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**“Migration management and its linkages with economic, social and
environmental policies to the benefit of stability and security in the
OSCE region”**

**Assessment of labour market demand and supply and the linkages with migration
policy responses
Session 1**

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 - Rising demand for well-qualified workers;
 - Quality of workers as a key factor in competitiveness;
 - Austria in last place among the Organisation for Economic Co-operation and Development (OECD) countries as regards the level of qualifications of its migrants.
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 - Proposal for a future-oriented migration model

Demographic development: the indigenous population is shrinking

The demographic development in Europe has a clear message. The number of countries in which the death rate is clearly higher than the birth rate and whose indigenous population is as a result steadily decreasing is on the rise. Without immigration, by the year 2050 there will be 88 million less persons living in the European Union (EU), while at the same time the number of persons over 65 years of age will increase by about 54 million. This is leading to a shortage of younger and qualified workers, a shortage that can already be felt in certain branches and professions.

Shrinking and ageing countries, among them Austria, require a certain level of immigration in order to keep the population number, and in particular the number of persons in employment, to some degree stable. In view of these forecasts, Austria — as indeed all the countries of Western and Central Europe — should move from a defensive to a proactive migration policy.¹

Rising demand for well-qualified workers

The rising demand for skilled workers is posing a serious challenge to companies and enterprises. A survey conducted in the year 2008 came to the conclusion that 83 per cent of medium-sized enterprises were experiencing difficulties in finding well-trained personnel.² Although the number of university graduates in the areas of engineering and natural sciences is on the rise and technical courses at specialized institutions of higher learning are being expanded, one continues to observe, among other things, a persistent lack of graduate engineers.³

Skilled workers are in demand even at times of an economic downturn, and it will continue to be difficult to cover this shortage of qualified labour. For just as in times of economic prosperity not all workers profit from this favourable situation and find jobs, so too not all will be affected by an economic low. In Austria there continues to be a shortage of skilled workers at the same time that unemployment is increasing.

Quality of workers as a key factor in competitiveness

If they are to remain internationally competitive, countries with a high per capita income must step up their efforts in the areas of innovation, training and further training and modern infrastructure.⁴ Knowledge-based and export-dependant economies are reliant on

1 Rainer Münz: Migration — internationale Perspektive — Beispiele, Unterlage zur Tagung Migration-Integration, Perspektiven für eine europäische Migrationspolitik, St. Virgil, 14–15. May 2007.

2 Ernst & Young Mittelstandsbarometer 2008.

3 ibw-research brief — Edition No. 28, February 2007.

4 WIFO Weißbuch: Mehr Beschäftigung durch Wachstum auf Basis von Innovation und Qualifikation, 2006.

skilled workers⁵, since these persons represent a key factor in the country's competitive standing.

There are currently in Austria more persons employed in positions as auxiliary workers (351,000) than in positions requiring an academic background (301,600). Given the demands for higher qualifications, this situation will change in the future. For example, forecasts indicate a yearly increase of 2.2 per cent in employment in the academic field as opposed to a significantly smaller increase (0.4 per cent) for auxiliary workers.⁶

If a country is to remain internationally competitive, it must, on the one hand, see to it "internally" that the best possible conditions exist for the next generation, specifically through the education of a sufficient number of skilled workers optimally trained to meet the demands of the labour market. The other opportunity and need is for countries to enhance their attractiveness "externally" as a place of employment for top international workers and qualified specialists so as to be able to maintain their place in the face of the increasing global competition for the most talented people.

Austria in last place among the OECD countries as regards the level of qualifications of its migrants

With a figure of 16.3 per cent of its population born outside the country, Austria is characterized by a large proportion of persons having a migration background. Regarding the level of qualifications of its migrants, Austria is at the bottom of the list among the OECD countries: Only 11.3 per cent of the persons living in Austria but born abroad, the so-called "foreign born", have been educated to the tertiary level. This puts Austria in last place behind Poland (11.9 per cent), Italy (12.2 per cent) and the Czech Republic (12.8 per cent).

Given the demographic trend and the increasing demand for skilled labour, the question ought not to be "What should we do to curb immigration in the future?" but rather "What must we do in order to encourage well-educated persons required in the labour market to migrate to our country and, by so doing, to contribute to economic growth and the creation of new jobs?"

International best practice examples

Today, highly skilled, ambitious men and women frequently bypass Austria and Europe and migrate to countries such as Canada, Australia or the United States of America. A key factor here is that these countries view themselves as countries of immigration and tailor their migration and integration strategies accordingly.

These countries use a point system in which it can be determined on the basis of prescribed criteria (education, professional experience, linguistic skills, etc.) what may be expected of immigrants in terms of qualifications, characteristics and other preconditions. In this way, one gains a high degree of transparency both for the potential immigrants and for

5 Günther Schultze: Einwanderungsland ohne Einwanderungspolitik — Chancen einer gesteuerten Zuwanderung nach Deutschland, WISO direkt 12/07.

6 WIFO Mittelfristige Beschäftigungsprognose für Österreich und die Bundesländer — Berufliche und Sektorale Änderungen 2006 bis 2012, 2007.

the host society. Because of these clear arrangements, political decision-makers are able to communicate in relatively simple terms to their citizens the scale of labour migration and the direction of immigration policy.⁷

The migration model should be flexible and take into account labour market demand.

A successful migration model is one that takes into account the labour market requirements and adapts itself quickly to changing conditions in that market. We had, for example, in Austria a situation when in the European labour market there were no longer any welders available. Despite this, entrepreneurs who found suitable welders in Bosnia were unable to employ them since, apart from the *Schlüsselkraftregelung* (Regulations concerning Critical Workers), there was no way of bringing these persons to Austria. The necessary minimum wage of 2,358 euros⁸ required for key or critical workers can in many cases not be met in the case of skilled labourers. A future immigration model should therefore create flexible arrangements for admitting to Austria persons with the qualifications required in the labour market.

How is labour market demand to be determined?

This can be done, on the one hand, through forecasts regarding qualification requirements in the future. These forecasts provide important indicators to guide the strategic orientation of the training and labour market policy, in addition to being of great relevance for migration policy-making.

Another instrument for use in this area involves lists of professions in particular demand, such as those used, for example, by Australia in the form of the Skilled Occupation List (SOL) as part of the General Skilled Migration Programme. These lists refer to professions such as accountants, engineers, health professionals, etc.

Within the so-called *Fachkräfteverordnung* (Regulations governing Skilled Workers), Austria has for a year now been making use of a *Mangelberufsliste* (list of hard-to-fill professions) for use in employing new EU citizens. By comparing the available positions reported to the Austrian Labour Market Service (AMS) with persons registered as unemployed according to professional categories we are able to gain an insight into the current situation in the labour market. If not more than 1.5 unemployed persons per reported available position are on file with the AMS, this is regarded as a hard-to-fill profession.

These hard-to-fill professions are specifically dealt with by the Administrative Council of the Labour Market Service, and a proposal for new professions of this kind is submitted to the responsible minister. Employers, employees and the government are represented in the AMS Administrative Council. In this way, the involvement of the social partners is ensured.

7 Steinhardt, M. Die Steuerung der Arbeitsmigration im Zuwanderungsgesetz — eine kritische Bestandsaufnahme aus ökonomischer Sicht, HWWI Policy Papier 32, 2007.

8 The critical workers system is particularly concerned with persons having a higher education or training in particular demand in the Austrian labour market.

Our proposal for a future-oriented migration model

Together with the Association of Industrialists (IV) and the International Organization for Migration (IOM), the Austrian Federal Economic Chamber has developed a proposal for a future-oriented migration model. The core of the new immigration model is a transparent point system that would regulate immigration to Austria according to objective criteria. This criteria-oriented point system is based essentially on the needs of the labour market, is extremely flexible and makes it possible, through appropriate adaptation, to respond rapidly to changing demands in that market. The aim of this model is to motivate highly skilled persons from third countries to move to Austria.

The point system is an integral part of an overall model in which such aspects as, for example, the information policy even in the country of origin, an improved recognition of qualifications and or stepped-up measures in the area of integration are taken into account.

In devising this model, we have closely studied examples of international best practice and have drawn in particular on the experience of such countries as Canada, Australia, New Zealand and Great Britain. We do not believe, however, that it would be useful to transfer in total a functioning model from another country to Austria, considering that the actual situation in each specific country should in all cases be taken into account.

The current government programme calls for the creation of a so-called red-white-red card, marking a shift towards a criteria-based immigration model. The relevant parameters of this model are being formulated at this time by a commission, in which, among others, the social partners and the Association of Industrialists are represented. The necessary discussions are to begin shortly, and the Austrian Federal Economic Chamber is looking forward to being able to present to this commission its recommendations for a future-oriented immigration model.