in turn, mainly go into low-skilled occupations in seasonal agriculture and hospitality.

Highly skilled workers have currently three possibilities to enter Austria: i) the highly skilled RWR-Card track, where applicants are selected on the basis of a points-system without a labour market test; ii) the EU Blue Card, where applicants are selected on the basis of a salary threshold and a labour market test; or iii) the key worker RWR-Card track, which combines a points-system (albeit less demanding than the one for highly skilled RWR-Card applicants), a salary threshold (albeit lower than the one for EU Blue Card applicants) and a labour market test. Since all admissions under the EU Blue Card track are high-skilled, where competition with Austrians is less likely and there are few rejections, there seems to be some scope for streamlining. This could be done, for example, by abolishing the labour market test for EU Blue Card applicants or by exempting jobs above a certain salary threshold in the key worker category from the labour market test. Given the low numbers involved, merging the EU Blue Card and the highly skilled tier might also be considered.

The introduction of a points-based admission scheme for most categories of permanent labour migrants was motivated by an attempt to make admission requirements more transparent and to open admission to medium-skilled occupations in shortage. Whereas most stakeholders report that the system has in fact become more transparent, some requirements need to be adjusted to better cater the needs of the Austrian labour market. German language skills, for instance, are important on the Austrian labour market but they are not strongly valued in the current system. Indeed, higher levels of English language provide the same points as basic knowledge of the German language, and higher levels of German language knowledge do not receive additional points. To better reflect the importance of German language skills in the Austrian labour market, additional points should be attributed to higher levels of German language knowledge.

Austria has one of the highest shares of international students in the OECD and although most of them are from EU/EFTA countries, the share of students from non-EU/EFTA countries has more than doubled since 2007. Of these,



only 5% pass through the international graduate track after graduation. Part of the low transition rates might be attributable to the relatively strict conditions governing the international graduate track which excludes doctorate holders and bachelor graduates and requires master graduates to obtain a job offer in their academic discipline within a comparatively short amount of time upon expiry of their residence permit. To better tap into the potential of international graduates, applicants in the international student track should be allowed to take up employment in any occupation matching their qualification level – independent of the academic discipline of their diploma. An alternative would be to provide bonus points for domestic qualifications in the key-worker pillar, while waiving the labour market test.

The admission procedure for permanent labour migrants involves a complex interplay between the public employment service (AMS), affiliated with the Ministry of Labour, the local residence authorities which act under the auspices of the Ministry of Interior, and, in cases where applicants require a visa, the Austrian embassies abroad. This renders the Austrian procedure rather complex. In addition, applicants need to provide proof of local accommodation for a period of at least ten months when they file their application. This obliges applicants to sign a ten months' rental contract at a point when they cannot be sure that they will be granted a permit, or to convince a landlord to tentatively rent accommodation to someone who might, after all, not be coming. Such a requirement is rather unusual for labour migrants, and should be softened or postponed until the issuance of the permit if not completely abolished, at least for labour migrants above a certain salary threshold.

One key shortcoming for the management of labour migration is the lack of a solid statistical infrastructure to monitor flows. The current Austrian permit data base only records aggregate data on total permit issuances and cannot provide basic information on migrants' characteristics, transitions and duration of stay. This makes an effective monitoring impossible and should be fixed urgently. In addition, shortages in the high-skilled segment are not considered for the shortage occupation list, as there is a lack of comprehensive information on high-skilled labour shortages at the Austrian Labour Market Services. A system should be put in place to better monitor shortages and their evolution at all skill levels, including the high-skilled. In addition, the shortage list should consider other indicators of shortages, such as average vacancy duration, wage trends and expected future labour market developments.

In summary, the existing framework for labour migration in Austria has been improved by the recent reform, but needs further adjustments to serve its purpose as intended. In order to reform the system, the following actions are recommended.

## **Recommendations to improve the management of labour migration flows to Austria**

### **A. Improve the infrastructure for migration management**

- ∞ Implement a permit database which allows retrieving information on characteristics, transitions and stay of labour migrants.
- ∞ Consider including further indicators of shortages for setting up the shortage lists in addition to the current vacancy-job seeker ratio and better account for vacancies at the high-skilled end.
- ∞ Improve the documentation of information on the characteristics of applicants who enter via the points-system at the public employment service (AMS).
- ∞ Continue to closely monitor post-admission abuse and put in place a systematic documentation of such abuse for future risk assessment.

### **B. Improve the administrative framework for labour migration in Austria**

- ∞ Reduce the number of steps involved in the application procedure by starting the procedure at the AMS.
- ∞ To discourage clearly ineligible applications, consider introducing higher application fees.
- ∞ Provide more information about application requirements and selection criteria, both to companies and to potential applicants prior to application.
- ∞ Loosen the requirement to provide proof of locally customary accommodation for all labour migrants above a certain salary threshold.

### **C. Adjust admission criteria for permanent labour migration**

- ∞ Restructure the points system with a view to better reflect the importance of German language skills on the Austrian labour market. Consider a stronger differentiation between German and English language proficiency and attribute additional points for advanced language knowledge, particular of German.
- ∞ Consider softening the requirements to obtain a job-search visa for highly skilled workers with good knowledge of German language.
- ∞ Explore possibilities that workers trained for a shortage occupation, who have German language knowledge, are not effectively excluded from admission if they are above 40 years of age.
- ∞ Consider abolishing the labour market test for EU Blue Card applicants and/or exclude RWR-Card applicants in the key worker category above a certain salary threshold from passing a labour market test.

## **Recommendations to improve the management of labour migration flows to Austria (cont.)**

### **D. Better exploit the potential of international students as a source of skilled labour**

- ∞ Increase the current six-month job search time for international graduates.
- ∞ Make sure that RWR-Card applicants in the international students track can take up employment in any occupation requiring academic education.
- ∞ Consider including bachelor graduates and doctorate holders in the student track of the RWR-Card system under the same conditions (including salary requirements) as master graduates.
- ∞ Make sure that international students can pursue study-related internships even if they are not required by the specific programme, both during and after study.

### **E. Better promote Austria as a destination for labour migration**

- ∞ Step up efforts to brand Austria as a destination country for labour migration and involve employers in this process.
- ∞ Establish a more service-oriented approach in dealing with applicants and employers, including through specialised desks within the AMS and residence authorities.
- ∞ Improve existing information portals regarding content and usability.



## Zusammenfassung

Österreich hat im Vergleich zu anderen OECD-Ländern günstige Arbeitsmarktbedingungen, und steht vor größeren demographischen Herausforderungen als andere Länder. Vor diesem Hintergrund erfolgte 2011 eine umfassende Reform des Rechtsrahmens für dauerhafte Arbeitsmigration – Einführung der Rot-Weiß-Rot-Karte (RWR-Karte) – mit dem Ziel, die Zulassung von ArbeitsmigrantInnen in hochqualifizierten Berufen zu erleichtern und Mangelberufe im mittelqualifizierten Segment für ArbeitsmigrantInnen zu öffnen. Mit der Reform wurden die zahlenmäßigen Beschränkungen (Quoten) für die dauerhafte Arbeitsmigration abgeschafft und durch ein Punktesystem ersetzt. Gleichzeitig wurde die Blaue Karte EU eingeführt. Trotz signifikant angestiegener Zulassungen weist Österreich nach wie vor einen der geringsten Zuströme an dauerhafter Arbeitsmigration (aus Drittstaaten) im Verhältnis zu seiner Bevölkerung auf.

Die meisten ArbeitsmigrantInnen kommen über die Freizügigkeitsschiene, wo die Zuströme pro Kopf im Vergleich zu anderen europäischen OECD-Ländern überdurchschnittlich hoch sind. Während die dauerhafte Arbeitsmigration aus Drittländern gering ist, sind die Zuströme aus dem europäischen Freizügigkeitsraum relativ hoch und machen derzeit 76 % der gesamten dauerhaften Migration aus. Im Verhältnis zu ihrer Bevölkerung weisen nur Luxemburg, die Schweiz und Norwegen eine höhere Zuwanderung im Rahmen der Freizügigkeitsbestimmungen auf. Die befristete Arbeitsmigration aus Drittländern liegt über dem OECD-Durchschnitt und beträgt etwa 0,5% des österreichischen Arbeitskräftepotenzials. Den weitaus wichtigsten Anteil hat die Saisonarbeit mit mehr als zwei Drittel aller befristeten Zuströme.

Mit einem 70%-igen Anteil an den dauerhaften Zuströmen stellen die sogenannten „sonstigen Schlüsselkräfte“ die Hauptzulassungskategorie für die gesteuerte Arbeitsmigration dar. Diese Kategorie unterliegt einer Arbeitsmarktprüfung und gilt für gut qualifizierte und hochqualifizierte Kräfte über einer gewissen Entgelthöhe. Die zweitwichtigste Gruppe umfasst Fachkräfte in Mangelberufen, von denen die meisten in mittelqualifizierten technischen Berufen beschäftigt werden. Ihre Zulassung

ist seit 2012 möglich und hat seither an Bedeutung gewonnen. Die Zuwanderung von ArbeitsmigrantInnen über andere Zulassungsschienen – jene für besonders hochqualifizierte Arbeitskräfte, die Blaue Karte EU sowie die vereinfachte Migrationsschiene für ausländische AbsolventInnen österreichischer Universitäten – ist marginal.

Die Reform des Arbeitsmigrationssystems fiel mit der vollen Öffnung des Arbeitsmarktes für jene Mittel- und Osteuropäischen Länder zusammen, die 2004 der EU beigetreten sind, was eine Bewertung der Reform und ihrer Bedeutung schwierig macht. Die vorliegenden Daten weisen darauf hin, dass die gesteuerte Arbeitsmigration und die Freizügigkeit einander ergänzen. Während mit MigrantInnen aus dem EU/EFTA-Raum zuletzt vor allem offene Stellen im mittelqualifizierten Arbeitsmarktsegment besetzt wurden, finden dauerhaft zugewanderte ArbeitsmigrantInnen zumeist in hochqualifizierten Berufen oder als Fachkräfte im mittelqualifizierten Bereich Verwendung, wo die Nachfrage nicht durch Zugänge aus dem Inland bzw. dem Freizügigkeitsraum gedeckt werden kann. Temporäre ArbeitsmigrantInnen kommen wiederum mehrheitlich in der Saisonarbeit (Landwirtschaft und Tourismus) mit geringen Qualifikationsansprüchen unter.

Hochqualifizierte Arbeitskräfte können derzeit zwischen drei Schienen für die Zuwanderung nach Österreich wählen: i) die RWR-Karte für besonders Hochqualifizierte, bei der AntragstellerInnen aufgrund eines Punktesystems ohne Arbeitsmarktprüfung bewilligt werden; ii) die Blaue Karte EU, bei der AntragstellerInnen aufgrund von Mindestentgeltfordernissen und einer Arbeitsmarktprüfung bewilligt werden; oder iii) die RWR-Karte für sonstige Schlüsselkräfte, die ein Punktesystem (das weniger anspruchsvoll ist als bei RWR-Karten-Anträgen besonders Hochqualifizierter), Mindestentgeltfordernisse (die unter jenen für Anträge auf eine Blaue Karte EU liegen) und eine Arbeitsmarktprüfung umfasst. Da sämtliche Zulassungen bei der Blauen Karte EU Hochqualifizierte betreffen, wo die Konkurrenz zu österreichischen Arbeitskräften weniger wahrscheinlich ist und Ablehnungen selten sind, scheinen hier noch Straffungen möglich. So etwa könnten Arbeitsmarktprüfungen bei Anträgen auf die Blaue Karte EU entfallen oder Stellen ab einer gewissen Entgelthöhe in der Kategorie Schlüsselkräfte von solchen Prüfungen ausgenommen werden. Angesichts der geringen Zahlen, um die es hier geht, wäre auch zu überlegen, die Blaue Karte EU mit der Kategorie der Hochqualifizierten zu verschmelzen.

Mit der Einführung eines punktebasierten Zulassungssystems für die meisten dauerhaften ArbeitsmigrantInnen wurde bezweckt, die Zulassungsbedingungen transparenter zu gestalten und die Zulassung für Fachkräfte in Mangelberufen zu öffnen. Zwar berichten die meisten

Interessengruppen, dass das System tatsächlich transparenter geworden ist, doch müssen die Bedingungen weiter angepasst werden, um den Bedürfnissen des österreichischen Arbeitsmarktes vermehrt nachzukommen. So sind etwa Deutschkenntnisse auf dem österreichischen Arbeitsmarkt wichtig, werden jedoch im derzeitigen Punktesystem nicht entsprechend stark gewichtet. Bessere Englischkenntnisse können dieselbe Punktezahl ergeben wie Grundkenntnisse in der deutschen Sprache, wohingegen bessere Deutschkenntnisse keine Zusatzpunkte bringen. Um die Bedeutung von Deutschkenntnissen auf dem österreichischen Arbeitsmarkt besser abzubilden, sollten Zusatzpunkte für ein höheres Deutschniveau vergeben werden.

Österreich weist einen der höchsten Anteile an ausländischen Studierenden innerhalb der OECD auf. Zwar stammen die meisten von ihnen aus EU-/EFTA-Ländern, doch hat sich der Anteil an Studierenden aus Drittländern seit 2007 mehr als verdoppelt. Davon nutzen nach Studienabschluss nur 5% die Zugangsschiene für ausländische StudienabsolventInnen. Die geringe Inanspruchnahme mag zum Teil auf die relativ strengen Zulassungskriterien für diese Zugangsschiene zurückzuführen sein. So etwa sind DoktoratsabsolventInnen und Bachelors von der Zulassung ausgeschlossen, und von AbsolventInnen eines Masterstudiengangs wird verlangt, dass sie innerhalb einer vergleichsweise kurzen Zeit nach Ablauf ihrer Aufenthaltsbewilligung eine Beschäftigung in ihrem akademischen Fachbereich finden. Zur besseren Nutzung des Potenzials ausländischer Absolventen sollte es AntragstellerInnen im Rahmen der Zugangsschiene für ausländische StudienabsolventInnen gestattet sein, jede ihrem Ausbildungsniveau entsprechende Beschäftigung unabhängig vom akademischen Fach ihres Abschlusses aufzunehmen. Eine Alternative dazu wäre, bei den Schlüsselkräften Bonuspunkte für in Österreich erworbene Qualifikationen zu vergeben und gleichzeitig auf die Arbeitsmarktprüfung zu verzichten.

Das Zulassungsverfahren für dauerhafte Arbeitsmigration besteht aus einem komplexen Zusammenspiel zwischen dem Arbeitsmarktservice (AMS), das dem Sozialministerium zugeordnet ist, den örtlichen Aufenthaltsbehörden, deren Tätigkeit dem Innenministerium unterstellt ist, und im Falle von visumpflichtigen BewerberInnen den jeweiligen österreichischen Botschaften im Ausland, wodurch das österreichische Verfahren ziemlich kompliziert wird. Außerdem müssen alle BewerberInnen bei Einreichung ihres Antrags den Anspruch auf eine ortsübliche Unterkunft für die Dauer von mindestens zehn Monaten nachweisen. Diese Bestimmung zwingt AntragstellerInnen, zehnmonatige Mietverträge zu einem Zeitpunkt abzuschließen, wo sie noch gar nicht sicher sein können, dass sie eine Bewilligung erhalten, oder VermieterInnen dazu zu bringen,

tentativ eine Unterkunft an eine Person zu vermieten, die womöglich dann nicht kommt. Eine derartige Voraussetzung ist für ArbeitsmigrantInnen ziemlich ungewöhnlich und sollte, wenn schon nicht komplett abgeschafft, so doch gelockert oder bis zur tatsächlichen Ausstellung der Bewilligung aufgeschoben werden, zumindest für ArbeitsmigrantInnen über einer bestimmten Entgelthöhe.

Ein wesentliches Manko der gesteuerten Arbeitsmigration ist das Fehlen einer soliden statistischen Infrastruktur für das Monitoring der Zuströme. Die aktuelle österreichische Bewilligungsdatenbank erfasst nur aggregierte Daten zur Gesamtheit der ausgestellten Bewilligungen und kann keine grundlegenden Informationen zu den Merkmalen, Statusübergängen und der Aufenthaltsdauer von ArbeitsmigrantInnen liefern. Damit ist kein wirksames Monitoring möglich, was dringend behoben werden sollte. Zudem bleibt der Arbeitskräftemangel im hochqualifizierten Bereich in der Mangelberufsliste unberücksichtigt, weil das österreichische Arbeitsmarktservice darüber keine umfassenden Informationen hat. Deshalb sollte ein System zum besseren Monitoring von Engpässen und deren Verlauf auf allen Qualifikationsebenen inklusive Hochqualifizierten eingerichtet werden. Außerdem sollte die Mangelberufsliste weitere Indikatoren berücksichtigen, wie etwa die durchschnittliche Besetzungsdauer einer Stelle, Lohnrends und voraussichtliche Entwicklungen auf dem Arbeitsmarkt.

Zusammenfassend kann gesagt werden, dass die bestehenden Rahmenbedingungen für Arbeitsmigration in Österreich durch die jüngste Reform verbessert wurden, doch bedarf es wohl weiterer Anpassungen, um dem ursprünglich beabsichtigten Zweck voll zu entsprechen. Für die Systemreform werden daher folgende Maßnahmen empfohlen.



## **Empfehlungen zur verbesserten Steuerung der Arbeitsmigrationsströme nach Österreich**

### **A. Verbesserung der Infrastruktur für die Migrationssteuerung**

- ∞ Eine Bewilligungsdatenbank einrichten, aus der Informationen zu den Merkmalen, Statusübergängen und der Aufenthaltsdauer von ArbeitsmigrantInnen abgerufen werden können.
- ∞ Zur Erstellung der Mangelberufsliste neben der aktuellen Stellenandrangsziffer weitere Indikatoren für Qualifikationsengpässe in Betracht ziehen und verstärkt freie Stellen im oberen Qualifikationsbereich berücksichtigen.
- ∞ Die Datendokumentation durch das Arbeitsmarktservice (AMS) zu den Merkmalen von BewerberInnen, die über das Punktesystem ins Land kommen, verbessern.
- ∞ Etwaigen Missbrauch nach erfolgter Zulassung weiterhin genau kontrollieren und derartige Fälle für zukünftige Risikobewertungen systematisch dokumentieren.

### **B. Verbesserung des österreichischen Verwaltungsrahmens für Arbeitsmigration**

- ∞ Die Zahl der im Antragsverfahren erforderlichen Schritte dadurch verringern, dass der Beginn des Zulassungsprozesses beim AMS angesiedelt wird.
- ∞ Eine Anhebung der Antragsgebühren in Betracht ziehen, um AntragstellerInnen von der Einbringung eindeutig nicht in Frage kommender Anträge abzuhalten.
- ∞ Unternehmen wie potenziellen BewerberInnen vor Antragstellung vermehrt Informationen zu den Antragsvoraussetzungen und Auswahlkriterien bieten.
- ∞ Den Nachweis des Anspruchs auf eine ortsübliche Unterkunft für alle ArbeitsmigrantInnen über einer gewissen Entgelthöhe lockern.

### **C. Anpassung der Zulassungskriterien für auf Dauer ausgerichtete Arbeitsmigration**

- ∞ Das Punktesystem neu strukturieren, um die Bedeutung von Deutschkenntnissen auf dem österreichischen Arbeitsmarkt besser wiederzugeben. Eine stärkere Differenzierung in der Sprachbeherrschung von Deutsch und Englisch in Betracht ziehen und zusätzliche Punkte für fortgeschrittene Sprachkenntnisse, insbesondere im Deutschen, vergeben.
- ∞ In Betracht ziehen, die Voraussetzungen für ein Arbeitsuche-Visum bei hochqualifizierten Arbeitskräften mit guten Deutschkenntnissen zu lockern.
- ∞ Nach Möglichkeiten suchen, dass in Mangelberufen ausgebildete Arbeitskräfte mit Deutschkenntnissen nicht wie jetzt faktisch von der Zulassung ausgeschlossen werden, wenn sie über 40 Jahre alt sind.
- ∞ In Betracht ziehen, die Arbeitsmarktprüfung für Anträge auf die Blaue Karte EU abzuschaffen und/oder Anträge auf eine RWR-Karte für Schlüsselkräfte über einer gewissen Entgelthöhe von der Arbeitsmarktprüfung zu befreien.

## **Empfehlungen zur verbesserten Steuerung der Arbeitsmigrationsströme nach Österreich (Fortsetzung)**

### **D. Verstärkte Nutzung des qualifizierten Arbeitskräftepotenzials ausländischer Studierender**

- ∞ Die derzeit sechsmonatige Frist für die Arbeitssuche ausländischer StudienabsolventInnen verlängern.
- ∞ Sicherstellen, dass AntragstellerInnen auf eine RWR-Karte für ausländische StudienabsolventInnen jede ihrem Ausbildungsniveau entsprechende Beschäftigung annehmen können.
- ∞ In Betracht ziehen, Bachelors und DoktoratsabsolventInnen unter denselben Bedingungen (einschließlich Mindestentgeltfordernis) in die RWR-Zugangsschiene für Studierende einzubeziehen wie AbsolventInnen von Masterstudien.
- ∞ Sicherstellen, dass ausländische Studierende sowohl während als auch nach ihrem Studium Praktika in ihren Fächern absolvieren können, auch wenn dies nicht von ihrem Studiengang vorgeschrieben wird.

### **E. Verstärkte Bewerbung Österreichs als Zielland für Arbeitsmigration**

- ∞ Österreich verstärkt als Zielland für Arbeitsmigration positionieren und die ArbeitgeberInnen in diesen Prozess einbeziehen.
- ∞ Einen serviceorientierteren Ansatz im Umgang mit AntragstellerInnen und ArbeitgeberInnen einführen, etwa durch die Einrichtung von spezialisierten Stellen beim AMS und den Aufenthaltsbehörden.
- ∞ Bestehende Informationsportale in Bezug auf Inhalt und Benutzerfreundlichkeit verbessern.

## Assessment and recommendations

### **Since 2011, the Austrian labour migration system has undergone a major overhaul, with the aim of facilitating admission of skilled and highly skilled labour**

In July 2011, in light of looming demographic challenges, a major reform of the Austrian legal framework for labour migration took place, with the introduction of the so-called Red-White-Red (RWR)-Card for non-EU/EFTA nationals. The reform built on an initiative of the social partners, which play a unique role in the management of labour migration in Austria. It replaced previous regulations based on numerical limits by a points-based admission scheme, with a view to make the system more transparent and to increase the scale and scope of skilled and highly skilled labour migration to Austria. The new model has three main tiers – a highly skilled tier, a medium-skilled tier for shortage occupations and a labour market tested tier in the medium to highly skilled range with a salary threshold. Points are given for formal qualifications, language, age, and work experience. There is now a six-month job-search visa available for migrants eligible in the highly skilled tier and a facilitated student route. In addition, Austria has implemented the EU Blue Card in parallel with the RWR-Card system in 2011.

### **Despite the reform, permanent labour migration entries remain low**

In spite of rates doubling since 2010, Austria remains among the OECD countries with the lowest inflows of permanent labour migrants from non-EU/EFTA countries relative to its population. Fewer than 1 300 labour migrants were admitted in 2013 under the RWR-Card system. Traditionally, most migration from outside of the European Union has come from the Balkans. This has not changed much with the reform in 2011. The single most important origin country is Bosnia-Herzegovina (about 22% of approvals), followed by the Russian Federation, the United States, Serbia and Croatia.

## **Free mobility, however, is important and mainly fills gaps in the medium-skilled segment**

The recent reforms coincided with the full opening of the labour market for the countries which joined the European Union in 2004, i.e. the EU-8. The small number of labour migrants from non-EU/EFTA countries is counterbalanced by relatively large flows within the European free-movement area. Relative to the population, only Luxemburg, Switzerland and Norway have higher free-movement flows. Free movement accounts for 76% of total permanent immigration and most EU migrants come from the EU-8 and Germany. While it is difficult to assess the labour market impact of free mobility migration to Austria, the available evidence suggests that it mainly fills jobs in the medium-skilled segment, in contrast to managed labour migration where most migrants are employed in highly skilled jobs.

## **Seasonal labour migration is also large**

Most labour migration is temporary. Currently, temporary labour flows are equivalent to roughly 0.5% of the Austrian workforce – which is slightly above OECD average. By far the most important component is seasonal labour, accounting for well above two thirds of all temporary flows. Following the end of the transitional arrangements to EU-8 nationals, numbers of admissions of seasonal workers have dropped significantly as EU-8 nationals working in seasonal employment do no longer need a separate permit. Further categories of temporary labour migration include intra-corporate transfers and posted workers. Common to most of these categories is the fact that they cannot be transformed into a permanent residence permit – although technically, residence permits may be indefinitely renewed upon expiry. Admission of rotational and posted workers from employers in non-EU/EFTA countries involves a time-consuming procedure whose complexity surpasses even that of permanent admission in terms of the number of steps involved in the procedure. Anecdotal evidence suggests that some employers choose the permanent pathways to circumvent this.

## **Among permanent labour migrants, key workers are by far the most important category under the new RWR-Card scheme, followed by workers in shortage occupations**

Since July 2011, key workers entering with an RWR-Card have formed the cornerstone of the system for managed labour migration, accounting for about 70% of total permanent flows for employment from non-EU/EFTA countries. This category targets essentially the same group of workers as the

pre-2011 admission system. The second most numerous group are admitted for shortage occupations. This category has only been introduced in mid-June 2012 and covers mostly medium-skilled technical occupations. In contrast, numbers in the highly skilled category, the international student track and the entrepreneur track are marginal, as well as the inflow of EU Blue Card holders – although twice as many workers have entered through this latter channel than through the highly skilled RWR-Card track.

### **Administrative procedures are complex and leave room for improvement**

Although considerably shorter than for other migrant groups, the application procedure for permanent labour migrants is complex and involves both the public employment service (AMS), affiliated with the Ministry of Labour, and the local residence authorities, which are subject to the Ministry of Interior. In addition, for immigrant candidates abroad who need a visa, the Austrian embassies are involved. In Austria, the procedure is generally initiated by an initial screening at the local residence authorities. Both employers and applicants can file the application. To ensure that priority is given to the domestic workforce, the AMS then conducts a labour market test for most applicants and checks if the applicant has the required points for admission under the points system. Exemptions are workers in shortage occupations, international graduates and particularly highly skilled applicants. The Local Advisory Council to the AMS has to be consulted subsequently for all applications – a specific feature of the Austrian labour migration system which reflects the pivotal role of the social partners in the management of labour migration in Austria. Once applications are approved by the AMS, they are sent back to the residence authorities who eventually issue the permit. This last step can be rather lengthy, particularly for workers who have applied through the Austrian representations abroad, as they need to record their fingerprints upon arrival after which the printing and final issuance of the permit may take another couple of days. Whereas other countries have introduced provisional work permits for such interim periods, the Austrian system does not allow approved applicants to begin employment prior to the issuance of their permit. Overall processing times are not recorded, but employers and practitioners report lengthy processing times at the residence authorities, while the AMS procedure rarely takes more than 3-4 weeks. To fasten and facilitate the procedure, it would be worthwhile considering reducing the number of steps involved in the admission process by starting the procedure at the AMS.

## **Rejection rates are high and migrants and employers appear ill-informed about the requirements**

Overall rejection rates are not known, but already about 40% of applications that reach the AMS are refused at that stage and information from Vienna on rejections by the local residence authorities suggests that only about one in four initial applications eventually results in a permit issuance. Most rejections by the AMS are made for workers in shortage occupations and entrepreneurs, for whom rejection rates amount to 60% and 85%, respectively. Unfortunately, no systematic data is available about the reasons underlying the high rejection rates for applicants in these groups, but anecdotal evidence suggests that many rejections in the shortage occupation track are due to lack of knowledge about the type of occupations officially recognised as shortage occupations and insufficient qualifications for the intended occupation or a lack of proof thereof.

## **Application fees should be increased and the client-service aspect improved**

The high incidence of rejections suggests an information deficit on the part of the applicant and/or the employer. To reduce the high number of ineligible applications, more information should be provided about application requirements and selection criteria prior to application. Furthermore, the currently low application fees should be increased, with a view to discourage applicants on the margin from applying and causing backlogs in the system. The additional fees could be used to improve client services.

## **There is a requirement to provide ex-ante proof of accommodation for the entire permit duration, which should be softened**

All applicants need to provide proof of local accommodation for a period of at least ten months when they file their application. This obliges applicants to sign a ten months' rental contract at a point when they cannot be sure that they will be granted a permit, or else to convince a landlord to certify willingness to rent out an accommodation to someone who might, after all, not be able to work and reside in Austria. While such a requirement ex ante is not uncommon for family migrants, it is rather unusual for labour migrants. It should be softened or postponed until the issuance of the permit if not completely abolished, at least for labour migrants above a certain salary threshold.

## **The current statistical infrastructure on permit issuances is inadequate for monitoring labour migration and needs improvement**

No information is available on the procedure at the residence authorities and the database of the Ministry of Interior only records aggregate data on total permit issuances by category. As a result, even basic data on permit issuances by nationality, on transitions or on duration of stay of migrants is not available, which makes a full analysis of migration management and its effectiveness impossible. This is an important shortcoming compared with the systems in place in other OECD countries and needs to be addressed urgently.

## **The lack of solid information on vacancies and jobseekers impedes migration management**

Currently, shortages are only monitored via vacancies, and other indicators are not taken into account. In addition, there is a lack of comprehensive information on high-skilled labour shortages as the main source of information on vacancies and job seekers is the job registry of the AMS. This is also the basis for the development of the annual shortage lists which essentially only considers the vacancy to job seeker ratio. Unfortunately, the AMS job registry currently only provides comprehensive information in the low- and medium-skilled job segment and under-reports needs in highly skilled occupations. There is information available on shortages in higher-skilled occupations from other sources, but these are currently not considered for setting up shortage lists. A system should be put in place to better monitor shortages and their evolution at all skill levels, including the high-skilled, with subsequent linkage with the shortage lists. In addition, shortage lists should also be based on other indicators of shortages, such as average vacancy duration, wage trends and expected future labour market developments.

## **Admission criteria do not always seem well balanced and targeted, and adjustments in the points system should be considered accordingly**

The introduction of a points-based admission scheme for most categories of permanent labour migrants was motivated by an attempt to make admission requirements more transparent to potential applicants and to open admission to medium-skilled labour where there are shortages. Whereas most stakeholders report that the system has in fact become more transparent, some requirements need to be adjusted to better cater the needs of the Austrian labour market. German language skills, for instance, are important on the Austrian labour market but they are not strongly valued in

the current system. Indeed, higher levels of English language can provide the same points as basic knowledge of the German language, and higher levels of German language knowledge do not receive additional points. To better reflect the importance of German language skills in the Austrian labour market, additional points should be attributed to higher levels of German language knowledge. A further inadequacy of the points system is that most workers above the age of 40 are in effect excluded from shortage occupations. The system should be adjusted to address this shortcoming, for example by increasing the weight of German language knowledge relative to formal qualifications.

### **There seems to be some scope for simplifying the structure for admissions of high-skilled workers**

Highly skilled workers have currently three possibilities to enter Austria: i) the highly skilled RWR-Card track, where applicants are selected on the basis of a points-system without a labour market test; ii) the EU Blue Card, where applicants are selected on the basis of a salary threshold and a labour market test; or iii) the key worker RWR-Card track, which combines a points-system (albeit less demanding than the one for highly skilled RWR-Card applicants), a salary threshold (albeit lower than the one for EU Blue Card applicants) and a labour market test. Since all admissions under the EU Blue Card track are high-skilled, where competition with Austrians is less likely and there are few rejections, there seems to be some scope for streamlining. This could be done, for example, by abolishing the labour market test for EU Blue Card applicants or by exempting jobs above a certain salary threshold in the key worker category from the labour market test. Given the low numbers involved, merging the EU Blue Card and the highly skilled tier might also be considered.

### **International students provide an important source of labour...**

Austria has the fourth highest share of international students in the OECD after the three English-speaking and education-export oriented countries: Australia, New Zealand and the United Kingdom. Although the majority of international students in Austria come from EU/EFTA countries, particularly from Germany, the number of international students from non-EU/EFTA countries has more than doubled in recent years, with most students coming from eastern European countries, Iran and Russia. These students are overrepresented in the STEM fields of study where there are labour needs. Additionally, almost 90% report to have either very good German language skills or German as their native language. Among students from non-EU/EFTA countries, over 50% work in accommodation, food



services or cleaning occupations, all of which are rather low-skilled sectors where control over working conditions is limited. These are also important sectors for low-skilled native-born youth, although there is no evidence to date that would point to serious replacement effects.

### **...but the current system does not exploit the full potential of international students**

Most OECD countries favour migrants with domestic qualifications in their immigration system and Austria is no exception in this respect, providing a facilitated migration pathway for international graduates. Yet, the evidence to date suggests that only 5% of non-EU/EFTA graduates have been issued an RWR-Card in the international student track. Several factors appear to explain this low uptake. First of all, the duration of the job-search visa for international students is six months, which is short in comparison with other OECD countries. Second, international graduates are required to find an employment offer that not only corresponds to their qualification level, but that is also related to the specific field of their diploma, despite the fact that among Austrian graduates, only about 40% report a match between the field of study and the current field of employment. Finally, only master graduates are eligible for the international student track of the RWR-Card, which excludes graduates at the doctorate and bachelor levels, unlike most other OECD countries.

### **Consideration should be given as to how to make it easier to employ international graduates**

To better tap into the potential of international students, RWR-Card applicants in the international student track should be allowed to take up employment in any occupation matching their qualification level – independent of the academic discipline of their diploma. The job search period should also be extended. In addition, doctorate holders and bachelor graduates could be included in this track under the same conditions (including salary requirements) as master graduates. An alternative would be to provide bonus points for domestic qualifications in the key worker pillar, while waiving the labour market test.

### **Despite favourable labour market and living conditions, Austria is not on the radar screen of immigrant candidates**

Austria is a country with favourable labour market conditions and high quality of living. However, it is currently not on the radar screen as a destination country among immigrant candidates abroad – not even in the

western Balkan countries with whom Austria shares long-standing historical ties and who account for the bulk of current labour migration to Austria. More generally, there is currently no strategy in place to brand Austria as a destination for labour migration. Employers currently also apparently rarely consider looking abroad for labour migrants.

**A comprehensive strategy is advisable, including a more service-based approach in dealing with applicants and employers**

Ideally, a change in the RWR-Card system would be encompassed into a broader strategy to better tap into the potential of labour migration. For this, opportunities for labour migration to Austria need to be made better known – beyond the current internet websites – to employers and applicants alike. This should involve a more service-based approach in dealing with applications, including through introduction of service hotlines and specialised desks at the residence authorities, dealing only with labour migration matters. Several other OECD countries, including those settled by migration and Austria's neighbour Germany, have already successfully implemented such a strategy.

## Zusammenfassung und Empfehlungen

### **Seit 2011 sind die österreichischen Bestimmungen für Arbeitsmigration gründlich überarbeitet worden, mit dem Ziel, die Zulassung von Fachkräften und hochqualifizierten Arbeitskräften zu erleichtern**

Angesichts anstehender demographischer Herausforderungen fand mit der Einführung der sogenannten Rot-Weiß-Rot-Karte (RWR-Karte) für Drittstaatsangehörige im Juli 2011 eine umfassende Reform des österreichischen Rechtsrahmens für Arbeitsmigration statt. Diese Reform beruhte auf einer Initiative der Sozialpartner, deren Rolle bei der Steuerung der Arbeitsmigration in Österreich einzigartig ist. Mit der Reform wurde das auf zahlenmäßigen Beschränkungen (Quoten) basierende System durch ein Punktesystem ersetzt, in der Absicht, einerseits die Transparenz des gesamten Systems und andererseits das Ausmaß bzw. den Umfang der Arbeitsmigration von Fachkräften und hochqualifizierten Kräften nach Österreich zu erhöhen. Das neue Modell umfasst drei wesentliche Eckpunkte: Zulassung für hochqualifizierte Arbeitskräfte, Zulassung für Fachkräfte in Mangelberufen sowie die an eine Arbeitsmarktprüfung gekoppelte Zulassung im mittleren bis hohen Qualifikationsbereich mit Mindestentgeltfordernis. Punkte werden für formale Qualifikationen, Sprachkenntnisse, Alter und Berufserfahrung vergeben. Es gibt nun auch ein sechsmonatiges Visum zur Arbeitsuche für besonders hochqualifizierte MigrantInnen und eine vereinfachte Zugangsschiene für Studierende. Außerdem hat Österreich 2011 parallel zur RWR-Karte die Blaue Karte EU eingeführt.

### **Trotz dieser Reform bleibt die auf Dauer ausgerichtete Arbeitsmigration nach Österreich gering**

Obwohl sich die Zulassungen seit 2010 verdoppelt haben, ist Österreich nach wie vor unter jenen OECD-Ländern mit den – im Verhältnis zu seiner Bevölkerung – geringsten Zuströmen an dauerhafter Arbeitsmigration aus Drittstaaten. 2013 wurden weniger als 1.300 ArbeitsmigrantInnen im Rahmen des RWR-Systems zugelassen. Traditionellerweise erfolgt die

Migration von außerhalb der EU vor allem vom Balkan. Dies hat sich mit der Reform von 2011 kaum verändert. Das wichtigste Herkunftsland ist Bosnien-Herzegowina (rund 22% der Bewilligungen), gefolgt von der Russischen Föderation, den USA, Serbien und Kroatien.

### **Demgegenüber spielt die Freizügigkeit innerhalb der EU/EFTA eine wesentliche Rolle, insbesondere um Lücken im Fachkräftesegment zu schließen**

Die jüngsten Zulassungsreformen fielen mit der kompletten Öffnung des Arbeitsmarktes für jene acht Länder (EU-8) zusammen, die 2004 der EU beigetreten sind. Die geringe Zahl an ArbeitsmigrantInnen aus Drittstaaten wird durch einen relativ starken Zustrom an Arbeitskräften aus dem europäischen Freizügigkeitsraum wettgemacht. Im Verhältnis zu ihrer Bevölkerung weisen nur Luxemburg, die Schweiz und Norwegen eine höhere Zuwanderung im Rahmen der Freizügigkeitsbestimmungen auf. 76 % der dauerhaften Zuwanderung entfällt auf die Freizügigkeit, wobei die meisten EU-MigrantInnen aus den EU-8 und Deutschland kommen. Auch wenn es schwierig ist, die Auswirkungen der Zuwanderung im Rahmen der Freizügigkeit zu bewerten, weisen die vorliegenden Daten darauf hin, dass damit vor allem offene Stellen im mittleren Qualifikationsbereich besetzt werden, wohingegen im Rahmen der gesteuerten Arbeitsmigration die meisten MigrantInnen im hochqualifizierten Bereich Verwendung finden.

### **Die saisonale Arbeitsmigration ist ebenfalls stark ausgeprägt**

Ein Großteil der Arbeitsmigration ist temporär. Dieser befristete Zustrom von Arbeitskräften macht derzeit etwa 0,5 % des österreichischen Arbeitskräftepotentials aus, was leicht über dem OECD-Durchschnitt liegt. Den weitaus wichtigsten Anteil hat die Saisonarbeit mit gut mehr als zwei Drittel aller befristeten Zuströme. Nach Ablauf der Übergangsbestimmungen für Staatsangehörige der EU-8 ist die Zahl der Zulassungen für Saisonarbeitskräfte signifikant gesunken, da nun Arbeitskräfte aus diesen Ländern keine gesonderte Bewilligung mehr für Saisonarbeit brauchen. Weitere Formen der befristeten Arbeitsmigration sind Rotationsarbeitskräfte und Entsendungen. Den meisten dieser Migrationsformen ist gemein, dass sie in kein Daueraufenthaltsrecht umgewandelt werden können, auch wenn – grundsätzlich – die Möglichkeit besteht, Aufenthaltstitel bei Ablauf unbegrenzt zu verlängern. Die Zulassung von Rotationsarbeitskräften und entsandten Kräften aus Unternehmen mit Sitz in Nicht-EU/EFTA-Ländern unterliegt einem zeitraubenden Verfahren, dessen Komplexität in Bezug auf die Zahl der Verfahrensschritte sogar das der dauerhaften Zulassung übertrifft. Es gibt Anhaltspunkte dafür, dass

einige Unternehmen dies über den Weg der dauerhaften Zulassung zu umgehen suchen.

### **Bei dauerhafter Arbeitsmigration sind die nach dem neuen RWR-System zugelassenen Schlüsselkräfte die weitaus bedeutendste Gruppe gefolgt von Arbeitskräften in Mangelberufen**

Seit Juli 2011 bilden die mit RWR-Karte zugewanderten sonstigen Schlüsselkräfte den Grundstein der gesteuerten Arbeitsmigration. Ihr Anteil an der gesamten dauerhaften Arbeitsmigration aus Drittländern beträgt etwa 70 %. Diese Kategorie zielt im Wesentlichen auf die gleiche Beschäftigtengruppe ab wie das vor 2011 bestehende Zulassungssystem. Die zweitgrößte Gruppe bilden jene ArbeitnehmerInnen, die in Mangelberufen zugelassen werden. Diese Kategorie wurde erst Mitte Juni 2012 eingeführt und betrifft vor allem FacharbeiterInnen mit mittlerem Qualifikationsniveau in technischen Berufen. Demgegenüber sind die Kategorie der Hochqualifizierten, die Zugangsschiene für ausländische StudienabsolventInnen und jene für selbständige Schlüsselkräfte von marginaler Bedeutung, ebenso der Zustrom von InhaberInnen einer Blauen Karte EU, obwohl doppelt so viele Arbeitskräfte über diesen Weg nach Österreich gekommen sind als über den der RWR-Karte für Hochqualifizierte.

### **Die Verwaltungsverfahren sind komplex und weiter verbesserungsfähig**

Anträge auf dauerhafte Arbeitsmigration unterliegen einem komplexen – wenn auch im Gegensatz zu anderen Migrantengruppen vereinfachten – Verfahren, in das sowohl das dem Sozialministerium zugeordnete Arbeitsmarktservice (AMS) als auch die dem Innenministerium unterstellten örtlichen Aufenthaltsbehörden eingebunden sind. Außerdem sind bei visumpflichtigen BewerberInnen im Ausland auch die jeweiligen österreichischen Botschaften involviert. In Österreich beginnt das Verfahren generell mit einer Erstprüfung durch die zuständigen Aufenthaltsbehörden. Anträge können sowohl von den ArbeitgeberInnen als auch von den Zuwanderungswilligen selbst eingebracht werden. Um den Vorrang inländischer Arbeitskräfte sicherzustellen, führt das AMS bei den meisten Anträgen eine Arbeitsmarktprüfung durch und prüft zudem, ob die erforderlichen Punkte gemäß Punktesystem erreicht wurden und somit die Zulassungskriterien erfüllt sind. Ausnahmeregelungen gelten für Fachkräfte in Mangelberufen, ausländische StudienabsolventInnen und besonders hochqualifizierte AntragstellerInnen. Für alle Anträge ist sodann der Regionalbeirat des AMS anzuhören – eine Besonderheit der österreichischen

Bestimmungen, die auch die zentrale Rolle der Sozialpartner bei der Steuerung der Arbeitsmigration in Österreich widerspiegelt. Nachdem das AMS ein positives Gutachten erstellt hat, wird dieses an die Aufenthaltsbehörden retourniert, die schließlich die Bewilligungen ausstellen. Dieser letzte Schritt kann relativ langwierig sein, insbesondere für Arbeitskräfte, die ihre Anträge bei österreichischen Vertretungsbehörden im Ausland eingebracht haben, da sie bei der Ankunft ihre Fingerabdrücke abgeben müssen und die endgültige Ausstellung der Bewilligung eventuell weitere Tage in Anspruch nimmt. Während andere Länder für derartige Wartezeiten vorläufige Arbeitsbewilligungen eingeführt haben, gestattet das österreichische System den RWR-Karten-WerberInnen nicht, vor Ausstellung ihrer Karte eine Beschäftigung aufzunehmen. Über die Gesamtbearbeitungsdauer gibt es keine Aufzeichnungen, doch sprechen Unternehmen und Praxiserfahrene von langwierigen Bearbeitungszeiten der Aufenthaltsbehörden, während das AMS-Verfahren selten mehr als 3-4 Wochen in Anspruch nimmt. Um das Verfahren zu beschleunigen und zu vereinfachen, wäre es überlegenswert, die Zahl der Schritte dadurch zu verringern, dass der Zulassungsprozess beim AMS beginnt.

### **Die Ablehnungsquoten sind hoch und MigrantInnen wie ArbeitgeberInnen offenkundig schlecht über die Zulassungsvoraussetzungen informiert**

Die Ablehnungsquoten insgesamt sind nicht bekannt, doch werden ca. 40% der Anträge, die beim AMS einlangen, bereits in diesem Stadium abgelehnt. Angaben aus Wien zu den Ablehnungen der zuständigen Aufenthaltsbehörden lassen den Schluss zu, dass nur etwa einer von vier ursprünglich eingebrachten Anträgen in die Ausstellung einer Bewilligung mündet. Die meisten Anträge, die vom AMS abgelehnt werden, beziehen sich auf Fachkräfte in Mangelberufen und Selbständige, von denen 60 % bzw. 85 % abgewiesen werden. Leider sind keine systematischen Daten zu den Gründen für die hohen Ablehnungsquoten bei diesen Gruppen verfügbar, doch allem Anschein nach sind viele negative Entscheidungen bei Mangelberufen auf Unkenntnis seitens der Antragsteller über die als Mangelberufe festgelegten Berufe sowie auf ungenügende Qualifikationen bzw. Qualifikationsnachweise für den angestrebten Beruf zurückzuführen.

### **Die Antragsgebühren sollten angehoben und der Kundenservice verbessert werden**

Die hohe Ablehnungsquote lässt auf ein Informationsdefizit seitens der AntragstellerInnen und/oder ArbeitgeberInnen schließen. Um das Ausmaß unzulässiger Anträge zu senken, sollte vor Antragstellung verstärkt über die

Antragserfordernisse und Auswahlkriterien informiert werden. Zudem sollten die derzeit niedrigen Antragsgebühren angehoben und so kaum geeignete BewerberInnen davon abgehalten werden, Anträge zu stellen und Bearbeitungsrückstände zu verursachen. Die Mehreinkünfte aus diesen Gebührenerhöhungen könnten zur Verbesserung von Kundenservices eingesetzt werden.

### **Der vorab zu erbringende Nachweis einer Unterkunft für die gesamte Bewilligungsdauer sollte gelockert werden**

Alle BewerberInnen müssen bei Einreichung ihres Antrags den Anspruch auf eine ortsübliche Unterkunft für die Dauer von mindestens zehn Monaten nachweisen. Diese Bestimmung zwingt AntragstellerInnen, zehnmonatige Mietverträge zu einem Zeitpunkt abzuschließen, wo sie noch gar nicht sicher sein können, dass sie eine Bewilligung erhalten, oder VermieterInnen dazu zu bringen, eine Bestätigung über ihre Bereitschaft auszustellen, eine Unterkunft an eine Person zu vermieten, die womöglich gar nicht in Österreich arbeiten und wohnen darf. Zwar ist eine derartige Voraussetzung bei Familiennachzug durchaus üblich, für ArbeitsmigrantInnen ist sie hingegen ziemlich ungewöhnlich. Sie sollte, wenn schon nicht komplett abgeschafft, so doch gelockert oder bis zur tatsächlichen Ausstellung der Bewilligung aufgeschoben werden, zumindest für ArbeitsmigrantInnen über einer bestimmten Entgelthöhe.

### **Die aktuelle statistische Infrastruktur zu erteilten Bewilligungen ist für das Arbeitsmigrationsmonitoring unzureichend und sollte verbessert werden**

Es gibt keine Informationen zu dem bei den Aufenthaltsbehörden angesiedelten Verfahren und die Datenbank des Innenministeriums enthält nur aggregierte Daten zur Gesamtheit der in den jeweiligen Kategorien ausgestellten Bewilligungen. Dies führt dazu, dass nicht einmal Grunddaten wie die Staatsangehörigkeit, Statusübergänge oder Aufenthaltsdauer der Bewilligten vorliegen, was eine vollständige Analyse der Migrationssteuerung und ihrer Wirksamkeit unmöglich macht. Im Vergleich zu den in anderen OECD-Ländern vorhandenen Systemen ist das ein großes Manko und muss dringend behoben werden.

### **Das Fehlen zuverlässiger Informationen über freie Stellen und Arbeitsuchende erschwert die Steuerung**

Derzeit werden Arbeitskräftemängel nur über freie Stellen beobachtet und keine weiteren Indikatoren berücksichtigt. Außerdem fehlt es an

umfassenden Informationen zum Arbeitskräftemangel im hochqualifizierten Bereich, da die Hauptinformationsquelle für Stellenangebote und Arbeitssuchende das AMS-Register ist. Es bildet auch die Ausgangsbasis für die jährliche Mangelberufsliste, die im Wesentlichen nur die Stellenandrangsziffer berücksichtigt. Leider liefert das Stellenregister des AMS derzeit nur umfassende Informationen zum gering- und mittelqualifizierten Bereich und unzureichende Daten zum Bedarf bei hochqualifizierten Berufen. Informationen zu Engpässen bei höherqualifizierten Berufen finden sich in anderen Quellen, doch werden diese für die Erstellung der Mangelberufsliste nicht berücksichtigt. Ein System zum besseren Monitoring von Engpässen und deren Verlauf auf allen Qualifikationsebenen inklusive Hochqualifizierten sollte eingerichtet und sodann mit der Mangelberufsliste verknüpft werden. Außerdem sollte die Mangelberufsliste auch auf Basis weiterer Indikatoren zusammengestellt werden, wie etwa aufgrund der durchschnittlichen Besetzungsdauer einer Stelle, Lohnrends und voraussichtlichen Entwicklungen auf dem Arbeitsmarkt.

### **Die Zulassungskriterien scheinen nicht immer ausgewogen und zielgerichtet zu sein, daher sollte das Punktesystem entsprechend angepasst werden**

Mit der Einführung eines punktebasierten Zulassungssystems für die meisten dauerhaften ArbeitsmigrantInnen wurde bezweckt, die Zulassungsbedingungen für potenzielle BewerberInnen transparenter zu gestalten und die Zulassung für Fachkräfte in Mangelberufen zu öffnen. Zwar berichten die meisten Interessengruppen, dass das System tatsächlich transparenter geworden ist, doch müssen die Bedingungen weiter angepasst werden, um den Bedürfnissen des österreichischen Arbeitsmarktes vermehrt nachzukommen. So sind etwa Deutschkenntnisse auf dem österreichischen Arbeitsmarkt wichtig, werden jedoch im derzeitigen Punktesystem nicht entsprechend stark gewichtet. Bessere Englischkenntnisse können dieselbe Punktezahl ergeben wie Grundkenntnisse in der deutschen Sprache, wohingegen bessere Deutschkenntnisse keine Zusatzpunkte bringen. Um die Bedeutung von Deutschkenntnissen auf dem österreichischen Arbeitsmarkt besser abzubilden, sollten Zusatzpunkte für ein höheres Deutschniveau vergeben werden. Eine weitere Unzulänglichkeit des Punktesystems besteht darin, dass die meisten Arbeitskräfte im Alter von über vierzig Jahren vom Zugang zu Mangelberufen praktisch ausgeschlossen werden. Dieses Manko sollte behoben werden, indem etwa Deutschkenntnisse gegenüber formalen Qualifikationen höher gewichtet werden.



## **Bei der Zulassungsstruktur für Hochqualifizierte scheinen weitere Vereinfachungen möglich zu sein**

Hochqualifizierte Arbeitskräfte können derzeit zwischen drei Schienen für die Zuwanderung nach Österreich wählen: i) die RWR-Karte für besonders Hochqualifizierte, bei der AntragstellerInnen aufgrund eines Punktesystems ohne Arbeitsmarktprüfung bewilligt werden; ii) die Blaue Karte EU, bei der AntragstellerInnen aufgrund von Mindestentgeltfordernissen und einer Arbeitsmarktprüfung bewilligt werden; oder iii) die RWR-Karte für Schlüsselkräfte, die ein Punktesystem (das weniger anspruchsvoll ist als bei RWR-Karten Anträgen besonders Hochqualifizierter), Mindestentgeltfordernisse (die unter jenen für Anträge auf eine Blaue Karte EU liegen) und eine Arbeitsmarktprüfung umfasst. Da sämtliche Zulassungen bei der Blauen Karte EU Hochqualifizierte betreffen, wo die Konkurrenz zu österreichischen Arbeitskräften weniger wahrscheinlich ist und Ablehnungen selten sind, scheinen hier noch Straffungen möglich. So etwa könnten Arbeitsmarktprüfungen bei Anträgen auf die Blaue Karte EU entfallen oder Stellen ab einer gewissen Entgelthöhe in der Kategorie Schlüsselkräfte von solchen Prüfungen ausgenommen werden. Angesichts der geringen Zahlen, um die es hier geht, wäre auch zu überlegen, die Blaue Karte EU mit der Kategorie der Hochqualifizierten zu verschmelzen.

## **Studierende aus anderen Ländern stellen ein wichtiges Arbeitskräftepotenzial dar...**

Österreich weist den viertgrößten Anteil an ausländischen Studierenden innerhalb der OECD nach den drei englischsprachigen und bildungsexportorientierten Ländern Australien, Neuseeland und Großbritannien auf. Zwar kommen ausländische Studierende in Österreich mehrheitlich aus den EU-/EFTA-Ländern, insbesondere aus Deutschland, doch hat sich die Zahl der ausländischen Studierenden aus Drittstaaten in den letzten Jahren mehr als verdoppelt, wobei die meisten von ihnen aus Osteuropa, dem Iran und Russland stammen. Diese StudentInnen sind im MINT-Bereich überrepräsentiert, wo Arbeitskräftebedarf herrscht. Zudem haben fast 90 % von ihnen entweder sehr gute Deutschkenntnisse oder Deutsch als Muttersprache. Unter den Studierenden aus Nicht-EU/EFTA-Ländern arbeiten über 50 % im Beherbergungs-, Gastronomie- oder Reinigungssektor, wo relativ geringe Qualifikationen erforderlich sind und die Arbeitsbedingungen nur begrenzt kontrolliert werden. Hierbei handelt es sich um wichtige Sektoren für gering qualifizierte österreichische Jugendliche, auch wenn es bislang keinen Hinweis auf ernstzunehmende Substitutionseffekte gibt.

## **...doch nutzt das aktuelle System keineswegs das volle Potenzial ausländischer Studierender**

In ihren Zuwanderungssystemen begünstigen die meisten OECD-Länder MigrantInnen mit im Inland erworbenen Qualifikationen, und Österreich ist hier keine Ausnahme. Es bietet ausländischen StudienabsolventInnen eine vereinfachte Migrationsschiene. Bisherige Daten deuten jedoch darauf hin, dass nur 5 % der AbsolventInnen aus Drittstaaten eine RWR-Karte über die Zugangsschiene für ausländische StudienabsolventInnen ausgestellt wurde. Mehrere Faktoren scheinen für diese geringe Inanspruchnahme verantwortlich zu sein. Erstens ist das Arbeitsuche-Visum für ausländische Studierende nach Ablauf ihrer Aufenthaltsbewilligung sechs Monate gültig, was im Vergleich zu anderen OECD-Ländern kurz ist. Zweitens müssen ausländische StudienabsolventInnen ein Beschäftigungsangebot vorweisen, das nicht nur ihrem Qualifikationsniveau entspricht, sondern auch in Zusammenhang mit ihrem Studienfach steht, und das obwohl es nur bei rund 40 % der österreichischen AbsolventInnen eine Übereinstimmung zwischen erlerntem Fachgebiet und dem aktuellen Arbeitsgebiet gibt. Außerdem kommen auch nur AbsolventInnen mit einem Master-Abschluss für diese Zugangsschiene innerhalb der RWR-Karte in Betracht, wodurch im Gegensatz zu den meisten anderen OECD-Ländern AbsolventInnen mit Doktorats- oder Bachelor-Abschlüssen ausgeschlossen werden.

## **Ausländischen StudienabsolventInnen sollte der Beschäftigungszugang erleichtert werden**

Zur besseren Nutzung des Potenzials ausländischer StudentInnen sollte es AntragstellerInnen auf eine RWR-Karte für ausländische StudienabsolventInnen gestattet sein, jede ihrem Ausbildungsniveau entsprechende Beschäftigung unabhängig vom akademischen Fach ihres Abschlusses aufzunehmen. Der Zeitraum für die Arbeitsuche sollte verlängert werden. Außerdem könnten DoktoratsabsolventInnen und Bachelors unter denselben Bedingungen (einschließlich Mindestentgeltfordernis) wie AbsolventInnen mit Masterabschlüssen in diese Zugangsschiene aufgenommen werden. Eine Alternative dazu wäre, bei den Schlüsselkräften Bonuspunkte für in Österreich erworbene Qualifikationen zu vergeben und gleichzeitig auf die Arbeitsmarktprüfung zu verzichten.

## **Trotz günstiger Arbeitsmarkt- und Lebensbedingungen taucht Österreich nicht auf den Radarschirmen Zuwanderungswilliger auf**

Österreich ist ein Land mit günstigen Arbeitsmarktbedingungen und einer hohen Lebensqualität. Doch auf dem Radar Zuwanderungswilliger scheint es als Zielland nicht aufzutauchen, nicht einmal in den Westbalkanländern, mit denen Österreich weit in die Geschichte zurückreichende Verbindungen hat und aus denen der Großteil der aktuellen ArbeitsmigrantInnen kommt. Generell gibt es derzeit keine Strategie, Österreich als Zielland für Arbeitsmigration zu positionieren. Offenkundig kommen auch Unternehmen nur selten auf die Idee, im Ausland nach ArbeitsmigrantInnen Ausschau zu halten.

## **Es empfiehlt sich eine umfassende Strategie samt verstärkter Dienstleistungsorientierung im Umgang mit BewerberInnen und ArbeitgeberInnen**

Idealerweise sollte eine Änderung des RWR-Karten-Systems innerhalb einer breiter angelegten Strategie erfolgen, um das Potenzial der Arbeitsmigration verstärkt zu nutzen. Zu diesem Zweck müssten die Möglichkeiten der Arbeitsmigration nach Österreich – über die bereits vorhandenen Internetseiten hinaus - sowohl unter den ArbeitgeberInnen als auch unter den BewerberInnen besser bekannt gemacht werden. Dazu gehört ein dienstleistungsorientierterer Ansatz in der Antragsabwicklung, etwa durch die Einführung von Service-Hotlines und auf Arbeitsmigration spezialisierte Stellen bei den Aufenthaltsbehörden. Einige OECD-Länder, u.a. die durch Einwanderung besiedelten Staaten, aber auch Österreichs Nachbar Deutschland, haben bereits erfolgreich eine derartige Strategie umgesetzt.



## Chapter 1

### Context for labour migration to Austria

*Austria has favourable labour market conditions compared with other OECD countries. Employment levels are high and in Q1-2014 the Austrian harmonized unemployment rate was the lowest in the EU, although it is on the rise and there are considerable regional differences across Austrian states. Demographic challenges are stronger than elsewhere and, in the absence of migration, Austria is one of the OECD countries in which the impact of demographic change on the labour market will be felt soonest. At the same time, labour shortages do not seem to be particularly pressing and widespread yet, although the available evidence suggests that there are currently some shortages in Austria, and that the incidence of shortages is growing. Despite a considerable increase since 2010, labour migration flows from non-EU/EFTA countries remain low in international comparison and new labour migration is currently not expected to provide a major contribution to countering ageing-related labour shortages. Free mobility, however, is important and per-capita flows from the European free-movement area are among the highest in European OECD countries.*

## Introduction

In the absence of migration, Austria is one of the OECD countries in which the impact of the demographic change on the labour market will be felt soonest. Against this backdrop, Austria has seen a significant mobilisation of its labour force in recent years, although there is still some margin for increases in participation rates of certain groups such as women, older workers and immigrants.

In mid-2011, Austria introduced a major reform of its labour migration system, with a view of making labour migration to the country more attractive. Three years after this reform, it is an apt time to evaluate the Austrian labour migration system. In spite of this reform, until now, labour migration has remained low in international comparison, and although it has been increasing, Austria has one of the smallest inflows of managed labour migration relative to its population in the OECD.<sup>1</sup>

At the same time, there are significant free mobility flows, with three out of four new migrants coming from the European Union. Labour market conditions in many other EU countries – both in the EU-15 and in the post-2004 accession countries – suggest that the European Union will remain in any case the main basin for recruitment in the near future.

So clearly, one explanation for the limited labour migration is that most needs are filled by free mobility. It is also possible that shortages are not yet severe, or that employers are reluctant to recruit from abroad, because of information deficits, specialised requisites for skills or language ability, or reluctance to employ foreign workers. On the potential immigrant side, there are a number of reasons that could be advanced to explain the limited labour migration observed to Austria. The country may not appear on the radar for job searchers. It may be less attractive than other countries, due to salary levels, cost of living, facility of integration, family and cultural aspects. Likewise, international students may not be interested in remaining for these reasons. Even where both employer and candidate are interested, there may be insufficient matching or mediation opportunities, or the available mediation tools may not enjoy sufficient trust. The admission regime may be restrictive for many of the occupations which firms are looking to fill. The administrative procedures may be excessively complicated, expensive or unknown. However, it is uncertain to what extent these factors affect the decision of potential labour migrants with regard to Austria.

The present review examines these aspects of the Austrian labour migration system, covering both the general context – employer demand, perception, etc. – and those which are inherent to the system. This concerns both its efficiency – that is the time, cost and complexity of processing – and

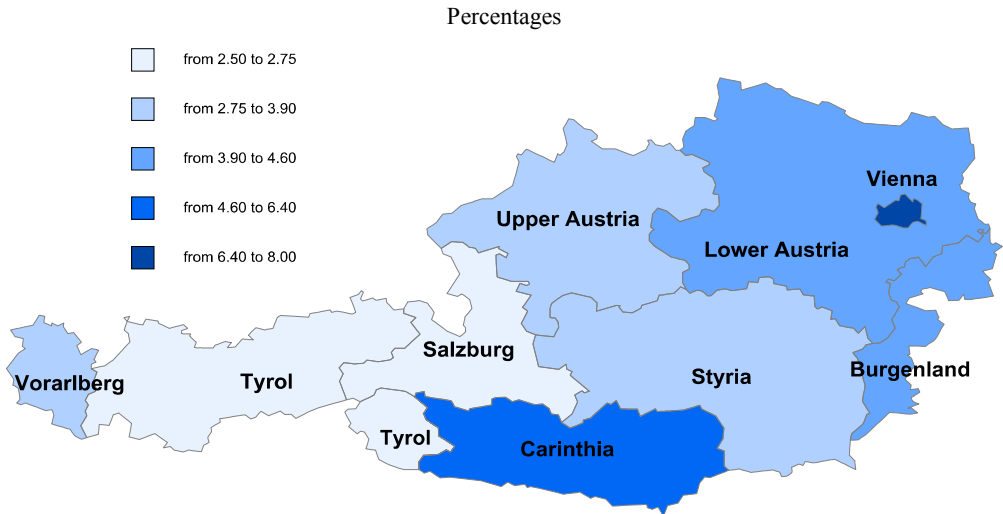
its effectiveness, that is, its ability to respond to labour market demand. The review examines parameters of selection used – and not used – under the Austrian system, considering whether establishing different parameters or tinkering with criteria could help improve the ability of the system to effectively and efficiently meet demand for which no local labour is available. What steps could be taken to improve intake channels for skilled labour? The review looks at the points of strength of the system in Austria based on its outcomes, but also its weak points, both those addressed by the 2011 reform and those which remain.

Chapter 1 examines the labour market and demographic context for labour migration to Austria. Chapter 2 reviews the evolution of the Austrian labour migration system. Chapter 3 examines the functioning of the system for permanent labour migration and its efficiency and effectiveness in functioning. Chapter 4 examines temporary labour migration flows and their management. Chapter 5 reviews the role of the different components of migration for employment – i.e. permanent and temporary labour migration as well as free-mobility flows – in meeting labour needs. Chapter 6 addresses the issue of Austria's attractiveness as a destination.

## **Labour market conditions and specificities of the Austrian labour market**

In international comparison, labour market conditions are favourable in Austria. With an employment rate of 72.5% in Q1-2014, Austria has a relatively high proportion of its working-age population (15-64 years old) in employment, well above the OECD average of 65.6%. There has been a steady increase in the employment rate by roughly 4 percentage points since 2000, with a minor drop in 2013. The group which benefitted most from this improvement are women. The employment rate of the elderly (55-64 years old) is about 45%, an increase of roughly 16 percentage points since 2000 but still much lower than the OECD average for this age group, which was 56.4%. Unemployment is also low, and in Q1-2014, the Austrian harmonised unemployment rate was 4.9%, the lowest in the EU and well below the OECD average of 7.5%.

There are considerable regional differences in labour market performance, particularly between Vienna and the remainder of Austria (Figure 1.1). Whereas unemployment in Tyrol, Salzburg and Upper Austria was below 3% in 2012, the unemployment rate in Vienna reached almost 8%.

**Figure 1.1. Unemployment rate by region, 2012**

*Source:* OECD Secretariat calculations based on European Labour Force Survey, 2012.

Wage policy in Austria is shaped by the social partners, with wage negotiations taking place on an annual basis at the sectoral level. There is no statutory minimum wage in Austria, but the wages concluded in collective agreements must not be lower than EUR 1 000 per month (for full-time work, paid 14 times a year). Wage differentials according to gender, age and industry are relatively high by international standards.

The Austrian labour market is relatively dynamic. Seasonal employment is widespread, as the two large industries with high seasonality, construction and tourism, account for 7% and 6% of total employment respectively. In both sectors, immigrants are overrepresented.<sup>2</sup> Partly linked to this, job turnover in Austria is relatively high. In 2012, 1.72 million new employment contracts were concluded and 1.7 million contracts were terminated, at a total employment of 3.47 million.

Medium-level qualifications and particularly apprenticeship are widely recognised and are an important characteristic of the Austrian labour market. Austria has one of the highest proportions of students in vocational education and training among the OECD countries (see Hoeckel, 2010). In 2011, around 63% of the 25-64 year old had medium-level qualifications, compared with 42% on average in the OECD. More than half of these (54%) have passed through the apprenticeship system. In contrast, the proportion of highly educated among the 25-64 year old is relatively small compared with



other OECD countries, at 19.5% in comparison to an OECD average of 30.5% (DIOC 2010/2011).

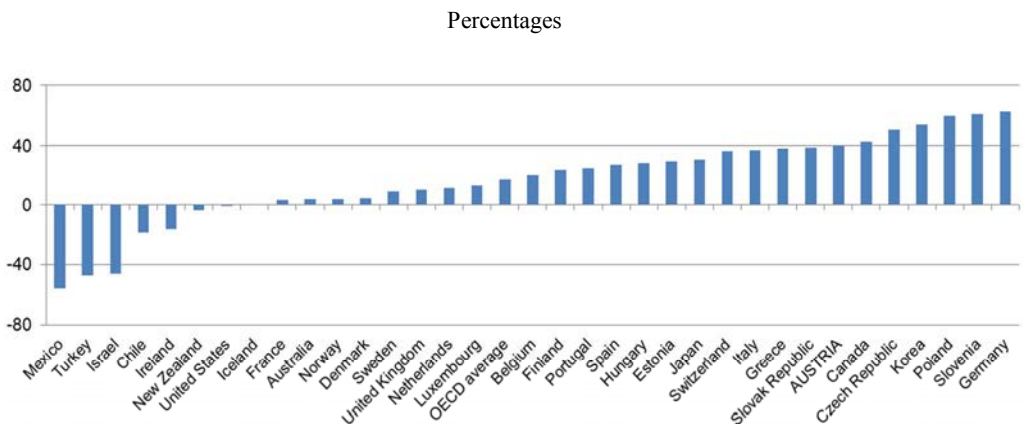
A further peculiarity of the Austrian labour market is the importance attached to formal qualifications, as witnessed by a larger increase in employment rates along with qualification levels than in most other OECD countries. At the same time, foreign qualifications, especially those from lower-income countries, face a strong discount on the Austrian labour market (Krause and Liebig, 2011).

## Demographic outlook, labour shortages and the expected role of migration

### *Demographic outlook*

Austria, like many other western European OECD countries, is experiencing demographic change; rising life expectancy, retirement of baby-boomers and decreasing fertility rates. Nonetheless, apart from small-scale regional peculiarities, the Austrian population is still growing – as opposed to other European countries, such as Germany, whose population has been declining since 2004. The Austrian growth, however, is entirely attributable to increasing net migration rather than to rising birth rates.<sup>3</sup>

**Figure 1.2. Estimated difference between the age-related entries and exits from the working-age population**



*Note:* Projections based on 2010 resident population and current migration levels. Age-related exits refer to the cohort aged 60-64, new entries to the cohort aged 15-19.

*Source:* OECD Secretariat calculations on the basis of UN population projections; 2010 revision.

A comparison of age-related exits from the working-age population and new entries of youth cohorts reveals the effects of demographic change on the Austrian labour market. According to UN population projections, by 2020, about 40% more people will be leaving the working-age population than entering it. Only Canada, the Czech Republic, Korea, Poland, Slovenia and Germany are expected to face a more disadvantageous development over the next years (Figure 1.2).

### *The evidence regarding labour shortages*

There is currently little comprehensive and overarching data available on labour shortages in Austria.<sup>4</sup> Evidence regarding the extent and evolution of labour shortages stems from different sources and does not provide a consistent picture.

The two main providers of data on shortages are the Austrian public employment service (AMS) and Statistics Austria. The AMS monitors labour shortages based on the number of registered unemployed workers per registered vacancy (*Stellenandrangsziffer*). It also maintains a so-called “skills barometer”, which aims at providing comprehensive information on current and short term skills needs by informing about job openings over the last two years by occupation group and region and most popular occupations and qualifications.

While the average number of job vacancies registered with the AMS has decreased by 30% between 2008 and 2013, the average number of registered job seekers increased by 35% – resulting in a ratio of unemployed persons per vacancy of 11:1, compared with 6:1 in 2008. The average duration of a vacancy was 24 days in 2012, a third less than in 2008. 72% of all vacancies that were registered with the AMS were filled within one month. However, the situation was not uniform across sectors. Technical occupations had the longest advertisement durations (36 days) as opposed to occupations in agriculture and forestry and occupations in the service sector, where vacancies only took on average 14 days and 20 days, respectively, to be filled. Technical occupations, such as cutters, turners, engineering fitter machinists, heavy current engineers and welders, also covered five of the six spots on the list of occupations with less than one registered unemployed worker per vacancy. In terms of qualifications, most demand was in the low- and medium-skilled job segment – indeed, highly skilled jobs are rarely registered with the AMS. Half of the vacancies with an advertisement duration exceeding six months were looking for candidates with an apprenticeship qualification. In absolute numbers, unfilled vacancies were most pronounced in the tourism sector, namely for waiters and cooks.

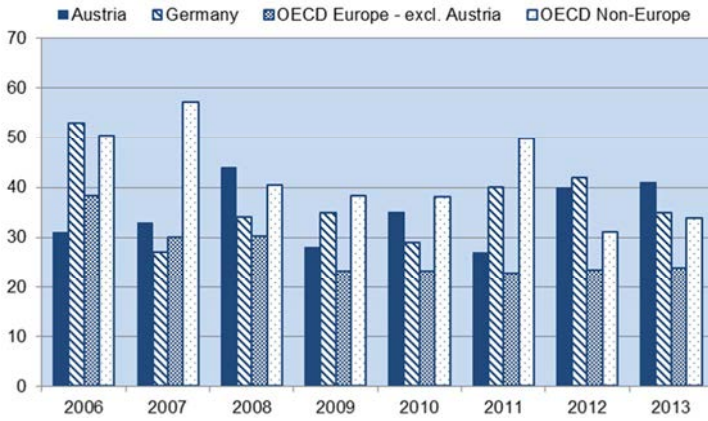
Since 2009, Statistics Austria complements AMS data with a detailed analysis of job vacancies based on representative employer surveys which are conducted on a quarterly basis. These surveys constitute a crucial complement to AMS data as they also include vacancies in the higher-skilled segment that are typically not registered with the AMS. In 2013, less than half of the number of vacancies that were on average reported in the surveys were also registered with the AMS. The results of the employer survey also point to more severe shortages than the AMS data. Less than 31% of the vacancies that were reported in the survey by Statistics Austria could be filled within a period of less than one month, compared with 34% in 2010. 7% of available jobs took longer than six months to fill and 27% of all vacancies were found to be permanent, compared with 19% in 2010. Most vacancies were reported in the service sector (32%), followed by technical occupations (19%) and skilled crafts and trades (15%). The bulk of vacancies were in the low-to-medium-skilled level. 39% of all reported vacancies did not require any qualification at all, 31% concerned apprenticeship-level occupations.

An employer survey conducted by the AMS in 2011 found that 33% of employers encountered staff shortages, compared with 29% in 2009 (Gaubitsch and Luger, 2012). Shortages were strongest in the data processing sector, followed by tourism and technology. Regarding occupations, vacancies for trained medical nurses, vehicle drivers and cooks were hardest to fill. In regional terms, the intensity of shortages was fairly balanced, with the highest incidence of shortages being reported by companies in Upper Austria (38%) and Vorarlberg (38%) and the lowest incidence of shortages faced by employers in Burgenland (25%).<sup>5</sup>

Comparative data also suggests that employers in Austria appear to face more difficulties in recruiting skilled labour than employers in other OECD countries. Between 2006 and 2013, on average 35% of Austrian employers reported difficulties filling jobs due to a lack of available talent, compared with an average share of 27% in European OECD countries (Figure 1.3).

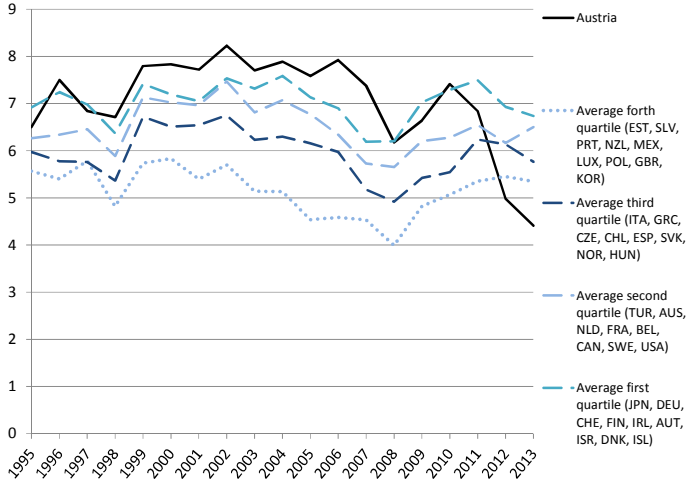
Likewise, evidence from the *IMD World Competitiveness Yearbook* suggests that the share of Austrian employers who reported that skilled-labour is readily available in Austria has seen a sharp decline since 2010. In fact, whereas until 2010, conditions were remarkably favourable in Austria – with the share of employers stating that skilled labour was available being above the fourth quartile – the situation has deteriorated ever since and reached a new low in 2013 when the share of employers, who esteemed skilled labour to be readily available fell below the first quartile (see Figure 1.4.).

**Figure 1.3. Percentage of employers reporting difficulties filling jobs due to lack of available talent**



Source: Calculations by the OECD Secretariat on the basis of the Manpower Talent survey.

**Figure 1.4. “Skilled labour is readily available”, approval rates of employers from Austria and other OECD countries**

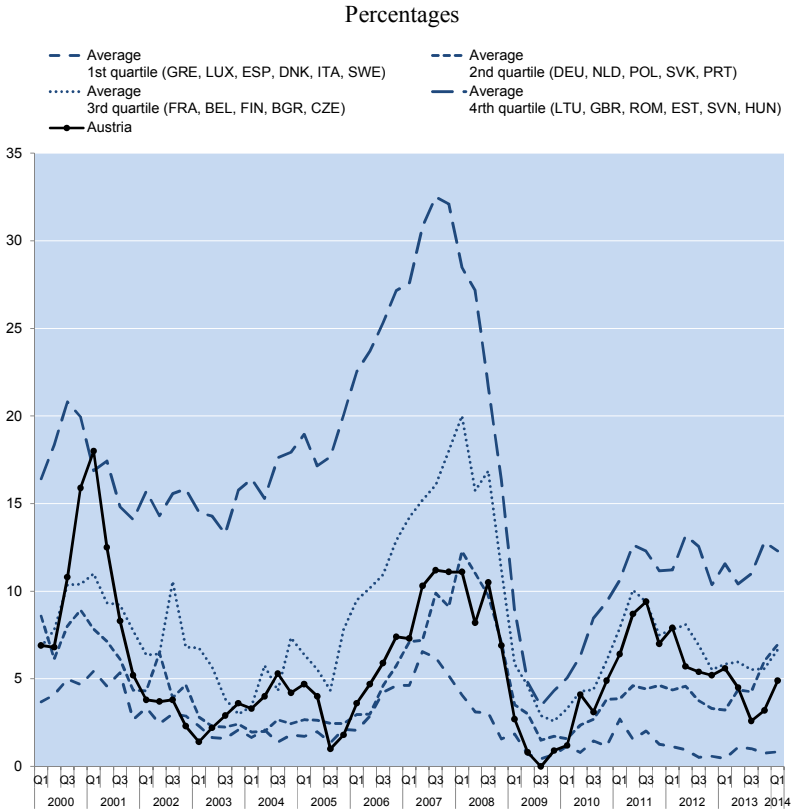


Note: 0 = does not apply, 10 = does apply.

Source: OECD Secretariat calculations on the basis of the *IMD World Competitiveness Yearbook 2013*.

At the same time, on average merely 5.3% of Austrian employers reported that labour shortages actually impede production (Figure 1.4), suggesting that overall, skills shortages do not appear to constitute yet a major problem in Austria.

**Figure 1.5. Employers in Europe stating that labour shortages hinder production**



*Note:* Countries include EU-27, except for Ireland, Latvia, Cyprus and Malta.

*Source:* Eurostat Business and Consumer Surveys.

An indication of looming shortages in medium-qualified occupations is a high number of unfilled apprenticeships in a country with a strong component of employer-based (dual) vocational training, such as Austria. Currently, there does not seem to be an overall shortage in apprentices in Austria. In 2013, there were almost two apprenticeship-seekers for each apprenticeship vacancy. However, some regions, such as Tyrol and Salzburg, have for several years registered more apprenticeships vacancies

than apprenticeship-seekers. In 2013, the apprenticeship vacancy per apprenticeship-seeker ratio in these two states was 1.8 and 2.6, respectively. These mainly concerned non-managerial occupations in the hospitality sector.

In summary, the available evidence suggests that there are some shortages in Austria, and that the incidence of shortages is growing, although the issue does not yet seem to be particularly pressing and widespread yet.

### *The expected role of migration in meeting labour shortages*

In contrast to other European OECD countries such as its neighbour Germany, Austria does not have an explicitly spelled out overall strategy to tackle future labour shortages – suggesting that shortages are currently not seen as a pressing matter by relevant actors.<sup>6</sup> This might be due to a recent rise in unemployment, albeit from low levels, and the fact that official demographic projections forecast labour shortages only from 2019 onwards.

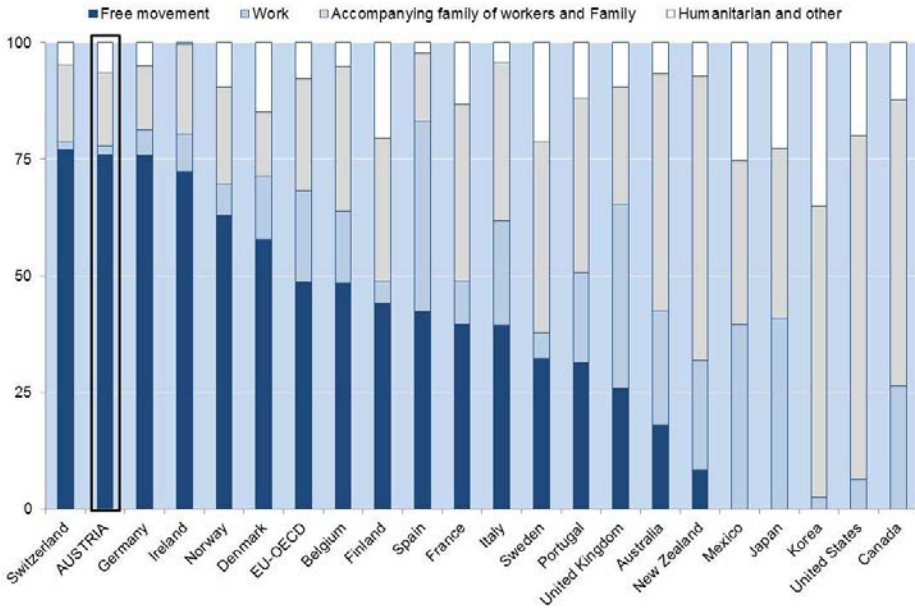
At present, most government initiatives focus on mobilising the potential of the domestic workforce, including attempts to raise the employment rate of the elderly, reintegrate unemployed persons into the labour market and increase labour market participation of women, in particular of those with an immigrant background (Biffel et al., 2010). Austrian policy makers have also acknowledged immigration from non-EU/EFTA countries as a potential remedy for future labour shortages in the medium and highly skilled job segment. However, the policy focus clearly remains on realising the full potential of the domestic workforce – including immigrant workers and their families who are already residing in Austria. New labour immigration is thus currently not expected in the Austrian framework to provide a major contribution to countering ageing-related labour shortages.

## **A first glance at the evolution of labour migration to Austria**

With new immigration flows of about 0.8% of the total population in 2012, the latest year for which internationally comparable data are available, Austria's flows for permanent migration are higher than the average share in European OECD countries (0.5%). The vast majority (76%) are free mobility flows from EU/EFTA countries (Figure 1.6), the bulk of which (about 59%) come from the countries that joined the European Union in 2004 (EU-8) and in 2007 (EU-2). Inflows from the EU-15 are dominated by German nationals, whose numbers have been relatively stable over the past years. Labour migrants from non-EU/EFTA

countries account for less than 2% of permanent immigration inflows – which is, after Switzerland, the second lowest share among all OECD countries for which data is available.<sup>7</sup>

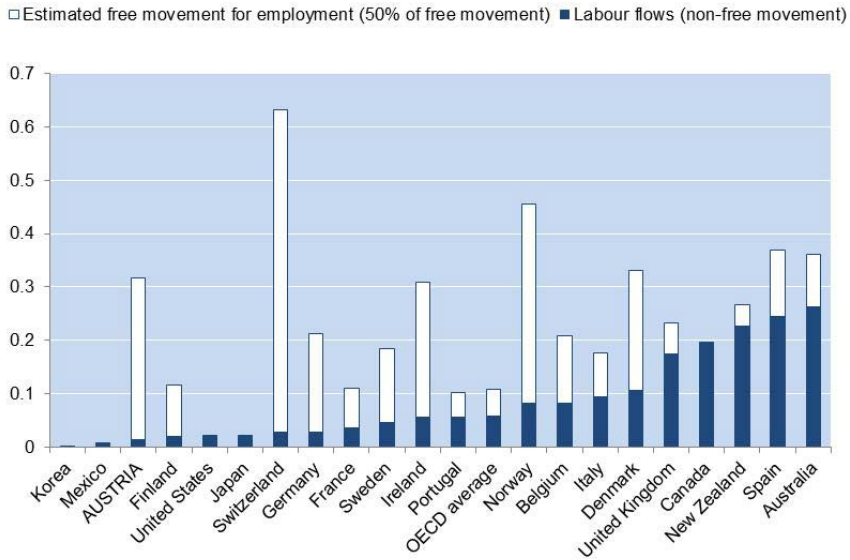
**Figure 1.6. Permanent immigration in selected OECD countries by category of entry or of status change, 2012**



Source: OECD International Migration Database.

However, the small importance of labour migration from non-EU/EFTA countries is partly counterbalanced by a relatively high share of free-movement flows. If 50% of free movement is estimated to be for employment, Austria displays one of the highest per-capita flows of free mobility for employment among European OECD countries (Figure 1.7). In fact, only Switzerland, Norway and Luxembourg have higher employment-related free movement flows relative to the total population.

**Figure 1.7. Permanent migration for employment into selected OECD countries as percentage of the total population, 2012**

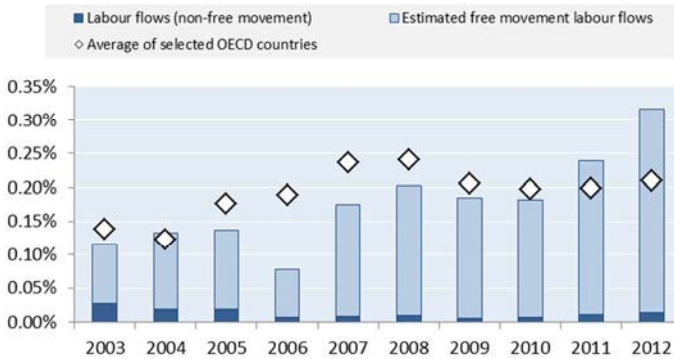


Source: *International Migration Outlook, 2014*.

Limited managed labour migration coinciding with relatively large free-mobility flows are not a recent phenomenon in Austria, as Figure 1.8 shows. Indeed, over the period for which data are available, managed labour migration has always been only a fraction of overall migration for employment, and figures have not changed much over the past decade. At the same time, free mobility has grown significantly and since 2011, overall migration for employment is well above the OECD average.



**Figure 1.8. Evolution of permanent migration for employment to Austria as a percentage of the total population and average of selected OECD countries, 2003-12**



*Note:* The OECD average is the unweighted average of the 17 OECD countries for which full data was available for the years 2003 to 2012. 50% of free movement is estimated to be for employment. For countries that do not have a free movement regime only work migration flows were considered.

*Source:* OECD International Migration Database.

Traditionally, labour migrants come mainly from central and eastern European countries and the Balkans. Between the introduction of the Austrian labour migration system in mid-2011 and the end of 2013, the main origin countries for permanent labour migration from non-EU/EFTA countries have been Bosnia (14% of all flows), followed by the Russian Federation (10%), the United States (9%), Serbia (8%) and Croatia (8%).<sup>8</sup> Other important origin countries are Ukraine (6%), Canada (5%), India (5%), China (5%) and Turkey (3%). Note, however, that these data refer to approvals by the labour market authorities rather than admissions, since admission data is not available by origin country (see Box 1.1).

### **Box 1.1. Data sources on labour migration to Austria**

The main source for information on labour migrants in Austria is the database of the public employment service (AMS). The AMS collects detailed data about all permanent and certain types of temporary labour migrants during its assessment of the application forms (see Chapters 3 and 4 below). As a result, detailed information about AMS approvals and rejections as well as information by permit type and applicant's characteristics, such as nationality, age, gender, occupation and sector of employment is available. Unfortunately detailed information about the points scored by an applicant in the points system is currently unavailable for statistical purposes although this information is systematically recorded during the procedure. Only the overall points score, indicating whether the applicant met the threshold or not, is available.

### Box 1.1. Data sources on labour migration to Austria (*cont.*)

The AMS data on approvals can be linked with data on the job and employer characteristics. Post-admission, this linked information is used for a compliance check whether the observed employment conditions for the labour migrant in terms of payment etc. meet those originally promised by the employer. Unfortunately, in practice the outcome of this check is not systematically documented, nor is information available on the consequences, as suspicious cases are merely pointed out to the residence authorities who rarely report back to the AMS.

Although not all AMS approvals necessarily result in permit issuances, the review mainly uses AMS data due to a lack of detailed information on permits (see below). Even though the permit category for permanent labour migrants is recorded by AMS, it is currently impossible to link AMS data with permit data.

Information on permits is available from a database hosted by the Ministry of the Interior. The permit data base is scarcely used and its information extremely limited. It is only possible to obtain information on the total number of issued residence permits by category, broken down between first issuances and renewals. Even the most basic information, such as the nationality of residence permit holders by category, is unavailable, let alone any longitudinal data on status changes for specific categories (e.g. from student to labour) or other transitions, making a full assessment of the efficiency and efficacy of the system impossible. Indeed every extraction of information from the data base is only a snapshot of the current content and information gets continuously overwritten. It is not even possible to ascertain how many of the labour migrants admitted in a past year are still legally present in the country. Few other OECD countries have such poor permit data and it is thus no surprise that there is only very little empirical research on labour migration in Austria.

The two already mentioned data sources are the only data bases in Austria that allow for an identification of labour migrants. The social security register (*Hauptverbandsdaten*) provides information about employees' employment periods and basic demographic information but does not include permit information. The Austrian Labour Force Survey provides rich socio-demographic and labour market data, but does not allow to distinguish labour migrants from other migrant groups in Austria that are also in employment. However, but it can be used to analyse the characteristics and employment of recently arrived EU nationals. But the Labour Force Survey does not adequately capture short-term migration and seasonality of employment, which are important in the Austrian context.

The information with respect to the stocks and flows for international students is reasonably good, and Statistics Austria provides information about the field of study and number of graduates per year for international students. The AMS collects relevant data such as nationality, occupation and sector of employment for students in employment. Further information is available from a student survey in 2011, the *Studierenden-Sozialerhebung*, including on the intention to stay and future plans. A graduate survey from 2010 (*Arbeitssituation von Universitäts- und FachhochschulabsolventInnen* – ARUFA) provides information on the socio-economic characteristics and the employment of international graduates who stay in Austria.

## Notes

1. The term “labour migration” in this document refers to migration for employment from non-EU/EFTA countries.
2. In 2013, the share of foreign-born amounted to 34% of total employment in the hospitality sector and to 22% in construction.
3. At the same time, the symptoms of demographic change operate differently across regions. Whereas the south and the southeast of Austria (Burgenland, Carinthia and Styria) experienced both population aging and population decline, the situation in the remainder of Austria was more favourable. In particular Lower Austria and Vienna have registered significant population increase over the last years. Projections of the Austrian Institute of Economic Research (WIFO, 2010) suggest that by 2030, growth will be primarily concentrated in the East, whereas the South will fall further behind. Especially Vienna and Lower Austria are expected to see favourable population dynamics in the long run.
4. A study commissioned by the Federal Ministry for Labour, Social Affairs and Consumer protection is currently under way examining the extent and impact of current and future skills shortages as well as appropriate (additional) shortage indicators in Austria.
5. Further to the employer surveys conducted by Statistics Austria and the AMS, a number of other employer surveys were carried out in Austria, including a 2012 survey conducted by the Federation of Austrian Industries (IV) among its members, which concluded that shortages exist primarily in technical occupations, research and innovation. Overall, eight out of nine companies encountered problems recruiting employees in these fields. 77% of companies reported problems finding suitable candidates to fill their apprenticeship spots in technical occupations and about 90% of employers struggled to fill both skilled and highly skilled positions in the technical field. About 70% of employers encountered problems recruiting candidates for medium-skilled positions in research and innovation, and around 8% of companies reported problems filling highly skilled positions in this field. Further, one in six vacancies for highly skilled positions in MINT disciplines (mathematics, information sciences, natural sciences and technology) could not be filled. Employer

surveys conducted in Vienna, Lower Austria and Upper Austria in 2008 and 2011 by the Institute for Research on Qualification and Training of the Austrian Economy found both an above-average estimation of growth in demand for technological occupations and an above average report of recruitment problems in this field. Employers estimate that most demand will be for technical apprenticeship-level qualifications.

6. Nevertheless, Austria has an overall labour market strategy and the current government programme also foresees a labour migration strategy in this context.
7. Obviously, many immigrants from non-EU/EFTA countries also have good skills and are part of the labour market. However, an analysis of these flows, their management and their labour market contribution, is beyond the scope of this review (for a discussion, see Krause and Liebig, 2011).
8. Since 1 July 2013, Croatia is an EU member country. The figure for Croatia thus only includes flows until that date.

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## Chapter 2

### Evolution of Austria's labour migration policy

*Labour migration policy in Austria was long associated with the guestworker scheme of the 1960s. Following the first oil crisis in the early 1970s, official recruitment was curtailed but the guestworker model continued to provide the overarching steering mechanism for immigration. The early 1990s marked a turning point. Against the backdrop of sizeable inflows of humanitarian migrants, the guest-worker regime was replaced by a general quota on foreign employment and a system of annual numerical limits for residence titles. Migration from non-EU/EFTA countries was limited to family members, seasonal labour and so-called key workers, that is, persons holding special skills that were deemed necessary on the Austrian labour market. Following the accession of the EU-8 countries in 2004, transitional arrangements were implemented to protect the Austrian labour market with exemptions being granted to EU-8 nationals in shortage occupations. In 2011, in light of looming demographic challenges, a major reform of the Austrian legal framework for labour migration, the so-called Red-White-Red (RWR)-Card, replaced previous regulations based on numerical limits by a points-based admission scheme, making the system more transparent and ready to accept labour migrants where they are needed, including in medium-skilled occupations in which there were limited admission possibilities previously. The reform coincided with the implementation of the EU Blue Card and the full opening of the labour market for the countries which joined the European Union in 2004, making its effect difficult to assess.*

## The “Guestworker” recruitment (1961-1973)

In the aftermath of the Second World War, Austria, like most other western European countries, embarked upon the reconstruction of its economy.<sup>1</sup> However, unlike its neighbouring countries Germany and Switzerland, it did not experience an enduring phase of sustained economic growth until the early 1960s. This was partly due to the fact that after the war, Austria, more than most other European countries, was faced with the challenge to integrate over half a million of displaced persons from Germany, central and eastern Europe. In addition, Austrian recovery was hampered by the relatively poor level of industrialisation of the Austrian industry and the associated emigration of a substantial number of skilled Austrian workers to neighbouring European countries and overseas destinations, where labour market conditions were more favourable than in Austria. Nevertheless, the Austrian economy started to grow, albeit at lesser strength than that of other western European countries. First labour shortages became visible in the late 1950s and full employment was reached around 1960.

Against this backdrop, a disagreement regarding labour immigration emerged among the social partners – key actors in the Austrian labour market setting. The representative body of the businesses, the Economic Chamber, advocated foreign recruitment in order to meet growing labour shortages in the export industries and secure economic growth. In contrast, the Chamber of Labour – as the body representing the employees – as well as the Trade Union Federation tried to block such attempts insisting on a regulation dating back to 1933, according to which firms had to prove that there was no Austrian national available to fill any given position before recruiting a foreign worker for that position.<sup>2</sup> It was only in 1961 that the social partners eventually agreed upon the so-called “Raab-Olah-Agreement” enabling large-scale recruitment of so-called “guest workers” on the basis of a first annual contingent of 47 000 workers, for whom an individual labour market testing was no longer required, but whose rapid employment was facilitated by quick administrative procedures (Biffl, 2011b). In the years to follow, numerical limits for admission were fixed on an annual basis by the Federal Economic Chamber, the Chamber of Agriculture, the Trade Union Federation and other organisations of employers and employees, in which annual numerical limits were decided for each industrial sector and branch based on an estimation of future demands for foreign labour (Deutsch et al., 2013). At the same time, foreign workers had to be submitted to the same wages and working conditions as Austrians, to be dismissed first and were, as a rule, only granted a temporary but renewable work permit limited to one year (Perchinig, 2002).<sup>3</sup>



Austria thus essentially implemented a guest-worker scheme similar to those that had been established a few years earlier in other European OECD countries. Recruitment was based on bilateral treaties, the first of these was signed with Spain in 1962 (see Annex Table A.1 for an overview of the evolution of the legal framework). However, in its early stages, inflows of guest workers remained far below the average annual numerical limits of 37 000 permits as Austrian wages were low in comparison to other destination countries, such as Germany and Switzerland. Further agreements were thus soon concluded with Turkey (1964) and former Yugoslavia (1965). At the same time, recruitment centres were established by the Economic Chamber in Belgrade (former Yugoslavia) and Istanbul (Turkey).<sup>4</sup> Indeed, since the early 1960s, the operational aspects of Austrian labour migration, just like labour market and labour migration policy itself, were mainly handled by the social partners – in line with the tripartite nature of policy setting of the overall Austrian labour market. While the Economic Chamber was in charge of recruitment, the Chamber of Labour and the Trade Union Federation were responsible for controlling the wage and working conditions of foreign employment within Austria.

As a consequence of these measures, the share of foreign workers in total employment increased rapidly during the second half of the 1960s: While in 1964, foreign workers had accounted for a mere 1% of the total workforce, their share had mounted to almost 9% by 1973. In particular labour migration from Yugoslavia and Turkey was numerous with Yugoslav workers – possibly as a consequence of the geographic proximity and historical ties to Austria – accounting for 78.5% of foreign workers and Turkish workers making up around 12% of the foreign workforce at the time. Today, immigrants of Turkish or Yugoslav origin<sup>5</sup> constitute 7% of the overall Austrian population and account for 40% of the foreign-born.

During its initial phase, Austrian labour migration policy was founded upon the so-called “rotation principle”. According to this, labour migration was supposed to be temporary only with predominantly low-skilled, young men coming and leaving according to labour market needs. The principal objective of migration policy was to enhance the competitiveness of export industries. Accordingly, foreign labour was mainly employed in labour intensive industries producing tradable goods, such as clothing, leather and textile manufacturing, all of which featured a low capital to labour ratio. Permanent settlement, family reunification or societal integration were neither presumed nor intended in this initial agreement of the social partners.

With enduring high labour demand and economic activity buoyant, recruitment patterns started to change in the early 1970s. The initially agreed-upon system of direct recruitment from abroad had proven rigid and inefficient and lost much of its capacity to control inflows of workers.

Employers started to form networks with foreign workers in Austria, who, in turn, referred to relatives and friends in their countries of origin – whereby effectively bypassing recruitment centres. New workers now came on tourist visas and, upon arrival, generally managed to obtain employment permits rather easily given the favourable economic conditions at the time (Davy and Gächter, 1993).

The “rotation system” no longer functioned as intended and was gradually replaced by a tendency to renew contracts and prolong the stays of foreign workers already in Austria, which was beneficial to both employers and workers. Employers preferred to keep workers who had already acquainted themselves with their tasks instead of dismissing them to hire new ones, who yet had to be trained. Workers, on the other hand, appreciated the opportunity to augment their savings and extended their stay in Austria. Given the favourable economic conditions at the time, trade unions and employment offices largely permitted the extension of work permits.

### **The oil crisis and its aftermath (1973-1989)**

As in many other European OECD countries, the early 1970s marked a turning point in Austrian labour migration policy (Bauer, 2008). Following the first oil crisis in 1973, economic stagnation led to high levels of unemployment. More than a third of all foreign workers either lost their jobs or did not obtain extensions of their work contracts (Biff, 2011b). The return of a significant number of Austrians, who had been working abroad, alongside the arrival of the baby-boom cohorts on the labour market added to this effect and resulted in the first sustained period of high unemployment since 1945. Official recruitment was curtailed and attempts were undertaken to reduce the number of foreign workers in Austria. However, in contrast to other countries – notably neighbouring Germany – Austria did not impose an outright recruitment stop.

In 1975, the Foreign Workers’ Act (*Ausländerbeschäftigungsgesetz, AuslBG*) formalised the principal conditions that had regulated foreign employment since 1961. It stipulated preferential hiring of Austrian nationals and determined that, in case of layoffs, foreign workers had to be dismissed first. Further, it introduced a complex system of different work permits to regulate immigrants’ access to the Austrian labour market: upon arrival, immigrants were issued an employment *permission* (*Beschäftigungsbewilligung*), which was employer-bound, obliging immigrants who could not remain with their employer to leave the country. Only after eight years of consecutive employment, immigrants were granted a certificate of exemption (*Befreiungsschein*) which provided them with

unrestricted access to the labour market during a period of two, later three years with a possibility of renewal.<sup>6</sup> Work permits continued to be subject to numerical limits for different economic branches and essentially served to codify foreign workers' status as a labour market reserve that could be easily dismissed (Perchinig, 2002). As a consequence, the share of foreign workers in total employment decreased by 40% between 1974 and 1984 (Bauer, 2008).<sup>7</sup>

### **1989-2011: The fall of the Iron Curtain, the introduction of a quota system and the key worker regulation**

The late 1980s and early 1990s marked a significant change, both in the political setting and in the focus of Austrian immigration policy as a whole. Up until this point, the guest worker model had provided the overarching steering mechanism for immigration to Austria. Migration policy had almost entirely been concerned with labour migration and was driven by the social partners, along with the Ministry of Labour and Social Affairs. However, with the fall of the Iron Curtain and the wars in former Yugoslavia, sizeable inflows of humanitarian migrants from central and eastern Europe rendered the prevailing mode of immigration control via labour market regulation inefficient and moved the focus away from labour migration.<sup>8</sup> With the rise in the number of humanitarian inflows, the Ministry of the Interior emerged as the main ministry in charge of overall migration policy.

Against this backdrop, an amendment to the Foreign Workers' Act (*AuslBG*) in 1990 replaced the numerical limits for economic branches, which had been introduced in 1961 but had lost much of their regulatory power as they were repeatedly exceeded, by a general quota on foreign employment (*Bundeshöchstzahl*), fixing the share of foreign workers at 10% of total employment. In addition, the reform introduced several measures, which aimed at avoiding illegal employment of foreign workers (Deutsch et al., 2013)

Towards the end of the 1980s, arguments in favour of a tighter control of immigration flows were advanced, calling for an immigration regime with yearly quotas on residence permits. In a comprehensive reform of the existing legal migration regime in 1993, the government responded to these demands and passed a residence law (*Aufenthaltsgesetz*) which, among other changes, introduced annual numerical limits for each residence title on the level of the federal states. The right to residence did not automatically infer the right to employment. In fact, alongside these new numerical limits on residence titles, the general quota on foreign employment, which had been introduced in 1990s and limited foreign employment to 10% of the total workforce, remained existent – thereby rendering access to the Austrian

territory and access to the Austrian labour market subject to two separate admission systems. Admissions under the numerical limits for residence permits were administered by the Ministry of the Interior, while the employment quota, which took labour market conditions into consideration, remained under the auspices of the social partners and the Ministry of Labour and Social Affairs, the predecessor of today's Federal Ministry of Labour, Social Affairs and Consumer Protection (see Box 2.1). The resulting framework was thus rather complex (see Box 2.2).

### **Box 2.1. Key actors in Austrian labour migration policy**

The current management of Austrian labour migration policy involves a variety of actors. The *Federal Ministry of Labour, Social Affairs and Consumer Protection* has been in charge of regulating labour market access to foreign nationals. It has the authority to process, grant and register work permits. These tasks, i.e. the processing and granting of work permits, are delegated to the AMS – the Austrian public employment service under the auspices of the ministry. The AMS is organised in agencies at the federal, state and municipal level. In cases where this is necessary, one of the local AMS offices conducts the labour market test (see Chapter 3 below).

The *Federal Ministry for the Interior* (BMI) is the other main ministry involved in Austrian labour migration policy. Since the early 1990s, the BMI regulates admission and residence. The processing, granting and renewal of residence permits is carried out by the local residence authorities, which operate within the local administrations under the guidelines of the BMI.

As outlined already, Austrian labour migration policy has traditionally been largely the result of negotiations between the Social Partners, who play a rather unique role in the Austrian labour market setting. Of particular importance for labour migration policy are the *Economic Chamber* (WKÖ), of employers and businesses, the *Chamber of Labour* (AK) and the *Austrian Trade Union Federation* (ÖGB) as the representatives of employees, as well as the *Austrian Chamber of Agriculture* (LKÖ). Although not officially part of the social partners, the *Federation of Austrian Industries* (IV) is informally involved as well. Besides proposing the broad lines of labour migration policy, the social partners also play a crucial role in proposing the annual list of shortage occupations. The WKÖ has also traditionally been pursuing active recruitment of foreign workers abroad and continues these initiatives until today, e.g. in Spain and Bosnia Herzegovina, albeit at a much lesser degree than in the 1960s. On the other hand, the Chamber of Labour and the Trade Union Federation have traditionally been responsible for controlling the wage and working conditions of foreign employment within Austria.

Austrian consulates abroad, dependent on the *Ministry for European and International Affairs* (BMeiA), receive applications for visas, residence and employment from foreigners. They evaluate visa applications on general eligibility and issue visas. All other applications except for visa applications as well as additional relevant data and documentation are forwarded to the residence authorities in Austria. In addition, Austrian consulates inform interested foreigners about possibilities to work in Austria and help matching job seekers and employers by forwarding skilled job seekers to the federal AMS office in Austria.

### **Box 2.1. Key actors in Austrian labour migration policy (cont.)**

A new *Federal Office for Migration and Asylum (Bundesamt für Fremdenwesen und Asyl, BFA)* was established in January 2014 in order to centralise a wide array of tasks related to the management of asylum and migration policy. Labour migration policy, however, is not within the competence of the BFA, whose main task is to process asylum requests.

Compared with some other OECD countries, notably the OECD countries settled by immigration, private stakeholders – such as migration advisors – are rare in Austria and do not play a major role in the process.

In anticipation of a potentially significant inflow of intra EU workers following Austria's entry into the European Economic Area in 1993 and in view of the high number of humanitarian migrants from former Yugoslavia, the residence law of 1993 aimed to curtail labour migration from non-EU/EFTA countries. Potential labour migration from outside the EU/EFTA was limited to so-called key workers, that is persons holding special skills that were deemed necessary on the Austrian labour market.<sup>9</sup> With the latter category, an important concept was introduced, that, with some variation, has characterised Austria's approach to labour migration from non-EU/EFTA countries ever since. In fact, the creation of a category for key workers symbolises a turn from lesser-skilled labour immigration to skilled and highly skilled labour migration. Net immigration decreased considerably after 1993.<sup>10</sup> The residence law of 1993 also added a new regulation for seasonal workers. Thus, in case of temporary labour shortages in specific branches, such as hospitality and agriculture, the Minister of Labour and Social Affairs was entitled to grant additional work permits to seasonal workers who were not subject to the numerical limits for residence titles and hence continued to be largely determined the social partners. These permits were limited to a maximum of six months and could, in contrast to residence permits, be requested from within Austria – thereby allowing interested candidates to come to Austria e.g. under a tourist visa and then seek seasonal employment.

As the initial guest-worker regime was replaced by a system of yearly residence quotas, requiring co-operation between the Ministry of Labour, the Ministry of the Interior, the provinces and the public employment service, the social partners had lost their former leading role and were largely confined to an advisory role (Biffi, 2011b). Underlying this new model was a political will to reduce the inflow of non-EU/EFTA nationals for labour, as needs in the lesser-qualified segment of the labour market were presumably met by free mobility, family reunification and seasonal workers.

### Box 2.2. The Austrian quota system – 1990s until today

Between the early 1990s and 2013, the Austrian migration system distinguished between two types of quotas/numerical limits for non-EU/EFTA nationals. On the one hand, there were numerical limits to control the inflow of new immigrants for the purpose of residence, whereas on the other hand there was a general employment quota to regulate immigrants' access to the Austrian labour market, rendering the Austrian system complex and fairly unique.

Numerical limits for *residence titles* of non-EU/EFTA nationals were first introduced with the Settlement and Residence Law in 1993. Until today they are determined on a yearly basis for each single Austrian state and codified in annual settlement regulations. However, while back in 1993 nearly all residence titles were subject to numerical limits, currently only small groups of non-EU/EFTA nationals, particularly family members of already resident non-EU/EFTA nationals, are still limited by such caps.

Between 1990 and 2013, the labour market access of non-EU/EFTA nationals was regulated by a general quota fixing *foreign employment* outside of the EU/EFTA at a certain percentage of total employment. When the employment quota was first introduced in 1990, it was fixed at 10% of total employment and related to all foreigners. In 1993, it was first restricted to 9% and eventually to 8%. Underlying these restrictions was an intention to protect the Austrian labour market against a growing number of foreign workers. Particularly the second restriction to 8% was motivated by an attempt to counterbalance the anticipated inflows of EU nationals, who, with Austria's accession to the European Union in 1995, were granted unrestricted access to the Austrian labour market. To ensure that this quota was not exceeded, the Ministry of Labour calculated on an annual basis a maximum number of work permits for foreign workers (*Bundeshöchstzahl*) based on the average Austrian labour force supply of the foregoing year. Exempted from this quota were seconded employees, trainees, artists, EU-15 nationals and nationals of the new EU member states in one of 67 shortage occupations. Once the 8% quota was met, the Ministry of Labour could decide to extend the quota to 9% in order to pass ordinances allowing certain groups of non-EU/EFTA nationals, whose employment was of public interest, to continue obtaining work permits beyond the 8% quota. The number of supplementary permits surpassing the 8% quota was calculated on the basis of monthly labour market statistics. In 1996 and 1997, separate quotas were introduced for different groups of migrants and federal states. While the general quota on foreign employment was reduced to 7% in 2011 – to reflect that several key origin countries were excluded from the quota as a result of EU enlargements – and has been abolished in 2014, the tendency to counter the impact of free mobility by restricting labour migration from low-skilled non-EU/EFTA nationals and continuing to grant work permits to highly skilled non-EU/EFTA nationals continues to mark Austrian labour migration policy until today.

In addition, there are still some numerical limits in place for seasonal employment. These may vary for specific sectors, branches and regions. Numerical limits must not be exceeded on an annual average but may be surpassed for short periods of time.

In 1997, this paradigm was reaffirmed with the passage of the Aliens Act (*Fremdengesetz*). Under the guiding slogan “integration before new immigration”, this bill improved the legal status of immigrants already residing in Austria while labour immigration of non-EU/EFTA nationals remained restricted via residence quotas. Ensuing amendments to the Foreign Workers Law in 2002 limited the inflow of non-EU/EFTA nationals to key workers and family members.

In 2004, eight central and eastern European countries, some of which previously key origin countries for migration to Austria, joined the European Union. Because of its geographical proximity and its cultural ties with some of the new EU member countries, Austria expected to be particularly affected by free-mobility inflows and was therefore hesitant to fully open up its labour market immediately upon enlargement. This fear was fuelled by the memory of the large number of refugees who had produced adverse effects on the Austrian labour market after the fall of the Iron Curtain. Transitional arrangements were hence implemented to protect the Austrian labour market by limiting the inflow of workers from the new EU member states except for Maltese and Cypriot nationals.<sup>11, 12</sup> As a consequence, between 2004 and 2011, nationals of the EU-8 who wanted to come to Austria to work remained generally obliged to pass a labour market test.<sup>13</sup> Exceptions were made, among others, for EU-8 nationals who had been legally employed in Austria for at least 12 months at the time of enlargement and after. Further, in order to prepare for the full opening of the Austrian labour market, medium and highly qualified EU-8 nationals, who could not enter via the key-worker scheme because they did not meet the required minimum salary threshold, no longer required the approval of the Local Advisory Council to the AMS since 2008 – under the condition that they held one of 67 (mostly medium-skilled) shortage occupations or an occupation in the health sector.<sup>14</sup> Since May 2011 all EU-8 nationals have unrestricted access to the Austrian labour market. With subsequent EU enlargements in 2007 to Bulgaria and Romania and to Croatia in 2013, the same transitional measures and exemptions were applied. While the provisional arrangements for Bulgarian and Romanian nationals have expired in January 2014, Croatian nationals are currently still subject to restricted labour market access.

### **Since 2011: Further opening to skilled migration and the introduction of a points based system: the “Red-White-Red”-Card**

Towards the end of the 2000s, concern over growing skill shortages increased, leading to a raising awareness about the need for immigration of qualified labour. In fact, immigration of skilled workers from non-EU/EFTA

countries to Austria was low and stagnated at around 600 workers per year. The quota itself appeared insufficient to adequately and flexibly manage labour migration. It largely restricted the inflow of workers to highly skilled labour, thereby effectively excluding medium-level qualifications. Family migrants of workers had to wait for a place under the quota and were not granted immediate labour market access.

Various solutions were put forward to tackle the foreseeable shortages in skilled labour. While the Economic Chamber pushed for increased labour migration, trade unions and the Chamber of Labour proposed increased investments in the training of domestic staff (Biffl, 2011a). Against this backdrop, the government set up a commission, composed of the social partners, which was charged with the task of exploring ways of better managing labour migration to Austria. In cooperation with the Federation of Austrian Industries, the commission worked out a legislative proposal suggesting the introduction of a points-based system for the selective recruitment of skilled labour migrants, in order to increase the scale and scope of skilled labour migration from non-EU/EFTA countries. Accompanying studies projected that this reform would lead to an increase of the annual inflow of skilled labour to 5 000 workers by 2015, and to 8 000 workers by 2030 (Biffl et al., 2010). In a comprehensive reform of the existing legal framework for labour migration, the government adopted these suggestions and replaced the former quota system for key workers by a new points-based immigration scheme for permanent-type labour migration, the so-called “Red-White-Red” Card (RWR-Card), which entered into force on 1 July 2011.

Since that date, permanent labour migration to Austria is no longer subject to numerical limits or quotas. Instead, the new RWR-Card comprises elements of both demand- and supply-driven systems and grants access based on a job offer and applicants' eligibility according to a set of characteristics that are deemed desirable on the Austrian labour market. It has three main tiers – a highly skilled tier, a medium-skilled tier in shortage occupations and a labour market tested tier in the medium to highly skilled range with a salary threshold. The medium-skilled tier in shortage occupations was only introduced a year later. Points are given for formal qualifications, language, age, and work experience. In addition, there is a six-month job-seeker visa for migrants eligible in the highly skilled tier, a facilitated student route and – as an alternative to the RWR-Card – the EU Blue Card which was introduced in parallel. Since April 2013, applications can also be filed by the employer on behalf of the applicant. The RWR-Card is employer-bound and limited to a period of 12 months, after which labour migrants have to apply for an RWR-Plus-Card in order to gain unlimited access to the labour market.<sup>15</sup>



## Notes

1. For overviews on the evolution of Austrian labour migration policy, see, for example, Bauböck (1996), Bauer (2008), Biffl (2011a), Biffl (2011b), Fassmann and Reeger (2008).
2. In essence, this position continues to shape the Austrian labour migration setting until today.
3. While guest-worker permits were limited to 12 months they were at the same time renewable, so that guest-workers could in fact stay in Austrian for more than one year.
4. German recruitment centres were also used (see Fassmann and Reeger, 2008).
5. This category includes nationals of all the successor countries of the former Yugoslavia.
6. Amendments to the Foreign Workers' Act in 1988 facilitated access to the certificate of exemption for native-born immigrants and in 1990, the initial duration of the certificate was extended to five years.
7. Accordingly, while in the early 1960s migrants had been predominantly men and without family, the share of women in the migrant population rose to 39% in 1971 and to 44% in 1981. Similarly, the share of children increased from 15% to 23% during the same period of time (Bauer, 2008).
8. The influx of humanitarian migrants after the fall of the Iron Curtain and the wars in former Yugoslavia constitute the largest immigrant influx in Austrian history. In fact, the resident immigrant population more than doubled in a short period of time, from 326 000 in 1987 to 713 000 in 1994 (Biffl, 1995).
9. The entry requirements for key workers were initially kept vague but defined more precisely with subsequent amendments to the Foreign Workers' Law. Since 2003, "key workers" needed to have "key competences for the Austrian labour market" and an employment offer in Austria which was remunerated with a salary of at least 60% of the monthly assessment ceiling for social insurance contributions. In addition, key workers had to fulfil one of the following requirements: 1) the

prospective employment was of importance to the entire region; 2) the prospective employment created new jobs or secured existing jobs; 3) the prospective employment was in a leading management position; 4) the prospective employment involved a transfer of investment capital to Austria; or 5) the foreign worker could prove tertiary education or other recognised post-secondary training.

10. Net migration to Austria dropped from 275 335 for the period 1989-93 to 23 580 for the period between 1994 and 1998. See Annex Figure A.1. for an evolution of the total population increase rate, the natural population increase rate and the net migration increase rate in Austria, the EU27 and the OECD, 1960 – 2010/20).
11. Note by Turkey: The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the “Cyprus issue”.
12. Note for all member countries of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.
13. While nationals from EU-8 countries were obliged to pass a labour market test before being granted a work permit, they were nevertheless given priority over labour migrants from non-EU/EFTA countries. Nationals from Hungary and the Czech Republic, with whom Austria had concluded bilateral agreements on local border crossing, were exempted from passing a labour market test.
14. These EU-8 nationals did not fall under the general employment quota and could be granted work permits also after the target quota had been met.
15. The RWR-Plus-Card may also be issued to family members of the above-mentioned groups of migrants, as well as to holders of an EU Blue Card and their family members. This represents a considerable improvement to before when family members of skilled migrants had to wait for a quota place and were not given immediate labour market access. Furthermore, the RWR-Plus-card may be given to family members of foreign nationals already permanently residing in Austria.

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## Chapter 3

### Permanent labour migration to Austria

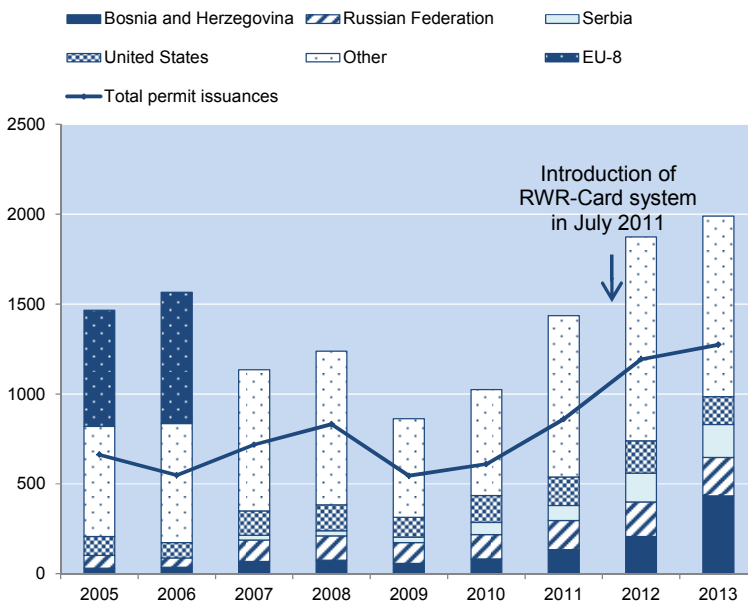
*This chapter examines the functioning of the Austrian system for permanent labour migration. It looks both at its efficiency – i.e. the time, cost and complexity of processing – and its effectiveness, that is its ability to respond to labour market demand. Labour market tested “key workers”, mostly in higher skilled occupations, are by far the most important category under the new RWR-Card scheme, followed by workers in shortage occupations. Numbers in the very highly skilled category, the international student track and the entrepreneur track are marginal, as well as the inflow of EU Blue Card holders. Overall, the system is rather complex and does not build sufficiently on the potential strengths of Austria as a destination country. Examples of the complexity include overlapping schemes, which are often aimed at the same target group. The number of schemes could be rationalised, and the structure for admissions of highly skilled workers could be simplified. The introduction of a points-system has made admission criteria more transparent, but the parameters of selection do not always seem well balanced and targeted. Examples include the low rating given to German-language skills, and the lack of preference for Austrian qualifications, unless they correspond to a master degree, which currently hamper the benefits that Austria could reap from its reform. Administrative procedures could be streamlined. Rejection rates are high and migrants and employers appear ill-informed about the requirements. Increasing application fees could help to avoid clearly ineligible applications and the money raised could be used to improve the client-service aspect.*

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

## Overview

As mentioned in Chapter 1, relative to its population, Austria has one of the smallest inflows of permanent labour migration among all OECD countries.<sup>1</sup> However, there has been a relatively steady growth in permanent labour migration since 2009 (Figure 3.1). Much of the growth consisted of migrants from Bosnia-Herzegovina and Serbia – together with the Russian Federation the most important origin countries of migrants to Austria, accounting together for more than a third of all labour migrants. Inflows from India and China have also doubled and inflows from Ukraine have tripled since 2009.

**Figure 3.1. Evolution of AMS approvals for permanent labour migration to Austria by country of origin and permit issuances, 2005-13**



*Note:* Figure 3.1 shows AMS approvals and permit issuances for key workers (2005-July 2011) and AMS approvals and permit issuances for RWR-Card applicants and EU Blue Card applicants (July 2011-13). Self-employed key workers are not contained in this figure; however, their numbers are negligible, as will be explained at a later point in this chapter. The figures include approvals for renewals and status changes.

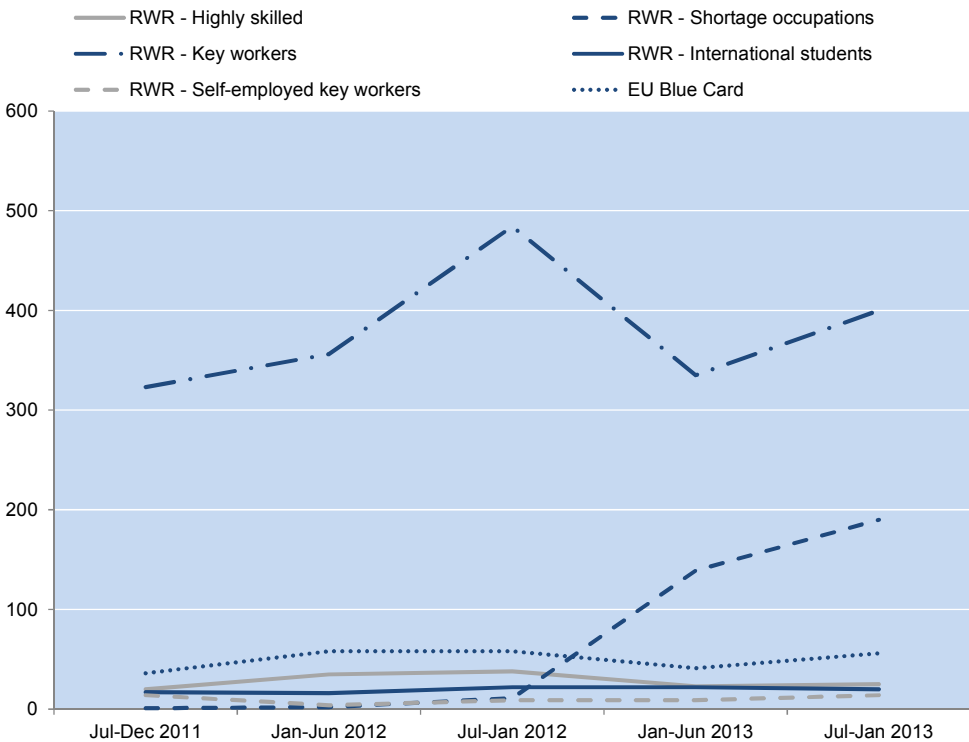
*Source:* OECD Secretariat calculations on the basis of data provided by the Federal Ministry of Labour, Social Affairs and Consumer Protection.

When assessing the evolution of permanent labour migration to Austria, it is important to remember that, apart from AMS approvals, there is virtually no detailed information available on actual permit issuances (see Box 1.1 on data sources in Chapter 1). This is why most of the analysis in this and forthcoming chapters is based on AMS approvals, rather than on permit issuances. As Figure 3.1 illustrates, there is a significant gap between the number of AMS approvals and the number of first permits which are actually issued by the residence authorities, although the two are closely correlated. In 2013, for instance, the AMS has approved more than 2 000 applications, whereas the number of persons that were actually issued a first permit was below 1 300. It appears reasonable to assume that most of this gap stems from refusals by the residence authorities. Part of the gap may also be attributable to the time-lag between the two procedures, although further analysis on the basis of lagged monthly data suggests that this is a minor issue. Further, under the current data system it cannot be fully ruled out that AMS data may include some renewals. Finally, it is also conceivable that some applications never result in permit issuances because the employer or the applicant loses interest in the meantime. Unfortunately, it is currently impossible to know to which degree these different reasons may explain the gap.

## Flows by category

As has been explained in Chapter 2, the Austrian legal framework for permanent-type labour migration has undergone a significant overhaul in 2011. The previous key worker regulation based on numerical limits was replaced by a points-based admission scheme – the RWR-Card model – complemented by the EU Blue Card, both of which grant stepwise access to permanent residence permits. In total, there are currently five different categories of permanent labour migrants: i) key workers; ii) workers in shortage occupations; iii) highly skilled workers; iv) international students; and v) as a separate title, EU Blue Card holders. The first four are categories under the new RWR-Card regime. Employment under all of these five titles is initially tied to a particular employer and may ultimately result in unrestricted labour market access. Figure 3.2 provides an overview over all categories of permanent labour migration and their evolution since the introduction of the new system in 2011.

**Figure 3.2. Evolution of permit issuances for permanent labour migration to Austria by category, 2011-13**



*Note:* Figure 3.2 shows the number of permits that was issued by the residence authorities. The number of applications which was approved by the AMS was higher, as a comparison with Figure 3.1 illustrates. In absence of data about monthly flows of EU Blue Card holders for the year 2012, the six-month intervals for this category were estimated on the basis of the annual data for 2012.

*Source:* Federal Ministry of the Interior.

Since the beginning of the new system in July 2011, key workers entering with an RWR-Card have formed the single largest category of permanent labour migrants coming to Austria, accounting for about 70% of total labour migration flows. The number of permits granted to applicants in this category peaked at 840 in 2012 and slightly declined to 735 in 2013. The second most numerous category of permanent labour migrants concerns shortage occupations. This category has only been introduced in mid-June 2012 and in 2013, the number of permits issued to applicants in shortage occupations mounted to 329. The third most important category are EU Blue Card holders. This group concerned 97 admissions in 2013. Highly skilled



labour migrants and international students obtaining an RWR-Card after graduating from Austrian universities follow with 48 and 42 permit issuances, respectively, in 2013. Self-employed key workers entering with an RWR-Card form the smallest category of permanent type labour migrants in Austria, with only 22 permit issuances in 2013. Each of these six categories will be discussed in turn below, before turning to a description of the characteristics of labour migrants, followed by an analysis of some key issues in the administrative framework.

## Main categories

### *Key workers*

The key worker category is part of the demand-driven tier of the new RWR-Card system and targets essentially the same group of workers that was formerly subsumed under the key worker regime, regulating the inflow of permanent labour migrants prior to July 2011. As a consequence of the abolishment of numerical limits for permanent labour migration in the framework of the RWR-Card reform in 2011, the number of incoming key workers, just as the number of all other categories under the new RWR-Card regime, is no longer restricted by a particular limit. However, in contrast to all other RWR-Card categories, key workers are required to pass a labour market test in order to qualify for an RWR-Card.

Key workers must have a job offer in a job matching their qualifications which pays a certain minimum threshold. In 2014, key workers under 30 years of age needed to receive gross annual earnings of at least EUR 31 710, while key workers over 30 years of age had to prove gross annual earnings of at least EUR 38 052.

### *Selection criteria under the points system for RWR-Card applicants in the key worker category*

As mentioned, with the exception of international graduates, entrepreneurs and EU Blue Card applicants, all permanent labour migrants coming to Austria have to undergo a points-based admission system. Points are attributed on a range of professional and personal characteristics which are assumed to facilitate applicants' integration into the Austrian labour market. In contrast to other selection systems, a points-based admission scheme enables applicants to compensate a lack of certain attributes by scoring higher on other criteria. For example, applicants might compensate lower education by a long record of working experience or better mastery of the host-country language. Table 3.1 provides an overview over the different criteria and the way they are weighted against each other for each of the

three relevant categories of RWR-Card applicants. In the following, the admission criteria for key workers will be discussed in turn.

### Qualifications

The most heavily weighted criterion for the key worker category are qualifications. In total, up to 30 points (for applicants holding a university degree), i.e. 60% of the required minimum threshold needed to file an RWR-Card application, can be gained solely by providing the respective qualification requirements. This is a high share in international comparison. Among other OECD countries with points-based admission schemes, only Denmark and the Netherlands reward academic qualifications higher, with up to 80% and 86% of the pass mark, respectively (see Annex Table A.2). Applicants who can provide a transcript of completed vocational education or training are awarded 20 points, i.e. 40% of the pass mark. As an alternative to formal education, special know-how skills in the prospective occupation may also be considered. This alternative, however, is mainly restricted to professional athletes and artistic professions (i.e. designers, musicians), who may provide work certificates or other testimonials instead and still be rewarded 20 points. Applicants who can prove general eligibility for admission to university are attributed 25 points – i.e. 50% of the pass mark – and applicants who have completed a tertiary programme of at least three years duration are granted 30 points, i.e. 60% of the pass mark. With the exemption of regulated professions, i.e. in the health sector, formal recognition (*nostrification*) of the foreign degrees in Austria are not required, the AMS does an informal assessment of the candidate's qualifications as part of the admission procedure.

### Age

Age is the second most important characteristic for RWR-Card applicants in the key worker category. It weighs relatively strongly in the system, providing 40% of the pass mark to candidates up to 30 years of age. Applicants above the age of 40 do not gain any points for age – which renders it more difficult but not impossible to obtain the required minimum threshold of 50 points. The underlying rationale is the importance of age in determining immigrants' life-cycle fiscal contribution (Liebig and Mo, 2013). Austria is not alone in acknowledging the relevance of age. All OECD countries with points-based admission schemes account for age in their system. In contrast to other countries, the Austrian system has no maximum age, albeit it values age relatively high (Annex Table A.2).

The age criterion implies that workers above the age of 40 can only reach the required points threshold if they are able to compensate the points lost on age with higher qualifications, i.e. if they have tertiary education or a

school leaving certificate granting access to tertiary education combined with advanced language skills and a maximum score in work experience. This is particularly an issue in the shortage occupation track. Even experienced workers with good German language skills but only ordinary vocational education are effectively excluded if they are above 40 years of age and indeed, virtually all admissions in this category are for workers below that age (see below on the age distribution). Taking into consideration the fact that most shortages – according to the skilled workers regulation – exist in the medium-skilled segment of the labour market and require above all vocational training and professional experience (rather than academic qualifications), it is not entirely clear whether such a weighing of criteria is in fact conducive to meeting labour market needs.

### English or German language knowledge

Proficiency of the host country language is known to be one of the most important predictors of immigrants' success in the labour market (see Damas de Matos and Liebig, 2014). Finding immigrants who are able to speak the national language is a particular challenge for Austria – as German is not spoken in most origin countries. Like other countries with small language basins outside of their borders, such as Denmark and the Netherlands, Austria has reacted to this by awarding points for English language mastery, whilst favouring the national language.

The Austrian scheme distinguishes between two levels of proficiency: basic and advanced language proficiency. Both for basic and advanced proficiencies, the required levels for German are lower than those for English language proficiency. For basic proficiency of either German (level A1 in the Common European Reference Framework for Languages) or English (level B1), ten points (20%) are attributed – independent of whether an applicant speaks only one or both of the languages at the indicated level. Applicants who can provide evidence of advanced proficiency of either German (level A2) or English (level B2) gain 15 points (30%), which is the second highest weighing of language skills in comparison to other OECD countries.<sup>2</sup> Only Australia values language proficiency higher and awards up to 31% of the required minimum threshold for this criterion (Annex Table A.2). However, higher levels of language proficiency are not rewarded in the Austrian system – the required levels are low in international comparison.

### Work experience

A further component of the points-system for key workers is work experience in an occupation which corresponds to the applicant's qualification. For every completed year of work experience, applicants gain

2 points (4% of the pass mark). Work experience in Austria is weighted twice that much. In total, applicants may gain up to 10 points (20%) for their work experience record – which is about average in international comparison (Annex Table A.2).

### Bonus points for athletes and sports coaches

Applicants pursuing employment as professional athletes or sports coaches are granted an additional 20 points (40%). This provision is used relatively often. Between 2011 and 2013, 17% of all positive AMS decisions in the key worker category concerned in fact applications from persons working as athletes or sports coaches.

### Regional elements

In Austria, about 45% of all skilled workers settle in Vienna, although this area accounts for less than 21% of the country's population, and labour shortages are more pronounced elsewhere in Austria. This issue is not only faced by Austria but is seen in many OECD countries, such as New Zealand, where about 50% of all skilled migrants settle in Auckland – an area which accounts for only 30% of the country's population.

One way of providing for a more equal geographical distribution of migrants is to incorporate regional schemes in labour migration systems. A growing number of OECD countries, such as Canada, New Zealand and Australia, have done so in the past. The underlying rationale is to provide incentives for immigrants to settle in areas where they are most needed and to ensure a comparatively equal distribution of immigrants across the country. New Zealand, for instance, provides additional points for labour migrants with a skilled job offer outside of Auckland. While introducing regional elements in points-based admission schemes might be an efficient tool in some countries, it is unclear whether such measures could be fruitful in the Austrian context, where the magnitudes of both geographical distances and numbers of migrants involved are small. In any case, since the labour market test is essentially a local one (see below), there is an implicit regional element in the admission process.

### Spouse and family characteristics

Besides the characteristics of the applicant himself, points systems may also consider the attributes of potential spouses of applicants. A growing number of OECD countries, such as New Zealand, Australia and Canada, have already done so and started to account for the characteristics of the partner in various elements of their admission systems (see Annex Table A.2). New Zealand, for example, attributes bonus points to applicants, whose partners also have a skilled job offer in New Zealand and grants additional points for the partner's qualifications. Additionally, bonus points

are attributed to applicants with close family members in New Zealand as recent data from New Zealand suggests that there is a positive relationship between the retention rate of permanent labour migrants and whether or not they have a partner or close family member in the destination country (OECD, 2014). Hitherto, Austria does not account for partners' characteristics in any of the RWR-Card categories.

**Table 3.1. Points attributed under the admission scheme for RWR-Card applicants by category, as percentage of the pass mark, 2014**

Highly-skilled workers		Key workers and workers in shortage occupations	
Criteria	% of pass mark	Criteria	% of pass mark
Tertiary education (minimum: 4 years)	29%	Completed vocational education / training (for athletes in the key worker category also special know how or skills)	40%
Tertiary education in STEM subjects	43%	General eligibility for admission to a university	50%
Habilitation or PhD	57%	Tertiary education (minimum: 3 years)	60%
Gross salary of previous year: <sup>1</sup>			
EUR 50 000 – EUR 60 000	29%		
EUR 60 000-EUR 70 000	36%		
More than EUR 70 000	43%		
Research activity (e.g. patent applications, publications)	29%		
Awards (recognised prizes)	29%		
<b>Max. special qualifications and skills</b>	<b>57%</b>	<b>Max. qualifications</b>	<b>60%</b>
Work experience (per year)	3%	Work experience (per year)	4%
Six months of work experience in Austria	14%	Work experience in Austria (per year)	8%
<b>Max. work experiences<sup>2</sup></b>	<b>29%</b>	<b>Max. work experience</b>	<b>20%</b>
Basic German or English knowledge (A1 level)	7%	Basic German (A1 level) or English (B1 level) knowledge	20%
Advanced German or English knowledge (A2 level)	14%	Advanced German (A2 level) or English (B2 level) knowledge	30%
<b>Max. language proficiency</b>	<b>14%</b>	<b>Max. language proficiency</b>	<b>30%</b>
Up to 35 years of age	29%	Up to 30 years of age	40%
Up to 40 years of age	21%	Up to 40 years of age	30%
Up to 45 years of age	14%		
<b>Max. age</b>	<b>29%</b>	<b>Max. age</b>	<b>40%</b>
Second part of diploma programme or half of the required total ECTS points from an Austrian institution	7%	Only for key workers: Bonus points for professional athletes and professional sports coaches	40%
Completed diploma programme or Bachelor's and Master's degree programme from an Austrian institution	14%		
<b>Max. studies in Austria</b>	<b>14%</b>	<b>Max. bonus points for professional athletes and coaches</b>	<b>40%</b>
<b>Pass mark</b>	<b>100%</b>	<b>Pass mark</b>	<b>100%</b>

1. The gross salary in previous year must have been earned in a senior management position with a company listed on the stock exchange for which the Austrian foreign trade office in charge issued a positive report about its activities or business segment.

2. To be considered work experience must reflect the applicant's qualification or have been earned in senior management position.

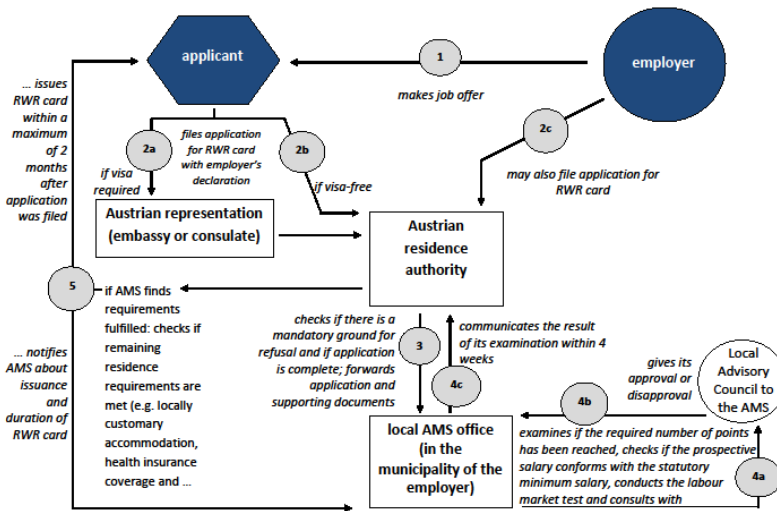
Source: OECD Secretariat calculations based on Austrian provisions.

### *Application procedure for key workers and labour market test*

The application procedure for permanent labour migrants coming to Austria necessitates cooperation between the authorities of the public employment service, affiliated with the Ministry of Labour, and the local

residence authorities, which are subordinated to the Ministry of Interior. The issuance of an RWR-Card is thus subject to a relatively complex procedure.<sup>3</sup> Figure 3.3 provides an overview over the application process for key workers.

**Figure 3.3. The application process for admission as a key worker under the RWR-Card mode**



*Note:* The miniscule letters a, b and c signify that the respective numbers demonstrate alternative options which cannot be used simultaneously. For example as a second step in the application process for admission as a key worker, a labour migrant either files his application for an RWR-Card with the Austrian representation (2a) or he files his application for a RWR-Card with the residence authority in Austria (2b) or his prospective employer files the application for a RWR-Card on his behalf with the residence authority in Austria (2c).

*Source:* OECD Secretariat analysis of procedure based on legislation and regulations.

Migrant workers wishing to obtain an RWR-Card in the key worker category need a job offer from a company situated in Austria (Step 1 in Figure 3.4). As already mentioned, this job offer must entail a remuneration that is at least equivalent to the statutory minimum salary.

The application can either be filed by the applicant himself with the Austrian representation (embassy or consulate) in the applicant's country of residence (Step 2a), or – following an amendment of the Foreign Workers Law since April 2013 – by the prospective employer with the competent residence authority in Austria (Step 2c).<sup>4</sup> Persons who are permitted to enter Austria under a visa-free regime or who already have a valid residence title in Austria may also file their application with the competent residence authority in Austria (Step 2b). In addition to standard documents, such as a

valid travel document, birth certificate, a photo of the applicant and evidence of health insurance, the procedure requires that the applicant is able to prove that he/she has locally customary accommodation for the entire duration of the RWR-Card, i.e. for a minimum of 12 months.<sup>5</sup> This essentially requires the applicant to sign a 12 months' rental contract at a point when he/she cannot be sure to receive an RWR-Card or else to convince a landlord to certify willingness to rent out an accommodation to someone who might after all not be able to work and reside in Austria. This could in principle be a major obstacle to applicants but it is not clear to which degree this is actually the case – as, unfortunately, no data is available about the percentage of applications that are rejected because of a failure of the applicant to provide appropriate evidence of such accommodation.

Further, applicants must provide evidence of adequate means of subsistence for themselves, such as payslips, pay certificates, employment contracts, insurances benefit certificates and the like. Finally, applicants have to submit along with their application all documents required for the examination of the individual criteria under the points system as well as a form about the conditions of their future employment filled out by their prospective employer.

If the application was filed with the Austrian representation abroad, the respective embassy or consulate will forward the application in paper along with all supporting documents to the competent residence authority in Austria, provided it is complete. This is done via diplomatic paper mail only; electronic transmissions are currently not carried out. If the application was filed directly with a residence authority in Austria, the latter checks whether all required documents were provided and verifies if there is a mandatory ground for rejection of the application.<sup>6</sup> If no such ground can be identified and the application is complete, the residence authority forwards the application to the local AMS office located at the municipality of the employer (Step 3).

The local AMS office then disposes of a maximum of four weeks to decide on the application (Step 4a-c). In order to take a decision, it examines whether the applicant reaches the required number of points in the points-based admission scheme, checks if the prospective salary is above the mentioned salary threshold and conducts a labour market test, i.e. verifies that no equally qualified person registered as a jobseeker is available to fill the respective position (Box 3.1). The law requires that the whole procedure at the AMS should not take longer than four weeks. As a result, the labour market test is generally done.

### Box 3.1. The Austrian labour market test

Labour market tests are a common tool to protect the domestic work force from foreign employment. For this purpose, the Austrian Foreign Workers Law specifies that the issuance of an employment permit to RWR-Card applicants under the key worker category, EU Blue Card applicants and certain types of applicants for temporary employment shall be permitted only if no Austrian or foreign national already in the domestic labour market is available to fill the given position.

The labour market test is conducted by the local authorities of the AMS. Upon receiving the application for an employment permit, a special unit of the AMS called ‘service for companies’ (*Service für Unternehmen*) contacts the employer to obtain further information about the required profile of potential substitute candidates and conducts a preliminary screening for potential matches with registered jobseekers. If, based on this screening, the AMS finds that there are objective grounds to assume that there is a possibility to find a substitute candidate for the respective position, it will advertise the vacancy in its employment register.

In general, the procedure is limited to this advertisement which is based on the job profile that has been specified by the employer. No further evidence, such as previous unsuccessful hiring attempts, is required on the part of the employer. As a rule, only such substitute candidates are taken into account who are registered in the same federal state as the employer. However, registered jobseekers from other states have the option to declare that they are willing to take up employment in another Austrian state, in which case they will equally be considered. If a suitable registered jobseeker can be identified whose qualification and search profile correspond to the vacancy, the employer and the jobseeker are contacted immediately, provided that the employer has agreed to employ a substitute candidate. If he refuses to do so, the application is rejected. If, however, there are doubts about the equivalence of a registered jobseeker’s qualification or if the latter would require additional training to meet the full set of criteria listed in the vacancy, the AMS usually decides in favour of the labour migrant.

For seasonal employment, the labour market test procedure is sometimes complemented by specific job fairs, bringing together employers and candidates interested in seasonal employment, both Austrians and candidates from other EU member countries. These fairs are organised by the AMS before the harvesting and/or peak(s) of the tourist season and used as an indication of employers’ needs and availability of supply. Their frequency differs according to regions. Whereas some states, such as Salzburg, regularly host seasonal job fairs, other states have done so rarely to never. Seasonal job fairs do not necessarily replace the labour market test, but shorten the procedure by providing the AMS with an overview about the extent to which the Austrian or European labour market can cater the needs for seasonal workers. Employers looking to hire seasonal workers are expected to attend these specific seasonal job fairs. However, non-attendance will not automatically result in a rejection of their application for an employment permit – except if the employer is unwilling to recruit domestic workers and refuses to participate in a labour market testing.



### Box 3.1. The Austrian labour market test (*cont.*)

In contrast to most other OECD countries, there is no fixed minimum advertisement period in Austria. Overall, the AMS disposes of a maximum period of six weeks to decide on applications for temporary employment permits, and of a maximum period of four weeks to decide on applications for permanent employment permits. Since the labour market testing is part of the AMS decision-making process, it has to be completed within this time frame. As reported by practitioners, the screening of the list of available registered jobseekers generally takes between two and three weeks in a majority of cases. In some cases, vacancies need only be advertised for a couple of days – provided that a widespread shortage for the requested job profile has been acknowledged. This is, for instance, the case for professional cooks, for whom longer advertisement periods are deemed unnecessary, although they are not formally a shortage occupation.

Compared with other OECD countries for which such data is available, the Austrian advertisement duration is below average, particularly if keeping in mind that the Austrian duration is an average, whereas the information for most other countries refers to minimum advertisement durations. Whereas some countries advertise vacancies much longer, with minimum posting durations of approximately four weeks in Canada, the United Kingdom, Portugal, the Czech Republic and Turkey and five weeks in the Netherlands, other OECD countries report similar or shorter advertisement periods than Austria. Among these countries are Sweden, the United States, Germany, Ireland, Poland and Hungary, where vacancies only need to be posted for two weeks or less, as well as Korea, where the mandatory advertisement duration is at least 14 days.

After the labour market test was conducted and all other admission criteria have been assessed, the AMS must present each application – and this is a rather unique feature of the Austrian system which reflects the important role of the social partners – to the Local Advisory Council (LAC) of the AMS. The Local Advisory Council is a board which is composed of the head of the local AMS office and one representative of each of the four social partners in the respective federal state (Step 4a-b).<sup>7</sup> Because of their insider knowledge about the local labour market, these regional representatives are seen as well-placed to judge the adequacy of wage conditions and qualification requirements of applicants. This is particularly relevant for assessing applications from workers in shortage occupations, for which – in the absence of a requirement for official recognition of qualifications – the LAC provides a view on whether or not the qualifications of the applicant are deemed authentic and corresponding to Austrian qualifications. In order to reach a final decision on an application, the AMS seeks to obtain consent of the LAC. In general, the LAC's decision is unanimous, but if the representatives of industries and employees cannot agree on an application, the vote of the head of the local AMS office is decisive. Anecdotal evidence suggests that in most cases, the LAC comes to the same conclusion as the AMS. However, it apparently also occurs that the

LAC has a different opinion than the AMS. If this is the case, an agreement is usually reached between the AMS and the LAC. In principle, applications are only presented to the LAC once the labour market test is finished and all other requirements have already been assessed, so as to allow the LAC to obtain a full picture of the application at hand. In certain cases, however, it appears that the LAC is consulted at an earlier stage in the procedure as not to retard the process in cases in which there is a large time-lag with the next LAC meeting. The frequency of LAC meetings depends on the region. Whereas in Vienna, the LAC meets once a week to review applications, in some Provinces, the LAC only meets once a month.

If the consent of the LAC was obtained, the AMS sends a written confirmation to the residence authority (Step 4c). The latter then checks whether the general conditions for obtaining a residence permit under the settlement and residence law are met, such as the requirement to have health insurance, locally customary accommodation and adequate means of subsistence. If this is the case it notifies the applicant and the AMS about the issuance of an RWR-Card (Step 5).

As was mentioned previously, the RWR-Card is initially a temporary permit. It entitles to employment of 12 months with the employer specified in the application. It does not allow for a change of employer during that time. If such a change is intended, a new RWR-Card has to be issued, requiring a new procedure including another labour market test. Migrants who were employed for a minimum of ten months throughout the preceding 12 months may apply for an RWR Plus-Card which entitles the holder to permanent settlement and provides unlimited labour market access.<sup>8</sup>

Family members of key workers are granted unrestricted labour market access immediately upon arrival, provided they have met the general granting requirements.<sup>9</sup> This represents an important improvement vis-à-vis the key worker regulation prior to 2011, when labour market access to family members of permanent labour migrants was restricted by numerical limits. In general, family migrants above the age of 15 who do not have completed upper secondary education are required to pass a language examination at the A1 level of the Common European Framework prior to entry.

### ***Shortage occupations***

Since mid-2012, skilled workers in a number of shortage occupations are exempted from passing a labour market test. Underlying this regulation was an intention to tackle shortages on the Austrian labour market by facilitating entry for skilled personnel in shortage occupations, particularly at the medium-skilled level.

The list of shortage occupations is based on a skilled labour regulation (*Fachkräfteverordnung*), which is prepared by the social partners on an annual basis as a function of labour market needs and adopted by the Minister of Labour and the Minister of Economic Affairs (Box 3.2). For 2013, the list encompassed a total of 24 occupations, most of which require medium-level qualifications. Only a quarter of the occupations require higher-level qualifications. The regulation for 2014 encompasses only 16 occupations, five of which require higher-level qualifications. In both years, milling machinists, metal turners, roofers and technicians with a higher-level training for mechanical engineering were among the occupations where the shortages, as measured by the ratio between the number of vacancies in the occupation and registered unemployed with the necessary skills were most pronounced.

The vast majority (87% in 2013) of workers in shortage occupations come from the successor countries of former Yugoslavia. Bosnia-Herzegovina has been the single most important origin country in both 2012 and 2013, with Bosnian applicants accounting for 37% of all AMS approvals in 2012 and as much as 59% in 2013. The second most important source country for RWR-Card applicants in shortage occupations was Serbia (15% in 2013), followed by Macedonia (7% in 2013) and Croatia (4% in 2013).<sup>10</sup> The fact that so many workers in shortage occupations originate from the western Balkans is hardly astonishing – considering that Austria has longstanding historical and cultural ties with the successor countries of former Yugoslavia that have resulted in a range of bilateral agreements and facilitated the development of networks, language courses and other measures, such as facilitated recognition procedures for some educational diplomas in Austria.

### **Box 3.2. The establishment of shortage lists in Austria**

Austria first introduced shortage lists in 2008, to provide exceptions to EU-8 nationals from the transitional arrangements applying at the time. As was explained in Chapter 2, the underlying rationale was to prepare for the full opening of the Austrian labour market through step-wise access to EU-8 nationals. For this purpose, medium- and highly skilled EU-8 nationals who may not have been able to enter via the key-worker scheme because they did not meet the required minimum salary threshold, were exempted from requiring the approval of the Local Advisory Council of the AMS – under the condition that they had a job offer in one of 67 (mostly medium-skilled) shortage occupations or in the health-care sector. With the subsequent EU enlargement in 2007, the same exemptions were applied to Bulgarian and Rumanian nationals, and currently apply to Croatian nationals following Croatia's accession in mid-2013.

### Box 3.2. The establishment of shortage lists in Austria (cont.)

The type of shortage lists relevant to RWR-Card applicants are distinct from these lists for EU nationals. Introduced in mid-2012, they are established on an annual basis and encompass a much smaller set of occupations. The underlying rationale was to open up for medium-skilled personnel in shortage occupations which are unable to enter through other channels of permanent labour migration and stimulate the inflow of non-EU/EFTA workers with skills lacking on the domestic labour market.

The shortage lists for the RWR-Card are developed on an annual basis by a committee composed of representatives of the social partners and the Federation of Austrian Industries. The committee, which is appointed by the board of directors of the Austrian public employment service, calculates the number of shortage occupations based on the number of registered applicants per vacancy (*Stellenandrangsziffer*). Only jobseekers with at least vocational-level qualifications and vacancies requiring training of at least that level are considered. Vacancies from temporary employment agencies are indicated separately, only 90% of these are included in the calculation of shortage lists. Occupations with less than 20 open vacancies on average are not considered. The usually observed cut-off score for shortage occupations is 1.5 registered unemployed per vacancy. However, occupations with up to 1.8 registered unemployed per vacancy may also be taken into consideration, provided they display so-called “objectifiable shortage indicators”, such as increased training activities of employers or an above-average wage development in the respective employment sector.

This latter provision provides the social partners with a certain amount of discretion. In 2013, technicians with a higher level of training, floor layers, tool and pattern makers, punch machine and woodworking machine operators and varnishers, on the other hand, were classified as shortage occupations, despite the fact that the AMS had registered more than 1.5 applicants per vacancy for all of these occupations. The discretion is also used the other way around – construction tinsmiths, speciality tinsmiths, public security forces, technicians in mechanical engineering and power engineers were not included in the skilled workers’ regulation, although for all of these occupations the AMS had registered on average less than 1.5 unemployed per vacancy.

For 2014, the skilled workers’ regulation takes into account all occupations with an applicant to vacancy ratio of less than 1.5, but also includes recognised graduate nurses – an occupation for which the AMS has registered on average 1.9 applicants per vacancy.

The final decision regarding which occupations will feature on the list of shortage occupations lies with the Minister of Labour, Social Affairs and Consumer Protection, who, in accordance with the Minister of Science, Research and Economy, reviews the list proposed by the committee and then issues an ordinance, the “Skilled Workers Regulation”, containing the official list of shortage occupations for the year to come. In principle, the committee’s proposals are not binding although in practice, the list remains virtually unchanged by the minister.

A noteworthy limitation of the establishment of shortage lists in Austria compared with other countries is the fact that the calculation of shortage occupations is almost exclusively based on AMS vacancies to unemployed ratios and hence does not account for projected future evaluation of needs, or other indicators of shortage, such as the evaluation of wages or the average duration of the vacancy postings.<sup>1</sup>

### **Box 3.2. The establishment of shortage lists in Austria (cont.)**

Further, as has been explained in Chapter 1, the vacancies and applications which are registered with the AMS are predominantly in the low- and medium-skilled job segment. In spite of efforts to increase coverage of vacancies for high-skilled occupations, AMS data thus hardly displays needs in the higher qualified job segment. This distribution is echoed in the skilled workers regulation, which mainly considers medium skilled occupations in the technical sector.

A particularity of the Austrian system is the key role played by the social partners. While a number of other countries, such as Spain and Sweden, also involve the social partners in the consultation process, it is only in Austria that the social partners in practice essentially establish the lists themselves.

1. Overall, the average salary in shortage occupations has increased more than the average gross annual income. Whereas the percentage change of the average gross annual income between 2010 and 2011 was 1.8%, the unweighted average increase of the salary in shortage occupations was 3.2% over the same period. However, considerable differences pertain among occupations. Whereas agriculture machine manufacturers, floor fitters, concrete workers and welders had salary increases of 9, 13, 15 and 19%, respectively, technicians for mechanical engineering in fact faced a decrease of 11% between 2010 and 2011.

#### *Selection and application procedure for workers in shortage occupations*

Workers in shortage occupations must have a job offer with a remuneration that is in accordance with their qualifications and their position within the company. In contrast to applicants in the key worker category, there is no universal salary threshold required for workers in shortage occupations. Besides this, the admission criteria for workers in shortage occupations closely mirror those of key workers. Like key workers, workers in shortage occupations must reach a minimum of 50 points in the points-system.<sup>11</sup>

The procedure for workers in shortage occupations resembles that of key workers illustrated in Figure 3.4 above. However, since workers in shortage occupations are not required to pass a labour market test, the procedure at the AMS is somewhat shortened. Instead of verifying that no equally qualified person registered as a jobseeker with the AMS can be placed, the AMS merely examines whether or not the required number of points was reached, the vocational training or education in the shortage occupation was completed and whether the worker will be paid adequately.

### *Highly skilled workers*

In Austria, like in virtually all other OECD countries, specific rules apply for particularly highly qualified labour migrants. In contrast to all other categories of permanent labour migrants, these migrants have the opportunity to enter Austria without a job offer through a supply-driven tier of the RWR system. In addition, their family members are entitled to the RWR Plus-Card without having to proof German language competence, in contrast to family members of other labour migrants. Despite these advantages, the highly skilled RWR-Card tier is rarely used by permanent labour migrants, as was discussed in the beginning of this Chapter. In 2013, the residence authorities have issued in total only 48 permits to highly qualified RWR-Card applicants, with the Russian Federation as the main origin country, followed by China and the United States.<sup>12</sup>

#### *Selection criteria under the points system for highly skilled workers*

Like key workers and workers in shortage occupations, highly skilled RWR-Card applicants must undergo a points-based admission scheme checking their qualification, work experience, language proficiency and age. Whereas the general admission criteria are thus the same as for the groups discussed above, the sub-criteria and their weighing differ substantially.

#### Qualifications

Qualifications weigh equally strong in the system for highly skilled workers than in the other two pillars, but the eligibility requirements under this criterion are much more demanding. In total, up to 40 points – almost 60% of the pass mark – can be gained here. Points attributed to education vary according to level and profession, and applicants must fulfil at least one eligibility criterion.

A completed higher education programme of a minimum of four years scores 20 points, or 30 points if the degree is in a STEM field (science, technology, engineering or mathematics).<sup>13</sup> In addition, up to ten bonus points are available for Austrian qualifications at the diploma or master studies level.<sup>14</sup> The underlying rationale is that immigrant workers with domestic qualifications are expected to achieve better labour market outcomes as employers find it easier to judge the value of their degrees. This is especially important in Austria, where foreign qualifications, especially those from lower-income countries, appear to face a relatively strong discount on the labour market (Krause and Liebig, 2011). Postdoctoral qualifications score 40 points. Furthermore, 20 bonus points are available for applicants who can prove research and innovation activities, such as patent applications or academic publications. Another 20 bonus points may be granted to scientists who have won internationally recognised prizes.<sup>15</sup>

Salary earned in previous positions is considered as a substitute for formal qualifications. The scheme rewards gross salaries of the preceding year if they were earned in a senior management position.<sup>16</sup> Annual salaries of EUR 50 000 to 60 000 are rewarded with 20 points, i.e. 29% of the required minimum threshold. Salaries between EUR 60 000 and 70 000 are rewarded with 25 points (36%) and applicants with previous salaries of above EUR 70 000 are attributed 30 points.<sup>17</sup>

### Work experience

Work experience is valued stronger for highly skilled applicants than in the other pillars. The system attributes 2 points for every completed year of work experience.<sup>18</sup> An additional 10 points are provided for six months of work experience within Austria. In total, highly skilled RWR-Card applicants can receive up to 20 points, i.e. almost a third of the required points, for their work experience record.

### Age

Age is less important for highly skilled workers than it is for key workers and workers in shortage occupations and requirements are softer in the highly skilled tier. Highly skilled applicants up to 35 years of age are attributed 20 points. Applicants up to 40 years of age are attributed 15 points and applicants up to 45 years of age 10 points.

### English or German language knowledge

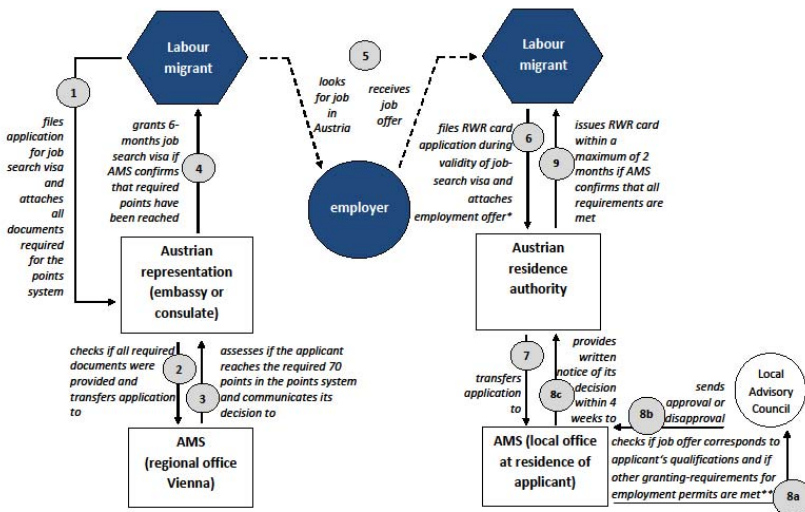
In comparison to the admission scheme for key workers and workers in shortage occupations, German and English language skills weigh less strongly for highly skilled RWR-Card applicants, who may only receive a maximum of 10 points, that is 14% of the pass mark and thus half of the weight in the other two pillars. In addition, there is no distinction made between the required level of German and English language proficiency. Basic German or English language skills on an A1 level according to the common European framework of reference for languages are both rewarded with 5 points, i.e. 7% of the pass mark. Advanced German or English language skills according to the level A2 of the common European framework for languages are rewarded with 10 points, i.e. 14% of the required minimum threshold. The low weight of language, in particular German, is surprising as evidence suggests that mastery of the host-country language is particularly important on the high-skilled end (see OECD, 2014b).

### *Application procedure for highly skilled RWR-Card applicants*

As mentioned, highly skilled RWR-Card applicants who do not dispose of a job offer in Austria and who cannot enter Austria on a visa-free basis

have the option to apply for a six-month job search visa to come to Austria and look for employment. For these applicants, the application procedure is thus a two-step process, starting with the application for a job-search visa abroad and continuing – in case of a job offer – with an application for an RWR-Card in Austria. Obviously, highly skilled applicants who already have a job offer or who can enter Austria on a visa free regime can skip the first step and may directly apply for an RWR-Card. Figure 3.4 provides an overview over the application procedure for admission as a highly skilled worker under the RWR-Card regime.

**Figure 3.4. The application process for admission as a highly skilled worker under the RWR-Card regime**



*Note:* Steps 1 to 4 describe the procedure to obtain a job-search visa. Steps 6 to 11 describe the procedure to obtain an RWR-Card. (\*) Highly skilled RWR-Card applicants who did not apply for a job search visa because they already had a job offer or because they are allowed to enter Austria on a visa free regime are required to hand in all the documents required for the assessment of their eligibility according to the points system along with their application for an RWR-Card. Applicants who already have a job offer but may not enter Austria on a visa free regime are requested to file their application for an RWR-Card with the competent Austrian representation abroad. (\*\*) The local AMS office will also check if the applicant reaches the required number of points in the points system for applicants who have not previously applied for a job-search visa.

*Source:* OECD Secretariat.



The application for a job search visa starts at the competent Austrian representation in the applicant's country of residence (Step 1 in Figure 3.4). The remaining procedure (Steps 2-4) is broadly the same as in other RWR-Card pillars with the exception that the AMS part of the processing of all job-search-visa applications is centralised at the regional AMS office in Vienna. Since job-search-visa applicants do not have a job offer yet, the AMS assessment does not require the approval of the Local Advisory Council and is limited to verifying whether or not the applicant meets the threshold in the points system.

Once the job-search visa has been issued, the applicant disposes of a period of six months to find employment in Austria which corresponds to his qualifications (Step 5) and to file an RWR-Card application with the competent residence authority in Austria (Step 6).<sup>19</sup>

The residence authority thereafter follows the same procedure that has been described for key workers and workers in shortage occupations and forwards the application to the AMS. Based on the documents provided, the AMS office verifies whether the intended employment corresponds to the qualifications of the applicant and whether the other conditions on the basis of which the job search visa had been granted are fulfilled.<sup>20</sup> In contrast to the assessment of RWR-Card applications from key workers, the AMS does not conduct a labour market test for highly skilled migrants.<sup>21</sup> The remainder of the procedure resembles that in other RWR-Card pillars.<sup>22</sup> Applicants within the highly skilled category who already have a job offer essentially skip steps 1-5.

### *Inflows in the highly skilled category*

Inflows of highly skilled workers under the RWR-Card scheme are small, with only 141 admissions since 2011. Likewise, the demand for job-search visa has also been limited. Until December 2013, the AMS has received a total of 204 applications for job-search visa – of which it approved half. 39 persons who previously held a job search visa ultimately obtained a RWR-Card in the highly skilled category, a bit more than a quarter of all permit issuances in the highly skilled category.

Considering that not necessarily all of the approvals actually arrive in Austria with a job search visa – data on actual issuances are not available – it thus seems that at least 40% of all applicants who obtained an AMS approval for their job-search visa application ultimately found highly skilled employment in Austria. The fact that few migrants qualify for a highly skilled visa is not of concern, particularly if failed job-seekers return home. To which degree this is actually the case in Austria is not known, given the absence of longitudinal permit data. Nonetheless, the programme was

designed to select candidates with a high probability of success in employment, so the rather low share of those finding qualified jobs might suggest either a problem with selection criteria or a reluctance of employers to hire foreigners with foreign credentials and – in some cases – limited national language skills.

In any case, compared with other OECD countries with similar provisions for highly skilled workers, 40% seems to be a relatively favourable success rate. In Norway, for instance, only 22% of those who came on a six months job search visa transitioned to highly skilled employment, after which the visa was first suspended and then eliminated altogether in 2013. In Denmark, merely 30% of Green card recipients in 2008-09 had found skilled employment in 2010 (OECD, 2014b). When comparing the rate in Austria with that of job-seeker visa in Norway and Denmark it should, however, be kept in mind that the overall number of issued job-search visa in these countries is, relative to the population, about ten times higher than in Austria, which suggests that rejections occur in both systems but at a different stage: Whereas in Austria, workers are filtered already at the visa application stage, in Norway and Denmark rejections take place at a later stage in the labour market itself. Only in the Netherlands – where the number of issuances is again relatively low and the job search period amounts to an entire year – the share of job search visa recipients entering who found jobs that allowed them to qualify for the highly skilled migrant programme (40% in 2009) was comparable to Austria.

Since 2011, most AMS approvals for job-search visa were made for applicants from the Russian Federation (39%), Iran (17%), India (14%) and Ukraine (11%). Of these, mostly Russian applicants managed to actually find a job in Austria, accounting for 27 of the 35 successful status changes.<sup>23</sup>

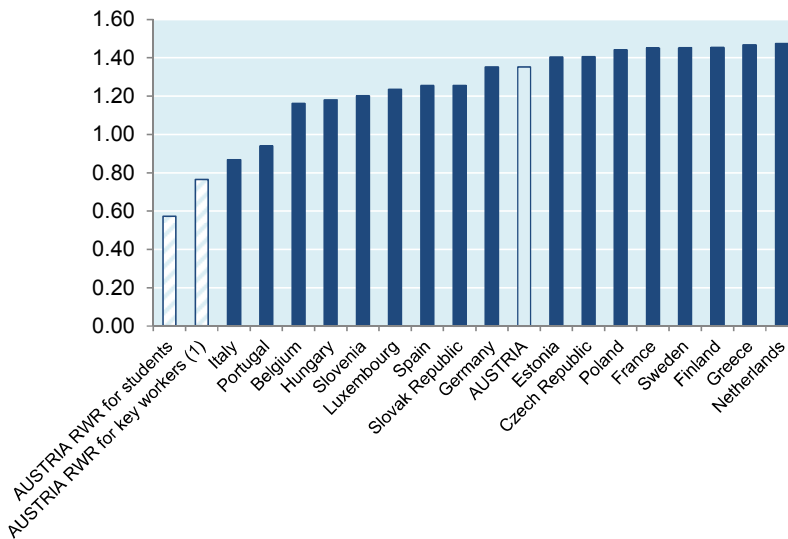
### ***EU Blue Card***

In addition to the RWR-Card for highly skilled workers, a further title exists for highly qualified applicants: the EU Blue Card. This title transforms into Austrian national law the provisions of the European Blue Card Directive and harmonises the conditions of entry, residence and labour market access of highly qualified non-EU-EFTA nationals and their families within the European Union. In 2013, the number of permit issuances in this category amounted to only 97, which is nevertheless almost twice as many as the RWR-Card for highly skilled workers.

### *Selection criteria and application procedure for EU Blue Card applicants*

In contrast to highly skilled RWR-Card applicants, EU Blue Card applicants do not have to pass a points-based admission scheme. They do, however, have to prove that they have completed a course of tertiary education of a minimum duration of three years. Further, EU Blue Card applicants must have job offer with a minimum duration of 12 months. The employment needs to correspond to the applicant's education and be remunerated with a gross income equalling at least one and a half times the average gross annual income of a full-time employee. EU member countries have some discretion in interpreting the relevant thresholds (see Figure 3.5). In Austria, for 2014, this translated to an annual gross salary of at least EUR 55 976 which corresponds to about EUR 3 998 gross monthly pay and thus well above the wage threshold for the key worker or international student schemes.

**Figure 3.5. Ratio of wage thresholds for EU Blue Cards in selected countries and RWR-Cards to average gross annual income, around 2012**



1. The salary threshold for key workers is for workers above 30 years of age. Workers up to 30 years of age have a lower salary threshold.

Source: OECD Secretariat calculations on the basis of information from government websites.

In contrast to highly skilled RWR-Card applicants, EU Blue Card applicants are also obliged to pass a labour market test, which implies that their application may only be considered if no equally qualified Austrian worker registered with the AMS or no non-Austrian worker already integrated in the Austrian labour market is available to fill the intended position. In this respect, the Austrian EU Blue Card admission regulations are comparable to those in other EU member states, most of which also foresee a labour market test. Exceptions to this are the Czech Republic, Germany, Spain, Finland, France, Latvia, the Netherlands and Portugal.

Family members of EU Blue Card holders enjoy the same privileges as family members of highly skilled RWR-Card holders in that they may apply for an RWR-Card Plus granting unlimited labour market access without having to prove German language skills.

In 2013, the most important source country was the Russian Federation (31% of all AMS approvals) – and thus the same as for highly skilled workers and key workers under the RWR-Card model. The Ukraine (14%) came in second, followed by the United States (8%).

In many ways, the EU Blue Card targets essentially the same group of labour migrants as the RWR-Card title for highly skilled workers which does not require a labour market test and which is only employer-bound for ten months. These more attractive provisions for the highly skilled RWR-Card raise the question why the EU Blue Card is still used almost twice as often.

One advantage of the EU Blue Card over no matter which category under the RWR-Card system is the fact that holders of an EU Blue Card may make their residence periods in Austria count to obtain a permanent residence title in another EU member country. The EU Blue Card is therefore more attractive to highly skilled labour migrants wishing to work and reside in several EU member states. Another advantage of the EU Blue Card over the highly skilled RWR-Card track might be that the EU Blue Card is the only residence permit that can be granted for two years without having to be renewed or changed into another title and thus imposes less of an administrative burden and a more secure status than the RWR-Card – although the latter enables full labour market access at an earlier stage (see Table 3.2).

**Table 3.2. Comparison of selected admission requirements and rights for highly skilled RWR-Card and EU Blue Card applicants**

	RWR-Card for highly-skilled	EU Blue Card
Possibility of job search visa	Yes (six months)	-
Job offer in a highly-skilled occupation required	Yes (minimum ten months)	Yes (minimum 12 months)
Salary threshold	-	EUR 3 998 gross monthly earnings
Labour market test	-	Yes
Points system	Yes	-
Required minimum education	Tertiary education (four years)	Tertiary education (three years)
Employer-bound / full labour market access after	10 months	21 months
Number of permit issuances in 2013	48	97
Average gross monthly earnings in 2013	EUR 3 948	EUR 6 707

Source: OECD Secretariat analysis on the basis of national legislation.

### *International students*

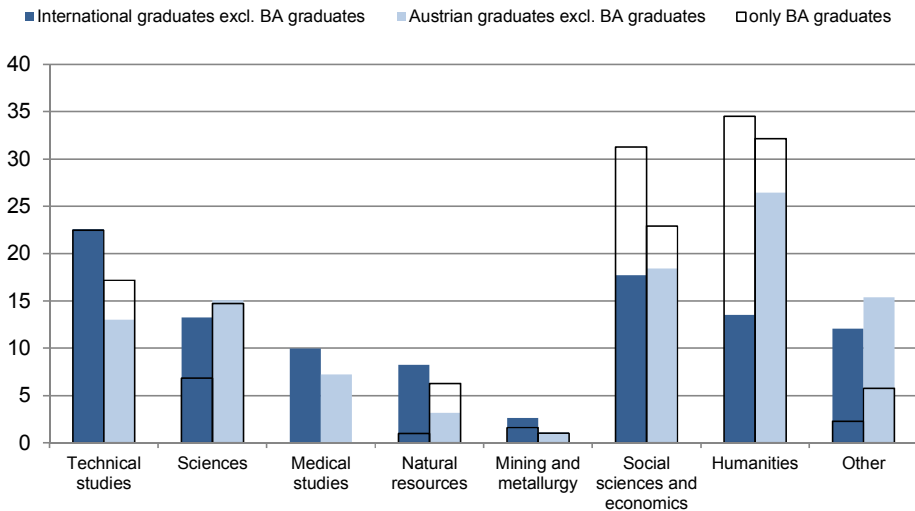
Austria is a key destination country for international students (see Chapter 4 for a full discussion). After graduation, such students hold domestic degrees, have sufficient language skills and are often familiar with the Austrian labour market, as significant numbers of international students work alongside their studies. Non-EU/EFTA nationals who have pursued and successfully completed a master's programme or at least the second part of a diploma programme at an Austrian university or university of applied sciences are the fourth main category of migrants under the RWR-Card system. In 2013, 42 international graduates obtained a permit in this category.

The graduate permit is currently restricted to master-level graduates – doctorate holders and bachelor graduates are not eligible to apply for an RWR-Card in this category. Whereas doctorate holders will often also be eligible for the highly skilled RWR-Card track, international bachelor graduates who want to work in Austria after their studies are currently obliged meet the salary threshold of the labour market tested key worker category unless their degree is in a shortage occupation. In international comparison, this requirement appears relatively restrictive. Whereas some countries restrict the international graduate permit to certain education levels, this is mostly the case for private education institutes (e.g. language institutes) and not for university degrees. In other European OECD countries, a bachelor diploma is generally considered a university degree and thus constitutes a recognised tertiary education degree granting eligibility for a graduate permit, provided that such schemes exist. The *de facto* non-consideration of bachelor degrees as university degrees in Austria is not restricted to international graduates, however. For example,

holders of bachelor degrees have only limited access to the higher-level civil service.

The current RWR-Card policy effectively excludes 29% of the non-EU/EFTA graduate population from the possibility to access the RWR international student scheme. International graduates, both at the masters and at the bachelor level, are disproportionately often in technical and engineering fields of study (Figure 3.6). These are also the areas where shortages on the Austrian labour market are expected to grow (see Chapter 1).

**Figure 3.6. Distribution of international graduates from non-EU/EFTA countries and Austrian graduates, by selected fields of study, in per cent, 2012**



Source: OECD Secretariat calculations based on data from Statistics Austria.

The origin countries for international graduates are similar to those of key workers and labour migrants in shortage occupations.<sup>24</sup> Relative to the number of total graduates, particularly Indian, Russian and Bosnia-Herzegovinian graduates make use of the RWR international student permit.<sup>25</sup>

### *Selection criteria and application procedure for international students*

In contrast to the other main RWR-Card categories, international graduates from Austrian universities do not need to undergo a points-based admission scheme. After having completed their master level studies, they may reside in Austria for another six months upon expiry of their residence title in order to search for employment – provided that they obtain confirmation from the competent residence authority in due time before their residence permits expires and fulfil the usual requirements in terms of sufficient means of subsistence, accommodation and health insurance coverage.

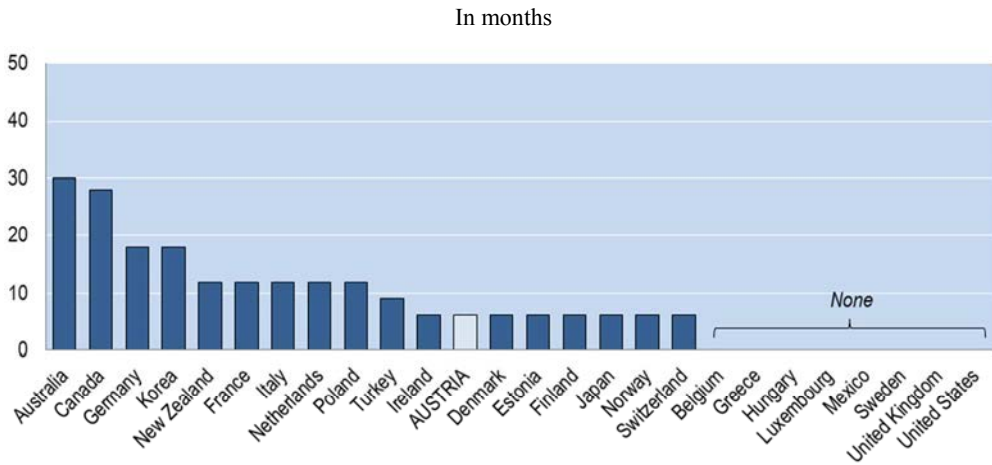
Graduates who are able to obtain an employment offer within six months after the expiry of their residence title may apply for an RWR-Card with the competent residence authority. The job offer must be remunerated at least the locally customary gross minimum salary for comparable Austrian graduates (junior employees), that is a minimum of EUR 2 039 gross monthly salary, paid 14 times a year.<sup>26</sup> A further requirement for international graduates is that their employment offer is related to the academic discipline of their diploma.<sup>27</sup> However, even among native graduates, only a minority (40%) report a match between the field of study and current field of employment (ARUFA, 2012). It is not clear however, how stringently the requirement of a job matching the field of study – and not only the level, as in other OECD countries – is interpreted.<sup>28</sup>

After reception and initial screening, applications are subsequently forwarded by the residence authorities to the AMS. In verifying the eligibility of RWR-Card applications under the international student category, the AMS bases its decision solely on the characteristics of the prospective employment (i.e. salary and field of study); there is no labour market test. The remainder of the application procedure for international students equals that of all other RWR-Card categories.

As mentioned above, applicants dispose of six months to obtain an adequate employment offer upon expiry of their residence permit. This is on the lower end among the OECD countries which provide that pathway (see Figure 3.7). In addition, students who cannot enter Austria on a visa-free regime are in principle required to leave the country after six months and await the outcome of their application procedure abroad if they filed an RWR-Card application within the six months but the application is still being processed. Since the processing time for international student permits in the RWR system is about six weeks (see below), this essentially reduces the job search time to a little more than four months. The Austrian graduate survey suggests that the mean job search time is a little less than

three months for Austrians. Considering that international students have fewer networks and are furthermore obliged to find a job which relates to their field of education and has a compulsory minimum remuneration, it appears reasonable to assume that the time period necessary to find adequate employment will tend to be longer for this group. In order to circumvent this problem, anecdotal evidence suggest that graduates therefore prolong their studies (i.e. extend their student visa), which gives them more time to search for employment in Austria and to work for up to 20 hours per week.

**Figure 3.7. Maximum duration of job-search periods for post-graduate schemes in different OECD countries, 2014**



Source: OECD Secretariat.

Probably as a result of the relatively restrictive provisions for RWR-Card applicants in the international student track compared with other countries, the number of international graduates who have hitherto entered through this channel is very limited. In 2012, only 38 graduates from non-EU/EFTA countries have obtained an RWR-Card in the international student category. This represents only about 5% of the total number of non-EU/EFTA students who obtained a second order degree from Austrian universities during that year. It is not clear to which degree this is representative of all status changes for labour, since international graduates may also remain in Austria under other categories of the RWR-Card, for instance because they obtained a job offer which does not correspond to the academic discipline mentioned in their diploma. Unfortunately, the data situation in Austria does not allow one to estimate overall stay rates. However, international graduates who wish to apply under any other



RWR-Card category are in principle obliged to leave Austria before submitting their application for another RWR-Card category, unless they benefit from a visa-free entry and may thus apply from within Austria. In addition, under the key worker category – the most likely alternative for international graduates having a job offer, but not in their field – a labour market test applies.

It is thus not unlikely that the bulk of status changes of students for labour passes through the specific student channel, which would imply a rather low retention rate in international comparison. Estimates for other European OECD countries such as France, Germany, Norway and the Netherlands suggest that 10-20% or more of international students change status for labour after their studies. This is not necessarily surprising, since these countries tend to have more generous provisions for such status changes than Austria.

### *Self-employed key workers*

Like many other OECD countries, the Austrian labour migration system also has specific provisions for entrepreneurs. The numbers involved are negligible and since July 2011, merely 50 entrepreneurs – referred to as “self-employed key workers” in the Austrian context – have entered through this channel.

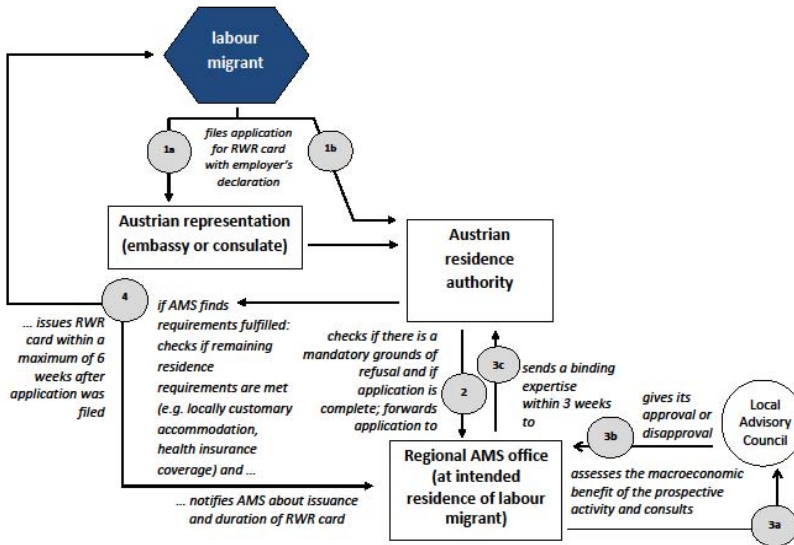
In contrast to employees under the key worker category, self-employed key workers do not have to undergo a points system. Instead, they must prove that their business in Austria creates macroeconomic benefit going beyond its own operational benefit. Officially, there is no threshold specifying a minimum sum of investment capital or a minimum number of new jobs. The AMS in Vienna, which treats the majority of the applications under this category, generally assumes this to be the case if the intended occupation involves a sustained transfer of investment capital to Austria of at least EUR 100 000 or if the intended occupation creates a minimum of two or three new jobs over the next one to two years or secures existing jobs in Austria. Alternatively, macroeconomic benefit beyond its own operational benefit is also assumed if the settlement of the key worker involves the transfer of know-how, such as the introduction of new technologies or if the key worker’s company is of another considerable significance for a region.

### *Application procedure for self-employed key workers*

In addition to the standard documents, applicants need to provide a business plan as well as other material to enable an analysis and evaluation of the market and competitive situation at the headquarter location, including evidence of either the transfer of investment capital to Austria or

the intended creation of new jobs or securing of existing jobs, as well as proof of the qualifications necessary for the self-employed professional activity, and, where necessary, company agreements and craft authorisations.

**Figure 3.8. The application process for admission as a self-employed key worker under the RWR-Card model**



Source: OECD Secretariat analysis of procedure based on legislation and regulations.

Once the application and all required documents have been submitted, the residence authority verifies if there is a mandatory ground for refusal of the application. If such grounds cannot be identified it forwards the application along with the supporting documents to the regional AMS office in charge of the intended place of residence of the applicant (Step 2).<sup>29</sup> The AMS thereafter disposes of three weeks to check whether the intended occupation is in fact self-employed (Step 3a), to consult the Regional Board of Directors (Step 3b) and to issue an expertise on the macroeconomic benefit of the intended professional activity (Step 3c). In contrast to the procedure for employees under the key worker category, where the unanimous approval of the Local Advisory Council of the AMS is required, the application procedure for entrepreneurs merely requires a consultation of the Regional Board of Directors. The final decision rests with the AMS. In

order to evaluate the macroeconomic benefit of the applicant's professional undertaking, the AMS investigates whether or not the applicant's occupation will involve a significant transfer of investment capital or know-how, create or secure jobs in Austria or be of another significant importance to the respective region. If either of the conditions is met, the AMS sends a positive expertise to the residence authority, which thereafter follows the same procedure as has been depicted above for employees under the key worker category (Step 4). In contrast to the issuance of RWR-Cards for employees under the key worker category, which may take up to eight weeks' time, the issuance of RWR-Cards for self-employed key workers is somewhat quicker, with a statutory maximum of 6 weeks from the point in time when a complete application has been submitted.

## Characteristics of permanent migration flows for employment

### *Age composition*

The vast majority of permanent labour migrants in Austria are comparatively young. This has not changed much since the introduction of the RWR-Card in 2011. In 2013, almost two-thirds of permanent labour migrants were between 25 and 34 years of age.

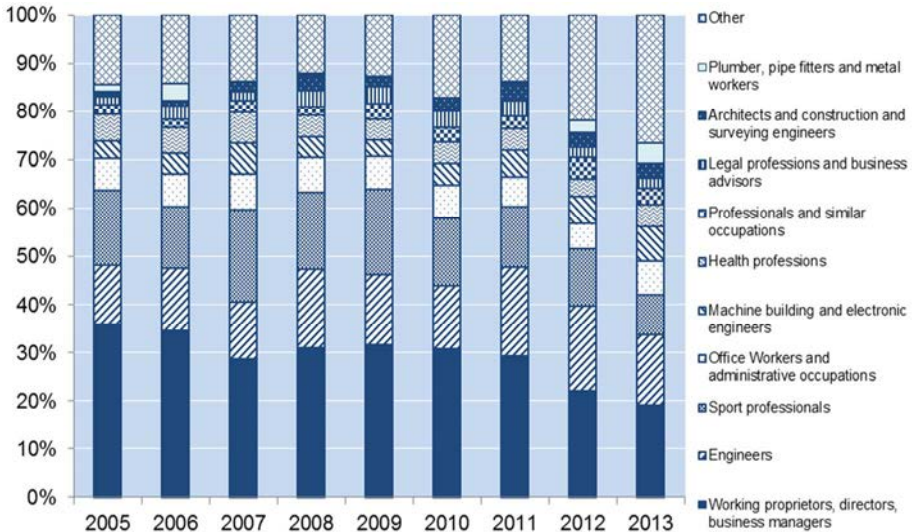
Workers in shortage occupations are particularly young – which is hardly astonishing given the current weighing of criteria in the points system, as was discussed earlier in this chapter (Table 3.1). Virtually all persons entering through this channel are below 40 years of age, and 82% are below 35 years of age. Whereas key workers are only slightly older than workers in shortage occupations, highly skilled RWR-Card applicants and EU Blue Card applicants are on average more experienced. Twenty-one per cent of highly skilled workers in the RWR-Card tier and 32% of EU Blue Card applicants are at least 40 years of age.

### *Occupational profile*

Since 2005, most approvals for permanent labour migration were made for managers, followed by engineers, sports professionals and machine building and electronic engineers. With the introduction of the RWR-Card system, the occupational composition has somewhat changed (Figure 3.9). The share of managers has gone down from 31% in 2010 to 19% in 2013. Likewise, the share of sport professionals has decreased by 6 percentage points since 2010. In contrast, the share of approvals for engineers and mechanical and machine building and electronic engineers have increased somewhat. Following the introduction of a special track for workers in shortage occupations in 2012, plumbers, pipe fitters and metal workers

emerged as a new category among the top ten occupations and represented 4% of all workers in 2013. Other important occupations under the RWR-Card system are construction professionals and electricians, particularly since 2012.

**Figure 3.9. Evolution of AMS approvals by occupations in percentages, 2005-13**

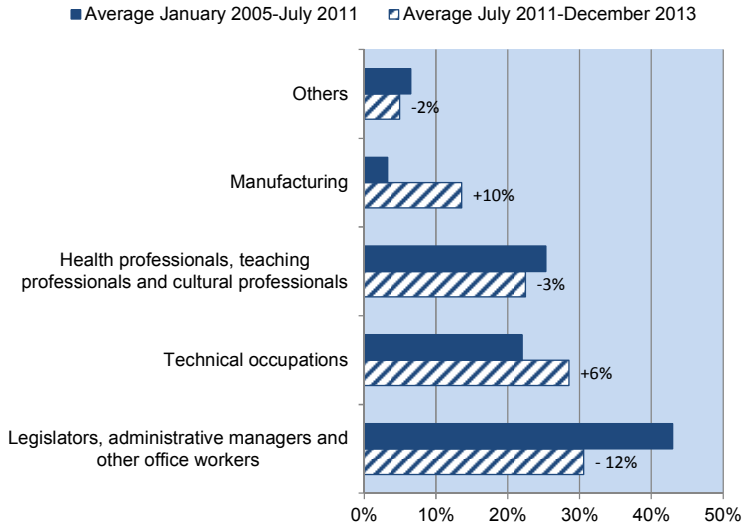


*Note:* The selected occupation represent the ten most popular occupations among all top ten occupations in the time period for 2005-13. The figures include approvals for renewals and status changes.

*Source:* OECD Secretariat calculations on the basis of the Federal Ministry of Labour, Social Affairs and Consumer Protection.

If one compares the broader occupation groups before and after July 2011, one finds a similar pattern. Overall, most approvals for permanent labour migrants were made for managers and related occupations, followed by technical occupations. Under the new RWR-Card system, the share of managers has decreased by 12 percentage points whereas approvals for technical and manufacturing occupations have increased by 6 and 10 percentage points, respectively (Figure 3.10).

**Figure 3.10. Comparison of AMS approvals by occupation groups (average shares and percentage point changes) under the old key worker quota and the new RWR-Card system**



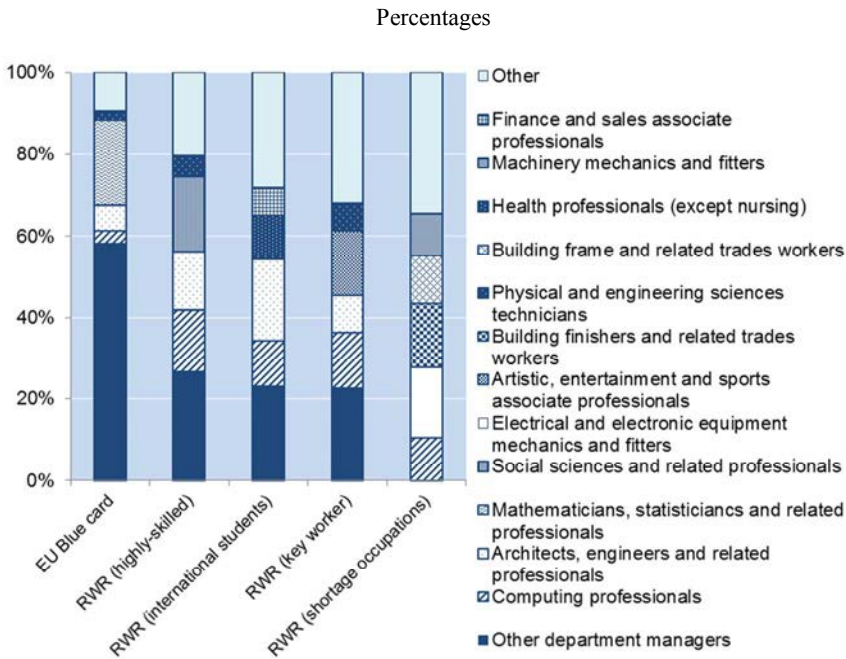
*Note:* The figures include approvals for renewals and status changes.

*Source:* OECD Secretariat calculations based on data provided by the Federal Ministry of Labour, Social Affairs and Consumer Protection.

Across categories, the share of managers is highest among EU Blue Card workers, of whom almost 60% had managerial functions in 2013. Among highly skilled RWR-Card applicants, the share of managers amounted to 27%, while the respective share in the key workers and international graduates categories was 23% in 2013 (Figure 3.11). The second most important group for EU Blue Card applicants were mathematicians and statisticians (21% in 2013), whereas the second most important occupation for highly skilled RWR-Card applicants were social sciences professions (18%). Sports professionals accounted for the second largest group (16%) among key workers. Architects and engineers were particularly important occupations among RWR-Card applicants in the international student track (20%), but also among highly skilled RWR-Card applicants (14%) and key workers (9%). Computing professionals were another important group among these three categories. The most important occupations for workers in shortage occupations were electrical and electronic equipment mechanics (17%), followed by building finishers and

related trade workers (15%), building frame workers (12%), as well as computing professionals and machinery mechanics/fitters (10% each).

**Figure 3.11. AMS approvals by occupations and category, 2013**



Note: The figures include approvals for renewals and status changes.

Source: Federal Ministry of Labour, Social Affairs and Consumer Protection.

### Average earnings

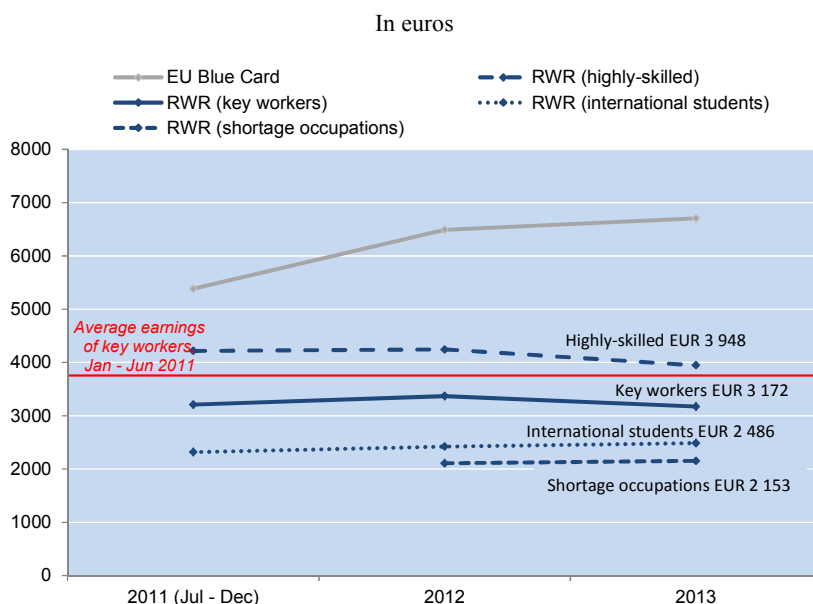
The average earnings of permanent labour migrants have been subject to fluctuations and differ considerably across categories (Figure 3.12).

EU Blue Card holders are by far the best-paid category of workers, with average gross monthly earnings of EUR 6 707 (paid 14 times a year) in 2013. This is well above the salary threshold for this group (which was EUR 3 884 gross monthly pay in 2013). Highly skilled RWR-Card holders, whose admission is not subject to a salary threshold, earned significantly less; their average gross monthly earnings for this group amounted to EUR 3 948.

For key workers, the average gross monthly income for this category was EU 3 172, which is above the salary threshold of EUR 2 220 gross monthly

earnings for key workers under 30 years of age and EUR 2 664 for key workers above 30 years of age. Compared with the average salary earned by key workers prior to the introduction of the RWR system in mid-2011, the average salary for key workers under the RWR-Card system is 15% lower. This gap in earnings increases to 25% if one compares the current earnings of key workers with the earnings of key workers prior to the crisis.<sup>30</sup> One also observes that the average earnings of international students (EUR 2 486 gross monthly pay in 2013) are also well-above above the required salary threshold (EUR 1 998) for RWR-Card applicants in this group.

**Figure 3.12. Average gross monthly earnings for permanent labour migrants by category, 2011-13**

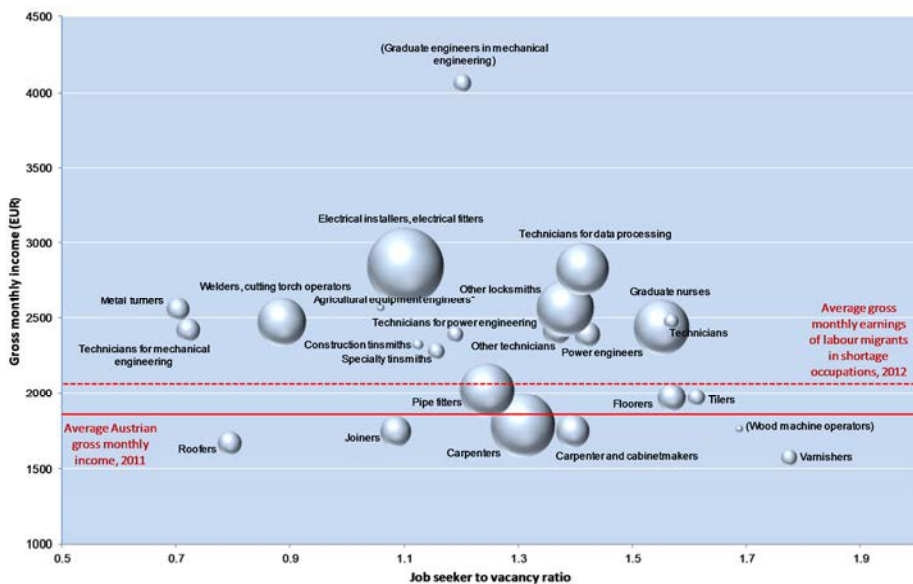


*Source:* OECD Secretariat calculations based on data provided by the Federal Ministry of Labour, Social Affairs and Consumer Protection.

Workers in shortage occupations earned on average EUR 2 153 gross monthly pay in 2013. The actual earnings for workers in this group are thus considerably below both the average income (prior to and post the 2011 policy reform) and the required salary thresholds for key workers, which demonstrates that the introduction of a shortage category without a salary threshold allowed many medium-skilled workers in shortage occupations to enter the Austrian labour market who would have not been able to meet the salary requirements under the key worker track. Nevertheless, the vast majority of shortage occupations pay average wages that not only well above

the average Austrian gross annual income (Figure 3.13) but also above the average annual income of the migrants under the shortage occupation scheme. This is a tentative indication that some of these may be paid below the average wage of Austrian workers in these occupations. In principle, this should not be the case since the employer has to pay the prevalent wage and there is a post-admission monitoring of the wages in place. Indeed, about ten months after the granting of the RWR-Card, there is a systematic monitoring of the actually paid wages by the AMS. If the actual pay has been below the wages stated by the employer in the original application, the AMS informs the residence authorities about this discrepancy. In principle, this could lead to a revocation or non-renewal of the RWR-Card which implies that the RWR-Card cannot be transposed into an RWR Plus-Card which would generally be issued otherwise. Unfortunately, such cases are not documented.

**Figure 3.13. Gross monthly income for shortage occupations with a job seeker to vacancy ratio of less than 1.8 in 2011 in EUR, weighted by number of admissions in 2012 and 2013**



*Note:* Due to too small sample sizes the occupations milling machinists, graduate power engineers and toolmakers (with the respective job seeker to vacancy ratios 0.5, 0.8 and 1.6) are not included in the graph. The occupations in ( ) have a high sampling error. \* Less than 20 listed vacancies.

*Source:* OECD Secretariat calculations based on data provided by Statistics Austria.



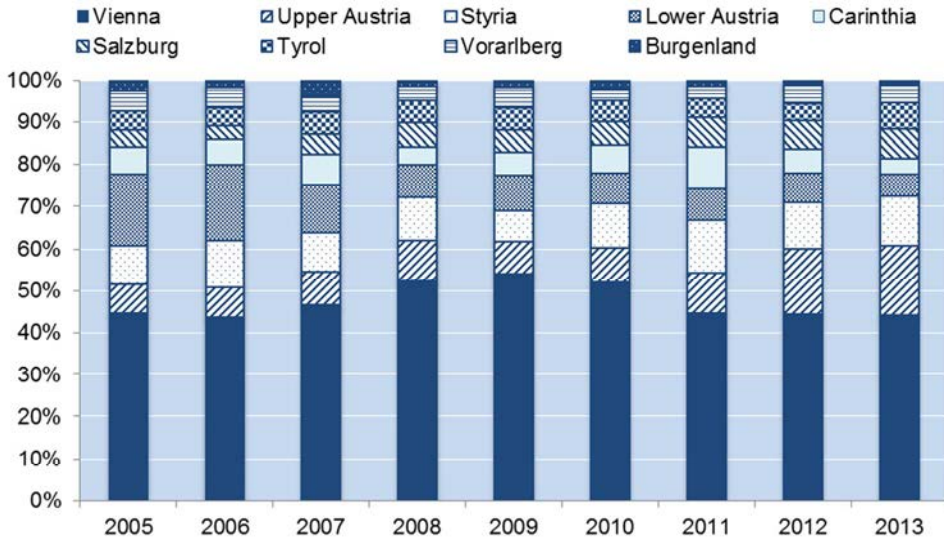
### *Companies hiring RWR-Card holders*

An overwhelming majority of companies employing RWR-Card holders hires in total only one (74%) or maximum two (14%) RWR-Card workers, suggesting that in most cases, employers have little experience with the system. Among all 2 349 employers who have hired RWR-Card holders since July 2011, only seven employers employed more than 30 RWR-Card workers.

### *Regions*

Vienna is by far the most important destination for permanent labour migrants, hosting 44% of all migrant workers in 2013, compared with 23% of the total Austrian workforce. This is reminiscent of the overall distribution of foreign employment, which is also concentrated in Vienna.<sup>31</sup> Particularly EU Blue Card applicants, highly skilled RWR-Card applicants and international graduates are overrepresented in the Austrian capital. In 2013, 80%, 70% and 58% of applicants in these respective groups resided in Vienna. The concentration of key workers and workers in shortage occupations is a bit less pronounced. In 2013, merely 38% of key workers and 36% of workers in shortage occupations were approved for employment in the Austrian capital.

The concentration of permanent labour migrants in Vienna has declined since 2009, in particular to the favour of Upper Austria (Figure 3.14). Probably as a consequence of the introduction of a special channel for shortage occupations and the above-mentioned changes in the occupational distribution of workers, the percentage of approvals for workers taking up employment in Upper Austria has risen by 9 percentage points to 17% in 2013. Most of these workers are workers in shortage occupations and key workers, of whom 27% and 16%, respectively, have taken up employment in Upper Austria in 2013. Part of the reason for the rising share of workers in Upper Austria seems linked with the fact that Upper Austria has in fact a strong construction sector, which accounts for 19% of all employment in this branch –the second highest share after Vienna (20%).<sup>32</sup>

**Figure 3.14. Evolution of AMS approvals by region, 2005-13**

*Note:* The figures include approvals for renewals and status changes.

*Source:* Federal Ministry for Labour, Social Affairs and Consumer Protection.

### ***Retention***

Inflows do not always translate into permanent stay, and some of the labour migrants who have entered since mid-2011 have not remained in Austria.<sup>33</sup> As already mentioned, the RWR-Card is initially a temporary permit of 12 months. After the first year, migrants who kept their job for a minimum of ten months may apply for an RWR Plus-Card granting unlimited labour market access.<sup>34</sup> Unfortunately – and this is a major shortcoming of the Austrian labour migration management system (see Box 1.1 on data sources of labour migration to Austria) – no systematic data is available about the number of permanent labour migrants who switch to an RWR Plus-Card or to any other residence title, such as family permits (after marriage).<sup>35</sup> Therefore, it is impossible to calculate retention rates.

Nonetheless, AMS data on those in employment shows that of those who arrived between July 2011 and December 2013 as labour migrants, 74% were still in Austria in employment on July 31, 2014.<sup>36</sup> Of those who arrived in 2013, 83% were still in employment, whereas of those who arrived in 2012 and 2011, 69% and 64%, respectively, were still in employment in Austria by the end of July 2014. These “employment retention rates” differ across categories. Among those who entered in 2012,

international students and workers in shortage occupations have on average the highest rates (86% and 85%), followed by highly skilled RWR-Card workers (77%) and EU Blue Card workers (76%). Inflows via the key worker track, however, translate less frequently into sustainable employment relationships; 63% of all key workers who entered in 2012 were still in employment on July 31, 2014.

Retention rates of labour migrants in other OECD countries vary substantially. In Germany, for instance, one third of those who arrived in 2011 had left by mid-2012. Of those who arrived in 2006, fewer than one in four were still in the country by mid-2012 (OECD, 2013). In Norway, close to 65% of labour migrants left the country three years after their first entry and only about 22% are in Norway five years after their first entry (OECD, 2014b). The retention figures for Austria thus appear relatively high compared with the limited available evidence from other European countries.

## **Key issues in the administrative framework**

### *Processing times*

The length of the period between the filing of an application and the issuance of a permit is an important indicator of the ability of a labour migration system to flexibly react to labour needs in the economy. Long processing times may effectively prevent employers from using foreign recruitment as a way to tackle shortages they might encounter and/or result in high dropout rates during the application procedure – causing applicants to withdraw their application if the permit cannot be issued in due time for the company's needs.

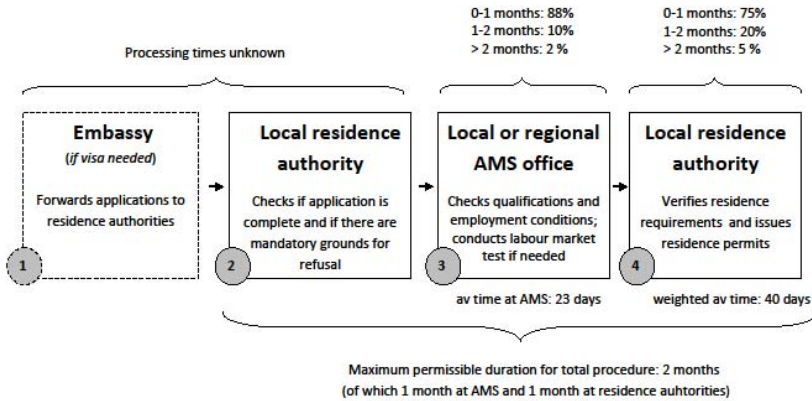
Until July 2011, processing times for permanent labour migrants coming to Austria could last up to six weeks. With the introduction of the RWR-Card system in July 2011, the maximum total processing time for applications from permanent labour migrants was increased to eight weeks. Subtracting the four weeks procedure at the AMS, this leaves the residence authorities with a period of four weeks to check whether the requirements under the Settlement and Residence Law have been met and to issue the RWR-Card (or a rejection notice) to the applicant after the AMS has made its decision.

Unfortunately, and this is in line with the general lack of data on permit issuances, no comprehensive information is available about the number of days it takes the residence authorities to review and forward applications to the AMS (Steps 1 and 2 in Figure 3.15), which is why total processing times cannot be assessed. Within the AMS, the average duration of the procedure

for permanent labour migrants amounted to 23 days since July 2011, compared with 43 days prior to the introduction of the RWR-Card in 2011 (average January 2011-June 2011). However, 2011 was an exceptional year and in the five years before 2011, that average duration was about 19 days.<sup>37</sup> Likewise, the AMS processing time of 23 days after July 2011 needs to be treated with caution as it represents merely an average of the period between July 2011 and December 2013 and conceals the fact that an amendment of the Foreign Workers Law in April 2013, allowing employers to file the application on behalf of applicants, has actually decreased processing times considerably from 25 days prior to the amendment to 19 days thereafter. In essence then, current average processing times at the AMS appear to have changed little with the RWR-Card reform. Across categories, AMS processing times are shortest for international students (with an average duration of 15 days since April 2013), followed by EU Blue Card applications (17 days since April 2013). Applications from highly skilled RWR-Card applicants,<sup>38</sup> key workers and workers in shortage occupations take around 20 days to be processed by the AMS. This is interesting as it suggests that the AMS procedure for key workers is not delayed by the fact that – in contrast to workers in shortage occupations and highly skilled RWR-Card applicants – key workers have to pass a labour market test.

Besides average AMS processing times, information is available about the time between AMS approval and permit issuance. Since the introduction of the RWR-Card in July 2011, the residence authorities have issued an RWR-Card within at least 30 days upon AMS decision for 75% of all applications from permanent labour migrants. For another 19% of all applications, the residence authorities took 31 to 60 days, and for 6%, the time between AMS decision and the permit issuance amounted to over two months. Across categories, the time between the AMS decision and permit issuance was fastest for key workers and international students (of whom 77% were issued a permit within one month upon AMS approval). Highly skilled RWR-Card applicants had to wait longest for their RWR-Card. In this group, only 69% were issued their card within one month upon AMS approval.

**Figure 3.15. Processing times at different administrative steps for permanent labour migrants, average July 2011–December 2013**



*Source:* OECD Secretariat calculations on the basis of data from the Federal Ministry for Labour, Social Affairs and Consumer Protection.

Again, it remains unclear how much time the residence authorities require for the initial screening of the application before forwarding them to the AMS (Steps 1 and 2 in Figure 3.15; Step 3 in Figure 3.3). Anecdotal evidence suggests that the duration of this first period is heterogeneous across regional residence authorities and can be rather lengthy. Based on the data at hand, all that can be assumed is that the majority of all successful applications from permanent labour migrants take about two months to process from the point in time when they reach the AMS (Figure 3.15). This being said, it appears safe to assume that total processing times for most applications, i.e. from the point in time when the application is initially filed with the residence authorities, extend the maximum admissible time period of eight weeks.

One reason for this might be that applications for labour migration are only a small fraction of the permits that are being processed by residence authorities, as the bulk of permits actually concern family and humanitarian grounds. Likewise, even the residence authorities of the large cities currently do not dispose of any staff specifically dedicated for treating RWR-Card applications, which might slow down the procedure. A further delay in the issuance of the RWR-Card – post admission – stems from the fact that RWR-Card applicants who have filed their initial application from abroad

are obliged to present themselves personally at the residence authority to record their fingerprints once they have been admitted. Only after this, the RWR-Card will be issued. The issuance of the RWR-Card may take another couple of days, during which the applicant is allowed to reside and move freely in Austria but not allowed work. Other European countries have reacted to this by allowing applicants to take up employment provisionally once the application has been approved, even if the permit itself has not yet been issued, as long as the candidate is onshore with a valid visa. Some countries such as Norway even grant skilled applicants with a valid visa a temporary work allowance prior to approval (see OECD, 2014b).

### *Rejections*

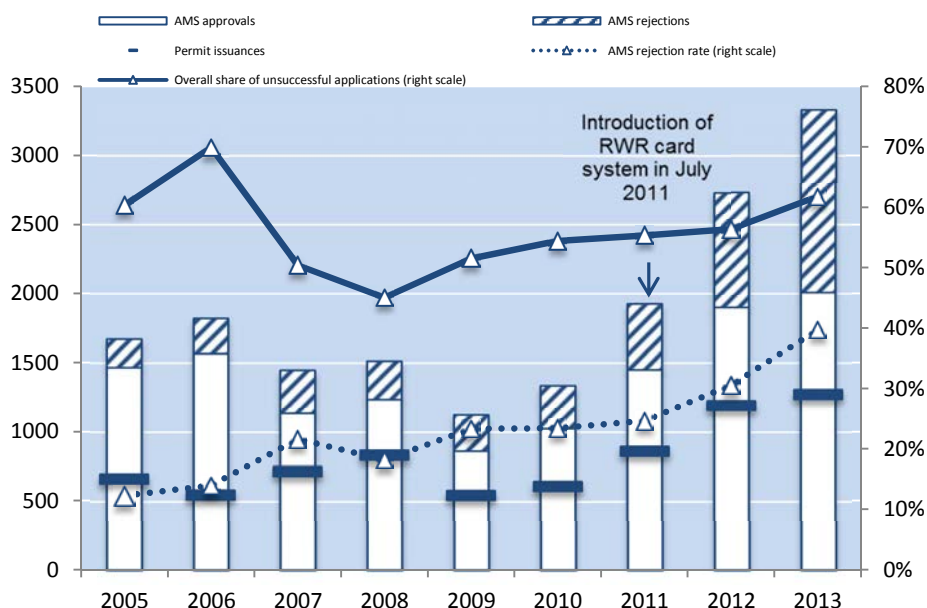
Rejection rates can serve as a crucial measure for the functioning of an immigration system but can mean different things, depending on the context. High rejection rates, for example, can reveal insufficient barriers to application, thereby encouraging applicants on the margin of eligibility to try their chances. They may also reflect complex or opaque regulations leading to many incomplete or ineligible applications; or rigid treatment of applications by authorities.

Because of the administrative division of competencies in the Austrian admission procedure for permanent labour migrants, a rejection of applications can occur at several points in the application procedure: at the filing of the initial application with the consulate or residence authorities, at the AMS or at the processing of the AMS approvals by the residence authorities at the end of the procedure. Unfortunately, as with processing times, not for all these steps data is readily available, which makes it difficult to compare Austrian rejection rates with those in other OECD countries. In particular the first step, i.e. the number of applications that are being rejected by the consulates and residence authorities before being forwarded to the AMS, is unknown because the Federal Ministry of the Interior does not maintain records on applications received, nor do generally the local residence authorities. This is unfortunate, because, as has been discussed above, the residence authorities act as a key filter both at the beginning and at the end of the procedure, deciding eligibility for residence permits, and denying applications, which are incomplete or appear patently ineligible. Nevertheless, data from the Vienna residence authorities indicate that about a third of all initially filed applications are rejected at the first step.

Data does exist, however, on rejection rates at the AMS – which constitutes the second major checkpoint in the admission procedure, deciding eligibility for employment permits. As mentioned before, under the new RWR-Card system, both the number of AMS approvals and the number

of permit issuances has doubled from 1 025 approvals and 610 permit issuances in 2010 to 2009 approvals and 1 274 permit issuances in 2013. At the same time, however, the AMS rejection rate has risen by 17 percentage points to 40% in 2013, and the overall share of unsuccessful applications, i.e. the percentage of all AMS decisions which never turns into a permit, has increased from 54% in 2010 to 62% in 2013 (Figure 3.16). Applying the information from Vienna on rejections in the first step suggests that only about one in four initial applications eventually results in a permit issuance.

**Figure 3.16. Evolution of AMS approvals, permit issuances, AMS rejection rate and overall share of unsuccessful applications, 2005-13**



*Note:* Permit issuances and AMS approvals include key workers under the old quota system until June 2011 (including self-employed key workers) and RWR-Card applicants (including self-employed key workers) and EU Blue Card applicants since July 2011. In the absence of data on the total number of applications that is initially filed with the residence authorities, the overall share of unsuccessful applications was calculated as the percentage of unsuccessful applications in all AMS decisions. The figures include approvals and rejections for renewals and status changes.

*Source:* OECD Secretariat calculations based on data provided by the Federal Ministry of Labour, Social Affairs and Consumer Protection.

At the AMS, half of all rejections in 2013 were attributable to applications in the shortage occupations track, although it accounted for only a third of all applications in that year. Since the introduction of the

shortage category in June 2012, almost 60% of all applications have been rejected by the AMS. This is more than twice as high as the incidence of AMS rejections for key workers (24%) and also considerably higher than the AMS rejection rates for highly skilled RWR-Card applicants and international students, of whom 35% and 16%, respectively, were rejected by the AMS (Table 3.2). Only entrepreneurs have higher rejection rates than workers in shortage occupations. In 2013, 85% of all applications from entrepreneurs have been rejected by the AMS. The majority of rejections in this group concerned one-man companies or family businesses with little seed capital, poor prospects for clients and little commercial experience, mostly in the cleaning, transport, house care, or gastronomy sector. Possibly as a consequence of the comparatively high salary thresholds for this group, EU Blue Card workers have by far the lowest rejection rates at the AMS (Table 3.3).

**Table 3.3. AMS rejection rates and overall share of unsuccessful applications for permanent labour migrants by category, 2013 and total 2010**

	AMS rejection rate	"Overall" share of unsuccessful applications
RWR (highly-skilled)	35%	65%
RWR (key workers)	24%	51%
RWR (workers in shortage occupations)	58%	78%
RWR (international students)	16%	83%
RWR (entrepreneurs)	85%	88%
EU Blue Card	4%	23%
Total 2013	40%	62%
Total 2010	23%	54%

*Note:* The figures include approvals and rejections for renewals and status changes.

*Source:* OECD Secretariat calculations based on data provided by the Federal Ministry of Labour, Social Affairs and Consumer Protection and the Federal Ministry of the Interior.

The high rejection rate for applications in the shortage occupation track is surprising, since there is no labour market test for this group and indeed, a main reason for establishing shortage occupation lists is in general to facilitate access in occupations where a labour market test would otherwise always lead to the same result – i.e. that no domestic worker is available. In other words, one would expect lower rather than higher refusal rates by the AMS for this group compared notably with the key worker scheme. Unfortunately, no systematic data is available on the reasons underlying the high AMS rejection rate for applicants in shortage occupations, but it



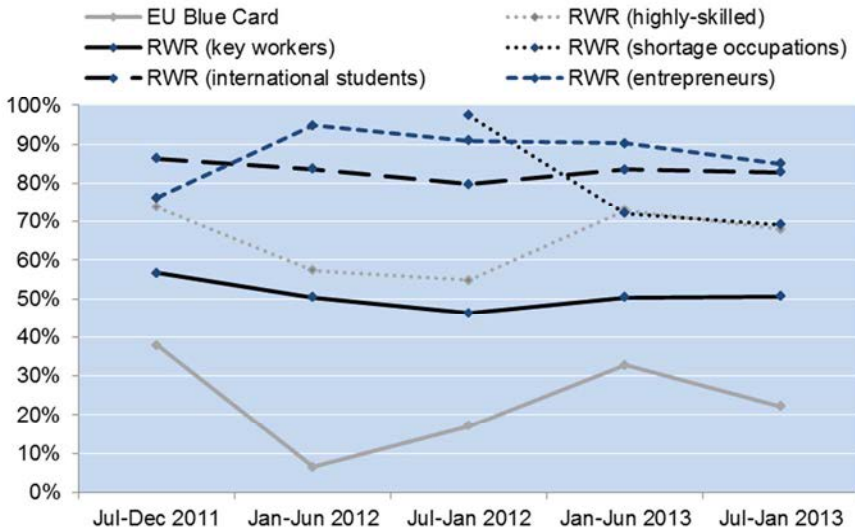
appears that most rejections are due to insufficient knowledge about the type of occupations officially recognised as shortage occupations. In fact, in more than half of the cases (56) in a sample of 100 rejected RWR-Card applications from workers in shortage occupations in Vienna, Lower Austria, Upper Austria and Styria, the intended occupation was not actually registered as a shortage occupation. Apart from occupations that are not on the shortage list, most rejections were made for carpenters, metal workers and electricians.<sup>39</sup> The second most common reason for the rejection of RWR-Card applications from workers in shortage occupations were insufficient qualifications for the intended occupation or a lack of proof thereof. It appears that some applicants provide bogus documents or have concluded only adult education rather than the required vocational training in the intended occupation.<sup>40</sup> Partly linked to this is the fact that many applicants cannot provide evidence of sufficient professional experience in the intended occupation, which is not mandatory to reach the required points threshold but in certain cases necessary to compensate points lost on age, language skills or qualifications.

The high incidence of AMS rejections due to a lack of formal qualifications or occupations that are not officially registered as shortage occupations suggests an information deficit on the part of the applicant. However, this is not unique to workers in shortage occupations, as also in the key worker and in the highly skilled RWR-Card track, most rejections were associated with a lack of qualifications and a failure to meet the required points in the points system.<sup>41</sup> In 2013, for instance, the AMS has rejected, among others, applications from cooks, wine garden workers, kindergarten teachers, electricians and masseurs who had applied through the highly skilled RWR-Card channel. Obviously, none of these occupations meets the qualification level required for highly skilled RWR-Card applicants.

Currently, the application procedure is split between two authorities, neither of which is equipped to inform the applicant about the conditions underlying foreign employment in Austria. The residence authorities, on the one hand, are in direct touch with the applicant, but do not provide information about shortage occupations and focus solely on the conditions underlying foreign residence and settlement in Austria. The authorities of the Austrian public employment service, on the other hand, dispose of the necessary expertise about the conditions of foreign employment but are not in direct touch with the applicant as they interact rather with the Austrian employer. The internet portal [www.migration.gv.at](http://www.migration.gv.at) provides a points calculator for all relevant RWR-Card categories and up-to-date information about the occupations which are recognised as shortage occupations. However, it appears that this is not yet widely known among applicants.

As mentioned before, a rejection can also occur before or after the AMS assessment at the residence authorities. The number of rejections both prior and after the AMS assessment is unclear, but the gap between AMS approvals and actual permit issuances is considerable for almost all categories of permanent labour migrants, as was discussed above (Table 3.2 and Figure 3.1). Especially for international graduates, the number of AMS approvals that does not turn into a permit is remarkably high. Although only 16% of RWR-Card applications from international graduates were rejected by the AMS, in total 83% of all applications in this track that were forwarded to the AMS never resulted in a permit.<sup>42</sup>

**Figure 3.17. Share of applications submitted by the residence authorities to the AMS that did not result in a permit issuance, by category, July 2011-December 2013**



*Note:* In the absence of data on monthly permit issuances for EU Blue Card applicants in 2012 the permit data points for the two semesters in 2012 were calculated by dividing the 2012 annual issuances by two. Due to a lack of data on the total number of applications that is initially filed with the residence authorities, the overall share of unsuccessful applications was calculated as the percentage of unsuccessful applications in all AMS decisions, including decisions for renewals and status changes.

*Source:* Federal Ministry of Labour, Social Affairs and Consumer Protection.

In particular for highly skilled RWR-Card applicants and workers in shortage occupations, the difference between AMS approvals and permit issuances is high. Since 2011, only a little more than half of all applications which passed the AMS assessment resulted in permit issuances (compared with 65% for key workers and over 80% for EU Blue Card applicants). This means that overall, only 35% of all applications for the highly skilled

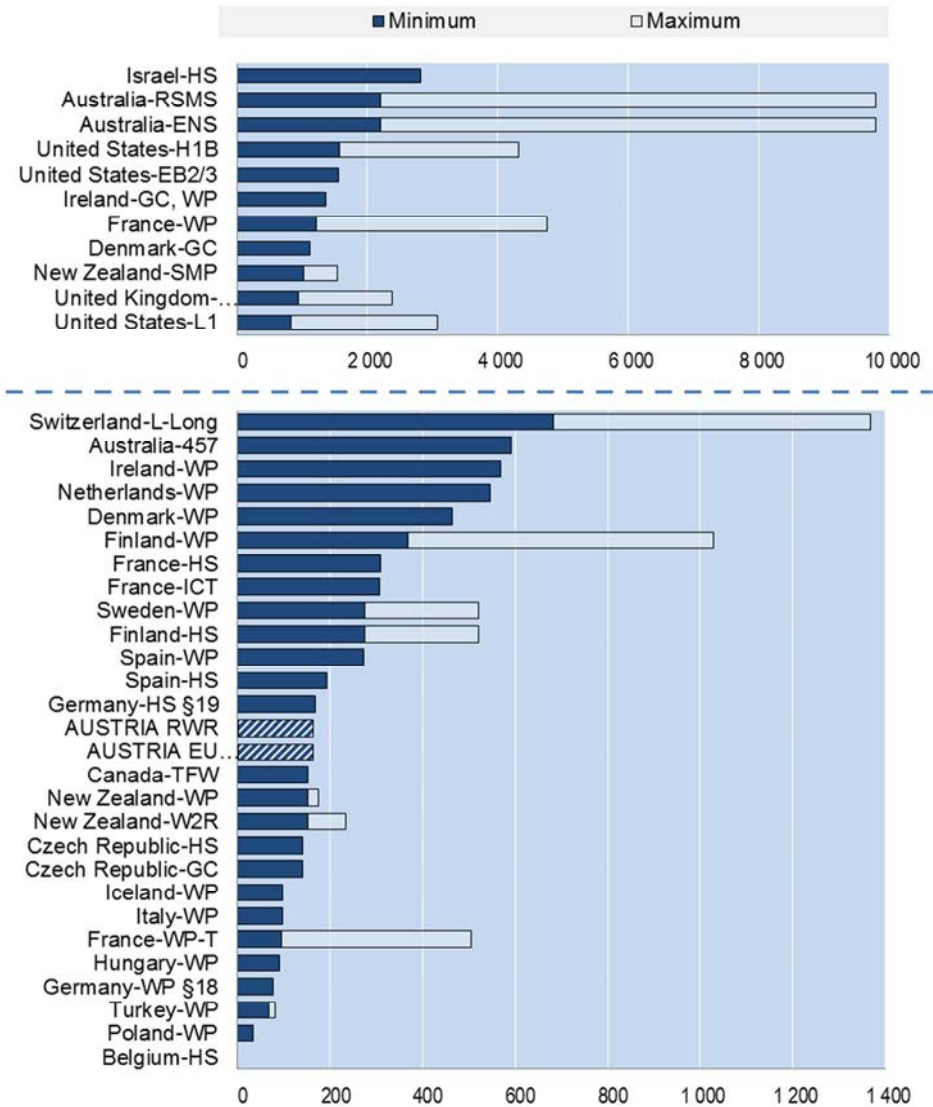
RWR-Card and only 22% of applications for in shortage occupations that were forwarded to the AMS eventually turn into permits. However, for shortage occupations, there has been an upward trend in both the number of AMS approvals and the number of permit issuances, which is particularly pronounced for permit issuances and has resulted in a steady increase of the overall success rate for this group (Figure 3.17), perhaps as employers and migrants learn about the system.

### *Application fees*

Application fees are an important tool in the management of labour migration. Fees can be flexibly adjusted to reflect changing needs in the labour market and may vary across different categories of labour migrants. Augmenting fees can discourage ineligible applications, whereas lowering fees can be used as a mechanism to open up the pool of potential candidates. In Austria, the cost of application is low by international standards and does not differ across categories. It currently amounts to EUR 120 per person, to which may be added visa fees paid at consulates of about EUR 100, where applicable.<sup>43</sup> In traditional immigration countries, application fees are much higher. New Zealand, for example, charges skilled migrants a minimum of USD 1 000 for total administrative fees. Work permits in Australia and the United States are even more expensive, as Figure 3.18 illustrates. The fact that at present the cost of application is comparatively low in Austria suggests that there is still some margin of manoeuvre and augmenting fees might be a useful policy instrument to tackle the high rejection rates by discouraging applications that are unlikely to succeed, which should also contribute to speed up the process.

**Figure 3.18. Fees for issuing work permits in different OECD countries, 2014**

USD equivalent



Source: OECD Secretariat calculations based on national data.

## Notes

1. In many European OECD countries, in addition to labour migration, there is also significant migration for employment within the free-mobility zone. In Austria, inflows from free mobility are among the highest among European OECD countries in relation to the population (see Figure 1.4 and Chapter 1).
2. Evidence of language proficiency must not date longer than one year and is to be provided in the form of language diplomas or language course certificates referring to the common European framework for languages.
3. The division of administrative competences between the residence and AMS authorities is echoed by the structure of the legal basis for the Red White Red card – which is itself fragmented among the Settlement and Residence Law and the Foreign Workers' Employment Law.
4. Depending on the place of residence of the applicant, the competent residence authority in Austria can either be the authorised Regional Administrative Authority (*Bezirkshauptmannschaft*) or the Local Administrative Authority (*Magistrat*).
5. Evidence of this may be furnished in terms of lease contracts, preliminary agreements on tenancy rights or ownership.
6. The mandatory grounds for refusal of an application for a residence title are laid down in § 11.1 of the Austrian Settlement and Residence Law. They include inter alia a prohibition to issue residence titles to persons against which a residence prohibition or a return decision has been issued.
7. This includes one regional representative of the Economic Chamber, the Chamber of Labour, the Austrian Trade Union Federation, and the Federation of Austrian Industries, respectively. A consultation, however, does not require the presence of all members, but may also be carried out in the presence of only the head of the AMS and one representative of industries and employees, respectively.
8. RWR Plus cards are initially also only granted for one year. After two years of residence in Austria, they can be renewed for a period of three years. After a total of five years of residence, applicants may apply for a permanent residence title granting unrestricted access to the labour market

and the right to travel and reside for three months within the European union. This title is no longer subject to renewals but remains valid unless the holder leaves the European Union for a period exceeding 12 months without justified reasons.

9. Family members in the context of the Settlement and Residence Act are spouses, registered partners and unmarried minors including adoptive and step children. General granting requirements refer to adequate means of subsistence, health insurance coverage and adequate accommodation according to local standards.
10. Whereas Croatia was an important origin country for workers in shortage occupations in previous years it has disappeared from the list of source countries since Croatia's accession to the European Union in July 2013. The underlying reason is that Croatian nationals in shortage occupations no longer require a residence permit but may enter freely since accession.
11. Whereas completed vocational training or formal education is required for workers in shortage occupations, the required qualification does not necessarily need to be formally recognised in Austria. The AMS makes its own assessment which may differ from that by the Ministry of Science, Research and Economy which is generally in charge of the assessment of unregulated professions at the vocational level.
12. Due to a lack of permit information the data on nationalities is based on AMS approvals, rather than permit issuances.
13. Again, formal recognition (*nostrification*) of the foreign degree in Austria is not required.
14. These bonus points are allowable above the allowable maximum points for special qualifications and skills of 40 points, i.e. 60% of the pass mark. Applicants having completed the second part of a diploma programme or having gathered half of the required total ECTS points in Austria are allowed 5 points, that is 7% of the pass mark.
15. For an award to be considered, it must have been obtained either in the field of scientific research, economics, technology/IT, politics, arts or athletics.
16. The position must be either in a company listed on the stock exchange or in a company for which the Austrian foreign trade office in charge issued a certification.
17. As mentioned above, previous salary forms one of the eligibility criteria under the special qualifications and skills criterion. Therefore, points earned for previous salary may be taken into account under the qualifications criterion up to a maximum of 40 points, that is 57% of the pass mark.

18. In order to be considered, the work experience must have been gathered either in a senior management profession or in a job which corresponds to the qualifications of the applicant.
19. The RWR-Card application needs to include a preliminary work contract with information about the conditions of the prospective employment, such as the type of activity, the weekly work hours and the agreed salary.
20. For this purpose, the AMS first checks on the basis of which criteria the applicant has been granted his job search visa. For applicants who have been granted the job search visa because they have completed tertiary education the AMS checks whether the intended employment requires a tertiary-level qualification in the subject of the applicant's diploma and is remunerated adequately. For applicants who have been granted their job search visa because of their previous salary in a leading management position the intended employment in Austria has to meet the same salary threshold and be in a leading position. If the job search visa was granted because of research or innovative activities or because of international awards, the prospective employment in Austria must be in a related field and require such skills.
21. Whereas the AMS does not have to conduct a labour market test for highly skilled RWR-Card applicants it nonetheless verifies if the other general granting requirements for employment permits are fulfilled. RWR-Card applications from highly skilled labour migrants, who intend to take up only part-time employment, are generally not admissible. Exempted from this regulation are doctoral students at Austrian universities, who may be granted an RWR-Card for employment as a university assistant independent of the amount of hours worked under the condition that their activity is remunerated according to the statutory minimum salary for university graduates.
22. In principle, persons with a job-seeker visa who found a job could also subsequently go through the key worker pillar, but the requirement of a job matching the qualifications would remain and a labour market test would apply, making this an unlikely option.
23. 27 out of the 39 permit issuances for highly skilled RWR-Card applicants who had used a job search visa to come to Austria were granted to Russian nationals. Job search visa holders from Ukraine were issued four permits, and one permit was issued to an Iranian national. Indian holders of a job search visa were not granted any permits.
24. In 2013, the most important origin country for RWR-Card applicants under the international student category has been Bosnia-Herzegovina (28%), followed by Ukraine (9%), Serbia (8%), China (6%), the Russian Federation (5%) and India (5%).

25. In contrast, Pakistani graduates, who constitute the second largest nationality among all non-EU/EFTA graduates in 2012, have brought about only one graduate whose application in the RWR international student track was approved by the AMS in the same year.
26. In 2010, the average gross monthly pay for full-time employed native graduates amounted to EUR 2 100 (ARUFA, 2010).
27. For example, a graduate in the field of sciences will usually not be granted a permit to take up employment in a consulting or law firm or in journalism.
28. The requirement of a job matching the field of study has recently been criticised in a ruling of the Austrian High Court of Administration, stressing that only a match in the level of qualification is required by law (VwGH 2013/09/0166). In response, the Ministry of Labour ordered the AMS to liberalise its practice while continuing to screen applications for a general relation between the subject of study and that of the employment offer.
29. The general granting requirements and the mandatory grounds for refusal for a residence permit under the Austrian Settlement and Residence Law were described on page 85 of this chapter.
30. Key workers under the pre-RWR-system earned on average EUR 3 738 gross monthly pay in 2011. In 2008, the average gross monthly earnings of key workers amounted to EUR 4 208.
31. In 2013, roughly one third of all foreign workers were employed in Vienna.
32. Carinthia, in turn, has experienced the opposite development. Here, shares have dropped by 3 percentage points since 2010 to 4% in 2013.
33. However, as the RWR-Card was only introduced recently, any discussion of retention is necessarily highly limited at this point.
34. As was explained previously, in contrast to RWR-Cards, EU Blue Cards are issued for a period of 24 months, during which holders are tied to the employer specified in their application. Only after this period, EU Blue Card holders who have been employed for a period of at least 21 months may apply for an RWR-Card plus granting unlimited labour market access.
35. Only aggregate data on changes from an RWR-Card to an RWR-Card plus are available.
36. Note, however, that this includes workers who have gone through interim periods of unemployment or switched employers, which is why it cannot be concluded that 74% have switched to an RWR Plus-Card after expiry



of their RWR-Card, but simply that most workers have stayed for more than at least 1.5 years.

37. The average processing time at the AMS has been subject to considerable fluctuations prior to the introduction of the RWR-Card reform in July 2011. Whereas average processing times amounted to 43 days in the first semester of 2011, the average processing time for permanent labour migrants at the AMS was only 12 days between 2008 and 2010, and only 7 days in 2005.
38. Interestingly, applications from highly skilled RWR-Card applicants who previously obtained a job-search visa took the AMS on average slightly longer to process than applications from highly skilled applicants who came without a job-search visa. This is surprising, since the application procedure for highly skilled applicants who already obtained a job-search visa should in theory be shorter than that for highly skilled RWR-Card applicants without a job-search visa, as the AMS had already examined during the job-search visa application whether or not the applicant meets the minimum points-threshold in the points-based admission scheme.
39. Whereas no systematic information is available about the salary of rejected applicants, people familiar with the system report that rejections for applicants with prospective incomes on the EU Blue Card level are highly unlikely.
40. Note, however, that – as already mentioned – a formal recognition of the foreign credentials is not necessary.
41. In other countries, high rejection rates are often a consequence of high and rising unemployment rates. This does not appear to be the case in Austria, as a comparison of the rejection rates for key workers and unemployment rates in the federal states shows. Most rejections for key workers (about 70%) were due to a failure of the applicant to meet the required points-threshold in the points-system, 10% were associated with unwillingness of the employer to cooperate in the labour market testing or an unfounded refusal of the employer to employ a substitute candidate and other reasons concerned insufficient remuneration offers, previous illegal employment relationships of the employer and associated dismissal of staff aged 50 and older.
42. The reasons underlying the high loss of applications in this last part of the application procedure are not recorded. Most of the loss is probably attributable to a rejection of the application by the residence authorities after the AMS approval. As was explained in the beginning of this Chapter, part of the difference between AMS approvals and BMI permit issuances may also stem from a time lag following the processing order of RWR-Card applications between the AMS and the residence authorities,

although the number of permit issuances and the number of AMS approvals are closely correlated. Other explanations might be a loss of interest on the part of the employer or the applicant.

43. On top of this, additional costs might incur for translating documents to English or German language.

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## Chapter 4

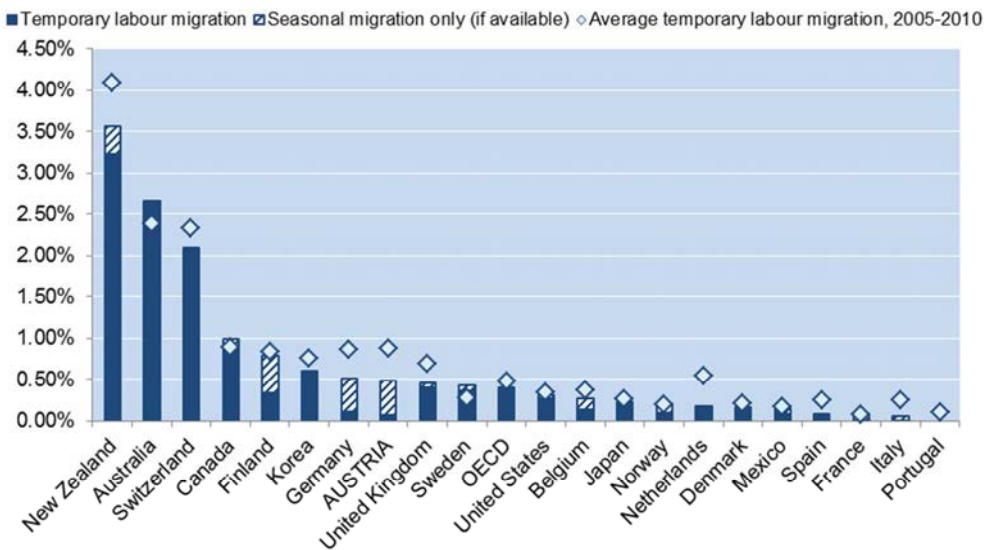
### Temporary labour migration to Austria

*Most labour migration to Austria is temporary. Flows are equivalent to 0.5% of the labour force, which is above the OECD average. The by far largest component of temporary labour migration is seasonal labour, accounting for well above two thirds of all temporary flows. Following the end of the transitional arrangements to nationals from the central and eastern countries which joined the European Union in 2004, numbers of admissions of seasonal workers have dropped significantly as these nationals working in seasonal employment no longer require a separate permit. Further categories of temporary labour migration include intra-corporate transfers and posted workers, where numbers are small, as well as researchers, artists and a sizeable other category. Common to most of these categories is the fact that they cannot be transformed into a permanent residence permit – although technically, temporary residence permits may be renewed indefinitely upon expiry. Another important component of temporary flows is the many international students who are not considered labour migrants but have some work rights. The bulk of working international students go into low-skilled occupations in the hospitality and cleaning sector.*

## Overview

Thus far, the analysis has focused on titles granting stepwise access to permanent residence. Besides these, a number of temporary residence permits exists enabling short-term employment in Austria. In 2011 – the latest year for which international data is available – temporary flows have accounted for roughly 0.5% of the Austrian labour force – which was, in contrast to permanent migration, above OECD average (Figure 4.1).

**Figure 4.1. Temporary labour migration as a percentage of the labour force, selected OECD countries, 2011 and 2005-10 average**



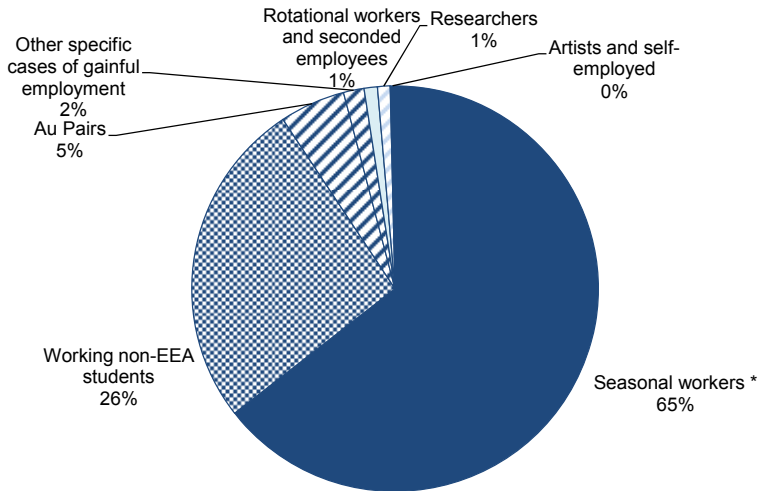
*Note:* The figure is based on harmonised data from the OECD international migration database with the exception of seasonal flows in Austria, which – in the absence of reliable permit data – were calculated on the basis of data provided by the Federal Ministry for Labour, Social Affairs and Consumer Protection. They refer to the number of persons who were granted one or more seasonal employment permits by the AMS.

*Source:* OECD Secretariat calculations on the basis of data retrieved from the OECD International Migration Database and data provided by the Federal Ministry for Labour, Social Affairs and Consumer Protection.

By far the most important category of temporary labour migration is the seasonal worker scheme, accounting for 87% of all temporary flows in 2013.<sup>1</sup> Although the actual number of seasonal workers might be slightly lower than what is portrayed in Figure 4.1 (see endnote 1), such a high share of seasonal workers is remarkable in international comparison – where only Germany exhibits a similarly important stance of seasonal workers in relation to both other temporary workers and the total workforce.

Note that these figures do not include international students who work alongside their studies. These are not considered temporary labour migration but are included in the discussion in this chapter because of their importance in Austria. If working international students were included in the temporary labour migration figures, the share of seasonal employment in all temporary labour flows would reduce to 65% in 2013 (Figure 4.2). In fact, if this were the case, working non-EU/EFTA students would be the second largest group of temporary workers. Another component is the relatively heterogeneous “other” category, which accounts for 7% of the yearly inflows of temporary labour migrants and includes mainly Au Pairs (about two-thirds), but also managers, clerical workers and other miscellaneous types of labour migrants. Further categories include highly skilled temporary workers (so-called “rotational workers”); workers who are employed in another country but are sent to carry out work in Austria for a fixed period of time (so-called “posted workers”); as well as researchers and artists.<sup>2</sup> Taken together, all of these categories represent merely 2.5% of all temporary workers.

Common to most of these is the fact that they cannot be transformed into a permanent residence permit – although with some exceptions, notably seasonal permits – technically, they can be renewed indefinitely. The underlying rationale is that none of the above mentioned categories is geared towards settlement, except for researchers who may switch to an RWR-Card. Therefore, applicants for temporary residence titles do not have to prove German language skills. Otherwise, they are subject to the same general granting requirements in terms of subsistence, accommodation and health insurance as applicants for permanent residence titles.<sup>3</sup> In the following, the most important categories of temporary labour migration will be discussed in turn.

**Figure 4.2. First permit issuances\* to temporary labour migrants by category, 2013**

*Note:* The figure depicts first permit issuances for all titles but working international students and seasonal workers. Unfortunately no data is available about the number of issued visa and clearance certificates to seasonal workers and the number of residence permits issued to international students with work permits. Therefore, the figures for these groups are based on AMS data. (\*) For seasonal workers the data refers to the number of persons for whom the AMS has approved one or several employment permits as a seasonal worker in 2013. Considering that usually not all AMS approvals result in permit/visa issuances, it is reasonable to assume that the number and relative share of seasonal workers, who have actually entered Austria, was in fact lower than what is portrayed above.

*Source:* Federal Ministry of the Interior, Federal Ministry of Labour, Social Affairs and Consumer Protection.

## Main categories

### *Seasonal workers*

The current provisions for the recruitment of seasonal workers are based on yearly numerical limits and date back to an amendment of the Austrian Aliens Law in 2002, which restricted the permanent admission of non-EU/EFTA workers to highly skilled key workers. Labour demand for lower skills was to be satisfied by domestic labour and family migration. In addition it was decided that the Federal Minister for Labour and Social Affairs could admit temporary workers by decree on the basis of an agreement between the social partners and the Provinces. In addition to a numerical limit for six-month seasonal employment permits, a further



numerical limit for harvesting permits was set, enabling harvesters to work for up to six weeks in Austria.

In theory, the law on temporary foreign employment is quite general and does not limit temporary work permits to seasonal work. However, until today, temporary work permits were only issued for work in tourism and agriculture/forestry.<sup>4</sup> In contrast to seasonal work in tourism and agriculture, employment in the construction sector is not regulated by numerical limits (Biffi and Skrivanek, 2014).

### *Admission requirements and general conditions for seasonal employment*

The issuance of a work permit under the quota for seasonal employment or harvesting is subject to a labour market test, i.e. the potential employer has to prove that he is unable to fill the seasonal post by domestic labour (see Box 3.1). Seasonal work permits are limited to six months but can be extended by a further six months.<sup>5</sup> After 12 months of consecutive seasonal employment, workers are not allowed to apply for a further permit for two months in order to prohibit settlement via this channel. Permits for harvest helpers are limited to six weeks and cannot be prolonged.<sup>6</sup>

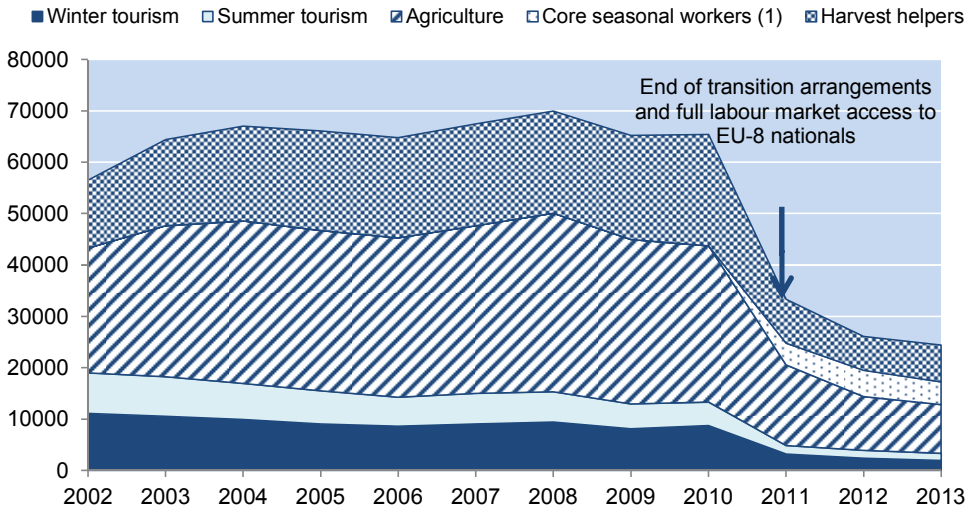
Exceptions apply to so-called “core” seasonal workers. In order to be admitted as a core seasonal worker, applicants have to prove that they have been working for at least four months per year throughout the previous five years as seasonal workers in tourism or agriculture/forestry. Core seasonal workers are not subject to a numerical limit and are exempted from passing a labour market test. They do, however, require a seasonal work permit. The introduction of the “core seasonal worker status” in 2011 was an acknowledgement of the fact that employers prefer to re-hire workers whom they know.

### *Evolution of seasonal employment in Austria*

Figure 4.3 provides an overview over the evolution of the different categories of seasonal employment and harvesting since 2002. The rising number of approvals for seasonal labour – excluding harvesting – from 26 000 in 1997 to a peak of 50 300 in 2008 and the sudden drop to some 24 800 approvals in 2011 is partly due to the fact that many of the seasonal workers in the past were nationals of the countries which joined the European Union in 2004 and were excluded from permit requirements following the end of the transition period in May 2011. In 2013, only 17 300 approvals were granted to non-EU/EFTA nationals and nationals from Bulgaria and Romania, for whom transition regulations still applied at the time. The same story applies to harvest helpers, for whom 7 200 approvals were granted in 2013).

Unfortunately, no information is available about the number of EU nationals who continued to take up seasonal employment in Austria after 2011.

**Figure 4.3. Evolution of approvals for seasonal employment and harvesting, 2002-13**

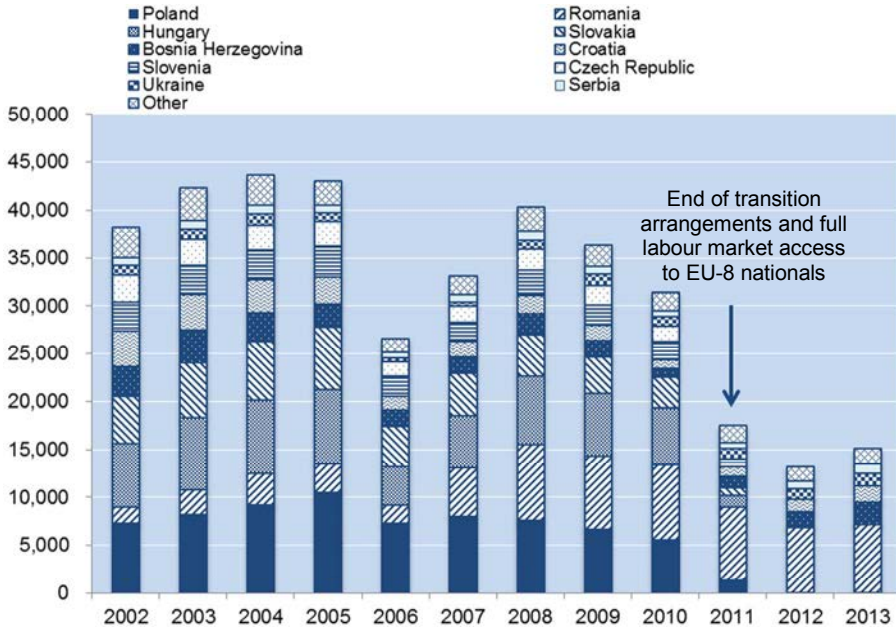


1. In contrast to ordinary seasonal workers, core seasonal workers (Stammsaisoniers) are not subject to numerical limits.

Source: Federal Ministry of Labour, Social Affairs and Consumer Protection.

The above figures refer to approvals. However, a person may apply for several permits in a given year and the number of persons who have been granted one or several seasonal employment approvals – including harvest helpers – is only about 60% of the number of approvals.<sup>7</sup> Figure 4.4 illustrates the impact of EU legislation upon the composition of the seasonal work scheme in terms of nationalities involved. Workers from Poland, Hungary, the Slovak Republic and the Czech Republic constitute major origin countries. With the end of transition arrangements in April 2011, nationals from these origin countries do no longer need a permit and thus no longer figure in the data since then. The single largest group still subject to numerical limits in 2013 were Romanians, followed by workers from Bosnia-Herzegovina and Croatia. With the lifting of transitional arrangements to Romanian and Bulgarian nationals in 2014, the number of origin countries still requiring a permit for seasonal work further diminishes.

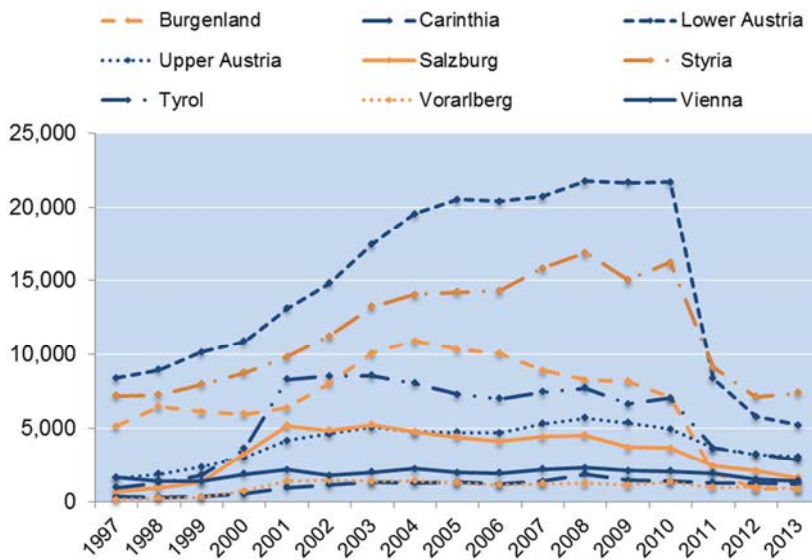
**Figure 4.4. Number of persons who have been approved as a (“core”) seasonal worker or harvest helper by nationality, 2002-13**



*Source:* Federal Ministry for Labour, Social Affairs and Consumer Protection.

Figure 4.5 shows the distribution of approvals for seasonal labour by Federal states. As can be seen, the bulk of seasonal labour has been to Lower Austria and the Burgenland, and these are also the two states where the drop in approvals since 2010 has been most pronounced.

**Figure 4.5. Evolution of AMS approvals for seasonal workers and harvest helpers by region, 1997-2013**



Note: AMS approvals for seasonal workers include approvals for regular seasonal workers since 2011.

Source: Federal Ministry of Labour, Social Affairs and Consumer Protection

### ***Rotational workers***

Another group of temporary workers in Austria are so-called “rotational” workers. With some 150 to 200 issued residence permits per year, the numbers involved are small. The bulk of workers who come through this channel are so-called “intra-corporate transfers”, as shall be explained in more detail below.

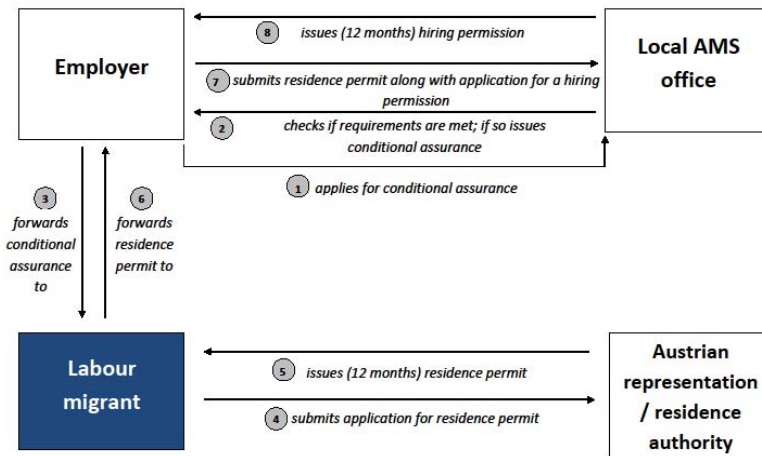
#### *Selection criteria for rotational workers*

The concept of rotational workers was first introduced in 1997 and is intended for highly skilled, temporary (“rotational”) employment with an internationally operating employer.<sup>8</sup> There are three different groups within this scheme. The main group of rotational workers are senior executives with leading management functions. They must possess independent authority to engage and dismiss employees, have general power of attorney or regularly perform managerial functions, which require particular skills and which are important to the existence and development of the company as a whole. Alternatively, rotational workers may also be junior executives,

who are assigned to corporate management on a rotational basis and are pursuing intra-corporate training in Austria. These two groups are often referred to as “intra-corporate transfers” in other OECD countries. In Austria, however, the category of rotational workers also encompasses specific business agents, such as foreign trade representatives. In essence, rotational workers are hence a strictly defined group of highly skilled non-EU/EFTA nationals active in management, training or representation. In 2013, almost half were managers. Thus, most rotational workers would undoubtedly be eligible for an RWR-Card if their employment would not be fixed to a temporary assignment.

### *Application procedure*

For the duration of their stay in Austria, rotational workers enter a fixed-term employment relationship with an Austrian employer, i.e. with their firm’s business location in Austria. The application procedure is rather time consuming. It is initiated by the prospective employer, who applies for a “conditional assurance” (*Sicherungsbescheinigung*) with the AMS (Step 1 in Figure 4.6). After this, the AMS conducts a labour market test (except for persons covered by WTO/GATTs and bilateral EU agreements with third countries) and checks the nature and conditions of the intended employment and the eligibility of both the applicant and the employer.<sup>9</sup> In contrast to the application procedure for permanent titles, the AMS procedure for rotational workers does not require the approval of the Local Advisory Council to the AMS. If the AMS concludes that all necessary conditions under the Foreign Workers’ Law are fulfilled, it issues a conditional assurance to the employer who forwards this to the labour migrant (steps 2 and 3). Subsequently, the prospective rotational worker has to submit his application for a residence permit to the Austrian representation. This needs to be done within the period of validity of the conditional assurance (step 4). Usually, conditional assurances are granted for a maximum period of 26 weeks and may in exceptional circumstances be issued for a period of up to 36 weeks. As soon as the applicant has received his/her residence permit, the prospective employer may apply for a “hiring permission” with the AMS (Steps 5, 6 and 7). Once the AMS has issued the hiring permission to the employer, the rotational worker may start working in Austria (Step 8). Figure 4.6 provides an overview over the application procedure for rotational workers.

**Figure 4.6. The application procedure for admission as a rotational worker**

Source: OECD Secretariat analysis of the procedure based on national legislation and regulations.

Family members of ordinary rotational workers may also apply for a residence permit whose period of validity depends on the validity of the residence permit of their sponsor / anchor person. In contrast to family members of RWR-Card holders and EU Blue Card holders, family members of rotational workers have currently no automatic access to the Austrian labour market. In 2013, more residence permits have been issued to family members of rotational workers than to rotational workers themselves.

Hiring permissions are usually issued for a period of 12 months, unless the employer specifically asks for a shorter duration. As mentioned, residence permits for rotational workers may in theory be renewed for an indefinite number of times, provided that the applicant continues to fulfil the granting requirements. Usually, the renewal procedure is quicker and less complex than the first application procedure. A conditional assurance is no longer required and in most cases the employer merely needs to ask for a new hiring permission. In theory, this involves a new labour market test. However, the AMS usually considers the labour market test as passed in renewal procedures.

Unfortunately, no systematic data exists about the number of rotational workers who uses this possibility to extend their employment period in Austria. However, 27 of the 35 employment permits which would have expired in February 2014 were renewed, and for the majority of these this

was not the first renewal. This anecdotal evidence suggests that it is not uncommon for rotational workers to stay in Austria for several years. In addition, these workers are, as mentioned above, frequently joined by family members. In such cases, the rotational worker scheme may constitute in fact a substitute for permanent labour migration although without labour market access for the family.

As is apparent from Figure 4.7 the application procedure for rotational workers differs from that of permanent type labour migrants since separate applications need to be filed for conditional assurances, residence permits and hiring permissions. Clearly, this complicates the procedure. Nothing is known about actual processing times but formally, the AMS is obliged to treat applications within six weeks, whereas the Austrian representations and residence authorities dispose of six months.<sup>10</sup> This is significantly longer than the maximum admissible processing time for permanent migration which is surprising as one would expect temporary permits to be issued quicker than permanent ones.

Maybe as a consequence of the complex and lengthy application procedure, the overall number of rotational workers is, as previously mentioned, very small. In 2013, only 144 first permits were issued. Relative to its population, Austria has the second lowest share of inter-company transfers in temporary labour migration among all OECD countries for which data is available. As previously mentioned, this is even more remarkable since the Austrian category of rotational workers is broader than that of “intra-corporate transfers” used in other OECD countries.

In 2013, India was the top source country for rotational workers, accounting for 25% of all AMS approvals, followed by Japan (17%).

### ***Posted workers***

A relatively new phenomenon on the Austrian labour market is posted employment, i.e. workers who are temporarily sent (or “posted”) by their foreign employer to fulfil an assignment in Austria. In contrast to rotational workers, posted workers are not employed by their company’s business location in Austria but remain in an employment relationship with a foreign employer who has no business seat in Austria.

#### *Application procedure for posted workers*

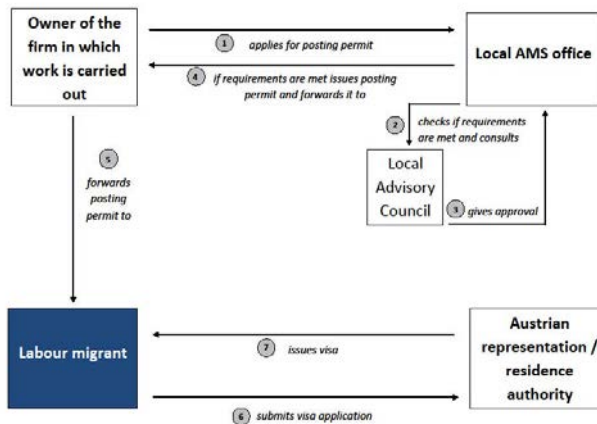
The posting of workers by employers from an EEA country is governed by a relatively simple administrative framework and requires neither the issuance of a posting permit nor that of an employment permit.<sup>11</sup> In contrast, the admission procedure for posted workers from businesses in non-EEA countries

is rather complex and – depending on the length of the posting period – requires the issuance of a posting or employment permit by the AMS.<sup>12</sup>

### Short-term postings

Posted workers whose contractual obligation does not exceed a period of four months only require a so-called “posting permit”. In the absence of an employer in Austria, the application for this is filed by the owner of the firm in which the foreign national is employed (Step 1 in Figure 4.7). Before issuing a posting permit, the competent regional AMS office conducts a labour market test (except for persons covered by WTO/GATTs and bilateral EU agreements with third countries) and verifies that the wage and working conditions of the applicant do not negatively impact on the wage and working conditions of domestic workers. In contrast to the procedure for rotational workers, the AMS procedure for posted workers requires the approval of the Local Advisory Council to the AMS (Steps 2 and 3).<sup>13</sup> If the AMS grants a posting permit, the applicant may apply for a visa with the Austrian representation (Steps 4, 5 and 6). Once the Austrian representation has issued the visa, the posted worker may commence the assignment in Austria (Step 7).

**Figure 4.7. The application procedure for admission as a posted worker from a non-EU/EFTA employer for employment of up to four months**



Source: OECD Secretariat analysis of the procedure based on national legislation and regulations.



## Longer-term postings

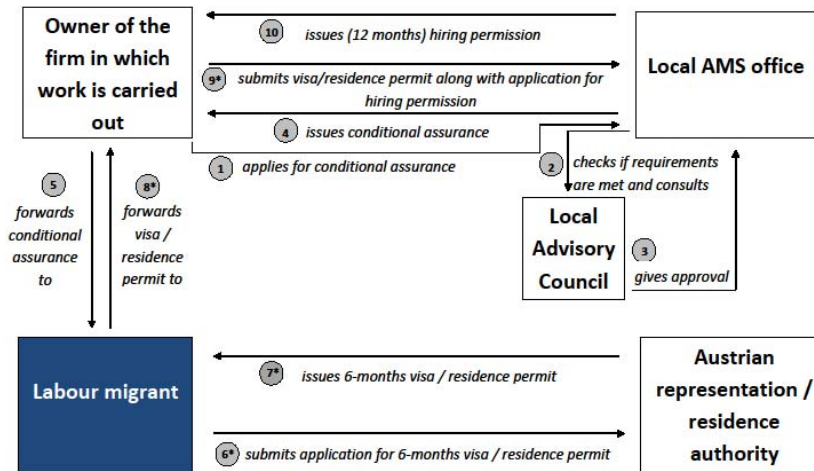
The application procedure for posted workers from non-EEA employers whose contractual obligation in Austria exceeds a period of four months, as well as the admission of posted workers in the construction sector (regardless of the duration of posting) is more complex. Like rotational workers, this group requires both a conditional assurance and a hiring permission.

The owner of the enterprise in which the foreign national is employed initiates the procedure and applies for a conditional assurance with the competent regional AMS office (Step 1 in Figure 4.8). For posted workers, the granting of a conditional assurance is subject to the same granting requirements as the issuance of a posting permit. Thus, the AMS conducts a labour market test, checks whether or not the wage and working conditions negatively impact the employment of domestic workers and submits the application to the Local Advisory Council for approval (Steps 2 and 3). If all requirements are fulfilled, the AMS issues a conditional assurance (Step 4). If the employment period does not exceed six months, the prospective posted worker thereafter applies for a six-month visa with the competent Austrian representation. If the employment is longer than six months, he/she needs to apply for a residence permit (Step 6). Once the respective title was issued, the owner of the enterprise in which the posted worker will be employed must apply for a hiring permission with the AMS (Steps 7, 8 and 9). As soon as the hiring permission is granted, the posted worker may commence the assignment (Step 10).<sup>14</sup>

In summary, the current application procedure for most types of posted workers is highly complex. Not only does it require employers and posted workers to file separate applications for posting or hiring permissions and visa or residence titles, but it also changes depending on the location of the posting company, the nationality of the posted worker, the duration of the posting and the sector, in which the posted worker is supposed to be working. This complexity might be one of the reasons why in Austria posted employment is rarely used for periods exceeding four months. In fact, only 109 permits for posted workers were approved in 2013. Posted employment between four and six months, which requires a hiring permission but no residence permit, appears to be more wide-spread. In 2013, the AMS issued over 600 hiring permissions to companies for posted employment and it appears reasonable to assume that the number of posted workers whose contractual obligation is shorter than four months is even higher, given the facilitated procedure. In 2013, most posted workers were Croatian nationals (63%), followed by Romania (12%), India (7%), China (5%) and Bulgaria (4%). Most hiring permissions were issued for shortage occupations, mainly electricians (34%), followed by construction professionals (18%),

technicians (14%) and metal workers and pipe fitters (8%). The fact that the majority was in shortage occupations suggests that posted workers are filling needs in the Austrian labour market, which might justify a simplification of the currently highly complex and time-consuming procedure.

**Figure 4.8. The application procedure for admission as a posted worker from a non-EU/EFTA employer for employment exceeding four months**



*Note:* \* Posted employment under six months is visa-based. If the posting duration exceeds a period of six months applicants require a residence permit.

*Source:* OECD Secretariat analysis of the procedure based on national legislation and regulations.

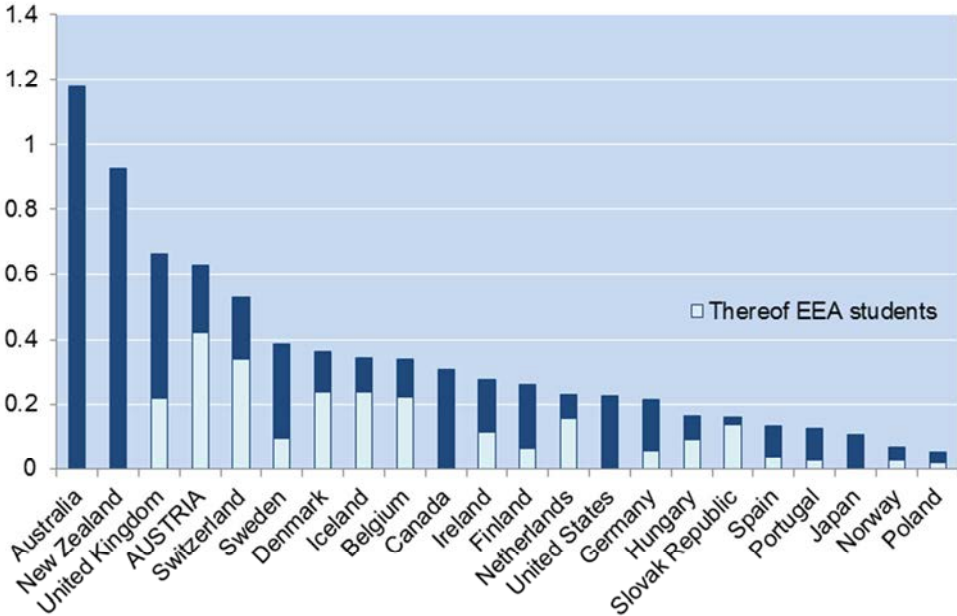
## ***International students***

### *Overview*

International students make up a growing share of temporary migration movements and are an important source of labour, both during and after studies.<sup>15</sup> Whereas the status changes of international students for permanent labour migration have been discussed in Chapter 3 above, this section analyses the overall importance of student migration to Austria and work during study. Austria has the fourth highest share of non-resident international students relative to its population, just after three English-speaking countries with a strong export education sector, namely

Australia, New Zealand and the United Kingdom (see Figure 4.9). However, the majority of international students in Austria come from EU/EFTA countries, in particular Germany, with which Austria shares a common border and language.

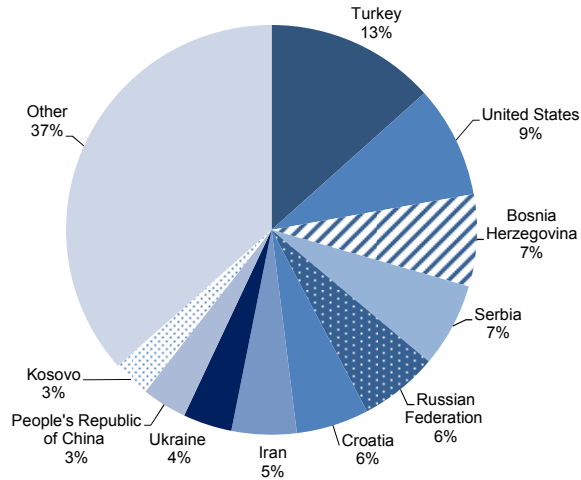
**Figure 4.9. Share of international students relative to population, 2011**



Source: OECD Education Database.

Since 2007, the number of permits for international students from non-EU/EFTA countries has more than doubled to 4 660 permits in 2012. This, however, still represents less than a fourth of all international students currently present in Austria.

The main country of origin for Non-EU/EFTA students in 2011 was Turkey (13%), followed by the United States (9%) (see Figure 4.10).

**Figure 4.10. Top ten nationalities among non-EU/EFTA international students, 2011**

*Note:* The figure shows students with a Non-EU/EFTA nationality and with a university entrance examination from abroad.

*Source:* OECD Secretariat calculations on the basis of data provided by Statistics Austria.

More than a quarter of international students from non-EU/EFTA countries report German as their native language (28%) (Zaussinger et al., 2012). This is mainly the case for students from Kazakhstan, the United States and Russia, countries with small German-speaking minorities. An additional 60% of non-EU/EFTA students report to have very good German language skills. The fairly good self-reported German language skills are undoubtedly associated with the fact that most study courses in Austria are in German. Furthermore, international students have to provide evidence for relatively advanced German language skills at a B2.2 level of the Common European Framework of Reference for Languages.

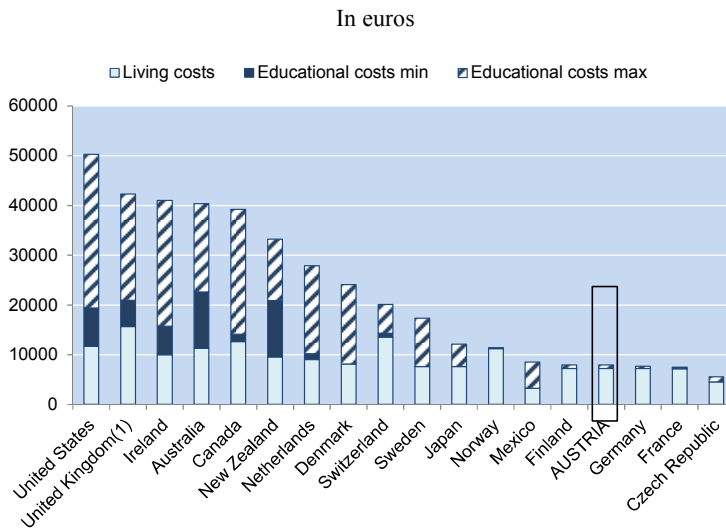
The Austrian Agency for International Mobility and Co-operation in Education, Science and Research (ÖEAD) offers preparatory language courses for all international students, including EU/EFTA students, in cooperation with the local universities in Vienna, Graz and Leoben. These include study-specific courses.<sup>16</sup> Around 90 teachers are provided by means of the Ministry of Education and Women's Affairs. Students have to pay a fee for the course which is cost-covering apart from this in-kind subsidy of teachers. Semester fees range between EUR 300 and 445 depending on the region. The maximum duration of the preparation courses is two years and courses range between 12 and 24 hours per week. 1 730 students – including

from the EU/EFTA – participated in the first semester of 2014. 80% of international students participating in a preparatory course are located in Vienna. The courses are currently oversubscribed and capacity is gradually expanding. The number of students participating in the courses organised by the ÖEAD are capped due to limited available teaching personnel, but two partner institutions, the *Österreichische Orientgesellschaft* (ÖOG) and the *Innovationszentrum der Universität Wien* (IUW), provide additional language courses for students with fewer hours per week. These partner institutions are located in Vienna and provide courses for a further 2 600 international students.

### Study costs

Low education fees and comparatively low living costs (Figure 4.11) make Austria an attractive destination for international students. Student permit fees – EUR 120 – are also lower than in most other OECD countries.<sup>17</sup>

**Figure 4.11. Living costs and educational costs for international students in selected OECD countries, 2012**



1. Excludes Scotland, min refers to lower bound of educational costs, max refers to an upper bound of educational costs.

Source: Education at a Glance 2013: OECD Indicators (2013); Usher, A. and J. Medow (2010)

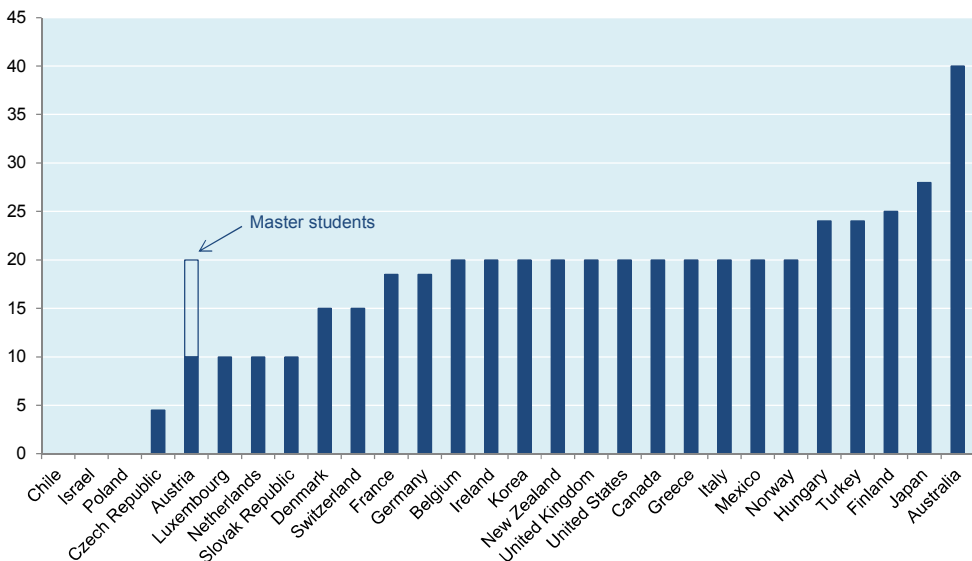
Low educational fees might enhance a country's attractiveness among international students but they do not constitute a monetary incentive for

universities to attract international students. Indeed, the Austrian export education sector is currently limited to a few small-scale initiatives, mostly in Polytechnic universities which are entitled to charge higher fees with full cost recovery programmes.<sup>18</sup>

### *Work during study*

Most OECD countries allow international students to work alongside their studies. This is also the case in Austria and, since 2011, they do no longer have to pass through a labour market test. Since then, students enrolled in bachelor programmes are allowed to work ten hours per week and students enrolled in master programmes (or in the second part of their diploma programme) are allowed to work 20 hours per week without having to pass a labour market test. Any employment that goes beyond the 20 (or 10) hours per week is subject to a labour market test. Before 2011, all employment of international students was subject to a labour market test, which effectively excluded them from the Austrian labour market. For master students the current range of 20 working hours lies in the OECD average, but for bachelor students the restriction is among the less liberal arrangements for international students (see Figure 4.12). Indeed, the current distinction between the two groups is an Austrian specificity.

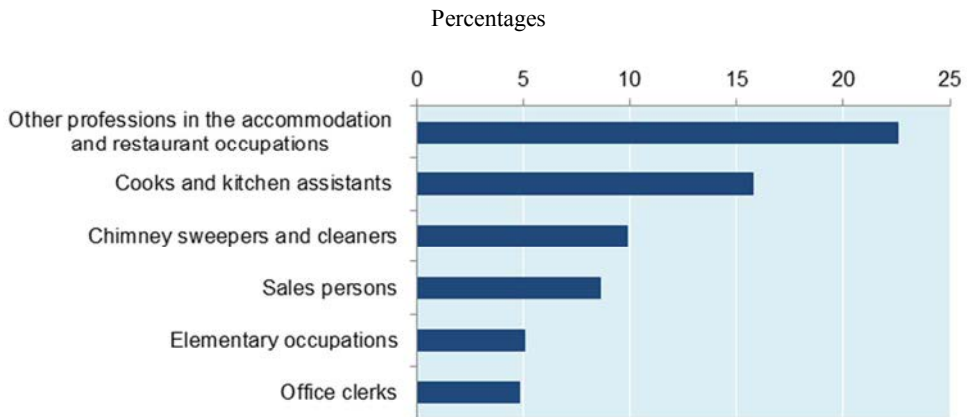
**Figure 4.12. Maximum number of working hours per week allowed for international students in selected OECD countries (during the semester)**



Source: OECD Secretariat calculations.

As a result of the 2011 liberalisation of students' labour market access, the number of work permits for international students almost doubled between 2011 and 2013. In 2013, almost one in two students from non-EU/EFTA countries worked besides their studies, compared with one in three two years earlier. Almost a quarter of students with work permissions are from Bosnia and Herzegovina, although these students account for only seven percent of students from non-EU/EFTA countries. About half of all working international students work in lesser-skilled occupations, predominantly in the hospitality sector (Figure 4.13). These also tend to be important occupational fields for lesser-skilled Austrian youth, raising the question of potential displacement effects. Currently, the number of working international students in Austria is still low and amounts to only 1.6% of the Austrian labour force aged 15-24, suggesting that displacement effects are unlikely to be widespread.

**Figure 4.13. Working international students by occupation in Austria, 2013**



*Source:* OECD Secretariat calculations on the basis of data from the AMS.

Student employment may not necessarily help in finding work upon graduation, but it does provide students with some familiarity regarding the functioning of the Austrian labour market. Work within one's field also increases the likelihood of finding employment after graduation (OECD, 2014). A particular case are internships for international students, which are not subject to the working-hour restriction.<sup>19</sup> However, this only applies if the internship is either obligatory or at least considered "standard practice" in the respective study programme – judgement of which is in the discretion of the local AMS.

### *Other*

Apart from the groups mentioned above, Austria also has a relatively sizable “other” category, which includes a variety of temporary workers, such as researchers, artists and so-called “specific cases of gainful employment”. In terms of annual inflows, in particular the latter group has been important over the past years, with about 1 500 new entries per year – more than the sum of all entries under the RWR-Card and EU Blue Card system. It encompasses a number of rather diverse groups, such as journalists, priests, guest lecturers, managers and au-pairs. All of these “specific cases of gainful employment” are exempted from the Foreign workers law and thus do not require an employment permit. Therefore, no data is available about the characteristics of persons who have entered through this channel so far. However, data is available on au-pairs, since a so-called “confirmation note” from the AMS is mandatory for this group.<sup>20</sup> Based on this information, it can be assumed that about three quarters of the people entering under this category are au-pairs.<sup>21</sup>



## Notes

1. The actual share of seasonal migration in all temporary labour migration flows is probably somewhat lower than 87% because the number of seasonal workers had to be based on the number of persons who were approved by the AMS. Since the figures for all other categories are based on permit data (i.e. actual issuances), the seasonal employment figures are likely to be overestimated.
2. Note that researchers can obtain an RWR-Card plus after 24 months and are thus rather to be considered permanent migration.
3. The following requirements must be fulfilled for any residence title to be granted: Applicants must provide proof of adequate means of subsistence, i.e. have fixed and regular own income enabling them to cover their living costs without resorting to social welfare aid from local authorities. At the time of application the regular monthly income must be equal to the amount of the standard rates of the General Social Insurance Act (singles: EUR 858, couples: EUR 1 268, for each additional child: EUR 132 in 2013). Further, applicants must provide evidence of health insurance coverage as well as adequate accommodation according to local standards. In addition to these general granting requirements, evidence of the required qualifications has to be provided.
4. With the exception of a small further allotment for the Euro 2008 football event and the world ski championship in Austria in 2012/13.
5. Foreign workers who have worked in the previous three years as a seasonal worker in agriculture/forestry and are subject to the transitional arrangements of free mobility may be granted a work permit in forestry/agriculture for up to nine months. In 2014, the only country for which transitional arrangements continue to apply is Croatia.
6. In theory, a combination of a seasonal work permit and a harvesting permit is possible. AMS data, however suggests, that such combinations are rarely used in practice.
7. This includes the six-month employment permits issued to workers in agriculture, forestry and tourism, and “core” seasonal workers and the 6-weeks employment permits issued to harvest helpers.

8. The Foreign Workers' Law defines internationally operating employers as firms who have business locations in at least two further countries besides the country in which their headquarters are located.
9. These include among others a check that the intended employment does not conflict with important public or overall economic interests, that there is no doubt that the employer complies with the wage and working conditions including social insurance provisions, that there are no grounds for disapproval of the foreign national as an individual, such as repeated infringements caused by doing a job without employment permit within the past twelve months, that the employment has not already commenced, that the employer has not repeatedly taken on foreign nationals in contravention of the Foreign Workers' Law in the past twelve months prior to filing the application, that the agreement on the intended employment has not come about under placement activities not permitted by the Labour Market Promotion Act, that the employer is not in fact making the foreign national available to third parties and that, unless within six months prior to filing the application the employer has not terminated the employment relationship of a worker aged 50 or up in a comparable job, or refused to recruit a 50+ year-old worker suited for the specific job in question unless the employer can establish satisfactorily that such termination or refusal of recruitment was not based on the worker's age. Also, employers must furnish a declaration about having informed the works council or staff representation of the intended take-on of the foreign national.
10. Note that the application procedure for a hiring permission is usually a rapid procedure. Once a conditional assurance and a residence permit have been issued, the issuance of a hiring permission constitutes a mere formality.
11. In accordance with the EU posting of workers directive, the owner of the firm in which the posted worker will fulfil his assignment merely needs to report the posted employment to the Central Co-ordination Office for the Control of Illegal Employment (ZKO), which is attached to the Ministry of Finance, so as to allow the financial authorities to check for adherence to Austrian pay and working conditions and to prevent wage and social dumping by foreign undertakings. Only if the posted worker is a non-EU/EFTA or Croatian national the ZKO transfers the notice to the AMS, which, in turn, issues an EU posting confirmation (*EU – Entsendebestätigung*) if the posted worker is properly employed in his or her country of origin and is employed in conformity with Austrian wage and working conditions for the duration of the posting.

12. In the framework of the current transitional provisions to Croatia, the posting of workers from undertakings in Croatia remains to date subject to special admission provisions.
13. However, in the event of work that cannot be performed by nationals, the AMS may choose to issue a posting permit for a posted foreign national without examining whether the situation and the development of the labour market permit such employment.
14. Some types of posted workers from non-EU/EFTA employers are subject to a facilitated admission procedure. Among these are workers, who are posted within the scope of a joint venture on the basis of a company training programme by their foreign employer to a company with a registered office in Austria for a period not exceeding six months and workers who are posted by a foreign affiliate of an internationally operating group to the headquarters in Austria for the purpose of a qualified intra-group training, which is limited to a maximum of 50 weeks. Both types of posted workers do not require a posting permit or an employment permit. Instead, the owner of the domestic training company or of the headquarters merely notifies the competent regional AMS office of the training measure no later than two weeks prior to its commencement, submitting the joint venture agreement or the training programme, specifying targets, measures and duration of the training. The regional AMS office subsequently issues a confirmation of notification within two weeks and the training of the posted worker may commence upon receipt of this confirmation.
15. International students are defined as non-resident students who come to Austria for the purpose of education or foreign students who obtained their prior education in a different country.
16. Some courses demand supplement examinations in English, mathematics, physics, chemistry, biology, history or geography.
17. Residence permits for students are issued for one year. To prolong the permit students must prove appropriate success in their studies.
18. One example is the memorandum of understanding between the Austrian Agency for International Mobility and Co-operation in Education, Science and Research (OEAD) and Oman. The OEAD is functioning as a paid service provider for student placements in Austria for 80 international students from Oman.
19. Employers only have to notify the AMS at least two weeks in advance.
20. In 2013, most confirmation notes were issued for au-pairs from Ukraine, closely followed by au-pairs from Georgia. The Russian federation was

the third most important origin country for au-pairs, followed by the United States and Bosnia-Herzegovina.

21. It would have been particularly interesting to know the number of managers in this group. To be considered a manager under this category, the migrant needs to perform leading management functions in an internationally operating company and enjoy gross monthly earnings equalling at least 1.2 times the average gross monthly assessment ceiling for social security contributions, i.e. at least EUR 5 436 in 2014. This is well above the average gross monthly earnings of highly skilled RWR-Card holders (EUR 3 948 in 2013) and also significantly more than the required minimum gross monthly earnings for EU Blue Card applicants (EUR 3 884 in 2013). Taking this into consideration it appears reasonable to assume that everybody who enters through this channel would technically also be eligible to an RWR-Card or an EU Blue Card. In the absence of systematic data about the composition of this other category, it is difficult to judge whether the number of managers entering via this channel is important. With Au-pairs accounting for 76% of all inflows in 2013, their maximum number cannot have been higher than 381 workers, to say the least.

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## Chapter 5

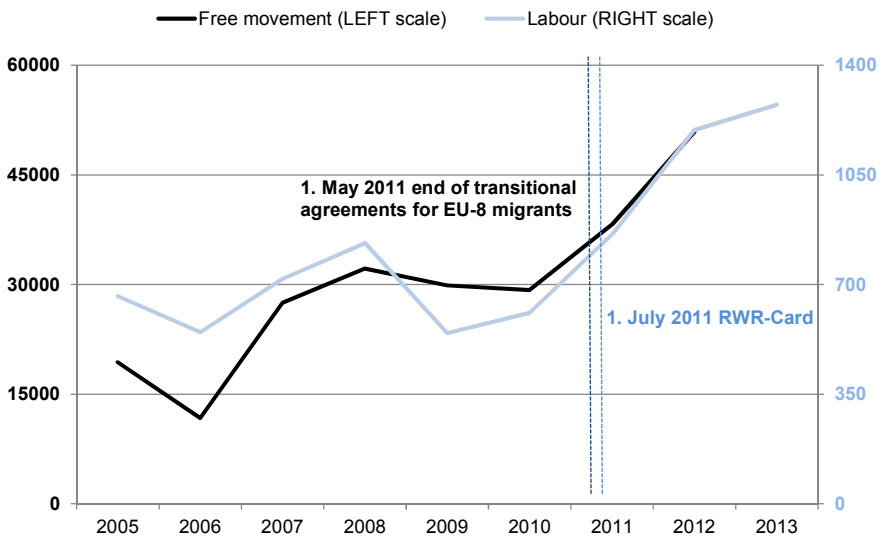
### The respective roles of labour migration and free mobility in Austria

*This chapter reviews the role of the different components of migration for employment – i.e. permanent and temporary labour migration as well as free-mobility flows – in meeting labour needs in Austria. Assuming that approximately half of free movement flows are for employment, employment-related free mobility is currently about 15-20 times as large as managed labour migration, which suggests that most needs are in fact filled by free mobility. That notwithstanding, while it is difficult to assess the labour market impact of the different components of labour migration to Austria, the available evidence suggests that free mobility and managed labour migration are complementing each other with free mobility mainly filling jobs in the medium-skilled segment. This stands in contrast to managed labour migration, where most permanent migrants are employed in highly skilled jobs, as well as temporary migration, which mainly concerns low-skilled seasonal occupations.*

The introduction of the new points-based RWR-Card scheme in Austria in July 2011 coincided with the end of the transitional arrangements for the new EU member countries. This chapter aims at analysing to which degree managed labour migration and free mobility are complementing each other.

Over the past decade, managed labour migration and free mobility have evolved in parallel. Periods of decline, such as 2006 and 2009/10, affected both types of flows similarly and both have broadly grown at the same speed since – although the magnitudes involved are very different (see Figure 5.1).

**Figure 5.1. Permanent free movement flows and labour migration to Austria, 2005-13**



*Source:* OECD International Migration database for free movements and permanent labour migration on the basis of BMI data.

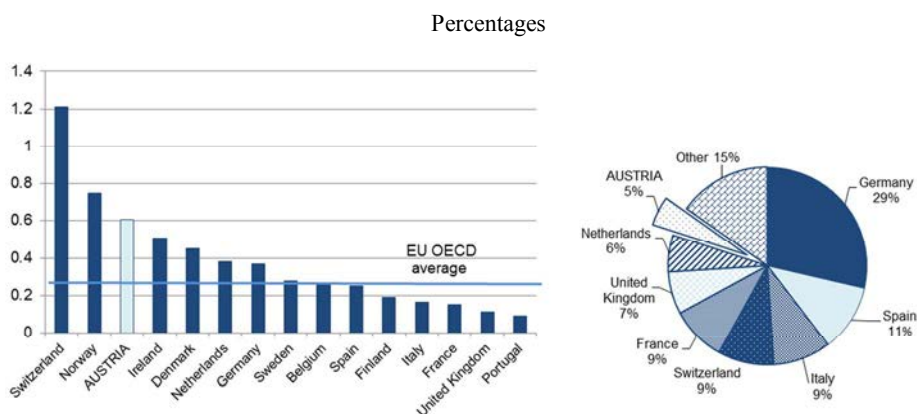
As seen in Chapter 1, free mobility flows are much more important in magnitude than managed labour migration. Permanent labour migration currently accounts for less than 2% of all inflows, whereas flows from free mobility make up 76%. Assuming that approximately half of free movement flows are for employment, this suggests that employment-related free mobility is about 15-20 times as large as managed labour migration.

Incoming nationals of the EU-27/EFTA region accounted for 0.6% of Austria's population in 2012, the latest year for which international comparable data is available (see Figure 5.2a). This is more than twice as



high as the average proportion in European OECD countries overall and makes Austria the country with the fourth highest share of free mobility flows relative to its population within the European Union.<sup>1</sup> In terms of absolute numbers, however, Austria is only the eighth most important destination country after Germany, Spain, Italy, Switzerland, France, the United Kingdom and the Netherlands (see Figure 5.2b). In 2012, merely 5% of all EU-27/EFTA migrants chose to come to Austria.

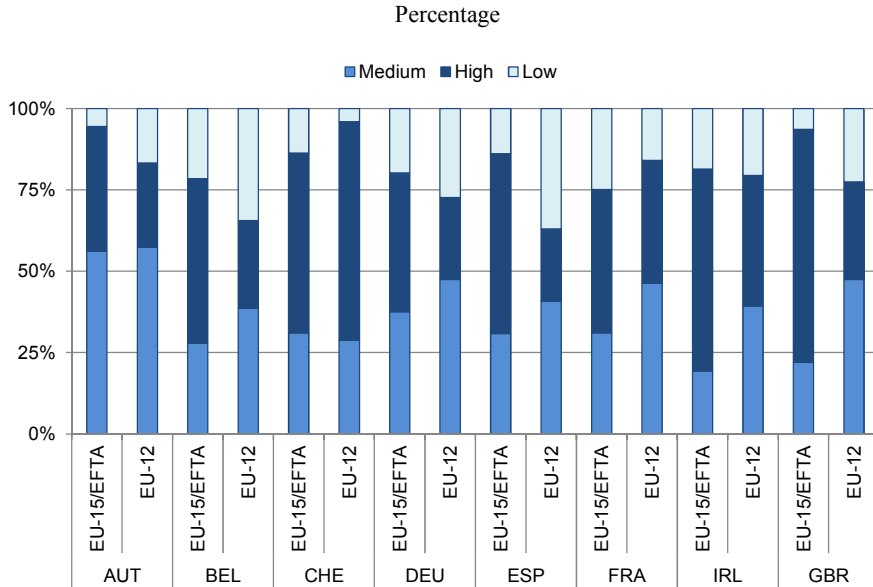
**Figure 5.2. Free mobility to selected European OECD countries, 2012**



Source: OECD International Migration Database.

The majority of recent nationals from the EU-27/EFTA in Austria are from the 12 new European member countries and 41% are from other countries of the free-mobility zone.<sup>2</sup> Austria has a relatively high share of EU-10 migrants, something the country has in common with Norway, Ireland, the United Kingdom and Germany. A specificity of recent free-mobility movements to Austria is that it consists predominantly of medium-qualified persons. This is true for migrants from both EU-15/EFTA and EU-12 origin countries (56% and 57% respectively).

The characteristics of permanent labour migrants differ from those of recent EU-27/EFTA migrants and those of the domestic labour force, which suggests that free mobility currently does not necessarily supply the same type of labour migrants that the RWR and EU Blue Card system is trying to attract.

**Figure 5.3. Distribution of highest education level of very recent EU-27/EFTA migrants in selected destination countries by country of origin, 2012**

*Note:* Figure above includes persons aged 15-65 years, very recent EU-27/EFTA migrants refers to persons born in another EU-27/EFTA country with less than two years of residency in destination country.

*Source:* OECD Secretariat calculations on the basis of European Labour Force Survey.

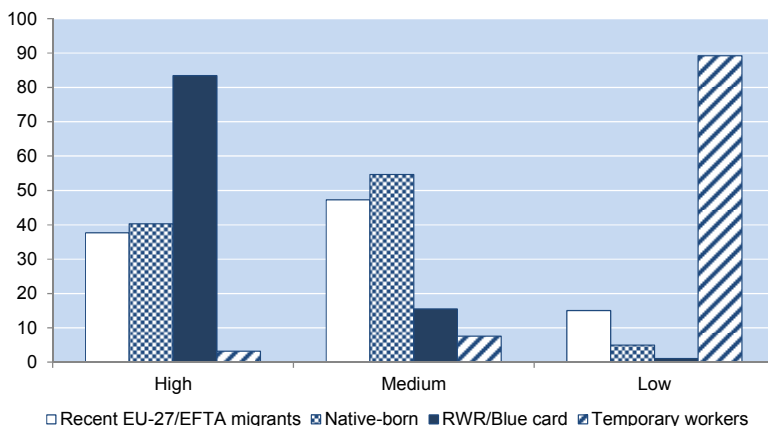
A simulation based on the Austrian Labour Force Survey suggests that in 2012, less than one in four of all employed migrants from EU-12 countries who came to Austria within the last five years would have been able to collect enough points in the points-system for highly qualified, key worker or shortage occupations to qualify for an RWR-Card.<sup>3</sup> For recent EU-15/EFTA migrants, the respective estimate is 48%. If also including those not in employment, for example spouses, the percentage would be even lower, as only 15% of nationals from EU-12 countries who came to Austria within the last five years, would have qualified for permanent labour migration under the RWR-Card (compared with 41% for EU-15/EFTA). For the EU-27/EFTA nationals as a whole (excluding students), merely 27% would have qualified for an RWR-Card; of which 9% would have come from the new EU member countries and 18% from the EU-15/EFTA.

This implies that about 13 500 EU/EFTA-nationals (4 300 from EU-12 and 9 200 from EU-15/EFTA) might have qualified for permanent labour migration in 2012, as measured in terms of eligibility according to the

points-system of the RWR-Card and employment conditions. This is eleven times more than the inflows under the managed labour migration system.

However, both groups have rather different skills. 83% of RWR-/EU Blue Card permit holders in 2011/12 were employed in highly skilled occupations; twice as many as among recent EU-27/EFTA migrants and also twice as many as among the native-born (Figure 5.4). More than one in four RWR-Cards were issued to a labour migrant in a shortage occupation – either in a medium – or high-skilled job. In comparison, at most 12% of the native-born population in Austria and of the recent EU-27/EFTA migrants are employed in one of the occupational fields encompassing shortage list occupations of the last three years.<sup>4</sup>

**Figure 5.4. Distribution of occupational skill level of labour force entries of native-born youth, recent EU-27/EFTA migrants and new permanent and temporary labour migrants in Austria, around 2012**



*Note:* Information for native-born population is from pooled Labour Force Survey data for the years 2011 and 2012. Recent migrants (15-65) are migrants with less than two years of residency. RWR-/EU Blue Cards have been accumulated for 2011/12, data for temporary migrants refers to 2013. Distribution of temporary workers and RWR-/EU Blue Cards are based on new approvals by the AMS and not on permit issuances. High-skilled occupations are classified as ISCO levels 1-3, medium-skilled as ISCO 4-8 and low-skilled as ISCO 9. Occupational information provided by the AMS occupation classification has been matched to the ISCO classification.

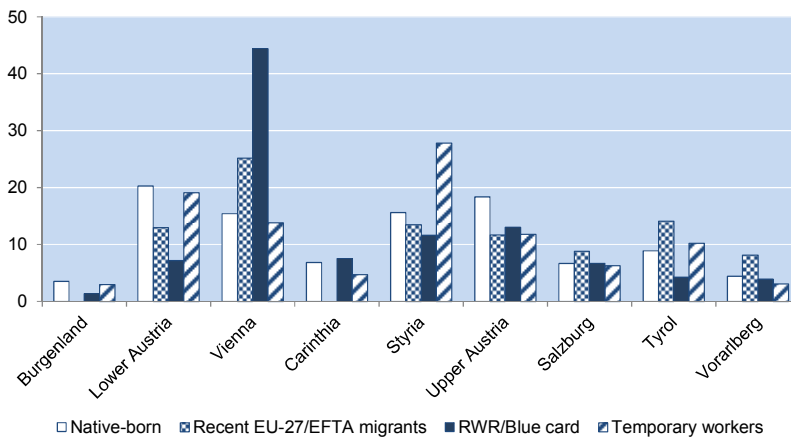
*Source:* OECD Secretariat calculations based on data from the AMS and European Labour Force Survey.

Both the key worker and the shortage occupation scheme limit migration into medium-skilled occupations to specialised occupations with demand that cannot be filled by the large labour market inflows of the domestic labour force and free mobility. Indeed, labour demand in medium- and low-skilled jobs are currently mainly filled by recent EU-27/EFTA migrants, who are

more often employed in low-skilled occupations than the employed native-born population (15% versus 5%), and with temporary migrants, who go mainly into the low-skilled seasonal occupations in agriculture and hospitality.

As was discussed above, holders of new RWR and EU Blue Card permits are largely overrepresented in Vienna – almost one in two are employed in that city. Recent EU-27/EFTA migrants are also overrepresented in Vienna, but to a lesser extent (see Figure 5.5).

**Figure 5.5. Regional distribution of employed native-born population and recent EU-27/EFTA migrants (15-65) and new temporary and permanent labour migrants in Austria, around 2012**



*Note:* Information for native-born population is from pooled Labour Force Survey data for the years 2011 and 2012. Recent migrants (15-65) refer to migrants with less than two years of residency. Information for RWR/EU Blue Cards also have been accumulated for 2011/12, data for temporary migrants is for 2013. Distribution of temporary workers and RWR/EU Blue Card are based on new permit approvals not on issuances. For 5% region of employment for temporary workers remain unknown, they are excluded from the denominator.

*Source:* OECD Secretariat calculations based on data from the AMS and European Labour Force Survey.

Whereas Upper Austria is the second main region for holders of new RWR and EU Blue Card permits, recent employed EU-27/EFTA migrants are over represented in Tyrol, Salzburg and Vorarlberg, where the majority of the hospitality sector is located. Indeed, whereas recent EU-27/EFTA migrants mainly work in hospitality, new RWR and EU Blue Card holders are mainly employed in manufacturing, professional and technical activities. They are also over-represented in these sectors when compared with the employed native-born population.

## Notes

1. However, the shares in Luxembourg and Switzerland are much higher.
2. Croatia, which joined the European Union as the 28th member country in July 2013, is not included in the calculations for free mobility below.
3. It is assumed that nationals from the EU-27/EFTA meet a minimum of ten language points and this corresponds to either German language skills at the A1 or A2 level, or English language skills at the A2 or B1 level of the Common European Reference Framework. Tertiary degrees in MINT fields that allow for extra points for highly skilled migrants are defined as tertiary degrees in science, mathematics and computing, physical science, mathematics and statistics, computer science and computer use; and engineering. Relevant work experience is proxied by the difference in years between the time of the highest level of qualification and the current age. In addition to the minimum points, the migrant needs to be in a job with at least 7-12 months or longer stated in the work contract and in a job with a skill level according to the respective RWR-Card tiers. Skill levels are defined following the standard OECD skills definition. For the salary threshold for key workers, it is assumed that the income corresponds at least the median of the income paid to the main occupation group based on the 2011 wage structure survey by Statistics Austria.
4. This is an upper bound, since the occupational fields are much broader than the shortage occupations.



## Chapter 6

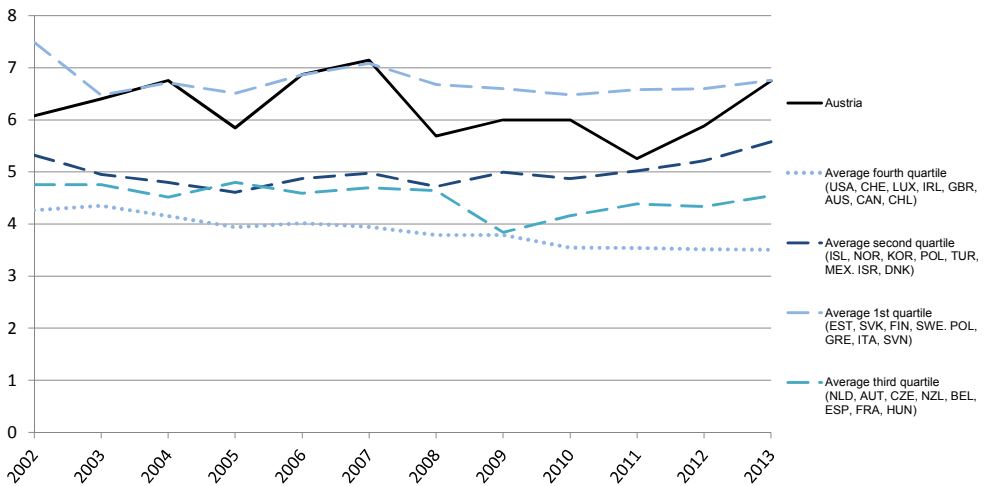
### Matching demand and supply – Austria as a destination for labour migration

*Austria is a country with favourable labour market conditions and high quality of living. However, it does not appear to be on the radar screen as a destination country among potential labour migrants abroad. Employers seem reluctant to consider recruiting from abroad. Compared with other OECD countries, there have also been relatively few, mainly small-scale and largely un-coordinated efforts to promote Austria as a destination for labour migrants, although there have been some improvements recently. To better tap into the potential of labour migration, a comprehensive approach is advisable. This should encompass the marketing of the RWR-Card into a broader branding strategy, making opportunities for labour migration to Austria better known to employers and applicants alike. Ideally, the social partners should be systematically involved in the process.*

### Austria’s attractiveness

Austria is a rather attractive destination country with very favourable labour market conditions in international comparison and performs well in many measures of well-being, as shown by the fact that it ranks among the top countries in several topics in the OECD’s Better Life Index. The country has the lowest unemployment rate in the European Union and offers relatively attractive wages. Looking at the average annual wages in purchasing power parities in the EU, Austria is just below the highest quartile. There are high returns to qualifications, and employees in high skilled jobs earn about 60% more than the national average – the highest figure among the European OECD countries. Austrian employers evaluate Austria as an attractive country for high-skilled foreign workers and are within the first quartile of the OECD countries (Figure 6.1).

**Figure 6.1. “High-skilled foreign workers are attracted to country’s business environment”, approval rates of employers from Austria and other OECD countries**



Note: 0 = does not apply, 10 = does apply.

Source: OECD Secretariat calculations based on data provided by the *IMD World Competitiveness Yearbook 2013*.

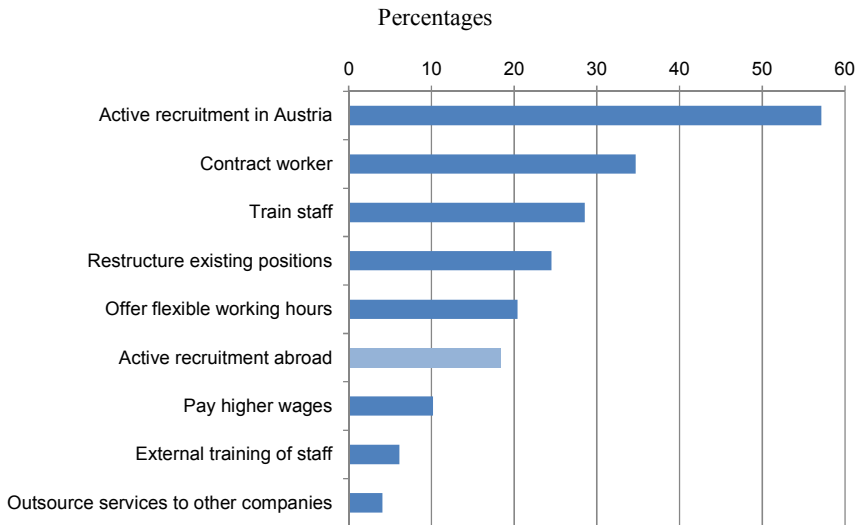
Austria has also many geographical and historical ties with key origin countries, namely the EU-12 and the Balkans – the key origin countries for migration for employment to Austria. However, in no single country it is mentioned by respondents in a Gallup survey as one of the three preferred



destination countries. Even among the western Balkan countries, only 5% of those willing to leave their country reported that they would like to move to Austria.

Even though, as seen above, Austrian employers perceive their country as an attractive destination, they also need to be willing and able to fill labour shortages by foreign recruitment. This implies first of all that they have labour migration on the radar screen. Currently, even employers who report labour shortages rarely actively recruit from abroad. A survey that assessed labour mobility and labour needs in Austria after the end of the transition rules towards the new EU member states finds that active recruitment from abroad is only ranked sixth as a measure employers apply when they have problems recruiting enough workers. Other measures, such as nationwide recruitment efforts, hiring contract workers, training staff, restructuring of existing positions and offering flexible working hours are preferred (see Figure 6.2).

**Figure 6.2. Measures applied by Austrian employers who cannot recruit enough workers (multiple answers possible), 2011**



*Source:* OECD Secretariat calculations based on data provided by the AFLA employer survey.

Only one in five employers reporting shortages resorts to active recruitment abroad. Nevertheless, international recruitment seems to be preferred over paying higher wages or outsourcing. The fact that recruitment abroad is rarely considered is not unique in Austria. Indeed, a recent survey by the OECD in conjunction with the German Chamber of Commerce (DIHK) suggest that in Germany, even lower shares of employers have recruitment abroad on their radar screen (OECD, 2013).

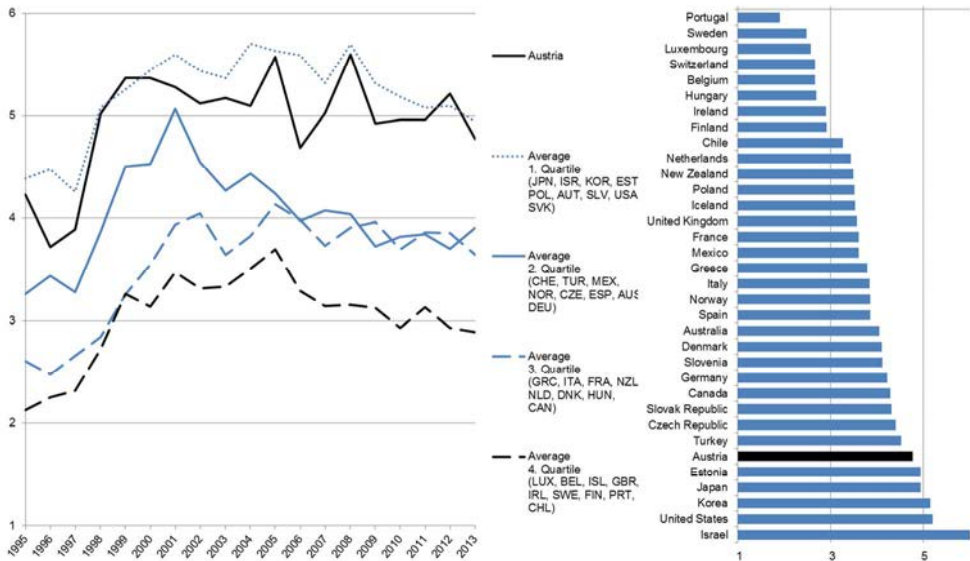
Little is known about the reasons for this. One possibility is that employers are reluctant to make the investment to go abroad if they have only very few vacancies to fill. Indeed, most companies in Austria are small and may have little experience with hiring foreign labour.<sup>1</sup>

It is also possible that they may not perceive candidates abroad as having the right skills for the Austrian labour market. This might particularly concern the medium-skilled segment of the labour market, where the dual apprenticeship system is predominant in Austria but not wide-spread in key origin countries.

A third possibility is that employers are not aware of the possibilities to recruit foreign labour or perceive the current system as complex and/or restrictive. Indeed, among the employers surveyed for the *IMD World Competitiveness Yearbook*, Austrian employers report more often than employers in other countries that immigration laws prevent them from employing foreign labour.

Interestingly, this perception has not changed with the introduction of the RWR-Card in 2011 (see Figure 6.3), although stakeholders seem to agree otherwise that the new system has enhanced transparency of the procedures. However, as seen above in Chapters 3 and 4, the system remains rather complex, which may be the reason for the apparent perception by employers that it is restrictive.

**Figure 6.3. “Immigration laws prevent your company from employing foreign labour”, approval rates of employers from Austria and other OECD countries**



*Note:* The graph shows the rating results to the question: “Immigration laws prevent your company from employing foreign labour”, 0 = does not apply, 10 = does apply (the original question and rating scale have been reversed for clarity). Country quartiles are calculated based on the average rating value between 1995 and 2012.

*Source:* OECD Secretariat calculations based on data provided by the *IMD World Competitiveness Yearbook 2013*.

## Initiatives to attract labour migrants

In recent years, a number of initiatives have been put in place to attract labour migrants to Austria. To date, most initiatives in 2010, a so-called “expat centre” was launched in Vienna by the business agency of the city of Vienna. The centre provides information services for newly arrived highly skilled migrants, organises workshops and other activities and also provides a small-scale subsidy for language courses. However, in contrast to similar centres in other countries such as Germany (see Box 6.1), the Vienna expat centre is not a foreigners’ office and cannot directly facilitate the administrative procedures for new labour migrants. Nonetheless, its website ([www.expatscenter.at/](http://www.expatscenter.at/)) received over 100 000 visitors in the first two years and the centre treats 10-20 requests a day, in twelve different languages. Most requests come from the United States, the United Kingdom and

Germany. Labour migrants in Vienna have also access to a broad range of other integration offers (see Krause and Liebig (2011) for an overview), although these are not focused on labour migrants.

### Box 6.1. The Hamburg Welcome Centre

In labour migration systems, one-stop shops facilitate the permit authorisation procedures for employers and employees, providing a single interlocutor and clear indications. One-stop shops are also a means to separate labour migration processes from other, generally more restrictive and backlogged migration services addressing family reunification or humanitarian requests. One example in Germany is Hamburg Welcome Centre, created in 2007. The centre is funded by the state and other public and private local actors, and employs 13 persons. It provides pre-arrival orientation through a website ([welcome.hamburg.de](http://welcome.hamburg.de)), initial reception, and ongoing orientation towards mainstream services located elsewhere. The Centre caters to newcomers arriving in Hamburg for employment, including graduates of German universities. Although it provides information to all foreigners, it limits its administrative services to first-permit issuances for labour migrants and their families. It handles about 5 500 cases of permit requests annually. The centre does not process applications from abroad, but acts as a foreigners' office in evaluating permit requests filed locally, including cases of visa-free entry. The Centre operates in parallel with the foreigners offices located in other districts of Hamburg; labour migrants may also choose to submit their applications to other offices. While the procedure at the centre is not necessarily quicker than at regular foreigners' offices, it provides a single and welcoming face to the labour migrant. The Hamburg Welcome Centre provides all services in English as well as German and also promotes integration and welcoming activities such as bilingual events, orientation sessions, and promotion of local cultural activities. Similar centres are gradually being set up in other German cities.

Source: Adapted from OECD (2013), *Recruiting Immigrant Workers: Germany 2013*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264189034-en>.

The city of Vienna and the Federation of Austrian Industries (*Industriellenvereinigung*) signed an agreement about intentions for preparing Vienna for future challenges in April 2013. This includes international marketing for Austria and Vienna to promote attractive labour market opportunities to potential labour migrants.

Several initiatives focus on researchers, and again particularly in Vienna. The Vienna Science and Technology Fund (WWTF) offers up to EUR 1.5 million for a limited number research projects for foreign researchers who intend to come to Vienna to establish a research group.

The Conference of Austrian Universities (*Österreichische Universitätenkonferenz*) offers career services in Vienna, Lower Austria and Upper Austria in cooperation with the WWTF. The target group for counselling are the foreign partners of senior university researchers. The service includes support and advice in finding adequate jobs and settling

into everyday life, including with respect to housing and childcare. Similarly, the Austrian Research Promotion Agency (FFG) offers career grants for foreign researchers to finance face-to-face interviews for Research, Development and Innovation jobs in Austria. They also provide financial aid for the relocation and the integration of the spouses.

Efforts have also been stepped up in recent years to provide information to potential labour migrants. Since September 2011, an official website ([www.migration.gv.at](http://www.migration.gv.at)) is in place which provides information about the Austrian immigration system as well as living and working conditions in Austria in both German and English language. The website also includes a points calculator, but potential migrants have to choose between the four RWR categories at the initial stage of the points calculator, which limits its usefulness for candidates unfamiliar with the system.

Finally, a comprehensive marketing campaign for Austria is currently underway. In August 2013 the government decided to develop a strategy for “nation branding” abroad. The plan foresees a nation brand agency located in the Federal Ministry of Science, Research and Economy, in co-operation with a broad range of other stakeholders. The agency is not expected to be operational before 2015.

In summary, most existing initiatives are small scale and mainly focused on Vienna, which is the main destination region for permanent labour migrants. However, there is some dynamics in the system and it remains to be seen how the marketing of the RWR-Card will be included in the nation branding and other initiatives.

### **Matching employer needs and migrant candidates**

The matching of vacancies and suitable candidates can already be cumbersome in the domestic labour market, where a national employment service, national advertising strategies and networks are well-known and readily available for employers and employees. On the side of employers, there is often uncertainty about the value of skills acquired abroad, particularly with respect to language. On the side of candidates abroad, little may be known about job opportunities in Austria and the functioning of the Austrian labour market. The geographic distance constitutes an additional barrier and in general, there is no labour market service which would match potential job seekers abroad with domestic vacancies. Within the European Union, however, the European Employment Services (EURES) provides a platform to match job seekers and employers who want to recruit from other countries within the free mobility zone (see Box 6.2 below). The partner of the EURES network in Austria is the AMS.

### **Box 6.2. The EURES system and its importance for migration to Austria**

The European Employment Services (EURES) is the network of public employment agencies in Europe that promotes the mobility of the EU/EFTA labour market across national borders. The network, established in 1993, is coordinated by the European Commission, in cooperation with the social partners. EURES advises and informs workers about job opportunities and working and living conditions in other EU/EFTA countries and offers placement services. The EURES webpage (<https://ec.europa.eu/eures>) provides detailed country and regional information about the labour market and the available jobs and the available workers. It assists employers in recruiting workers and provides special counselling for employers and workers in border regions. The service is provided in 25 European languages and free of charge.

Currently, EURES is undergoing a modernisation and placement will in addition to information and counselling play a bigger role in the future. The services will be extended to a more holistic approach that includes services in the country of origin, services in the recipient country as well as counselling on return migration. The EURES job portal enables jobseekers to filter vacancies by region, occupation, qualification, and years of experience.

Most of the jobs on the EURES Job Mobility Portal stem from the job vacancies databases managed by the public employment services of the participating countries. Two categories of job offers are listed on EURES. One category is displayed with a blue EU flag, for which employers have expressed interest in recruiting from another country, and the second category are those jobs advertised in the national jobs databases without a stated interest in recruiting abroad.

Austrian employers make continuously larger use of the possibility of recruiting in the European Union. The number of vacancies with an expressed interest of recruiting from EU countries almost doubled from 2007 to 2013, to reach 30 100 vacancies. The share of these job offers among all offers posted on EURES in Austria increased over the same time from 28% to 58%.

Large shares of vacancies with an expressed interest of recruiting within the European Union have traditionally been observed for jobs in the agriculture and hospitality sectors, where seasonal employment of EU citizens is common in Austria. But the number of these vacancies has remained steady and their share among all vacancies with an expressed interest of recruiting from other EU countries decreased from about 50% in 2007 to about a third in 2013. The increase in the number of vacancies with an expressed interest of recruiting within the European Union was mainly driven by vacancies in medium-skilled occupations in the manufacturing industry and technical occupations. Vacancies for engineers of mechanical engineering or electronics were the third largest occupation with an expressed interest of recruiting within the European Union among all vacancies in 2013 with 91%, just after cooks and kitchen assistants and other professions in the hospitality sector. The increased expressed interest to recruit within the European Union for skilled occupations such as engineers of mechanical engineering or electronics is a new development, since this share saw steep increases since 2007 with only 22%. Regions where tourism is a sector of main importance such as Vorarlberg, Salzburg and Tyrol were the regions with the highest number of vacancies with an expressed interest of recruiting within the European Union in 2007.

**Box 6.2. The EURES system and its importance for migration to Austria (cont.)**

This picture has changed quite a bit since then. In 2013 Upper Austria is by far the region with the largest number of vacancies with an expressed interest of recruiting within the European Union (i.e. mostly, neighbouring Germany). Over a third of all vacancies are posted for this region, which reports increased labour shortages in the last years and has the second highest concentration of jobs in engineering and technical occupations in the whole of Austria just after Vienna. Relative to the overall number of large firms in Austria firms with 250 employees or more are overrepresented amongst those that express interest in recruiting within the European Union.

Currently around 243 000 applications by candidates from other EU countries are known to the AMS. Registered employers can search for applications online in the “AMS eJob-Room”. In addition, they can create specific job offers that are posted on EURES with a mailbox specific to the offer and an automatic Email/ and or text alert when an applicant responds to the job offer. This service is free of charge.

EURES also organises job fairs and information events with the national partners. In the past, EURES Austria has participated among small-scale events in the neighbouring countries, mainly for the recruitment of seasonal labour.

However, no matching tool exists for recruitment in third countries. Some employers’ organisations have started small-scale initiatives to recruit from abroad and to inform their members about the possibilities and regulations in place. These initiatives are generally targeted at specific destination regions. The Economic Chamber, which includes all businesses and has more than 450 000 members, has organised a few recruitment fairs in Spain in recent years. In addition, a website has recently been set up through which interested candidates can apply. It attracted more than 2 100 candidates in the first four weeks. 110 applicants were invited for an interview, but only few of those were eventually hired.

Other countries directly link the matching of foreign labour and local employers in their immigration framework, and New Zealand is a good example in this respect (see Box 6.3).

Compared with other OECD countries, there are few immigration advisors or law firms specialised in supporting businesses to recruit from abroad. Assistance for employers who look to recruit in third countries is also not foreseen under the current RWR framework and no explicit service is provided. People familiar with the system report that embassies often refer interested candidates directly to the unit for foreign employment of the AMS, in the absence of an institutional contact point or service hotline. Other countries, such as Denmark or Germany have been more proactive in this respect. In Germany, for example, employers who need help in filling a vacancy with someone from abroad are supported by the

Central International Placement Service (*Zentrale Auslands- und Fachvermittlung*) of the employment agency, which provides counselling services for employers and placement services to certain incoming groups, such as managers, skilled workers and the tertiary-educated. Vacancies that are difficult to fill may be referred to the ZAV by the regional public employment services.

**Box 6.3. Involving employers in recruitment from abroad:  
The New Zealand case – Establishing a recruitment feeder from abroad**

New Zealand has developed web-based database in which persons interested in migrating to New Zealand can register their interest. More than 200 000 migrant candidates have registered for this database, which is integrated into the broader “New Zealand Now” portal ([www.newzealandnow.govt.nz/](http://www.newzealandnow.govt.nz/)) that provides a wide range of information about working, living and studying in the country. Migrant candidates who have registered in the database also receive other information about New Zealand, including on recruitment fairs which are regularly organised by Immigration New Zealand in the main origin countries. Registered employers have access to this candidate database via the “Skill Finder”. This free service allows employers to search the candidate database by occupation, level of academic qualification, residence and years of experience. They then register their vacancy and submit a request to the Immigration New Zealand marketing team who will work within the following business days with the employer to format a formal request to the candidates in the database they identified as suitable. Recipients can then apply for the position by sending their CV directly to the employer via a special web account set up for this purpose. Only occupations which are either at skill level 1-3 on the Australian and New Zealand Standard Classification of Occupations (ANZSCO), or on one of the skill shortage lists or which meet the requirements for the Accredited Employer ‘Talent’ scheme are eligible. The “Skill Finder” is integrated into the so-called “employer hub” in the Immigration New Zealand web portal which contains also a broad range of other information for employers related to both recruiting immigrants and to integrating them at the workplace.

*Source:* Adapted from OECD (2014), *Recruiting Immigrant Workers: New Zealand*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264215658-en>.

Another group which is currently often left without a place to turn to for counselling and advice are international graduates in Austria. International graduates are a potential source of foreign labour already in the country with language skills, easily recognisable degrees for employers and knowledge of the country. The AMS does not provide counselling or placement services to international students and graduates. Other OECD countries offer special programmes targeted at attracting and retaining international students in fields of shortages, such as the Netherlands with the “Brainport Development” initiative. “Brainport Development” is a regional initiative in the Dutch region of Eindhoven, where research, innovation and development in the technical sectors are important. It is a cooperative



initiative of local government, industry and universities. “Brainport Development provides scholarships to attract 100 science and technology students to the region’s universities. In addition to the scholarships, the students will be counselled during and after their studies and a contact between employers in the region and students is organised. In addition, “Brainport Development” also takes part in the Brabant Talents programme with the Brabant Chamber of Commerce in conjunction with students, educational institutions, employers and other stakeholders. The programme was set up to retain students, including international students in the regional Brabant labour market. To promote contact and relationship-building between students and employers, meetings are organised through company visits and job fairs, as well as social media.

In Germany, the ZAV also initiated a pilot project in 2012 targeted at international graduates in STEM fields. The project called “Work in Germany after graduation” (*Nach dem Studium in Deutschland arbeiten*) is a joint project between universities and regional public employment offices. The project started in four cities with 50 international graduates and was extended to eight regional public employment offices and twelve universities. The programme prepares the graduates for job interviews, with intensive trainings and provides placement services from the ZAV.

In summary, in comparison with other OECD countries, there have been few efforts to promote Austria as a destination for labour migrants, which is surprising since this was precisely one of the objectives of the new system. The existing initiatives are generally small-scale and hardly co-ordinated. In addition, the Chambers are rarely involved in the process, in spite of their key role in the labour migration framework. More generally, the limited branding and co-ordination seems to reflect the lack of an explicit strategy in tackling demographic change and the role that labour migration is expected to play in this context and indeed, more generally, in responding to skills needs.<sup>2</sup> Since – apart from the lack of a functioning permit information system and a number of mainly procedural issues – most of the core elements of an effective system are either already in place or can be relatively easily fixed, the remaining challenges involved in getting the most out of labour migration for Austria do not seem insurmountable.

## Notes

1. Sixty-eight per cent of total employment is accounted for by companies employing less than 250 employees and a quarter of total employment is accounted for by companies employing even less than ten employees.
2. Austria has been one of the first countries to undertake a collaborative project with the OECD with the aim of applying the OECD Skills Strategy in practice. The diagnostic report was completed in 2014 (OECD, forthcoming).

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- OECD (forthcoming), *Skills Strategy Diagnostic Report Austria*, OECD Publishing, Paris.



## Annex A

### Supplementary tables and figures

**Table A.1. Chronology of the legal framework for labour migration in Austria**

Year	Laws / measures	Specific provisions
1961	Raab-Olah agreement	<ul style="list-style-type: none"> <li>∞ introduced annual numerical limits for each industrial sector and branch</li> <li>∞ introduced rotation principle</li> </ul>
1962	Recruitment agreement with Spain	
1964	Recruitment agreement with Turkey	
1965	Recruitment agreement with Yugoslavia	
1975	Foreign Workers Act	<ul style="list-style-type: none"> <li>∞ formalised annual numerical limits for industrial sectors and branches</li> <li>∞ introduced a system of stepwise access to different types of work permits including an exemption certificate</li> </ul>
1990	Amendment to the Foreign Workers Act	<ul style="list-style-type: none"> <li>∞ replaced numerical limits for industrial sectors and branches by a general quota fixing foreign employment at 10% of total employment</li> </ul>
1993	Residence Law	<ul style="list-style-type: none"> <li>∞ introduced residence quotas in the form of annual limits for each residence title on the state level</li> <li>∞ introduced keyworker regulation and seasonal worker scheme</li> </ul>
1995	Austria's accession to the EU	<ul style="list-style-type: none"> <li>∞ introduced legal distinction between EU/EFTA and non-EU/EFTA citizens for labour market access</li> <li>∞ granted labour market access to EU/EFTA nationals in the framework of free movement</li> </ul>
1997	Aliens' Act ('Integration Package')	<ul style="list-style-type: none"> <li>∞ merged Aliens' Law and Residence Law</li> <li>∞ improved rights of foreigners already residing in Austria</li> <li>∞ further restricted inflow of non-EU/EFTA nationals via quotas</li> </ul>
2002	Amendment to Foreign Workers Act	<ul style="list-style-type: none"> <li>∞ limited inflow of non-EU/EFTA nationals for labour to keyworkers and seasonal workers</li> </ul>
2004	EU enlargement	<ul style="list-style-type: none"> <li>∞ Austria introduced transitional arrangements and a shortage list for 8 of 10 new EU member states</li> </ul>
2005	Aliens' Rights Package	<ul style="list-style-type: none"> <li>∞ transposed EU directives on long-term residence, family reunification and free movement of EU citizens</li> </ul>
2011	RWR-Card Reform	<ul style="list-style-type: none"> <li>∞ replaced quota-based key-worker regulation for qualified labour migrants from non-EU/EFTA countries by a four tier points-based selection scheme (the shortage tier was only introduced in 2012)</li> <li>∞ introduction of the EU Blue-Card</li> </ul>

Source: OECD Secretariat analysis based on national legislation.

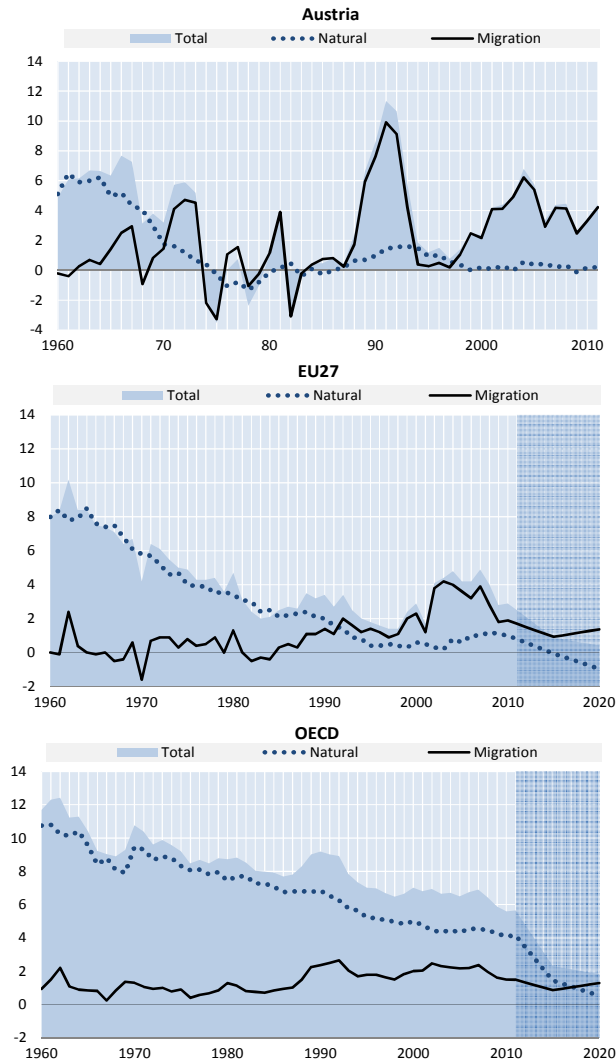
**Table A.2. Points attributed under different recruitment systems in selected OECD countries, as a percentage of the pass mark, 2014**

Characteristic	Austria	Austria	Denmark	Japan	Netherlands	UK Tier 2	Australia	Canada	Canada	Canada	Korea	New Zealand
	(Tier 1: Highly-Qualified)	(Tier 2: Key Worker or Shortage Occupation)				General (employer-sponsored)	General Skilled Migration	Federal	Quebec (Single)	Quebec (w/ltb spouse)		
	Temporary admission, renewable					Permanent admission						
Requirement of job offer?	No	Yes	No	No	Yes	No	No	No	No	No		No
<b>Characteristics of the intended occupation</b>												
Job offer or current employment in country					42%			15-22%*	11%	10%		50%
Qualified for job offer in a skilled occupation		0%*			28%*		0%	0-29%	0-25%	0%		0%
Qualified for job offer in a shortage or growth occupation		0%*	10%		63%*		0%*					10-40%
<b>Previous work experience</b>												
Work experience (in general)	3-29%*	4-20%**	5%	7-21%				22-31%	0-15%	0-13%		10-30%
Additional points for work experience in specific occupations			5-10%				8-23%					10-30%
Additional points for work experience in country	14%*	8-20%**	5-10%*		14%		8-31%	2-15%*	2-13%*			5-25%
<b>Academic qualifications</b>												
Academic qualification (in general)	29-57%**	40-60%	30-80%	29-43%	71-86%		15-31%*	7-37%	4-22%	3-19%	31-44%	50-55%
Additional points for academic qualification in country or region	7-14%		5-10%*	7%	0*-14%		23-38%*	7%	2-15%*	2-13%*		5-10%
Additional points for academic qualification at top-ranked university			5-15%		0%							
<b>Language</b>												
Language ability in first language	7-14%	20-30%	5-25%	14%	14%	14%	0-31%	1-24%	0-29%	0-25%	12.5-25%	0%
Language ability in second language			5-10%				8%	1-12%	0-11%	0-10%		
<b>Age</b>												
Age	14-29%	30-40%	10-15%	7-21%	14%		0-38%	3-15%	0-29%	0-25%	22.5-31%	5-30%
<b>Financial requirements</b>												
Sufficient funds for initial period			0%			14%						
Previous salary	29-43%**	0%										
Current salary				14-57%		31-69%					6.25-12.5%	
<b>Spouse and family characteristics</b>												
Socio-demographic characteristics of spouse/partner							8%	4-7%		0-25%		20%
Skilled job offer of spouse/partner								7%				20%
Other family characteristics								7%	5%*	5%*		10%
Children									4-15%	3-13%		
<b>Regional elements (study/settlement/employment in rural areas, sponsorship, etc.)</b>												
Regional elements (study/settlement/employment in rural areas, sponsorship, etc.)							8-38%		7%	6%		10%
<b>Other (personal impression, etc.)</b>												
Other (personal impression, etc.)									0-15%	0-13%		
<b>Pass mark</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

*Note:* \*/\*\*/\*\* alternative requirements. Obligatory criteria are in **bold**. The percentages refer to the points that can be attributed under each criterion as a percentage of the pass mark. Since the possible maximum of points is higher than the pass mark, the percentages add up to more than 100%. In all countries included in the table, temporary admissions are generally renewable if the applicant has a job. Denmark: a maximum of 105 points can be given for academic qualification, language skills can be proven in either one Nordic language, German or English, 5 bonus points are given for Danish language skills, maximum of 15 points for country/region-specific work or educational experience are given; Canada/Federal: all country/region-specific criteria also apply to spouse/partner; all country/region-specific points and academic qualification of partner/spouse cannot exceed the total of 10 points out of the required 67 points; Canada/Québec: the maximum number of points for work/study/family in Quebec is altogether 8 points out of a required total of 55 points for singles and 63 for applicants who bring their spouses; Austria highly qualified scheme: academic qualifications encompass additional points for research activity; Austria/Key Worker Scheme: there is a minimum income requirement. Tier 2 in Austria and United Kingdom: in addition to a job offer, either employment in shortage occupation or a labour market test is required. In the United Kingdom, the latter requirement does not apply to graduates from UK universities and jobs earning more than GBP 150 000. These two categories are also unrestricted; for the other (restricted) categories, a monthly cap applies. To determine admission under this cap, candidates are ranked by the number of points which they obtain. In New Zealand and Australia, candidates meeting the passmark submit an Expression of Interest and are then sorted by points ranking and invited to apply.

*Source: OECD International Migration Outlook 2014.*

**Figure A.1. Evolution of total population increase rate, natural population increase rate and net migration increase rate in Austria, the EU-27 and the OECD, 1960-2010/20**



Source: 1960-2011: United Nations (2011), “World Population Prospects – The 2010 Revision: Highlights and Advance Tables”, United Nations, New York, [www.un.org/en/development/desa/publications/world-population-prospects-the-2010-revision.html](http://www.un.org/en/development/desa/publications/world-population-prospects-the-2010-revision.html), accessed 22 May 2013; 2012-2020: extrapolations based on United Nations Population Prospects Database 2010.



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# AUSTRIA

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Chapter 6. Matching demand and supply: Austria as a destination for labour migration

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