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Poverty of immigrants in Liechtenstein

A Study of National Policies

Liechtenstein

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Poverty of immigrants in Liechtenstein

A Study of National Policies

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COUNTRY REPORT - LIECHTENSTEIN

Table of Contents

1. Introduction	5
1.1. The national legal architecture of Liechtenstein.....	5
1.2. Legal framework of Liechtenstein in the context of immigration	6
1.2.1 Asylum seekers: Liechtenstein's obligations as member of the WTO and the UN	7
1.2.2 EEA citizens: Liechtenstein's immigration policy as a EEA member state.....	9
1.2.3 Swiss and third country citizens: Liechtenstein and immigrants from non EEA countries	11
1.3. Current migration status in Liechtenstein	12
1.3.1 Regular / irregular immigration in Liechtenstein	12
1.3.2 Immigration and Liechtenstein's economy	13
1.3.3 Consequences of Liechtenstein's immigration regulation	15
2. Immigration and poverty: how are they linked?.....	16
2.1. Employment rate within immigrants.....	16
2.2. National income per inhabitant	18
2.3. Unemployment rate of immigrants.....	18
2.4. Immigrants in different job sectors	19
2.5. Conclusions.....	20
3. Social welfare system in Liechtenstein.....	22
3.1. Unemployment insurance (ALV).....	24
3.2. Pension insurance	25
3.3. Invalidity insurance (IV)	27
3.4. Social welfare benefit (ASH).....	27
3.5. School systems	29
3.6. Conclusions.....	31
4. Outlook	33
ANNEX 1: Figures	35
ANNEX 2: Tables	35
ANNEX 3: Abbreviations	36
ANNEX 4: Definitions of terms.....	37
ANNEX 5: References and Links.....	38

1. Introduction

1.1. The national legal architecture of Liechtenstein

In examining the position of immigrants in Liechtenstein in respect of poverty and social inclusion, it is helpful to understand the specific situation of a very small country, economically well established and extremely dependent on foreign labour forces.

The Principality of Liechtenstein is one of the smallest countries in Europe, with only 36,000 inhabitants. It lies embedded between Switzerland and Austria and its history goes back to the beginning of the 18th century, being for many decades part of the Holy Roman Empire. Liechtenstein has been an independent country since 1806. The current constitution, first approved on 5 October 1921, defines Liechtenstein as “a constitutional, hereditary monarchy on a democratic and parliamentary basis”¹ where “the power of the State is embodied in the Reigning Prince and the People”². This means that political power is shared equally between the elected parliament/the people and the monarch. However, the Prince must approve every law and financial resolution in order for it to attain legal force³. If the Prince does not give his approval within six months, the relevant act is considered to have been refused. Thus it cannot enter into force. Liechtenstein law is significantly influenced by Swiss and Austrian law – the two neighbouring countries.

Art. 45 of the Constitution states that the Parliament (Landtag) is the “legal organ which represents and asserts the rights and interests of the people in relation to the government in accordance with the constitution”⁴. The parliament is made up of 25 elected members, 15 from the “upper country” (Oberland - the southern part of Liechtenstein) and 10 from the “lower country” (Unterland - the northern part); they are elected for a period of four years. In respect of international relations, Parliament is not allowed to amend a treaty which has already been signed by the government; it can however accept or reject it in total. In addition, the people have the direct democratic rights of initiative and referendum, including the referendum on international treaties. New laws, and amendments to laws and the constitution, therefore, can also be initiated and decided on by the people in a popular vote.

The members of the government are selected on the recommendation of the Parliament and are appointed by the reigning Prince. The government consists of five members, one of them being the Prime Minister, who has to countersign the laws and financial resolutions which have passed the parliament and have been signed by the reigning Prince⁵.

The legal system is dual. On the one hand, criminal and civil law is handled by the Princely Ordinary Courts (Landgericht); appeals from first instance are treated by the

¹ Art. 2 of the Constitution of the Principality of Liechtenstein: <http://www.llv.li/verfassung-e-01-02-09.doc.pdf>. Verfassung des Fürstentums Liechtenstein vom 5. Oktober 1921 (LV), LGBl. 192, no. 15.

² Art. 2 of the Constitution.

³ Art. 9 of the Constitution.

⁴ Art. 45 of the Constitution.

⁵ Constitution of the Principality of Liechtenstein, source: <http://www.llv.li/verfassung-e-01-02-09.doc.pdf>

Princely Upper Court (Obergericht), and ultimately by the Princely High Court (Oberster Gerichtshof). In cases of dispute between citizens and organs of the state, the Administration Court (Verwaltungsgericht) and the Constitutional Court (Staatsgerichtshof) act as the relevant courts of law.

The legal system requires that all laws must be in conformity with the constitution and with relevant international treaties. Article 104 §1 of the constitution requires that a Constitutional Court be established as a court of public law to protect the rights guaranteed by the Constitution, to decide in conflicts of jurisdiction between the Courts and the administrative authorities, and to act as a disciplinary court for the Ministers. Art. 104 §2 states that the Constitutional Court shall have jurisdiction to review the constitutionality of laws and international treaties and the legality of Government ordinances; in such matters, it may declare their annulment.

As a small country with a strong international orientation, Liechtenstein relies on stable and predictable international rules. Liechtenstein is thus a member of important international and multilateral organizations and a signatory to international agreements, the most important of which are detailed below. Liechtenstein:

- became a party to the Statute of the International Court of Justice in 1950,
- signed the Helsinki Final Act of the CSCE (now OSCE) in 1975,
- joined the Council of Europe in 1978,
- was admitted to the United Nations (UN) in 1990,
- joined the European Free Trade Association (EFTA) as a full member in 1991,
- has been a member of the European Economic Area (EEA) since 1995,
- joined the World Trade Organization in 1995.

From the perspective of economic and integration policy, Liechtenstein's relations within the framework of the EEA and the EU play an important role in Liechtenstein's foreign policy. Regarding the adoption of international law, Liechtenstein follows a monist approach.

1.2. Legal framework of Liechtenstein in the context of immigration

With the exception of tourist visits not longer than 3 months, any stay in Liechtenstein requires a permit. The legal framework distinguishes four types of foreign citizens when a residence permit is applied for:

- Asylum seekers, who enjoy only temporary status and are ruled by special international agreements (see point 1.2.1)
- Citizens from the European Economic Area (EEA), who have the right to reside in Liechtenstein subject only to the quotas set out in a bilateral agreement (see point 1.2.2)
- Citizens from Switzerland, on the basis of a bilateral agreement between Liechtenstein and Switzerland (see point 1.2.3)
- Third country citizens (see point 1.2.3).

Applications for residence permits for the purpose of work and for the purpose of residence without work must be directed to the Office for Foreigners and Passports (Ausländer- und Passamt, APA)⁶, which passes the requests to the Liechtenstein government for decision taking on a regular basis.

Over the last four years the trend in immigration based on the various admission types of application presents a stable picture. Most permits were granted based on family reunion. This is strongly linked to the first applicant who claimed residence based on a working contract, as can be seen from the following table.

Immigrants in Liechtenstein from 2008 - 2011 based on the majority of admissions				
	2008	2009	2010	2011
Switzerland	118	121	97	110
EEA	241	203	237	291
Total immigrants without EEA and Switzerland	58	92	97	87
Total	417	416	431	488
of which				
residence permit due to working contract based on an employed or self-employed basis	112	102	123	120
residence permit due to family reunion	260	253	270	310
residence permit due to other admissions*	45	61	38	58

* other admissions e.g. status of recognised refugees, long-term residence permit, etc.

Table 1: Immigrants in Liechtenstein based on admission⁷

1.2.1 Asylum seekers: Liechtenstein's obligations as a member of the WTO and the UN

Contractual commitments stem from the obligations in the WTO agreement and from the signing of the Geneva Convention on Refugees (GCR). In the time period from 2001 to 2010 only five residence permits were given to working persons based on the WTO agreement (persons working for an international firm with a subsidiary in Liechtenstein). In respect of the WTO agreement, the historical trend shows a very low relevance to the question of the poverty of immigrants in Liechtenstein as the permits are linked to a contractual employment of the relevant person in a leading position. As a result, this report will not further reference aspects of immigration based on the WTO agreement.

Regarding the Geneva Convention on Refugees (Liechtenstein signed the Convention in 1957)⁸, in recent years Liechtenstein had a very low number of asylum seekers with refugee status. In 2011 there were two asylum seekers with the official status of refugee in Liechtenstein (official data for 2012 is not yet available).

⁶ Source: <http://www.llv.li/amtstellen/llv-apa-home.htm>

⁷ Source: Figures 2012 for the permanent resident population are based on the preliminary conclusion of the Migration statistic Liechtenstein 2012.

⁸ Source : http://www.unhcr.ch/fileadmin/rechtsinfos/fluechtlingsrecht/1_international/1_1_voelkerrecht/1_1_1/FR_in_t_vr_GFK-Liste_Vertragsstaaten.pdf

The following table shows the trend in numbers of asylum seekers in Liechtenstein from 2008 to 2012.⁹

year	asylum seekers and persons with provisional admittance as of 01.01.	applications for asylum	asylum seekers disposals	asylum seekers and persons with provisional admittance as of 31.12.	permanent resident population
2008	14	26	25	15	35,589
2009	15	294	261	48	35,894
2010	48	113	116	45	36,149
2011	45	75	72	48	36,475
2012	48	74	91	33	36,842

Table 2: Asylum seekers in Liechtenstein 2008 - 2012¹⁰

The large number of applications for asylum in 2009 and 2010 was based on the crises in Somalia and Eritrea. The high number of arbitrary arrests and imprisonments as well as the widespread use of torture and ill-treatment, led to a human rights crisis in these countries followed by an increasing number of citizens leaving these countries and seeking asylum elsewhere. Details on applications for asylum in the year 2012 are given in the following table:

Applications for asylum 2012 in detail			
	male	female	total
Afghanistan	3		3
Albania	1		1
Algeria	2		2
Armenia	4	1	5
Bosnien - Herzegovina	8	6	14
Georgia	1		1
Iraq	1		1
Kosovo	2		2
Croatia	2		2
Macedonia	2		2
Mongolia	1		1
The Netherlands	1		1
Nigeria	1		1
Pakistan	1		1
Romania	1		1
Russia	8	4	12
Serbia	5	7	12
Stateless	1		1
Syria	1		1
Turkey	1		1
Ukraine	5	4	9
Total	52	22	74

Table 3: Application for asylum in Liechtenstein 2012 based on gender and home country¹¹

⁹ Source: Migration statistics Liechtenstein 2011 with additional data from the Office for Migration and Passports. <http://www.llv.li/amtsstellen/llv-as-bevoelkerung/llv-as-bevoelkerung-migrationsstatistik.htm>

¹⁰ Source: Figures 2012 for the permanent resident population are based on the preliminary conclusion of the Migration statistics Liechtenstein 2012.

Liechtenstein's legal structure provides social support to asylum seekers based on the asylum law (AsylG)¹². The level of social benefits based on the AsylG is basically lower than what is possible under the law on social assistance (Sozialhilfegesetz, SHG), which is only applicable to deprived persons who have their regular residence, based on a residence permit, in Liechtenstein. Art. 23 of the AsylG states the obligation on asylum seekers to manage to support themselves during their legal procedures. Nevertheless, the AsylG entitles asylum seekers to social benefits in various forms. Art. 54 of the AsylG grants coupons for food and Art. 55 of the AsylG provides for the payment of the costs of social insurance by the state.¹³ Finally, it can be said that for asylum seekers in Liechtenstein, the social welfare system provides sufficient social benefits to ensure a financially dignified standard of living during the asylum procedure. This report will not focus on the aspects of poverty in the area of asylum seekers as their status is limited in time and ends up either in an official immigration with a residence permit or an expulsion from the country.

1.2.2 EEA citizens: Liechtenstein's immigration policy as an EEA member state

Considering Protocol 15 to the EEA Agreement, Liechtenstein was able to negotiate a special regulation in the area of immigration compared to other EEA member states. This allowed Liechtenstein to maintain its very restrictive immigration policy from 1960 until 1998. In 1995 the EEA Council endorsed the argument that Liechtenstein faces a very special situation due to its geographical location and its small size and high percentage of foreigners living in the country. Finally, in 1999, Liechtenstein was able to establish the so-called "special immigration regulation" in place of the standard EEA freedom of movement agreement.¹⁴ This special immigration regulation entered into force in June 2000. In the context of the EU enlargement in 2004, Liechtenstein was able to establish a more or less permanent status of the special immigration regulation.¹⁵ This means that the special immigration regulation has no automatic end but has to be verified every five years by the EEA as well as by the EFTA Surveillance Authority. The first review, theoretically, was scheduled for 2009, but there is no indication that it has definitely taken place.¹⁶

The main instrument of this special immigration regulation is basically a linkage between the right of residence in the Principality of Liechtenstein with the requirement of a residence permit for EU/EEA citizens. Coincident with the special immigration regulation there were binding requirements regarding the number of residence permits and the procurement procedures given by the EEA to Liechtenstein. The rules for calculating the numbers of residence permits to EU/EEA citizens are given and binding

¹¹ Source: Figures 2012 for the permanent resident population are based on the preliminary conclusion of the Migration statistic Liechtenstein 2012.

¹² Asylgesetz, 12/14/2011, LGBl no 29, 2012:

<https://www.gesetze.li/Seite1.jsp?LGBl=2012029.xml&Searchstring=Asylgesetz&showLGBl=true>

¹³ See also "Asylverordnung (AsylV), 05/29/2012, LGBl no 153, 2012:

<https://www.gesetze.li/Seite1.jsp?LGBl=2012153.xml&Searchstring=Asyl&showLGBl=true>

¹⁴ The EEA Joint Committee Decision No 191/1999 provides a sectorial adaptation in the specific Annexes to the EEA Agreement.

¹⁵ Source: Liechtenstein Government 2004: report and request of the government to the Liechtenstein parliament regarding the EEA Agreement of the enlargement of the Community, Nr. 2, Vaduz, 27.01.2004.

¹⁶ Source: Migration Report 2012, Wilfried Marxer. http://www.liechtenstein-institut.li/default.aspx?TabId=112&shmid=433&shact=980479380&shmiid=9cxHUTpt9TQ__eql__&language=en-US

for Liechtenstein. Furthermore, Liechtenstein has to ensure that within the award practice no discrimination or distortion of competition occurs.

In the case of EEA nationals and members of their families, the Act on Freedom of Movement (Personenfreizügigkeitsgesetz, PFZG) applies.¹⁷

Currently, Liechtenstein has to grant a net immigration of 72 residence permits per year based on the special immigration regulation for EU/EEA citizens. Half of the contingent has to be issued through a process which grants "equal treatment", but Liechtenstein is free to determine the concrete implementation of this binding guideline. In practice, half of the residence permits issued each year are allocated by a lottery; the other half are granted by the Government. There is a differentiation within the residence permits. They are either for the purpose of work for economically active persons (at least 56 per year) or for the purpose of residence without work for economically non-active persons (at least 16 per year). The awarded residence permit in principle entails the right for a spouse and children under the age of 21 to reside in Liechtenstein as well.

The following chart shows the trend based on the special immigration regulation of residence permits issued to EU/EEA citizens from 2008 to 2012.

Immigrants in Liechtenstein from 2008 - 2011 based on nationality and admission	2008	2009	2010	2011
Total immigrants to Liechtenstein	417	416	431	488
EEA citizens	241	203	237	291
of which				
residence permit due to working contract	87	75	84	84
random selection draw for EEA citizens based on an employed or self-employed basis	31	27	32	27
awarded residence permits for EEA citizens on an employed or self-employed basis	39	35	33	41
existing working positions to be refilled by EEA citizens	17	13	19	16
residence permit due to family reunion	134	104	133	179
residence permit due to other admissions*	20	24	20	28
random selection draw for EEA citizens	6	6	7	9
awarded residence permits for EEA citizens	8	8	7	6
special reasons for non-employed EEA citizens	2	1	1	4
residence permits for unmarried partners with EEA citizens	4	9	5	9

* other admissions e.g. status of recognised refugees, long-term residence permit, etc.

Table 4: Immigrants with EEA citizenship based on nationality and admission¹⁸

Additionally, Liechtenstein's legislation offers companies with domestic residence the possibility to replace a leaving EEA employee with another EEA or a Swiss citizen, named as "existing working positions to be refilled by EEA citizens" in the above table. This possibility arises when one of the following occurs to the EEA citizen employee:

- Departure from Liechtenstein (including place of work)

¹⁷ Personenfreizügigkeitsgesetz, LGBl no 348, 2009:
<https://www.gesetze.li/Seite1.jsp?LGBl=2009348.xml&Searchstring=Personenfreiz%FCgigkeitsgesetz&showLGBl=true>

¹⁸ Source: Figures are based on the Migration statistic Liechtenstein 2011 and additional data from the Central Statistical Office Liechtenstein, 08/2012: http://www.llv.li/pdf-llv-as-migrationsstatistik_2011

- Attainment of pensionable age¹⁹
- Death.

In these cases the employer has the obligation to make a request with the APA within 6 months from the date the EEA employee leaves the place of work. The request must include documents to prove the reasons given above as well as the personal data of the new employee. This additional offer is not valid for persons of other nations than the EEA countries and Switzerland. The originally legal regulation for this case only included EEA citizens. With the Act on Freedom of Movement (PFZG) in 2009, the group of persons who could benefit from this program was enlarged to include Swiss citizens.²⁰

In 2012, 10 residence permits for EEA citizens and 2 for Swiss citizens were granted by the Office for Foreigners and Passports (APA). Within the group of EEA citizens there was a significant decrease compared to 2011, when 16 residence permits were issued. There was one approval for Swiss citizens in 2011.

1.2.3 Swiss and third country citizens: Liechtenstein and immigrants from non-EEA countries

Just as with the bilateral migration treaty with the EEA, Liechtenstein has had an annual minimum obligation to grant residence permits for Swiss citizens since 2005. For Swiss citizens all residence permits issued each year are granted by the Government, either for the purpose of work for economically active persons (at least 12 per year) or for the purpose of residence without work for economically non-active persons (at least 5 per year). The awarded residence permit in principle entails the right for a spouse and children under the age of 21 to reside in Liechtenstein as well. In the case of Swiss nationals and members of their families the Act on Freedom of Movement (Personenfreizügigkeitsgesetz, PFZG) applies.²¹

In respect of citizens of third countries (citizens of countries with which Liechtenstein has not concluded a bilateral migration treaty), Liechtenstein in principle has no obligation to grant residence permits. Nevertheless, citizens of third countries may be granted residence permits either for the purpose of non-self-employed work or for the purpose of residence without work to economically non-active persons. In these cases the Foreigners Act (Ausländergesetz) applies to the residence permit applier and members of his/her family.²²

The Government is guided by national economic considerations in this regard. It has the possibility of granting residence permits to persons of particular interest to the country (article 20 of the Foreigners Act) or on grounds of important public interest (article 21 of the Foreigners Act). The awarded residence permit in principle entails the right for a spouse and the couple's single children under the age of 18 to reside in Liechtenstein as well.

¹⁹ In this case, the former employee, now a pensioner, can maintain his/her residence permit irrespective of any request for replacement by the former employer.

²⁰ Personenfreizügigkeitsgesetz, LGBl no 348, 2009:
<https://www.gesetze.li/Seite1.jsp?LGBl=2009348.xml&Searchstring=Personenfreiz%FCgigkeitsgesetz&showLGBl=true>

²¹ Personenfreizügigkeitsgesetz, LGBl no 348, 2009:
<https://www.gesetze.li/Seite1.jsp?LGBl=2009348.xml&Searchstring=Personenfreiz%FCgigkeitsgesetz&showLGBl=true>

²² Ausländergesetz (Foreigners Act), 09/17/2008, LGBl no 311, 2008:
<https://www.gesetze.li/Seite1.jsp?LGBl=2008311.xml&Searchstring=Ausl%E4ndergesetz&showLGBl=true>

The following table shows the trend in numbers of immigrants from non-EEA countries, EEA countries and Switzerland against the total number of immigrants over the years 2008 - 2011.

Immigrants in Liechtenstein from 2008 - 2011				
	2008	2009	2010	2011
Total	417	416	431	488
Total immigrants with EEA or Swiss citizenship	359	324	334	401
Switzerland	118	121	97	110
EEA Europe	241	203	237	291
Total immigrants without EEA or Swiss citizenship	58	92	97	87
non EEA Europe	23	40	37	45
Africa	4	7	3	7
America	19	20	36	20
Asia	12	25	18	12
Others	-	-	3	3

Table 5: Structure of immigrants in Liechtenstein based on citizenship from 2008 to 2011²³

The above table shows that the number of immigrants from non-EEA countries has to be divided into two groups as explained before. Immigrants with Swiss citizenship represent the largest community of foreigners in Liechtenstein. In approx. every third application for residence, the Swiss citizen subsequently makes a request for family reunion. This resulted in 2011 in a total of 3,594 inhabitants with Swiss citizenship, of which 2,054 were under a working contract.

The second group of non-EEA immigrants (Africa) represents the smallest community with many different nationals. In 2008 the share of immigrants from non-EEA countries and non-Swiss nationals was approx. 13.9%. It increased to 22.5% in 2010 and decreased to 17.8% in 2011. For this group the same arguments regarding the number of additional residence permits based on family reunion are valid as mentioned before, especially if the primary applicant for residence was leaving his/her home country and a return visit to his/her family would involve a long and expensive journey.

1.3. Current migration status in Liechtenstein

1.3.1 Regular / irregular immigration in Liechtenstein

As early as 2005 the "Global Commission on International Migration"²⁴ pointed out that a considerable proportion of today's roughly 200 million global migrants do not possess regular residence status. For most European countries irregular immigration is associated with a large number of fears: that countries are losing control over their borders, that social systems are overstretched by unauthorised use, that indigenous workers are being pushed out of the labour market and that criminality is growing. Looking at Liechtenstein, there is in place a system of measures to control migration.

²³ Source: Figures are based on the Migration statistic Liechtenstein 2011: http://www.llv.li/pdf-llv-as-migrationsstatistik_2011

²⁴ See GCIM (2005): 32-41

Irregular immigration has not so far been an issue for the general public and politicians. Irregular migration is by definition not recorded and eludes statistical coverage.

One main reason which makes irregular immigration into Liechtenstein much less attractive than into other EEA countries is the small size of Liechtenstein. The public infrastructure (housing, healthcare, etc.), the social structures, the existence of a well regulated labour market and the geographical position of Liechtenstein with its strict border controls are disincentives to irregular immigration.

Within the following chapters we will therefore use the term “immigrant” only in the sense of a person using regular immigration channels into Liechtenstein.

1.3.2 Immigration and Liechtenstein's economy

Liechtenstein's economy is heavily export-oriented due to its small domestic market. Consequently, the framework given by the government seeks to enable companies to succeed internationally in highly competitive markets. Economic success in technology-driven and knowledge-based industries requires a highly qualified workforce. As a result, many Liechtenstein domiciled companies have succeeded internationally in highly specialized market niches. The strong economic growth over the past decades and the small size of the country require an increasing input of labour, mainly from neighbouring countries. In 2011, 18,279 out of 35,253 employees in Liechtenstein were commuters working in Liechtenstein but not actually living there. This represents a share of 51.85 per cent in 2011, compared to 51.17 per cent in 2010.

In addition to the workforce which is employed in Liechtenstein but is not living there, Liechtenstein also has a high number of immigrants, mainly taking residence in Liechtenstein for economic reasons. By the end of 2012, 33.5 per cent of Liechtenstein's inhabitants were foreigners. Compared to 2011 this reflects an increase of 0.2 percentage points.²⁵ This change is shown in the following table.

	2012		2011	
	persons	percentage	persons	percentage
Liechtenstein	24,501	66.50%	24,331	66.70%
Foreigners	12,341	33.50%	12,144	33.30%
Inhabitants	36,842	100%	36,475	100%

Table 6: Number and share of foreigners in Liechtenstein in 2011 and 2012²⁶

²⁵ Figures are based on the preliminary results of the Demographic statistic Liechtenstein 2012: http://www.llv.li/amtsstellen/llv-as-bevoelkerung/llv-as-bevoelkerung-bevoelkerungsstatistik_per_31_dezember-vorlaeufig.htm

²⁶ Figures based on the preliminary results of the Demographic statistic Liechtenstein 2012: http://www.llv.li/amtsstellen/llv-as-bevoelkerung/llv-as-bevoelkerung-bevoelkerungsstatistik_per_31_dezember-vorlaeufig.htm

Most of the foreigners come from the neighbouring countries (Switzerland, Austria and Germany), reflecting the same structure as with the commuters employed in Liechtenstein. It can be said that these immigrants have to some extent the same cultural and historical background which, besides the same spoken language (German), enables them to integrate themselves into society much more easily than others. From an economic point of view, job requirements, educational background, language skills etc. in Liechtenstein are most similar to the ones in Switzerland, Austria and Germany. These factors are, even without statistical evidence, important to the success of good integration and solid financial income for foreigners living in Liechtenstein. As there are no actual figures on the relationship between inhabitants in Liechtenstein and their language, we have to refer to the 2010 census to give detail to the above conclusions. Of the German speaking inhabitants of Liechtenstein (including Liechtenstein citizens), 74.6% were using the Liechtenstein dialect in daily life. Taking into consideration that in general only persons of Liechtenstein origin are able to use the Liechtenstein dialect in their daily life, the portion of German speaking foreigners was approximately 84.2% in 2010. Thus, the share of German speaking inhabitants (natives and immigrants) was 94.5 per cent of the inhabitants in the same year.

The following chart is based on the 2010 census results showing the breakdown of language distribution among Liechtenstein inhabitants.

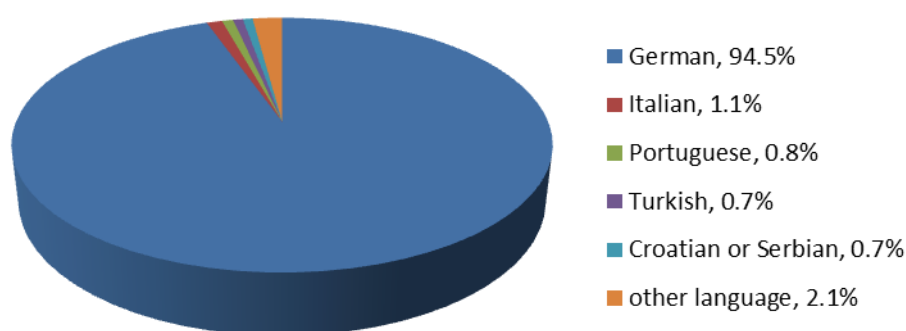


Figure 1: Main languages spoken in Liechtenstein 2010, census 2010.²⁷

The biggest group with a language other than German are Italian speaking persons, representing 3.4% of all immigrants in 2010, followed by Portuguese and Turkish speaking immigrants. It has to be mentioned that the cited statistical data from the census refers to the main language spoken. It does not indicate whether people are well integrated or not, how proficient they are in German and so on.

When looking at the economic relevance of immigrants for Liechtenstein, the number of residence permits given for working reasons or other grounds confirms the above-mentioned statements regarding the national economy and the increasing input of labour from neighbouring countries.

²⁷ Source: census 2012: http://www.llv.li/pdf-llv-as-vz_2010_bd1. Since 2010 no further census has been made, no recent data is officially available.

Immigrants in Liechtenstein from 2008 - 2011 based on nationality and admission				
	2008	2009	2010	2011
Total	417	416	431	488
of which				
Switzerland	118	121	97	110
of which				
residence permit due to working contract	18	11	13	11
awarded residence permits on an employed or self-employed basis	16	11	12	10
existing working positions to be filled by Swiss citizens	2	0	1	1
residence permit due to family reunion	79	80	68	74
residence permit due to other admissions*	21	30	16	25
EEA Europe	241	203	237	291
of which				
residence permit due to working contract	87	75	84	84
random selection draw for EEA citizens based on an employed or self-employed basis	31	27	32	27
awarded residence permits for EEA citizens on an employed or self-employed basis	39	35	33	41
existing working positions to be filled by EEA citizens	17	13	19	16
residence permit due to family reunion	134	104	133	179
residence permit due to other admissions*	20	24	20	28
random selection draw for EEA citizens	6	6	7	9
awarded residence permits for EEA citizens	8	8	7	6
special reasons for non-employed EEA citizens	2	1	1	4
residence permits for unmarried partners of EEA citizens	4	9	5	9
Immigrants without EEA Europe and Switzerland	58	92	97	87
of which				
residence permit due to working contract	7	16	26	25
residence permit due to family reunion	47	69	69	57
residence permit due to other admissions*	4	7	2	5

* other admissions e.g. status of recognised refugees, long-term residence permit, etc.

Table 7: Immigrants in Liechtenstein from 2008 to 2011²⁸

1.3.3 Consequences of Liechtenstein's immigration regulation

The immigration regulations in Liechtenstein led to a very moderate immigration. This effect is intensified by the number of immigrants who request naturalization based on their long-term residence permits. In 2012 119 immigrants were naturalised as citizens of Liechtenstein, whereas in 2011 it had been 116 persons. Out of these 119 persons, 78.2% had been immigrants with a long-term residence permit. These people lived in Liechtenstein for more than 30 years; exceptions exist for young people as residence years before the age of 20 count double.

The consequences of Liechtenstein having established immigration regulations which are strongly linked to work status and family reunion can be seen at the very high number of commuters. The strong economic growth over the past decades and the small size of the country required - and still requires - an increasing input of labour forces. In 2011, 51.85 per cent of all employees in Liechtenstein were commuters working in Liechtenstein but living in neighbouring countries. This a high share of commuters whose main tax payments are fulfilled in their country of residence and not in the country of the job location. This leads very clearly to the effect of lower tax

²⁸ Source: Figures are based on the Migration statistic Liechtenstein 2011 and additional data from the Central Statistical Office Liechtenstein, 08/2012: http://www.llv.li/pdf-llv-as-migrationsstatistik_2011

revenues in Liechtenstein compared to the tax revenues under the condition of residence in Liechtenstein. Basically it can be said, that the withholding tax of commuters' income is 4% according to international standard, whereas the national income tax for a natural single person varies from 1.5% to 18.24%²⁹, based on a seven-stage-model. But for commuters from Switzerland no such regulation exists at present. It is obvious that the most negative effect of the existing immigration regulations on Liechtenstein is the loss in tax revenues. In early 2013, Liechtenstein's Prime Minister expressed Liechtenstein's wish to negotiate a new bilateral double taxation agreement between Liechtenstein and Switzerland in order to establish a withholding tax on income of commuters from Switzerland. Looking at 9'442 Swiss commuters working in Liechtenstein in 2011 (9'082 in 2010), they represent 26.8 per cent of all employees and 51.7 per cent of all commuters. The financial effect on the tax income of Liechtenstein given by the commuters is therefore getting more and more substantive.

2. Immigration and poverty: how are they linked?

In the first half of 2013, many media articles all over Europe reported on the effects of a growing immigrant population composed of many low-income families. The basic assumption was that because the immigrant's share of the population increased and immigrant's incomes are, on average, lower than those of the native population, overall income growth was subjected to a downward pressure in recent years.

Considering Liechtenstein, we have to assess whether the increase in the proportion of immigrants in the population lowers real income and/or raises the poverty rate. Within the following chapters the authors try to find and answer to these questions.

2.1. Employment rate among immigrants

Looking at the preliminary results of the employment statistics for 2012 it can be said that within the period 2011 to 2012 the number of working persons in Liechtenstein increased by about 1.3% (2.7% from 2010 to 2011). As of the end of 2012 this suggests a total of approximately 35,700 employed persons in Liechtenstein. As no detailed figures are as yet available for 2012, we will focus on the 2011 statistics when analysing the employees in more detail. 51% of the employees in 2011 were commuters (persons moving daily to their workplace in Liechtenstein while living abroad). 31% of the employees were Liechtenstein citizens with residence in Liechtenstein, 9% were employed persons with residence in Liechtenstein and an EEA nationality, 5% were Swiss nationals with residence in Liechtenstein and 4% held other nationalities.

The following chart shows the number of immigrants within the group of employees in Liechtenstein.

²⁹ Figures are based on the official tax rates for a single natural person including 200% of surtax at the municipal level.

	2012	2011		2010	
	employees	employees	as a % of all employees	employees	as a % of all employees
employees in Liechtenstein	35,700	35,235		34,334	
commuters to Liechtenstein	n.a.	18,279	51.85%	17,570	51.17%
inhabitants with Liechtenstein nationality	n.a.	11,916	33.80%	11,439	33.32%
Inhabitants with an EEA nationality	n.a.	3,706	10.51%	3,579	10.42%
inhabitants with Swiss citizenship	n.a.	2,054	5.83%	2,003	5.83%
Inhabitants with other nationality	n.a.	1,248	3.54%	1,259	3.67%
commuters with residence in Liechtenstein and workplace abroad*	n.a.	1,950		1,516	

* Commuters with workplace abroad are not included in the figure of total employees in Liechtenstein.

Table 8: Employees and commuters in Liechtenstein 2010 - 2012³⁰

In considering the question as to whether an increase in the share of immigrants lowers real income, a comparison of the total number of immigrants in Liechtenstein and the respective share of employed persons can give some indications.

	2012		2011			2010		
	employees	inhabitants	employees	inhabitants	share*	employees	inhabitants	share*
total anumber with residence		36'842	18'924	36'475		18'280	36'149	
Liechtenstein nationality	n.a.	n.a.	11'916	24'331	49%	11'439	24'145	47%
EEA nationality	n.a.	n.a.	3'706	6'046	61%	3'579	5'928	60%
Swiss citizenship	n.a.	n.a.	2'054	3'594	57%	2'003	3'586	56%
other nationality	n.a.	n.a.	1'248	2'504	50%	1'259	2'490	51%

* Share of employees per inhabitant group

Table 9: Employees with Liechtenstein residence 2010 - 2012³¹

The table above shows that in the last two years the employment rate within the group of Liechtenstein nationals was just below 50%, whereas the employment rate of immigrants with residence permits in Liechtenstein was above 50%, with a peak for EEA immigrants at 61%.

Since the early 1960s, Liechtenstein's economy has depended on immigration and commuters due to the country's economic growth and development. This fact has not changed in recent years, even when the economic challenges caused by the financial crises are taken into account. Liechtenstein is unable to meet its demand for jobs by itself. About half of all jobs are filled by cross-border commuters from Switzerland, Austria and Germany, and approximately 20% by immigrants living in Liechtenstein (percentage based on 2011 figures). Job offers in Liechtenstein which are addressed to employees from abroad tend to be linked to a higher professional qualification. This fact reduces the risk of unemployment or poverty due to low income for the persons concerned. This can also be seen when looking at the gross national income, the average per capita income, and the unemployment rate.

³⁰ Figures are based on the 2010 census, the Employment statistics for 2011 and preliminary results of the 2012 Employment statistics. Detailed results for 2012 will be available by the end of October 2013.

³¹ Figures are based on the 2010 census, the 2011 Employment statistics and preliminary results of the 2012 Employment statistics. Detailed results for 2012 will be available by the end of October 2013.

2.2. National income per inhabitant

When talking about employment and poverty of the immigrant population in Liechtenstein, the GNI (gross national income) has to be taken into consideration. This figure concentrates on the resident population of a country. In 2009 the GNI of Liechtenstein amounted to 4,210.2 million Swiss francs and it increased to 4,495.0 million Swiss francs by 2010.³² Only in 2009 was there a negative trend as a direct result of the financial crisis.

Thus, the national income per inhabitant also increased during the period 2006 to 2010. In 2010, the national income per inhabitant was 97,000 Swiss francs compared to 90,000 Swiss francs in 2009.³³ The following chart shows the distribution of the national income within the private household sector.

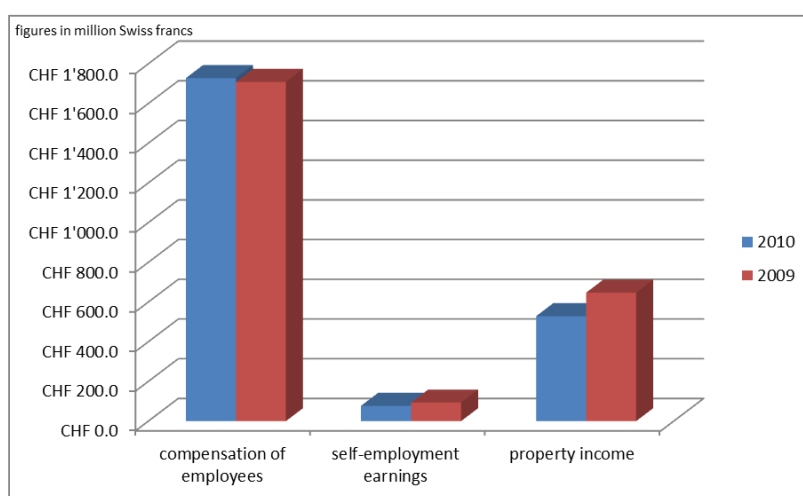


Figure 2: Distribution of the national income in Liechtenstein 2010 – 2009³⁴

Comparing these figures to other European countries of the EEA we can see that Liechtenstein has the lowest gross national income (due solely to the very small number of inhabitants). The situation looks completely different when the national income per inhabitant is compared. Liechtenstein is the country with the highest average national income per inhabitant, followed by Luxembourg (25.1% lower) and Norway (25.3% lower).

2.3. Unemployment rate of immigrants

By the end of 2012 Liechtenstein faced an average unemployment rate of 2.4%. Looking at the figures from the perspective of nationality, the unemployment rate for Liechtenstein national citizens was 1.7% - compared to 3.5% for immigrants in Liechtenstein.³⁵ The following table shows the number and share of immigrants

³² Figures are based on the 2010 National Accounts (actual figures based on the year 2011 will be available by December 2013): http://www.llv.li/pdf-llv-as-volkswirtschaftliche_gesamtrechnung_2010_2

³³ Figures are based on the 2010 National Accounts.

³⁴ Figures are based on the 2010 National Accounts.

³⁵ There is no detailed data regarding the different nationalities available.

registered as unemployed by the official authority, the Labour Market Service Centre (Arbeitsmarkt Service, AMS).

	2012			2011			2010		
	employees	unemployed	share*	employees	unemployed	share*	employees	unemployed	share*
employees with Liechtenstein residence		443	2.40%	18'924	428	2.30%	18'280	478	2.60%
Liechtenstein nationality	n.a.	204	1.70%	11'916	187	1.60%	11'439	210	1.90%
other nationality	n.a.	239	3.50%	7'008	242	3.50%	6'841	268	3.90%

Table 10: Employees with residence / workplace in Liechtenstein from 2010 - 2012³⁶

Basically, the unemployment rate of immigrants living in Liechtenstein is approximately twice that of Liechtenstein national citizens. This means that e. g. in 2011 1 in 2 of all unemployed persons living in Liechtenstein was an immigrant. Compared to other European countries Liechtenstein remains in a very good position, as the unemployment rate in general is at a very low level.

2.4. Immigrants in different job sectors

According to the 2011 employment statistics 59.9 per cent out of 35'253 employees were working in the services sector (sector 3), 39.4 per cent in the industrial sector (sector 2) and 0.8 per cent were working in the agriculture industry (sector 1). The split between employees with Liechtenstein nationality and immigrants can be seen by the following table.

Employees in Liechtenstein based on industry sectors in 2011							
	total	sector 1 agriculture industry	sector 1 percentage	sector 2 industrial sector	sector 2 percentage	sector 3 service sector	sector 3 percentage
employees in Liechtenstein	35'253	277	0.79%	13'875	39.36%	21'101	59.86%
commuters	18'279	20	0.11%	8'710	47.65%	9'549	52.24%
commuters from Switzerland	9'442	14	0.15%	4'271	45.23%	5'157	54.62%
commuters from Austria	8'106	6	0.07%	4'159	51.31%	3'941	48.62%
commuters from Germany	621	0	0.00%	270	43.48%	351	56.52%
commuters from other countries	110	0	0.00%	10	9.09%	100	90.91%
employees with residence in Liechtenstein	16'974	257	1.51%	5'165	30.43%	11'552	68.06%
employees with Liechtenstein nationality	11'320	179	1.58%	2'940	25.97%	8'201	72.45%
employees with foreign nationality	5'654	78	1.38%	2'225	39.35%	3'351	59.27%

Table 11: Employees differentiated according to industry sector in 2011³⁷

Thus it can be seen that - based on the total of employees in sector 2 with Liechtenstein residence-, a disproportionate share originates from the group of immigrants whereas in sector 3 a clear majority is represented by employees with Liechtenstein nationality. Commuters are also overrepresented in sector 2. Sector 2 mainly includes food industry, construction and mechanical engineering and electricity, gas and water supply. In sector 3 we find, among others, banking, finance and

³⁶ Figures are based on the 2012 Unemployment statistics: http://www.llv.li/pdf-llv-as-arbeitslosenstatistik_2012

³⁷ Figures are based on the 2011 Employment statistics: http://www.llv.li/pdf-llv-as-beschaeftigungsstatistik_2011_def.

insurance industry, catering and hotel industry and public administration. Sector 1 is set up out of the agriculture and forestry.

Looking deeper into the different sectors, one finds out that the majority of employees with residence in Liechtenstein and foreign nationality in sector 2 are employed by construction and mechanical engineering enterprises, followed by motor vehicle construction and the food industry. Generally spoken the number of high qualified work staff is not as high as the number of production employees in these industries; it can be assumed that a disproportionate number of employees with immigration background is working in lower level jobs.

59 per cent of the employees with immigration background (no Liechtenstein nationality) are working in sector 3. The main employers are the banking, finance and insurance industry followed by motor trades and repairs enterprises and legal / tax consultancies as well as auditors. Within these industries the number of lower level jobs is generally lower than in the above mentioned sector 2 industries.

Nevertheless there are no detailed statistical figures published regarding the type of job and the needed qualification of employees with residence in Liechtenstein and foreign nationality. Therefore no final analysis about the structure of low-end jobs and the share of employees with immigration background can be done.

2.5. Conclusions

Based on the above figures it can be said that a constant relationship between employees and inhabitants in all different inhabitant groups exists in Liechtenstein – with the highest employment rate within the group of EEA-nationals. The trend since 2008 shows no major distortions, also not within the groups of immigrants. This results from a restrictive immigration policy based on bilateral agreements and clear economic considerations, combined with an almost uninterrupted job-demand of the Liechtenstein economy. The main guideline in this sense is the requirement of the ability to support one's own cost of living when applying for residence in Liechtenstein.

As the current immigration structure in Liechtenstein shows a high quote of well educated workers who have entered into an employment contract with a Liechtenstein company, the economic status of these immigrants is far above any stated breadline and therefore financial poverty is almost non-existent. This fact is mainly valid for the group of German speaking immigrants (German, Austrian, Swiss citizens), which make up by far the biggest group of immigrants. These people have similar social and cultural backgrounds as the local population and, most importantly, speak the same language. These facts facilitate their integration into Liechtenstein and help the creation of individual social networks. As the economic situation in the countries of origin for this group of immigrants tends to be better than in many other countries, the main reason to immigrate to Liechtenstein is mainly an even better job offer with the possibility of higher earnings based on the individual's high level of education and job experience.

Within the different industry sectors the average salary, based on the gross monthly wages and salaries of all employees in each sector, varies between 3,464 Swiss francs in sector 1, 6,094 Swiss francs in sector 2 and 6,477 Swiss francs in sector 3. Thus, compared with the given poverty threshold of less than 27,754 Swiss francs - according to the Liechtenstein poverty report of 2008³⁸ -, the average salary of all three different sectors is far above this threshold (sector 1 annualized: 41,568 Swiss francs, sector 2: 73,128 Swiss francs and sector 3: 77,724 Swiss francs. The figures also indicate that the average wages in sectors 2 and 3 do not differ very strongly, whereas sector 1 shows significantly lower average salaries.³⁹

The possibility of refilling working places through EEA or Swiss citizens based on an application by the domestic employer is not widely used. Only within the industry sectors of construction and accommodation do companies tend to apply for a replacement residence permit.

Liechtenstein's current situation in respect of unemployment is very good, with extremely low figures compared to other European countries. Measures to support unemployed people who wish to return to the job market are in place and are given high attention by the Labour Market Service Centre (AMS)⁴⁰. Special attention is also given to young persons with various measures to avoid unemployment and to increase their educational level by e.g. a voluntary extracurricular year with very individual focus on education and integrated work internships. Nevertheless, the unemployment rate of immigrants is at present approx. 2 times higher than that of Liechtenstein nationals. There are no specific reports or academic studies to explain this gap. However, there are presumptions based on the experiences of various local foreigners' associations that in cases where two candidates for a specific job have equal qualifications, the one with Liechtenstein citizenship will be preferred. The same has been found in the case of seasonal work, where working contracts with non-Liechtenstein citizenship workers were more often terminated than others. Another reason might be found in the fact that the employer's contribution to supplementary pension insurance, which is a compulsory contribution, is linked to the employees' annual level of income. Within some companies there is a trend to hire and fire workers in order to avoid additional social insurance premiums.

All these aspects are based on individual observations and were mainly given in relation to immigrants from non-German speaking countries or outside the EEA. In many cases their individual educational profile shows a lower level compared to that of the above-mentioned immigrant group. The lower level of vocational qualification leads to worse labour market opportunities in the event of the loss of gainful employment. Thus, immigrants with a low education level are more at risk of poverty than Liechtenstein nationals or immigrants with a high education level, namely the ones from German speaking countries.

³⁸ Disposable income = all sources of income and government welfare after taxes, educational costs based on the Liechtenstein tax law and social security costs. Not included are: capital gains, lottery winnings, income from immovable property etc.

³⁹ Figures are based on the 2010 wages and salaries statistics: http://www.llv.li/pdf-llv-as-lohnstatistik_2010

⁴⁰ Homepage of the Labour Market Service Centre: <http://www.amsfl.li/ams/startseite>

Regarding the question of immigrant poverty, the structure of social welfare and the number of social benefits available is important and must be highlighted. This will be analysed in the following chapter.

3. Social welfare system in Liechtenstein

The Liechtenstein social welfare structure distinguishes between direct and indirect financial support. There are financial allowances regardless of the individual income (e.g. child allowance), and other benefits which are means-tested (e.g. unemployment benefit). In the face of increasing pressure on public expenditure the approach of ensuring a needs-oriented way of granting social help has a high relevance within the social structure.

The social welfare system in Liechtenstein makes in general no difference regarding the nationality of Liechtenstein inhabitants. Thus immigrants, regardless of their nationality, are entitled to social welfare in the same way as Liechtenstein citizens. The main criteria for financial help are based on the fact of legal residence (residence permit) and – in the case of unemployment benefits – on the fact of being a contributor to the unemployment insurance.

The social welfare system in Liechtenstein can be described as a two-component “add-on” modular structure. On the one hand there are the insurance benefits, paid based on a bilateral contract between the insurance company and the employee. These are:

AHV	=	old age and widow's/widower's pension
BPV	=	company old age pension,
IV	=	invalidity insurance
UV	=	accident insurance
KV	=	health insurance
ALV	=	unemployment insurance

The insurance benefits are made up of different insurance types, divided into national basic insurance benefits and company add-on benefits. The company benefits are much more based on the individual income and therefore on the premium level paid, whereas the national insurance benefits are focused on a basic income protection.

On the other hand there are the public benefits, granted by law and given as add-ons to the insurance benefits. These are:

MbH	=	rent allowance
KG	=	child benefit
AEZ	=	allowance for single parents
MZG	=	maternity allowance
BbH	=	allowance for blind persons
HE	=	helplessness allowance
PV	=	health insurance premium reduction
EL	=	supplementary social benefits
ASH	=	social welfare benefit

When considering the poverty of immigrants, the reason why someone is faced with poverty is relevant for analysing the types of social welfare allowances. Taking into consideration the fact that immigration to Liechtenstein is quite strictly regulated by bilateral agreements with other countries and that a basic requirement for taking residence is the ability to support one's own cost of living, the onset of poverty would only be expected to occur sometime after having immigrated. Thus the main reasons for poverty are ultimately:

- Unemployment
- Illness (e.g. by accident or disease leading probably to some disability)
- Death of an employed family member (loss of household income)
- Excessive indebtedness

In cases of unemployment the ALV, and in case of illness the IV/UV are the main social allowances which step in to compensate for the lost income based on different regulations/rules. Both types of insurance are mandatory for all employees. In the case of the IV, the insurance company and the Labour Market Service Centre help to prevent unemployment in the first instance, and to reduce its negative effects if individual unemployment becomes inevitable. The service does not only provide assistance when an employee loses a job. The Labour Market Service Centre works proactively, offering financial assistance for vocational training in order to safeguard employment at a given workplace, or to secure another job.

When discussing the minimum standard of living we have to deal with the question of the definition of poverty. Following the EU definition, persons living in households with an equalised income below 60% of the national median count as "at-risk-of-poverty". According to the Liechtenstein poverty report of 2008, the threshold was at an annual disposable income⁴¹ of less than 27,754 Swiss francs. As a result, in 2008 11% of all the households in Liechtenstein were classified as households with a low income, meaning below the above-mentioned threshold income and therefore "at-risk-of-poverty". If social welfare benefits are taken out of the calculation, the number of households with a low income has to be adjusted upwards to 19.2%. Those mostly affected are single parent households (23.4% of the 19.2%) and couples with two or more children (14.7% of 19.2%). These figures reveal nothing about how far immigrants are living below that mark. In order to gauge the depth of relative poverty, it would also be necessary to look at the distance between the above-mentioned minimum income and the median incomes of those households below the poverty threshold. Unfortunately there are no such figures for Liechtenstein at present.

In relation to the annual disposable income, different official breadlines exist for various forms of social assistance in Liechtenstein. In respect of any definition of a breadline in Liechtenstein, the Act on Supplementary Aid to the Old Age and Widow's/Widower's Pension (ASANP) can be mentioned as well as the Law on Social Assistance. The primary reference is Art. 1 of the ASANP. It defines the breadline in terms of a minimum of taxable annual income as follows:

⁴¹ Disposable income = all sources of income and government welfare after taxes, educational costs based on the Liechtenstein tax law and social security costs. Not included are: capital gains, lottery winnings, income from immovable property etc.

▪ Single person living alone	Swiss francs	19,956
▪ Married/registered same sex couples	Swiss francs	29,934
▪ Orphans	Swiss francs	9,978

Additionally, the subsistence level for social welfare benefits is laid down in Art. 12a of the bye-law to the Law on Social Assistance (Verordnung vom 7. April 1987 zum Sozialhilfegesetz, LLGB 1987 no. 18, Art. 12a⁴²). This definition is based on four factors: minimum subsistence level, cost of living, premium on compulsory health insurance, and occupational extra costs. For each of these factors the bye-law contains additional criteria. Art. 20a of the Regulation to the Law on Social Assistance defines the amount of lump sums per household and month to meet the basic needs mentioned above as follows:

▪ 1-person-household	Swiss francs	1,110
▪ 2-person-household	Swiss francs	1,700
▪ 3-person-household	Swiss francs	2,070
▪ 4-person-household	Swiss francs	2,375
▪ 5-person-household	Swiss francs	2,660
▪ 6-person-household	Swiss francs	2,940
▪ 7-person-household	Swiss francs	3,225

Consequently, if someone in Liechtenstein achieves an income from employment and/or social transfers (including pensions) which is below the above-mentioned breadlines; this person is generally entitled to social assistance. The social assistance is legally defined as a guaranteed basic income. It follows from the above-mentioned definitions that the overall model of social help in Liechtenstein is very much suited to the individual situation of the person involved and contains step-up options in addition to the given lump sums of social welfare benefit.

On the following pages we will focus on the public benefits and their effect on poverty, namely the unemployment insurance, the pension insurance, and the invalidity insurance by reason of permanent disability resulting from accident or illness. Finally, we will look at the social welfare benefit as the ultimate safety net of the Liechtenstein social welfare system.

3.1. Unemployment insurance (ALV)

In Liechtenstein - with the exception of self-employed persons - all employees with a local workplace have a compulsory insurance against unemployment, the ALV.

The legal basis is provided by the following laws and regulations:

- Common Civil Code, § 1173a Art. 1 ff
(Allgemeines Bürgerliches Gesetzbuch, ABGB)
- Act on unemployment insurance of 1. January 2011
(Gesetz über die Arbeitslosenversicherung, ALVG)

⁴² Sozialhilfegesetz vom 15. November 1984, LGBl 1985 no. 17, source:
https://www.gesetze.li/get_pdf.jsp?PDF=1985017.pdf

- Bye-law to the Act on Unemployment Insurance
(Verordnung zum Gesetz über die Arbeitslosenversicherung, ALVV)

Within the above mentioned regulations the prerequisites for claims are defined and have to be fulfilled to be entitled to the receipt of benefits. The duration of benefits depends on the period of contribution and the age of the unemployed person. Under specific circumstances, e.g. invalidity, the duration period can be extended.

The duration period lies between a maximum of 260 days for a period of contribution of 12 months and 500 days under the above-mentioned specific circumstances. The amount of benefit is set at 80% of the latest insured earnings. This percentage can be reduced to 70% under certain circumstances.

In 2012 the total amount paid by the ALV to unemployed persons was 12.1 million Swiss francs, as against 11.7 million Swiss francs in 2011. This reflects an increase of approx. 3.4% (from 2011 to 2012). Within the same period the unemployment rate increased from 2.3% to 2.4%, reflecting the expected correlation between the unemployment allowance sum and the unemployment rate. The average period of daily unemployment allowance in 2012 was 81 days (77 days in 2011) with an average daily allowance amount of 147 Swiss francs (144 Swiss francs in 2011).

Comparing the average unemployment allowance for 2012 with the lump sum payment for a 1-person household based on the Law on Social Assistance, the average unemployment allowance is nearly 4 times higher i.e. a very high level of unemployment allowance which enables the affected persons to continue living without any deep impact on their position in society.

3.2. Pension insurance

The Liechtenstein regulation regarding pension systems distinguishes between the Old Age and Widow's/Widower's Pension (mandatory contribution system arranged by the state for all employees) and the occupational retirement scheme. Basically all employees who are subject to a compulsory pension by the occupational retirement scheme are also subject to the compulsory Old Age and Widow's/Widower's Pension (AHV) insurance scheme⁴³.

The pension insurance system is set up as a mandatory contribution system for inhabitants and commuters with a working engagement in Liechtenstein. The main criteria for the Old Age and Widow's/Widower's Pension is given in the following act and regulation:

- Old Age and Widow's/Widower's Pension Act, 14.12.1952 (AHVG)
- By-law on the Old Age and Widow's Pension Act, 30.11.2010 (AHVV)

The occupational retirement scheme acts as a backup policy in the sense that the whole costs of living which occur during a person's working life mostly cannot be covered by the first line of defence (Old Age and Widow's/Widower's Pension).

⁴³ Old Age and Widow's/Widower's Pension; source:
<http://www.ahv.li/home.html?F=0print%2Fprint%2Fprint.html>

Therefore the benefits from an occupational retirement scheme can be seen as additional allowances above the defined minimum income. The regulation is laid down in the following act and by-law:

- Act on Occupational Retirement, 20.10.1987 (BPVG)⁴⁴
- By-law on Occupational Retirement, 20.12.2005 (BPVV)⁴⁵

In the following chapters we will thus concentrate on the minimum social backup within the pension system in Liechtenstein.

The contribution to the AHV is a two component model, dividing the total contribution amount into one mandatory part for the employee and another for the employer. The contribution basis is given by the salary (under a specific adding and deduction mechanism) and in the case of inhabitants of Liechtenstein who are without employment, a certain fixed sum has to be contributed.

The guaranteed pension amount for a regular pension was most recently fixed in 2011 and stands at 1,160 Swiss francs per fixed calendar month (the prerequisite is an uninterrupted contribution period), being paid 13 times a year. The widow's/widower's pension allowance has been set since 2011 at a minimum of 928 Swiss francs per month under the same regulations as the regular pension allowance.

The total amount paid out by the AHV in 2012 was 245.14 million Swiss francs. This shows a significant increase of approx. 4.3% compared to the year 2011, when 234.94 million Swiss francs were declared as old age and widow's/widower's pensions. Within the same period the number of entitled persons increased from 18,022 in 2011 to 18,893 in 2012. This represents an increase of approx. 4.8%.

Comparing the guaranteed minimum annuity with the amount of lump sum per 1-person household based on the Law on Social Assistance, the pension amount is only slightly higher than the defined breadline. Taking into consideration that the minimum annuity reflects the main income for a household of more than one person, additional income seems to be necessary to meet the basic needs of living. This is provided to some extent by the additional child allowance added to the regular pension allowance.⁴⁶ The guaranteed minimum child annuity is 464 Swiss francs per fixed calendar month, paid 13 times a year for each child below the age of 18 (up to the age of 20 if the child is in education). Thus, in cases where there is only one household income, consisting of the guaranteed minimum annuity and including the additional child allowance, the total income remains below the given breadline definition of the Law on Social Assistance. This shows very clearly that without any further company pension income or a second income from another family member, supplementary benefits are necessary to meet the cost-of-living expenses.

⁴⁴ Act on Occupational Retirement, Source:

<https://www.gesetze.li/Seite1.jsp?LGBL=1988012.xml&searchstring=AHV&show.GBL=true>

⁴⁵ By-law on the Act on Occupational Retirement, Source:

<https://www.gesetze.li/Seite1.jsp?LGBL=2005288.xml&searchstring=AHV&show.GBL=true>

⁴⁶ There are no official figures available regarding the amount of regular pension allowance and additional child allowance recipients.

The AHV pays supplementary benefits to families in cases where the total income (including the family's savings) is below the minimum income defined by the Regulation on the Old Age and Widow's Pension Act (see chapter 2.4). As the supplementary benefits are granted by law and ensure a minimum income up to the defined annual lump sum for the overall cost of living, they do not count as social welfare allowances and therefore do not reduce the entitlement to receive social assistance payments.

In 2012 the AHV supplementary benefits were granted to 402 pension recipients out of 18,893 pension recipients in total. 4.67 million Swiss francs were paid in total, whereas in 2011 the total amount was 4.3 million Swiss francs. This shows an increase of 8.6% within one year.

The legal basis is given by the:

- Supplementary Benefits to the Old Age and Widow's/Widower's Pension Act, 10.12.1965 (ELG) and the
- By-law on the Supplementary Benefits to the Old Age and Widow's Pension Act, 30.11.2010 (ELGV).

3.3. Invalidity insurance (IV)

The main aim of the invalidity insurance is to provide support to persons with disabilities to enable them to cover their living costs completely or at least partly on their own. This goal is driven by the idea to set up a system which offers the possibility to handicapped persons to live as independently as possible. Therefore, the highest priority is given to measures supporting reintegration (educational support, care allowance, etc.). Invalidity insurance is only given in cases where supporting reintegration measures are not sufficient. The calculation rules for the invalidity insurance are the same as for the old age and widow's/widower's pension (including the guarantee pension amounts).

The legal basis is given by the:

- Invalidity Insurance Act, 23.12.1959 (IVG)
- By-law on the Invalidity Insurance Act, 22.12.1981 (IVV)

In cases where the total income (including the family financial assets) is below the minimum income defined by the By-law on the Old Age and Widow's Pension Act, a supplementary benefit is paid. In 2012 supplementary benefits were paid to 297 persons with an invalidity insurance allowance (295 persons in 2011) with a total amount of 4.25 million Swiss francs (4.4 million Swiss francs in 2011), reflecting a decrease of about approx. 3.5% from 2011 to 2012.

3.4. Social welfare benefit (ASH)

The social welfare benefit represents the ultimate safety net within the social welfare system of Liechtenstein. In 2012 700 client records were registered at the Office for Social Services, compared to 683 records in 2011. Out of this, 487 households

received social welfare benefits with a total amount of 5.89 million Swiss francs. This shows an increase in recipients of approx. 8% from 2011 to 2012. The chart below shows the trend in numbers of social welfare recipients, starting in 2002.

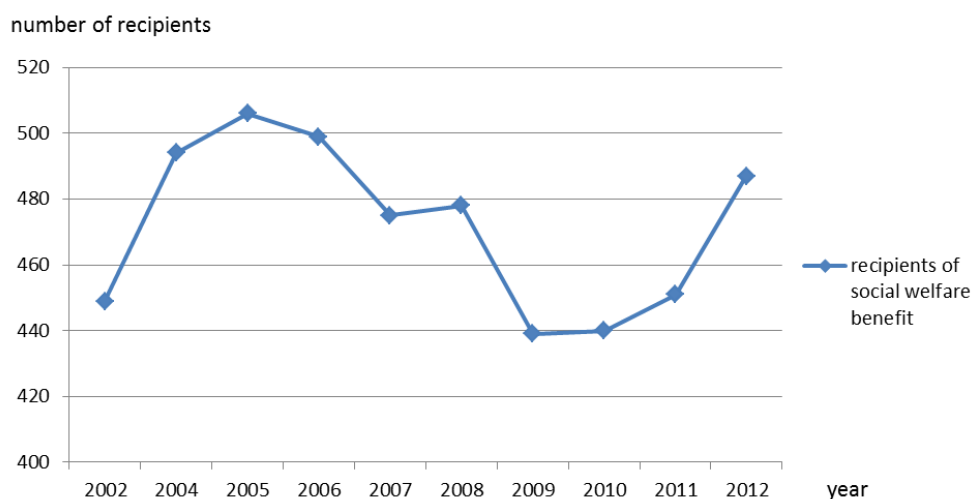


Figure 3: Numbers of social welfare recipients (households) from 2002 to 2012⁴⁷

The main reasons for applying for social welfare benefits in 2012 were⁴⁸:

- Unemployment (244 cases)
- Incapacity for work - disability, illness, etc. (141 cases)
- Excessive indebtedness (130 cases)
- Insufficient income (64 cases)
 - 19 cases with insufficient income based on self-employment
 - 17 cases as working poor (income below the headline, despite 100% employment)
 - 28 cases with insufficient income based on part-time employment

The ratio of welfare benefits in 2012 was 2.1% (2.1% of the total inhabitants in Liechtenstein receiving social welfare benefits) whereas in 2011 the ratio was 0.1% lower. The share of Liechtenstein inhabitants, distinguished by nationality, who received social welfare benefits in the year 2012, is given by the following chart:

⁴⁷ Source: Annual report of the Office for Social services, 2012, source: http://www.llv.li/pdf-llv-rk_rb2012_rechenschaftsbericht_gesamt.pdf

⁴⁸ Source: Annual report of the Office for Social services, 2012, source: http://www.llv.li/pdf-llv-rk_rb2012_rechenschaftsbericht_gesamt.pdf

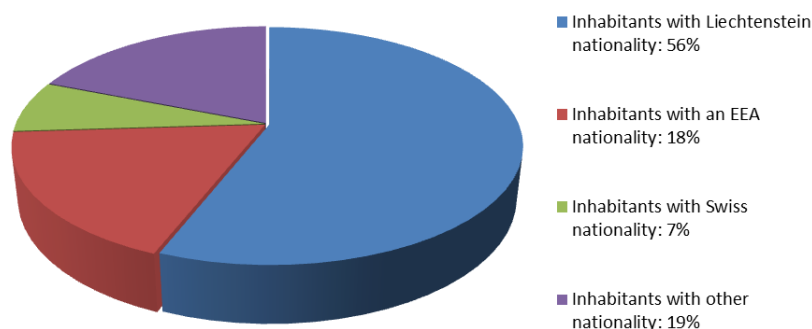


Figure 4: Share of social welfare benefit recipients based on nationality in 2012.⁴⁹

During the last 4 – 5 years the ratio of welfare benefit was quite stable. Only marginal changes have occurred in the total amount as well as within the distribution of social welfare benefit recipients shown in Fig. 4. Only two significant trends can be identified in recent years. First, family households are clearly under-weighted within the total number of social welfare benefit recipients. This fact can be seen within the group of inhabitants with Liechtenstein nationality as well as within the group of immigrants with residence in Liechtenstein. Second, young immigrants with Turkish nationality are heavily over-represented among the group of young people receiving social welfare benefits.⁵⁰

The legal basis for the social welfare benefit is given by the:

- Act on Social Welfare Benefit (ASH)⁵¹, 15.11.1984 and the
- By-law on the Act on Social Welfare Benefit, 07.04.1987⁵².

3.5. School system

In most cases the second generation of these immigrants was/is already growing up in Liechtenstein. They are integrated in the local school system and therefore most of them no longer face language problems. Nevertheless, based on the ECRI-report 2012⁵³, the academic results of migrant pupils are significantly lower than those of pupils from Liechtenstein. Furthermore, the problem of over-representation of pupils of a certain migrant background in the lower-tier (level I) secondary school persists. This can be seen by the following table:

⁴⁹ Figures are based on the Annual report of the Office for social services, 2012, source: http://www.llv.li/pdf-llv-rk_rb2012_rechenschaftsbericht_gesamt.pdf

⁵⁰ Source: Interview on 2012 annual report, Office for social services, 08/2013.

⁵¹ Source: <https://www.gesetze.li/Seite1.jsp?LGBI=1985017.xml&Searchstring=Sozialhilfe&showLGBI=true>

⁵² Source: <https://www.gesetze.li/Seite1.jsp?LGBI=1987018.xml&Searchstring=Sozialhilfe&showLGBI=true>

⁵³ Source: <http://www.llv.li/pdf-llv-aaa-lie-cbc-iv-2013-002-deu.pdf>

over-representation of pupils of migrant background in the lower-tier secondary school	2012
Turkish	58%
East and south Europe	55%
West Europe and North America	22%
Liechtenstein (citizenship)	15%

Table 12: Representation of pupils with migrant background (level-1 sec. school)⁵⁴

Pointing to the problem of over-representation of pupils with a certain migrant background in the lower-tier (level 1) secondary school persists; the ECRI report indicates that this situation has discriminatory implications, e.g. regarding the access to public services, including education. Based on the Act on School Education (Schulgesetz, SchulG)⁵⁵ compulsory school attendance begins at the age of six years, continues for nine school years, and includes primary education level (five years) and secondary education level (four years). A voluntary tenth year is available for students to prepare for career opportunities and select professional choices. This compulsory school system guarantees that each child domiciled in Liechtenstein acquires a basic grounding. At the end of the primary school each child is assessed by his/her performance and, based on this result, selected to one of the three lower secondary school types. These three secondary school types differ by the scope of education and training given which leads to clearly different certificates at the end of secondary school and therefore to restricted or non-restricted admittance to higher education, e.g. university. Thus, depending on the performance at the age of 11, a first selection regarding the future education scope of the individual pupil is set by the transition from primary school to secondary school. This procedure is equal to all pupils living in Liechtenstein and there is no differentiation concerning pupils with or without migration background. Nevertheless, the fact of lower academic results of migrant pupils cannot be ignored. There are various reasons for that, including a lack of or inadequate knowledge of the language of instruction, which makes it impossible to follow lessons and which produces demotivation; lack of flexibility in education systems in terms of offering programmes adapted to the needs of children and young people with migrant background; low education level of their parents; insufficient attention and no extra-curricular supervision provided for children and young people by their parents.

Regarding the language issue, Liechtenstein implemented various measurements. In respect to early childhood education, an exception exists regarding the second year of Kindergarten which becomes a mandatory part of the school education for children with a mother language other than German (Art. 23 of the SchulG).⁵⁶ In 2013 a pilot project was launched in one primary school with the goal to enlarge the early childhood education for children with language difficulties. The focus is thereby given to the parents, especially mothers who themselves have difficulties in either speaking, reading, or comprehending German. This makes their necessary, supportive measurements to their children in learning the German language adequately,

⁵⁴ Source: <http://www.llv.li/pdf-llv-aaa-lie-cbc-iv-2013-002-deu.pdf>

⁵⁵ Schulgesetz (SchulG), 15.12.1971, LGBl. 1972 no. 7. Source: <https://www.gesetze.li/Seite1.jsp?LGBl=1972007.xml&Searchstring=Schulgesetz&showLGBl=true>

⁵⁶ Schulgesetz (SchulG), 15.12.1971, LGBl. 1972 no. 7. Source: <https://www.gesetze.li/Seite1.jsp?LGBl=1972007.xml&Searchstring=Schulgesetz&showLGBl=true>

problematic and stressful.⁵⁷ For all others, the attendance of Kindergarten is still voluntary. Special German language courses have been installed during primary school for pupils with migration background. These courses are held during regular school by special educated teachers.

Because the three different types of secondary school give access to different career paths, and transfer from one type of school to another is limited, life chances can be particularly affected and, in certain cases, compromised. The tier-I secondary school represents the lowest educational level within the secondary school system. There has been an agreement in Liechtenstein on the flaws and the unfairness of the above-mentioned schooling system in respect to all pupils, and measures to abolish it have been created. However, the necessary legislative changes were rejected by 52% of the voters in a referendum in 2009. It is remarkable that the section of the population most affected by the streaming system did not have the opportunity to participate in the referendum as few of them are naturalised Liechtenstein citizens, which is a legal precondition for participation in the referendum.

After the 2009 referendum, the Ministry of Education set up single measurements to improve the process of selection at the end of primary school. Main aspects are better and deeper information about the three different secondary school types and early information from teachers to parents. Nevertheless, these measurements are not equal to the measurements which had been suggested by the Ministry of Education including the necessary legislative changes.

3.6. Conclusions

Immigrants in Liechtenstein do not form a homogeneous group that faces the same problems and challenges. The majority of those who immigrated to Liechtenstein for employment reasons are well educated and gainfully employed. This group of immigrants faces generally no higher risk of poverty than Liechtenstein citizens. Social integration is not a severe problem for them. Thus it can be said that for this group of immigrants, their earnings are in principle sufficient to meet their living costs. This is confirmed by the fact that the share of social welfare benefit recipients within the group of German speaking immigrants (German, Austrian and Swiss citizens) was 15% in 2012, compared with 18% for the total group of EEA citizens and 19% for other nations. This underlines the fact that this group immigrated to Liechtenstein as a result of good job offers and reflects their solid economic background.

The situation is slightly different for the smaller share of immigrants who came to Liechtenstein in the first generation, having faced viability problems in their home country. In many cases their educational background is lower and language problems make integration in the workplace as well as in the social community clearly harder. Based on the experience of the official departments in recent years it can be said that the share of seasonal or temporary workers within this group is much higher than in the first mentioned one.⁵⁸ These people thus face a much higher risk of unemployment. Based on observations made by the foreigners' associations in

⁵⁷ Source: Interview with the Ministry of Education, Mr. Kind, 10/01/2013

⁵⁸ Source: Interview on 2012 annual report, Labour Market Service Centre, annual report 2012, Office for Social services.

Liechtenstein, this effect gains importance as a result of labour market related circumstances.

In 2011 the new Unemployment Insurance Act came into effect and as a result of the new rules regarding the minimum contribution period (increased from six to twelve months), seasonal workers were mainly affected by losing their entitlement to unemployment allowance. As a result, the number of people applying for social welfare allowance increased in 2012. Based on the figures for a one-person household, the pension insurance allowance given is only slightly higher than the defined breadline. This shows that without any further company pension income or a second income or similar, supplementary benefits are necessary to meet the cost-of-living expenses if the risk of old age poverty is to be avoided. This effect occurs regardless of the citizenship of Liechtenstein inhabitants. In the case of families, supplementary benefits by the AHV reduce the risk of poverty. Nevertheless, affected households still face a total income approx. equivalent to the defined minimum income.

Unfortunately, there are no detailed, current statistical data available regarding recipients of unemployment allowance with a migration background. Based on the unemployment rate and the social welfare benefit quota, a correlation with a slight time lag can be observed between the unemployment rate and the trend in social welfare benefit. If the unemployment rate declines, there will be a fall in the number of social welfare allowance recipients.

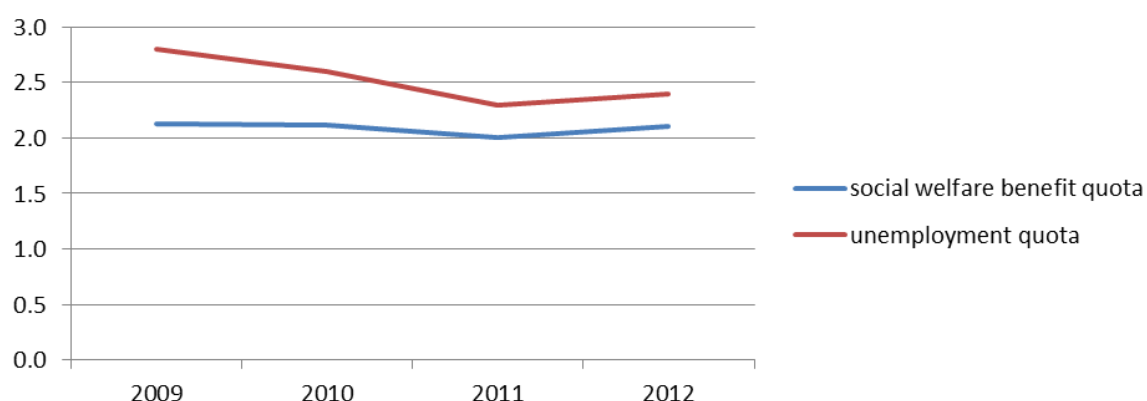


Table 13: Social welfare benefit quota and unemployment quota⁵⁹

As shown by the figures, the social welfare allowances, especially the social welfare benefit, help to keep the number of low income households low. Therefore the intended effect of reducing the risk of poverty is in place. In 2010 the positive effect was approx. 57%, i.e. as a result of social welfare benefits it was possible to reduce the number of households with a low income, meaning below the stated minimum income (breadline) by 57%.

⁵⁹ Figures are based on the Annual report of the Office for Social Services, 2012, source: http://www.llv.li/pdf-llv-rk_rb2012_rechenschaftsbericht_gesamt.pdf and the Unemployment statistics 2012, source: http://www.llv.li/pdf-llv-as-arbeitslosenstatistik_2012

4. Outlook

Based on the available data it can be said that the risk of poverty tends to be equal among nationals and immigrants. In cases of unemployment, illness, or death, the social welfare net in Liechtenstein grants financial support in such a way that people living on the breadline in Liechtenstein have sufficient financial sources to obtain their costs of living in a humane way. Households receiving social welfare assistance are enabled to attain a standard of living which is not lower than that of low income groups in employment in Liechtenstein. The number of people who have an insufficient income despite full time employment is relatively low. Detailed figures for this group and the portion of immigrants within it are not available. However, this group of people does face an increasing risk of poverty when it reaches pension age or if it is faced with unemployment.

Pension insurance benefits at the state level are given, but in most cases they are not sufficient to cover the entire costs of living. Liechtenstein inhabitants, regardless of their status as nationals or immigrants, are facing an increasing need for additional individual pension solutions. For those who are living close to the breadline, the risk of poverty in case of unemployment is clearly higher.

Although, according to the authorities, there is no empirical evidence showing that immigrants face particular difficulties in finding employment, there are observations by civil society representatives that discrimination in access to employment as well as in remuneration does occur. E.g. in cases where the residence permit of an individual is linked to his/her marriage to a Liechtenstein citizen; he/she will receive an autonomous residence permit after five years of marriage and residence in Liechtenstein. If the marriage breaks up before those five years, the permit is revoked upon dissolution of the marriage. This can lead to financial difficulties and might result in poverty as the person cannot apply for social welfare assistance in Liechtenstein due to the loss of a residence permit.

The 2012 ECRI report came to the conclusion that the Law on Foreigners has clear discriminatory implications with respect to non-nationals, e.g. regarding the access to public services of third-country nationals (those who are not Swiss or EU/EEA citizens). Notably, the current formulation of the law may induce non-nationals to refrain from applying for social benefits, out of fear of not obtaining a permanent residence permit, of losing it, or even of being expelled from the country.⁶⁰

Considering this issue and combining it with the results of the 2012 evaluation of sustainable development in Liechtenstein published by the government, it must be said that in some areas of social cohesion there is still room for improvement. This is mainly seen by the increases in early school leavers according to nationality and the decrease in the number of foreigners attending the grammar school in comparison to natives. Nevertheless, these results are not sufficient to justify talk of economic poverty among immigrants or even a higher percentage of social welfare recipients among immigrants, although, in this context, a higher risk of low income within the group of non-German speaking immigrants seems very likely.

⁶⁰ Source: <http://www.llv.li/pdf-llv-aaa-lie-cbc-iv-2013-002-deu.pdf>

Finally, the authors of this report conclude that no real financial poverty is present in Liechtenstein. Although there is a small group of “at-risk-of-poverty” households, the status of immigrants in Liechtenstein is above the European average, although no long-term comparison with other countries is possible due to missing data. More detailed data to provide evidence is necessary. To cope with this challenge, a series of indicators to monitor the various developments, to report on a regular basis, and to reflect influences on the labour market and the social community in Liechtenstein should be installed. The advantage of such analyses would be to record the standards achieved, to discuss the results shown by other countries and to adopt measures that were successfully implemented in other highly developed economies at the local level in Liechtenstein.

ANNEX 1: Figures

Figure 1: Main languages spoken in Liechtenstein 2010, census 2010.	14
Figure 2: Distribution of the national income in Liechtenstein 2010 – 2009	17
Figure 3: Numbers of social welfare recipients (households) from 2002 to 2012	26
Figure 4: Share of social welfare benefit recipients based on nationality in 2012.....	26

ANNEX 2: Tables

Table 1: Immigrants in Liechtenstein based on admission 2008 - 2011	7
Table 2: Asylum seekers in Liechtenstein 2008 - 2012	8
Table 3: Application for asylum in Liechtenstein 2012 based on gender and home country	8
Table 4: Immigrants with EEA citizenship based on nationality and admission	10
Table 5: Non-EEA and non-Swiss Immigrants over the period 2008 - 2011	12
Table 6: Number and share of foreigners in Liechtenstein in 2011 and 2012	13
Table 7: Immigrants in Liechtenstein from 2008 to 2011	15
Table 8: Employees and commuters in Liechtenstein 2010 - 2012	16
Table 9: Employees with Liechtenstein residence 2010 - 2012.....	16
Table 10: Employees with residence / workplace in Liechtenstein from 2010 - 2012	18
Table 11: Employees differentiated according to industry sector in 2011.....	19
Table 12: Representation of pupils with migrant background (level 1 Sec. school) ...	30
Table 13: Social welfare benefit quota and unemployment quota	32

ANNEX 3: Abbreviations

AEZ	Allowance for Single Parents
AHV	Old Age and Widow's/Widower's Pension
AHVG	Old Age and Widow's/Widower's Pension Act
AHVV	By-law on the Old Age and Widow's/Widower's Pension Act
ALV	Unemployment Insurance
AMS	Labour Market Service Centre
APA	Office for Foreigners and Passports
ASANP	Act on Supplementary Aid to the National Old Age and Widow's/Widower's Pension
ASH	Act on Social Welfare Benefit
AsylG	Asylum Law
BPV	Company old Age Pension
BbH	Allowance for Blind Persons
EEA	European Economic Area
EFTA	European Free Trade Association
EL	Supplementary Social Benefits
ELG	Supplementary Benefits to the Old Age and Widow's/Widower's Pension Act
ELGV	By-law on the Supplementary Benefits to the Old Age and Widow's/Widower's Pension Act
GCR	Geneva Convention on Refugees
GNI	Gross National Income
HE	Helplessness Allowance
IV	Invalidity Insurance
IVG	Invalidity Insurance Act
IVV	By-law on the Invalidity Insurance Act
KG	Child Benefit
KV	Health Insurance
MbH	Rent Allowance
MZG	Maternity Allowance
OSCE	Organisation for Security and Cooperation in Europe
PFZG	Act on Freedom of Movement
PV	Health Insurance Premium Deduction
UN	United Nations
UV	Accident Insurance
WTO	World Trade Organisation

ANNEX 4: Definitions of terms

Act on Freedom of Movement	Personenfreizügigkeitsgesetz
Act on Social Welfare Benefit	Sozialhilfegesetz
Act on Supplementary Benefits to the Old Age and Widow's/Widower's Pension Act	Ergänzungsleistungsgesetz zur Alters- und Hinterlassenenversicherung
Act on Occupational Retirement	Gesetz über die betriebliche Personalvorsorge
Act on Old Age and Widow's/Widower's Pension	Gesetz über die Alters- und Hinterlassenenversicherung
Administration Court	Verwaltungsgericht
Allowance for Single Parents	Alleinerziehergeld
Allowance for Blind Persons	Blindenbeihilfe
Asylum Law	Asylgesetz
Central Statistical Office	Amt für Statistik
Child Benefit	Kindergeld
Constitutional Court	Staatsgerichtshof
Company Old Age Pension	Betriebliche Pensionsversicherung
Supplementary Social Benefits	Ergänzungsleistungen
Helplessness Allowance	Hilflosenentschädigung
Health Insurance Premium Deduction	Krankenversicherungsbeitragsreduktion
Labour Market Service Centre	Arbeitsmarkt Service Center
Maternity Allowance	Geburtszulage
National Old Age and Widow's/Widower's Pension	Nationale Alters- und Hinterlassenenversicherung
Office for Social Services	Amt für Soziale Dienste
Princely High Court	Oberster Gerichtshof
Princely Ordinary Courts	Landgericht
Princely Upper Court	Obergericht
Rent Allowance	Mietbeihilfe
Social Assistance Act	Sozialhilfegesetz

ANNEX 5: References and Links

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