

EMN Study Labour Migration in Times of Labour Shortages in Austria

SUMMARY

Labour shortages and labour migration

In 2024 there were on average 174,000 job vacancies in Austria. This makes Austria one of the countries with the highest rate of job vacancies in the EU. Occupations with higher and lower qualifications are affected by labour shortages. The Austria-wide survey of companies on labour and skills shortages/demands from 2024 indicated that the tourism and leisure industry, trade and manual occupations, and transport and haulage are particularly difficult sectors in terms of recruitment.

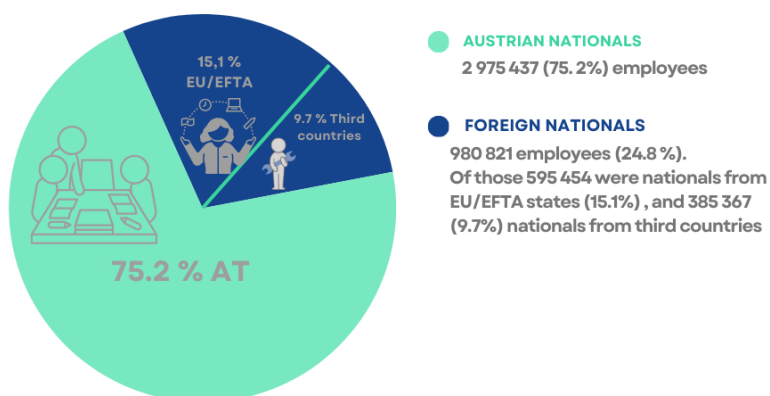
The issue of labour shortage has been debated in Austria since the early 2000s, with the importance of labour migration increasingly being reflected in these debates. In a 2024 survey by IPSOS 42 per cent of the respondents saw a very high or high need to increase Austria's attractiveness as a destination country for qualified workers from abroad.

Employment of foreign nationals

One quarter of employees in Austria in 2023 were foreign nationals, of which the share of third country nationals was 40 per cent and the share of nationals from EU/EFTA States was 60 per cent.

Since 2021, the supply of workers with Austrian citizenship has been declining sharply. Since then, the expansion of the labour supply has been entirely driven by foreign workers. This means that the decline in the number of domestic workers active on the labour market

has been offset by labour migration from EU/EFTA States and third countries. Given the EU-wide demographic ageing, it can be assumed that the contribution of immigration to the labour supply, based on free movement from the EU/EFTA, will decrease.



Austria's labour migration system

Austria's labour migration system is a demand-driven system. Access to the Austrian labour market is subject to the requirement of an employment contract, labour market tests are conducted, and no permanent residence permits are issued from the outset.

With the Red-White-Red Card (RWR Card) as its key instrument, the Austrian system is primarily aimed at (highly) skilled labour migrants. Lower-skilled immigration is possible on a limited temporary basis under a seasonal worker scheme.

Red-White-Red Card

A Red-White-Red Card (RWR Card) can be issued for various categories of workers. With the exception of categories that fall under self-employment, the issuing of a RWR Card requires a specific job offer for the worker. Workers must reapply if they want to change employer.

A distinction must be made between two types of RWR Cards: The first type involves criteria-based immigration for skilled workers from third countries, for which a points system is used. To this end, criteria such as age, language skills, previous professional experience, and education and training are evaluated. This criteria-based RWR Card covers four groups of workers (very highly qualified workers, skilled workers in shortage occupations,

other key workers, start-up founders). The second type of RWR Card does not involve a points system and applies to three groups of people (graduates of Austrian universities, regular workers with an A1 level of German who have been in seasonal employment in the past two years and have prospects of a permanent employment contract with their employer, self-employed key workers who have investment capital or will create jobs and provide an overall economic benefit).

Family members of RWR Card holders can apply for an RWR Card Plus, which provides them with free access to the Austrian labour market. In this respect, the family members of recruited skilled workers from third countries enjoy a more generous access to the labour market than the skilled workers themselves, as they are not tied to an employer.

For the period 2021–2023 the top residence permits issued for the settlement of third-country nationals for the purpose of gainful employment were RWR Cards for skilled workers in shortage occupations and for other key workers. Other numerically relevant paths to access the labour market in Austria have been via a settlement permit for researchers, and via the EU's Blue Card. There are also visas for gainful employment purposes, which are issued to seasonal workers.

Legal and policy developments in the field of labour migration

Austria has taken a proactive strategic approach to recruiting workers from countries outside the European Union, particularly since 2022 onwards.

A key development for the period studied, was the reform of the RWR Card in 2022 and 2023, aiming to address the shortage of skilled workers. As part of the reform the Austrian Business Agency's WORK in AUSTRIA unit was enshrined in law as a RWR Card service centre. Acting as an interface connecting recruitment agencies, companies and foreign skilled workers, the centre is regarded as a good practice example by experts interviewed for the study. Another key development with regard to recruitment from third countries was the liberalization of private employment agencies in 2022.

In 2022 the Federal Economic Chamber also established the International Skilled Workers Initiative, which has been incorporated into the national strategy for skilled labour migration. Its key focus areas include skills assessment and qualification measures, recruitment from countries outside the European Union, as well as improving public image and communication. Twelve jobs that are particularly affected by labour shortage, in the fields of IT, manual labour, electronics, the care sector and tourism were chosen as its focus occupations. Albania, Brazil, Indonesia, the Philippines and Kosovo* were chosen as focus countries for this initiative, and India was later included too. Related to this initiative, Austria entered several bilateral, legally non-binding Memoranda of Understanding, including with India, the Philippines, and Indonesia, that among other issues aimed at the facilitation of the recruitment of labour.

At the end of 2023, a Strategy Committee for International Skilled Labour was eventually established. Administrative changes have also facilitated the recruitment of international talent, including the digitalization of application procedures in the area of residence and settlement.

Lessons learned and challenges in terms of recruitment of labour force from third countries

Successful recruitment from abroad relies on close cooperation with countries of origin, counselling services and liberal labour market access regulations for the family members of recruited workers, experts interviewed for the study underlined. In addition to a whole-of-government approach, also a comprehensive approach that encompasses a range of steps from promoting the host country to providing support for workers, who have already been recruited, was identified as essential for effective recruitment and the ability to retain workers.

Whilst Austria has recently started the development of pre-check registers to facilitate recognition processes, recognition of foreign qualifications remains, among other issues, a challenge. Differences between education and vocational training systems in third countries and in Austria make it difficult to assess the comparability of qualifications. Austria's federal structure, moreover, leads to intra-country differences in regulating and processing the recognition of qualifications, which adds to the complexity of the recognition system.

*The reference to Kosovo shall be understood to be in the context of United Nations Security Council resolution 1244 (1999).