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AK Position Paper

European employment initiative for the integration of refugees into the labour market

About us

The Austrian Federal Chamber of Labour is by law representing the interests of about 3.4 million employees and consumers in Austria. It acts for the interests of its members in fields of social-, educational-, economical-, and consumer issues both on the national and on the EU-level in Brussels. Furthermore the Austrian Federal Chamber of Labour is a part of the Austrian social partnership. The Austrian Federal Chamber of Labour is registered at the EU Transparency Register under the number 23869471911-54.

The AK EUROPA office in Brussels was established in 1991 to bring forward the interests of all its members directly vis-à-vis the European Institutions.

Organisation and Tasks of the Austrian Federal Chamber of Labour

The Austrian Federal Chamber of Labour is the umbrella organisation of the nine regional Chambers of Labour in Austria, which have together the statutory mandate to represent the interests of their members.

The Chambers of Labour provide their members a broad range of services, including for instance advice on matters of labour law, consumer rights, social insurance and educational matters.

More than three quarters of the 2 million member-consultations carried out each year concern labour-, social insurance- and insolvency law. Furthermore the Austrian Federal Chamber of Labour makes use of its vested right to state its opinion in the legislation process of the European Union and in Austria in order to shape the interests of the employees and consumers towards the legislator.

All Austrian employees are subject to compulsory membership. The member fee is determined by law and is amounting to 0.5% of the members' gross wages or salaries (up to the social security payroll tax cap maximum). 560.000 - amongst others unemployed, persons on maternity (paternity) leave, community and military service - of the 3.4 million members are exempt from subscription payment, but are entitled to all services provided by the Austrian Federal Chambers of Labour.

Rudi Kaske
President

Werner Muhm
Director

The AK's position in detail

European employment policy is currently facing a number of major challenges, including the urgent need to combat the high level of unemployment in the EU effectively. Given the high number of asylum seekers and people granted asylum in the EU, the integration of refugees into the labour market is furthermore of particular importance. To integrate people arriving here into the labour market is necessary and sensible, not only from the perspective of individuals concerned, but also from a societal and economic point of view, because it is an essential part of participation in society and also of great economic importance. The Austrian Federal Chamber of Labour (AK) is convinced that this challenge can only be met with more financial means.

In the view of the AK, a **European employment initiative** aimed at the **integration of refugees into the labor market** is necessary. That would have European added value, which the EU has always considered to be central to the allocation of funds. Since the **European Social Fund (ESF)** is already underfunded, that would require an **increase in the ESF budget**. Fair sharing of the financial burden is an important means of ensuring that the European Union is also regarded by the population as a solidarity-based community. Furthermore, the AK has repeatedly called for a general increase in the ESF funds in order to orient the EU budget more strongly towards the social challenges of the EU.

A European employment initiative for the labour market integration of refugees

In connection with the current challenge of migration to the EU of a particularly large scale, additional funds have been allocated for different purposes within the EU budget, including an increase in the funding of the Asylum, Migration and Integration Fund (AMIF). However, that fund is not primarily aimed at integration into the labour market. An increase in ESF funds – the EU instrument that specifically targets integration into the labour market and social inclusion – has, however, thus far not been realized.

With regard to the increased use of the ESF in connection with the integration of refugees, the European Commission is currently thinking along the lines of the reallocation of existing resources within the European Social Fund. Each Member State may revise its planning for the current programming period running until 2020 and give greater consideration to this priority in the scope of the operational programmes. That form of flexibility, however, is far from sufficient given the current needs and emerging costs. The current ESF funds are already way too low in the face of the crisis-related rise in unemployment in Europe. Since there are numerous labour market challenges, for which ESF resources are already planned and are required in the programming period lasting until 2020, **a sufficient increase in the ESF budget**

as part of a new European employment initiative for the labour market integration of refugees is urgently required.

In order to contribute to addressing the challenges of the refugee movements, the AK proposes **increasing the ESF budget by at least EUR 10 billion** for the **labour market integration of refugees** in the scope of a new employment initiative.

Financing model for the labour market integration of roughly one million people

The great need for additional funds for integration is evident alone from the fact that, according to Eurostat, 1.3 million people made applications for asylum in the EU in 2015. In 2014, 630,000 people applied for asylum, which means that some two million people have sought protection in the EU in this period. It is not possible to reliably predict how many people will apply for asylum in the EU this year and in the coming years.

It follows that there is an urgent need to integrate these persons into the labour market. A European employment initiative for the labour market integration of refugees can play an important part in that regard. By **increasing the ESF funds by EUR 10 billion**, as part of an employment initiative for the labour market integration of refugees, the necessary **measures for the labour market integration of roughly one million people** could be funded.

The ESF can (co-)finance measures for the integration into the labour market and the social inclusion of refugees. People grant-

ed asylum have full access to support through the ESF, for asylum seekers there exist different possibilities to benefit from ESF-funded projects. Currently, for example, the ESF co-finance German courses for people granted asylum in Vienna. Language courses are necessary for lasting integration. However, afterwards there also need to be possibilities for the adaptation and recognition of qualifications that refugees already have, as well as for attaining educational qualifications, initial training and retraining. In addition, there is a need for means of subsistence during training. On the basis of calculations for Austria, an amount of approximately EUR 10,000 to 12,000 per person on average should be anticipated. That means an additional need for financial resources in the amount of EUR 10–12 billion.

The **criteria for allocation of funds** are also an important issue at the European level. The funds must not be distributed in accordance with the usual ESF allocation key (level of unemployment, ...). Owing to the special nature of this challenge, key indicators should include the number of **asylum seekers and persons granted asylum that have been accepted by the given Member State** and the **form and quality of the proposed labour market measures**.

To facilitate the effective use of the employment initiative, we propose a **reduced co-financing requirement of 15% for Member States**. Increasing the ESF funds by EUR 10 billion in the scope of an employment initiative would create a national co-financing requirement of EUR 1.5 billion for Member States. In total, at full utilisation, EUR 11.5 billion would be available for labour market integration measures.

In any case, all funds in the scope of the employment initiative, EU funds and national co-financing, must be excluded from the **calculation of the structural budget deficit**.

Reference points for implementation of the proposed employment initiative

The example of the employment initiative for young people shows that an increase in the ESF budget is possible. Extra funding in the amount of EUR 3 billion for the European Social Fund was budgeted for the youth employment initiative, and a further EUR 3 billion was allocated directly from the ESF for that purpose. The distribution criteria do not meet the usual ESF criteria in the case of the youth employment initiative either.

A European employment initiative to integrate refugees into the labour market would have European added value, which the EU has always considered central to the distribution of funds and also ensure that those Member States that make a special effort in the reception of refugees and their integration into the labour market benefit particularly from European support.

Should you have any further questions
please do not hesitate to contact

Christa Schlager

T: +43 (0) 1 501 65 2430
christa.schlager@akwien.at

Silvia Hofbauer

T: + 43 (0) 1 501 65 2643
silvia.hofbauer@akwien.at

Nikolai Soukup

T: +43 (0) 1 501 65 2159
nikolai.soukup@akwien.at

and

Christof Cesnovar

(in our Brussels Office)
T +32 (0) 2 230 62 54
christof.cesnovar@akeuropa.eu

Bundesarbeitskammer Österreich

Prinz-Eugen-Straße 20-22
1040 Vienna, Austria
T +43 (0) 1 501 65-0

AK EUROPA

Permanent Representation of Austria to the EU
Avenue de Cortenbergh 30
1040 Brussels, Belgium
T +32 (0) 2 230 62 54
F +32 (0) 2 230 29 73