

Re-thinking approaches to labour migration

Potential and Gaps in EU Member States' Migration Infrastructures Case Study Summary — **Austria**



KEY MESSAGES

- Austria's immigration policy can be described as fairly restrictive within the EU although recent reforms aim to lower barriers.
- Austria's labour migration system is geared towards higher skilled migrants with more limited possibilities for lower-skilled labour migrants (e.g. seasonal work in agriculture and tourism).
- Despite having introduced specific schemes (Red-White-Red (RWR) Card) for skilled workers, Austria seems to struggle to recruit significant numbers of foreign workers.
- Family related migration and asylum related migration are higher in numbers than labour migration. This is partially due to its migration history and location but also due to overly complicated and bureaucratic processes as well as language requirements for foreign workers.
- Austria has only very recently started to engage with third countries and to actively engage in efforts to recruit from outside the EU.
- There seems to be agreement that Austria needs to step up its efforts in the race for skills and talent and reform its system to achieve speedier and easier procedures for labour migrants.
- The main challenge for Austria may not be a lack of existing pathways for third-country national (TCN) labour migrants but that both direct (e.g. strict and demanding criteria) and indirect (language, welcoming culture) barriers prevent the country from becoming a stronger magnet for skilled migrants.

BACKGROUND AND CONTEXT

Austria's history is marked by international migration, mobility and ethno-cultural diversity throughout various periods.

Despite its history and several migration policy reforms, there is no overall agreement among different political parties whether Austria in fact is or should be described as an immigration country or not. The current coalition government agreed on a clear separation between asylum and labour migration and to facilitate access to the Austrian labour market for needed labour migrants.

Austria's total net migration is positive and amounted to 136.979 in 2022, up from 52.488 in 2021. Citizens of other EU member states (especially, Germany, Bulgaria and Romania) under freedom of movement make up the largest group of immigrants to Austria and they mainly migrate to Austria for work or study. Most immigration of TCNs into Austria takes place for reasons of family migration (around 30%) as well as for humanitarian reasons. In 2022 27.209 people holding a third-country nationality received a permit due to humanitarian grounds (asylum, subsidiary protection) and 17.369 for family reunification reasons. Fewer permits (around 8%) are given for reasons of labour and employment or study and training (5437 in 2022 for gainful employment and 4743 for studies).

CURRENT AND FUTURE LABOUR SHORTAGES

Labour market shortages are one of the biggest challenges for the Austrian labour market now and in the future and they are starting to hamper Austria's economic growth. Companies in Austria highlight the difficulties to find skilled workers as their biggest threat to business operations. Currently, various industries like manufacturing, tourism, healthcare, and long-term care are experiencing workforce shortages, alongside a scarcity of professionals possessing sought-after skills such as IT workers, doctors, and engineers.

Austria's demographic dynamics is characterised by a growing and an ageing society. Especially the ageing society will further influence the availability of workers.

There are regional differences in the type of skill shortages that exist in Austria. According to the

skilled worker barometer the five strongest shortage occupations for Austria in 2024 as a whole are electrical installers, chefs, technicians for IT, care personnel/ nurses and non-diploma care personnel.

The CEDEFOP skills forecast for Austria further shows that the share of job openings between 2020 and 2035 will be highest for professions with high-level qualifications. Most new job openings between 2021 and 2035 are for high-skilled non-manual occupations (53% of all job openings) followed by skilled non-manual occupations (22%). 17% of total job openings are projected to be for skilled manual occupations and only 9% for elementary occupations. Austria has been looking for opportunities to establish relations to recruit workers ranging from bus drivers, long-term care workers to chefs and IT specialists.

According to interviewees for this study one of the key sectors for labour immigration is the IT sector, where there are many applications for Red-White-Red Cards. But also the hospitality sector (chefs, waiters etc.) are strongly represented in the cases evaluated by the Austrian Employment Service. The care sector has been strongly growing in terms of applications.

LABOUR MIGRATION POLICY IN AUSTRIA

Austria's immigration policy can be described as fairly restrictive within the EU although recent reforms aim to lower barriers. The requirements for immigrants to obtain a residence and work permit, are comparatively stringent.¹

Austria's labour migration system is geared towards higher-skilled migrants. Requirements for many pathways are such that low-/ and some medium-skilled applicants are excluded. While some reforms have been introduced to ensure possibilities for various skill levels in shortage sectors (e.g. for drivers) and in some instances professional experience is valued instead of formal qualifications, many of the pathways are targeted at highly-skilled migrants. Lower-skilled workers find possibilities mostly for seasonal work in agriculture and tourism.

The 2020 government programme proposes a number of measures to make Austria's immigration system more attractive and immigration-related procedures more efficient. At the same time, the

¹ These include for instance demonstrating proficiency in the German language and meeting financial standards for family income.

government increased its commitment of integration of migrants and especially asylum seekers and those under subsidiary protection to the Austrian labour market, such as better job matching, competency checks, possibilities for further qualification and training, improvement of and faster skill recognition processes amongst others. Since then, the current government has introduced reforms of the main labour migration pathway in Austria - the Red-White-Red card - with a view to increase the number of permits for skilled migrants. It aims to issue 15.000 Red-White-Red Cards per year until 2027.

The discourse around irregular migration and asylum influences the way Austria discusses the topic of migration and labour. The role of international recruitment of labour migrants to support the Austrian labour market and its economy in the long-term does not seem to receive strong interest from the public. Instead, migration is often “problematised” by the media and in the public discourse with a view that many migrants put pressure on Austria’s social system. The government thus aims to clearly separate the topic of asylum from that of labour migration.

The 2022 reform of the Red-White-Red card falls amongst efforts to increase access to the labour market for third-country nationals. It may be too early to see results, although in 2023 the amount of granted RWR Cards has increased.

LEGAL LABOUR MIGRATION PATHWAYS

Austria has a very diversified system of labour migration pathways incorporating both national schemes (Red-White-Red Card/ Saisonniers) as well as EU-related pathways (e.g. EU Blue Card). Pathways exist mostly for foreign nationals with higher-level qualifications as well as seasonal workers that come to support the tourism and agriculture sectors. While no overall quotas exist, quotas are introduced for some forms of the Red-White-Red plus card as well as for seasonal workers and some other labour related permits. In general the Public Employment Service Austria (AMS) carries out a labour market test, but there are exemptions for some of the pathways (e.g. Red-White-Red card for shortage occupations or registered seasonal workers). Some pathways have a minimum salary requirement, others do not. A number of pathways also include point-based-elements to ensure labour migrants have the right skills, qualifications, language proficiency, etc.

The Red-White-Red Card and Red-White-Red Card plus

The Red-White-Red card is a combined residence and work permit which is valid for up to 2 years. The permit is tied to a specific employer and a binding job offer is required to apply for this permit. The Red-White-Red Card Plus is for family members of RWR Card holders and for those that have already lived and worked in Austria with a RWR Card Permit (to extend their stay). Most categories of the RWR card are strongly employer driven, as a job contract is needed for a successful application. However, for some of the categories a points-based system is introduced alongside and a labour market check has to be passed. The RWR Card was reformed in 2022 in order to simplify processes and reduce some of the requirements.

There are several subcategories to the Red-White-Red (RWR) Card depending on the purpose of stay and employment. These will be discussed in this section. The following groups of persons can obtain a Red-White-Red Card (BMAW 2024-b):

- Very Highly Qualified Workers
- Skilled Workers in Shortage Occupations
- Other Key Workers
- Graduates from Austrian Universities and Colleges of Higher Education
- Regular Workers in Tourism, Agriculture and Forestry
- Self-employed Key Workers
- Startup Founders

An application can be submitted by either the labour migrant or by the employer. It is possible for family members to join holders of the Red-White-Red card through applying for the Red-White-Red Card Plus, which gives family members free access to the Austrian labour market.

In July 2023 Austria revised its Health Care and Nursing Act to facilitate labour market access for **foreign care assistants** that apply for the relevant RWR Card. Care workers who have trained abroad are meant to gain faster access to Austria’s labour market through a number of measures: they can work as care assistants for training purposes (maximum 1 year) already during their recognition or validation process (if they are supervised by a member of higher-level healthcare and nursing staff). If they need to complete an aptitude test or an adaptation period or additional training, they can be included in the Register of Health

Care Professionals for a period of maximum of two years, during which they can work as care assistants under the supervision of higher-level health care and nursing staff. As part of these measures the recognition of foreign qualifications of care staff was also simplified.

The issued RWR Cards have increased strongly over the last years. In 2022, the government issued 5.157 new RWR and EU Blue Cards and 7.602 Cards were in use - about 3,5 times as many as in 2017. This corresponds to the increase in vacancies and growing shortages on the Austrian labour market. The RWR Card for skilled workers in shortage occupations together with the RWR Card for key workers made about 69% of all RWR Cards in 2022. Vienna has given out 40% of all Cards (EU Blue Card and RWR Card combined), making it the key region for labour immigration.

The three top countries of origin that were issued a RWR Card or a EU Blue Card in 2022 were Bosnia and Herzegovina, India and the Russian Federation. In 2023 (Jan-November), the top 4 countries included: Bosnia Herzegovina, India, Serbia, Türkiye. Data suggests that after 3 years about 18% of the RWR Card holders had left Austria again.

Employers have in the past complained that the criteria for the RWR Card are too strict and that the process is too bureaucratic and long. In 2022 and 2023 a number of reforms have been implemented to reduce the requirements for some of the criteria. Reforms seem to have so far not led to needed efficiency gains and shorter processing times, though at the time of research it may have been too early to tell. Critics have thus argued that its actual purpose of promoting an influx of qualified workers from non-EU countries is not met (Perlaki, 2021). Several interviewees for this study also did not find the RWR Card as an effective means for attracting talent to Austria's labour market and not well suited for integration objectives.

Others pointed out that the system as such is too complex and that it is hard for applicants to understand the different categories (Rechnungshof Österreich 2024). The target groups for the subcategories of the RWR Card, they argue, overlap and the various cards are not easily differentiated.

European legal provisions

Austria has transposed the **Seasonal workers Directive** into Austrian Law. The transposition has affected the regulations governing the seasonal work permit (*Saisonier*) further described below, which were adjusted to align with the EU directive in 2017. Austria has chosen to require a labour market test for seasonal workers.

The **EU Blue Card** was introduced in 2011 according to EU legislation. Austria introduced a number of requirements to acquire the EU Blue Card including minimum education requirements (tertiary studies of at least three years with exceptions for ICT professionals), a binding job offer (of at least six months), average gross annual income (in 2024: EUR 47.855 annually) and a positive labour market test. The EU Blue Card is a pathway that is used less compared to the RWR Card - to a large extent due to the higher salary requirement. Yet numbers have risen during the past years: in 2022 509 new EU Blue Cards were issued compared to 246 in 2018. In 2023 the figure increased to 991.

Austria provides opportunities for **Intra-Corporate Transfers (ICT)** to temporarily work in an Austrian branch of their company or group by their employer. The ICT residence/work permit is valid for key workers that are managers (directors of the branch or department thereof), specialists (skilled workers possessing specialised knowledge essential to the branch) and trainee employees (university graduates whose career development is to be promoted or who undergo industry-specific, technical or methodological training). The requirements are temporary employment in the company of at least nine months or for trainees at least six months, proof of a genuine economic activity of the company and submission of a work contract. In 2023, the BMI reports that first ICT permits have been issued as follows: Manager: 23 (20 men, 3 women); Specialist: 91 (63 men, 28 women); Trainee: 4 (2 men, 2 women). Overall 97 have been extended (66 specialists, 30 managers and 1 trainee).

Seasonal workers (*Saisoniers*) – Tourism and Agriculture

For the seasonal workers pathway, the Federal Minister of Labour and Economics sets **quotas** if demand for such workers cannot be covered by the available workforce within Austria. Quotas are regularly issued for the **tourism and agriculture/forestry sectors**. This pathway has existed since 2011.

In 2023 the quota was set at first to an overall 6.568 permits. This was later amended and increased to 7.568, split into 4.287 jobs in tourism and 3.162 in agriculture and forestry, and 119 for harvest). In 2019 the government introduced the possibility to exceed the quota by 20% in peak seasons (Humer and Spiegelfeld 2020). Quotas have been rising gradually since 2017.

Employers apply for the quota permit (*Kontingentbewilligung*) for the seasonal worker at the competent regional branch of the AMS. The AMS carries out a labour market test, which is positive if there is no Austrian worker or no non-Austrian worker already in Austria registered with the AMS who can be placed for the job. The AMS then issues a work permit (*Beschäftigungsbewilligung*).

Generally, the maximum term of the permit is six months. Within a period of twelve months, seasonal workers may be employed under quota permits for a maximum period of nine months. It is not possible to switch employers during this period. Quota permits for harvest helpers can only be issued for a maximum period of six weeks. Overall, relative to the total number of employees in the agriculture and tourism sectors, *saisoniers* seem to be only a small percentage (Humer and Spiegelfeld 2020).

There is an option for seasonal workers in tourism and agriculture/forestry to obtain permits outside the quota system, called **registered seasonal workers**. If a seasonal worker has been employed under the seasonal quotas in tourism or agriculture and forestry for at least three months in three of the previous five calendar years, then they can register at the AMS for further employment in the respective sector (BMAW, BMI and BMEIA N.d-d). Once registered, they will be issued a seasonal employment permit (usually valid for 6 months) outside the quota and without having to pass a labour market test. There were 453 registered regular *saisoniers* for tourism in 2023 and 23 in agriculture according to AMS data.

Interviewees indicate that most often there are no Austrian workers available for these seasonal jobs. Employers in both sectors on the other hand find it difficult to recruit workers and have argued in the past for increasing the quotas. However, others indicated that the pool of asylum seekers and other migrants already in Austria qualify for *saisoniers* and that additional recruitment from abroad is not needed.

Au pair, volunteer and holiday work

It is possible for foreigners between 18 and 28 years old to join host families as an **au pair** and receive a permit to help with childcare and easy household tasks.

Austria also gives out stay permits, specifically **volunteers**. Applicants must show adequate means of subsistence and medical insurance. They also need to show that they will be engaged with an organisation. Permits are valid for up to one year.

Under the Agreement with India, Austria has created a holiday work programme, through which no specific work permit is needed for Indians to undertake short periods of fixed-term employment during their holiday.

Possibilities of status change

In general, Austria keeps the asylum and labour migration tracks strictly separate and a possibility of status change to a Red-White-Red Card, has to date not been possible. However a **reform** has been announced valid as of October 2024 which allows a pathway for asylum seekers from Ukraine with a 'blue card' (permit to stay for displaced people) to change to a Red-White-Red Plus Card if they fulfil certain criteria, such as having worked for at least 12 month during the 24 previous month, having German language skills, having a certain minimum monthly net income (EUR 1.217,96 in 2024 for single people and EUR 1.921,46 for those with partners and additional EUR 187,93 per child). At the time of research, this reform was however not legally in force and may be subject to modifications. It is planned to be valid until March 2025.

Students from third countries in general do not have access to the labour market but need to apply for a work permit, including if it is for marginal employment. Students that have graduated from Austrian universities can stay in Austria and look for a job through for example applying for the RWR Card for Graduates – also described as a side-door entrance.

Seasonal workers can change into the Red-White-Red Card track under specific circumstances and when fulfilling a number of criteria.

Bilateral labour migration agreements with non-EU countries

Austria's efforts to cooperate with third countries on recruitment of international talent is fairly recent and according to interviewees it is too early to assess specific outcomes.

Austria has agreed on an Comprehensive Migration and Mobility Partnership Agreement with **India**, which relates to readmission and includes information exchange on legal migration but no preferential quotas (though there is an intent to issue 800 RWR cards per year if possible as part of this partnership according to interviewees). As part of this agreement, Austria created a working holiday programme for young Indians, who can undertake short periods of fixed-term employment without a work permit during a holiday. This is a major development as it is the first comprehensive migration and mobility partnership agreement that Austria has concluded with a third-country. However the rationale behind is also to cooperate on irregular migration and return.

At the end of 2023, Austria has also signed an agreement with the **Philippines** that includes facilitating the deployment of professional and skilled Filipino workers to Austria. Austrian officials mentioned that approximately 500 Filipino workers could come to Austria per year mainly to work in engineering, IT, healthcare and tourism. The Department of Migrant Workers (DMW) of the Philippines announced to set up a Migrant Workers Office in Vienna and to appoint a Labour Attaché. Austria's Ministry of Labour and the Economy, together with the DMW also aim to develop work-based vocational training frameworks and other technical capacity-building initiatives to upgrade the skills and expertise of Filipino workers. The Philippines is the first country with which Austria has entered such an agreement covering not only cooperation on recruitment but also vocational training.

On November 10, 2022, an MoU on vocational training was signed between the **Indonesian** Ministry of Manpower and the Austrian Federal Ministry of Labour and Economy. The MoU serves as an umbrella for the development of cooperation in the field of labour migration, which includes vocational training and initiatives for the placement of Indonesian skilled workers through apprenticeships in Austria.

According to IOM, the Austrian government is in discussions with three other countries in Asia and the Middle East concerning an agreement for recruiting highly-skilled workers.

EU Talent Partnerships and EU Talent Pool

Interviewees noted that for Austria to fully implement Skills and Mobility Partnerships (e.g. under the **EU Talent Partnership framework**) with third countries it will take time. The active recruitment from third countries is still in its infancy. A recent IOM study found that although there is interest to realise Skills and Mobility type partnerships, there are also a number of barriers for their implementation (Ebner et al. 2023).

SUGGESTIONS FOR POSSIBLE FUTURE ADAPTATIONS TO LABOUR MIGRATION POLICY AND THE USE OF EXISTING PROVISIONS

Reforming a complex system to make the RWR Card more attractive

Over the past years a number of reforms have been implemented to Austria's labour migration system, notably the Red-White-Red Card and the EU Blue Card. And according to interviewees these have already introduced useful changes. Still, Austria's Court of Auditor recently recommended to simplify and introduce more flexibilities into the current labour migration system suggesting to more clearly structure the different RWR cards and to better delineate the existing versions of the card. This would include defining more clearly target groups for each variant of the RWR card and to align criteria and requirements accordingly (Österreichischer Rechnungshof 2024). Some interviewees agreed that the current system is too complex and requires employees of involved ministries and agencies to be continuously trained. They agreed that a larger reform may be necessary with a view to simplify the system, possibly with the result of removing some of the many options. Smaller-scale reforms within the system are also possible (such as lowering specific barriers and requirements, decoupling the link of the RWR Card with a specific employer and broadening the RWR Card to sector-wide or full labour market access etc.) in order to make the system more attractive.

Streamlining admission procedures

According to interviews, checking applications does take time and the AMS points out that on average they manage to keep within their time limits though some regions do better than others. The Austrian Court of Auditors recommends further increasing efficiency through establishing automated and joint systems that allow for better communication between agencies and ministries involved in the procedures. This would also simplify controlling and possibly reduce processing times.

Coordinating across stakeholders to improve foreign recruitment

The Austrian government has only recently started with more active measures to recruit third-country nationals, e.g. through the cooperation with the Austrian Federal Economic Chamber. Yet, with some priority countries Austria has an interest to improve cooperation on migration management overall, e.g. with Tunisia. Interesting countries for skills mobility include both countries from traditional skill corridors such as Albania, Kosovo and North Macedonia as well as (re-) emerging skills corridors, namely the Philippines (an MoU exists), Indonesia and Brazil. According to interviewees, such partnerships require more coordinated collaboration between different ministries and agencies within Austria with a view to ensuring that they do not exacerbate the issue of 'brain drain' in partner countries and that qualifications and skills match those needed in the Austrian labour market.

Improving procedures for the recognition of (formal) qualifications, skills and professional experience

Recognizing qualifications and skills is a major challenge due to lengthy procedures. Possible improvements include:

- Creating a database for RWR applicants' educational and professional qualifications to streamline assessment and identify required up-skilling measures.
- Involving companies in assessing whether applicants' skills meet job requirements.
- Considering practical professional experience in the RWR Card process, especially in sectors without formal training.
- Shifting focus from comparing curricula to validating skills through on-site tests and portfolio methods.
- Allowing skills recognition procedures in languages other than German.

Improving Austria's welcoming culture and fostering sustainable integration

Interviews and literature highlight that Austria could still improve its 'welcoming culture' towards labour migrants. The OECD ranks Austria relatively low in attractiveness for highly-educated foreign talent. Interviewees noted that TCN labour migrants at times face bureaucracy, scepticism, exclusion, and discrimination in the labour market. Providing more support for day-to-day integration aspects into Austrian life as well as facilitating social connections can support labour migrants and their families in settling in Austria. Language is often the key to successful integration as well as to finding employment in the first place. Enhanced and free access to (employment related) language courses (e.g. via online apps) for both labour migrants and their families would be an important measure. Making Austria more welcoming would also include providing faster and easier access to longer-term residency and citizenship, improving possibilities for family members to join.

Reviewing migration policy from a gender perspective

Most Red-White-Red Cards are issued to men, though the share of women has recently increased. Austria should investigate the reasons for this outcome and the demographic and family migration impacts. Policies, including provisions of the Red-White-Red Card and the Red-White-Red Card plus, could then be usefully adjusted with a gender perspective.



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