

Spotlight on Borders

Insights from the Austrian-German border

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Key points:

- ❑ The borders between two EU member states sharing a currency and language can be thin due to EU integration and transnational interdependence.
- ❑ Differences in size of the countries matters for flows of trade and populations across the border.
- ❑ Bilateral cross-border agreements between Austria and Germany or between Austria and Bavaria have been supplanted by EU regulations, e.g. regarding work permits and the mobility of persons.
- ❑ EU regulations regarding the coordination of social security systems reduce barriers to cross-border mobility and ensure the transferability of entitlements.

The border between Austria and Germany separates two EU member states sharing the same currency and customs union, as well as a common travel area. Austria's accession to the Schengen area took place in 1995, and passport controls were abolished when the agreement entered force in 1997. Language does not form a barrier between Austrians and Germans despite the existing differences in spoken word and culture. The physical border that Germany shares with Austria is predominantly in the German Land of Bavaria which has more inhabitants (12.4m in 2011) than Austria in total (8.4m in 2011). In addition to intergovernmental relations between the national governments, cooperation between Bavaria and Austria dates back to the 1950s.

The case of the German-Austrian border sheds light on how thin a border between two independent nation-states can be if language, currency and EU membership are shared. International agreements between Austria and Germany further cover areas of taxation ('Double-taxation agreement') and police cooperation. Differences between the two states remain with regard to taxes or salaries with potential impact on cross-border movements, trade and cross-border cooperation.

PEOPLE: CROSSING THE BORDER FOR WORK

As EU citizens, people from Germany and Austria have the right to live and work on both sides of the border. People who reside in one country but work in the other are called *frontier workers*. In the Austrian-German case a 30 km distance of the workplace from the actual border and an obligation to return home on a daily basis applies in order to be regarded as frontier worker. More Germans are frontier workers in Austria than the other way round. Between Bavaria and Salzburg alone, approx. 4.000 Germans and 2.000 Austrians commute every day.

Mobility and migration

- In 2012, around 18,000 people left Austria for Germany and 20,000 moved from Germany to Austria. With respect to nationality, more Germans left for Austria than Austrians for Germany.
- Over 150,000 Germans lived in Austria in 2012, with numbers having almost doubled over the last ten years. Germans represent the biggest group of foreign citizens in Austria.
- Approx. 30,000 German students were enrolled in Austrian universities in 2013, escaping the *numerous clauses* that restrict access to certain subjects (e.g., biology, business, law or psychology) at German universities.

- ❑ **Frontier workers**, like all EU/EEA migrant workers, are entitled to equality of treatment in employment rights, working conditions, and employment-related benefits, with the same social protection and tax advantages as national workers. Depending on the matter, social protection falls either under the regulation of the country of residence or of the workplace.
- ❑ Regarding **health care services**, frontier workers will be registered by their employers in the country where they are employed. On request, health care services can be received in the country of residence with the respective Austrian and German insurance companies coordinating the payments.
- ❑ Under EU regulations, frontier workers generally receive social security entitlements based on the system of their country of employment. **Maternity or sickness benefits** are the responsibility of the country in which a person works. Regarding **unemployment benefits**, the responsibility lies with the country of residence, but payments into insurance systems and length of employment in other member states are taken into account for calculating the actual benefits.
- ❑ In the case of families where both parents work but only one parent is a frontier worker, the country of the family's residence is usually responsible for paying **family benefits**, but the family may be entitled to a supplement so that the total amount of family benefits is equal to the highest benefits available. If both parents are frontier workers or if only one parent works, family benefits are the responsibility of the country of employment.
- ❑ Frontier workers are usually only liable for paying taxes in one country. Germany and Austria have a **double taxation agreement** such that cross-border workers pay taxes in the country of residence. German frontier workers in Austria are subject to limited income taxation, except those working in the Austrian public service. Taxes paid in Austria are taken into account by the German tax authorities and vice versa.

Understanding the rights and responsibilities conferred by EU regulations and national laws can be difficult for citizens and employers. The European job mobility portal (EURES) supports job centres in the border region to provide information for workers.

TRADE AND SERVICES ACROSS THE BORDER

Germany and Austria share strong economic ties. Germany is the top destination for Austrian exports (in 2013: 30.5% of all exports) and the first country of origin of imported goods (37.3% of imports). In comparison, Austria is the 6th biggest destination for German exports and 10th of countries of origin for imported goods to Germany.

Amongst **traded goods**, machines and vehicles rank on top of the list for Austrian imports and exports, followed by processed goods and chemicals. Trade with Bavaria is more diversified: While automobiles and vehicles from Bavaria formed 26.4% of all imports in 2010, Austrian exports to Bavaria were led by data processing devices and electronics (15.4%) followed closely by machines (15.4%) and automobiles (12.3%).

Leisure and Business Tourism plays an important role, albeit tourist trade is unevenly distributed. Almost half of the foreign visitors to Austria come from Germany every year (in 2013: 11.8 million), with Austrians ranking 5th in the list of countries of origin of foreign overnight visitors to Germany (3.4 million in 2013).

Regarding the provision of **services across the border**, the *EU directive on the recognition of professional qualifications* which entered force in 2007 has made it easier for German labourers and tradesmen to offer their work in Austria. For professions regulated in Austria, a German tradesman needs to obtain a formal notification from the Austrian authority confirming his qualifications and experience in the particular profession.

CROSS-BORDER COOPERATION AND INTERGOVERNMENTAL RELATIONS

In the main, German-Austrian cooperation takes place at the EU level as part of the broader process of European integration and governance. Cooperation across the border also takes the form of agreements between the Austrian and German state, and the Austrian and Bavarian governments.

Cooperation between the Austrian and German police was first based on bilateral agreement before in 2005 the Treaty of Prüm was signed by several European countries within the Schengen area. The treaty deepens **cross-border cooperation of the police** in the prosecution of crime and the fight against terrorism. It ensures sharing of DNA-files and opens the possibility of joint operations in the border region or for major events such as the European championship of 2008.

Case study: Hydro-power across the border

- An early example of cross-border cooperation was the *Österreichisch-Bayerische Kraftwerke* (ÖBK), set up in 1950 to produce **hydro-electricity drawn from the rivers crossing the border**.
- In 1959, the two governments agreed that work permits would be granted without restrictions to Austrians and Germans working for ÖBK.
- Today, the 'Verbund AG' – Austria's biggest electricity producer – owns the ÖBK. One of its daughter companies – Grenzkraftwerke Ltd. – is responsible for running the hydropower station along the cross-border rivers, while cross-border mobility is now regulated by EU laws.

International Bodensee Conference


The 'International Bodensee Conference' is a cooperation body, founded in 1972, between the Austrian Land Vorarlberg and two German Länder, Baden-Württemberg and Bavaria, together with several Swiss cantons and the Principality of Liechtenstein.

Originally focused on cross-border environmental issues, the body now consists of an operational committee and seven commissions addressing tourism and economic integration, research and education, transportation, sustainability and environmental protection, and the provision of health services.

Supported by EU funds for regional cooperation and the Swiss Confederation, the IBC supports cross-border networks of artists, exchange schemes for students and apprentices, and a cross-border university network comprising 30 universities from the four countries.

Conclusions:

- ❑ Differences in size matter for migration shares and trade relations. As the smaller partner, Austria's economy is more dependent on trade with Germany. At the same time, higher numbers of German commuters and migrants leave a greater impact and contribution in Austria than vice versa.
- ❑ There are no significant barriers to trade and mobility between Germany and Austria, as a result of European integration, a shared currency and shared language.
- ❑ Governments have a role to play in ensuring citizens and businesses are informed of their rights and responsibilities when crossing borders.

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