

## **AUSTRIAN ECONOMIC REPORT 2011/2012**

### **1. ECONOMIC ENVIRONMENT AND OUTLOOK**

Austria is a landlocked country located in Europe, with a population of approximately 8.3 million people. The Austrian government is formed by a coalition of Social Democrats (SPÖ) and the Conservative People's Party (ÖVP). The country is surrounded by Germany and Czech Republic to the north, Slovakia and Hungary to the east, Switzerland to the west and Italy to the south.

Austria has been a member of the European Union since 1995 and is fully integrated into the common market. GDP (Gross Domestic Product) per capita is at EUR 34,120 (2010 nominal), putting Austria under the top ten within the EU as well as world-wide. Austria has a well developed market and high standard of living. In the wake of the global economic and financial crisis, growth weakened in 2008 (+1.4%) and even turned negative in 2009 (-3.8%). This meant the most significant growth setback since World War II. Austria's economy was again back on the right track, with growth of 2.3% in 2010.

The economic situation in Europe has deteriorated markedly in the past few months. The economy is now experiencing a significant slowdown. To a large extent, developments in Europe reflect what is happening throughout the world with a slowdown in global trade and a slower economic growth in the United States. A softening consumer spending and a loss of confidence in the markets have contributed to further dampening growth.

Standard & Poor's Rating Services warned that Europe faces a rising risk of a double-dip recession. They estimate the probability of a new recession in Western Europe next year at about 40% and lowered the 2012 forecast for euro-zone growth to 1.1% from a previous forecast of 1.5%. The Austrian Institute for Economic Research – WIFO has revised its growth prognosis for Austrian economy from 1.8% to only 0.8% for 2012. Subsequently in 2012 Austria's economic growth will rank worst since 2004 (except for 2009: -3.9%)

Austrian exports according to WIFO ranking at 8.5% plus will be reduced to 4.5% in 2012.

In August 2011 Austria was the country with the lowest rate of unemployment within the euro-zone. Unemployment is expected to rise to 7% in 2012.

Greece is in a deep crisis, after years of fiscal laxity and weak structural reforms. More and more experts claim a radical "hair cut" in the form of a remission of debts of about 60% so that Greece gets the chance to escape its debts' crisis. The official solution for this problem is expected by the end of October. The result will be negative consequences on the whole banking system, government bonds and stock-exchanges.

Due to reduced oil-prizes expected inflation will drop to 2.1% in 2012 as compared to 3.2% in 2011.

In September 2011 the rate of general price-increase in Austria rose to 3%.

Deficit reduction will stagnate at 3.1% in 2012 due to the declining economic situation.

#### **Austrian economy in 2010: noticeable recovery**

Austria could benefit greatly from the international economic recovery. According to calculations by Statistics Austria (in Sept. 2011) the Austrian economy grew by +2.3% in 2010 which is both above the Euro Zone's (1.8% in real terms) and EU countries' average (1.8% in real terms; Source: Eurostat, September 2011).

GDP at current prices increased by 11.4 bn euro, or +4.1%, to approximately 286.2 bn euro in 2010. Hence, GDP per inhabitant amounted to 34 120 euro (+3.8%).

**Austrian economy in 2011:**

For 2011 an increase between 2,9% and 3,2% of Austria's GDP was originally predicted, but recently reduced to 1.9%.

**Austrian economic outlook for the year 2012:**

While the GDP forecasts by Austrian main forecasters were still quite positive during spring and summer 2011 (Wifi 1.8%, HIS 2.1%), the situation and forecasts changed in fall 2011 (Wifi 0.8%, HIS 1.3%).

**1.1. Development of Austria's GDP over the last years**

**A. Gross Domestic Product (GDP), current prices 2004 to 2010**

	2004	2005	2006	2007	2008	2009	2010	2011 forecast
<b>GDP in bn EUR</b>	234.71	245.24	259.03	274.02	282.75	274.82	286.20	292,9

Source: Statistik Austria, Sept. 2011

**B.**

	2004	2005	2006	2007	2008	2009	2010
<b>Of which (%) by economic sectors:</b>							
Industry	30.8	20.7	22.9	23.2	23.2	21.8	22.3
Construction	6.7	6.7	7.9	7.0	7.1	7.3	6.9
Agriculture and forestry	1.7	1.4	1.8	1.8	1.7	1.5	1.5
Services	66.9	71.2	67.4	68.1	68.0	69.3	69.3

**C.**

<b>real change in %</b>	2004	2005	2006	2007	2008	2009	2010	2011 forecast
	2.6	2.4	3.7	3.7	1.4	-3.8	2.3	1.9

Source: Statistik Austria, Sept. 2011

## **1.2. FORECAST OF KEY ECONOMIC INDICATORS BY AUSTRIAN FORECASTERS**

	OeNB			WIFO		IHS	
	June 2011			September 2011		September 2011	
	2011	2012	2013	2011	2012	2011	2012
<b>Key results</b>							
<b>Annual change in %</b>							
Real GDP	3.2	2.3	2.4	2.9	0.8	3.0	1.3
Real private consumption	0.9	1.2	1.2	0.9	0.8	1.0	0.8
Real government consumption	0.8	0.8	1.0	0.5	0.5	0.5	0.5
Real gross fixed capital formation <sup>1)</sup>	3.7	3.1	3.4	4.0	1.1	7.7	1.1
Real exports	10.0	6.8	7.2	6.9	3.6	7.9	3.5
Real imports	8.9	6.0	6.6	6.1	3.8	7.4	3.0
GDP per employee	1.5	1.1	1.2	1.1	0.4	1.0	0.8
GDP deflator	2.1	1.9	1.9	2.0	2.1	2.1	2.0
CPI	x	x	x	3.1	2.1	3.2	2.1
HICP	3.2	2.1	1.9	3.5	2.3	x	x
Unit labor costs	1.1	1.8	1.3	1.6	2.1	x	x
Payroll employment	1.7	1.2	1.2	1.8	1.4	1.9	0.5
<b>% of labour force</b>							
Unemployment rate	4.3	4.3	4.1	4.2	4.4	4.1	4.3
<b>% of nominal GDP</b>							
Current account	4.0	4.8	5.0	2.8	2.8	x	x
General government surplus/deficit <sup>2)</sup>	-3.0	-2.6	-2.3	-3.1	-3.1	-3.1	-2.8
<b>Conditioning assumptions</b>							
Oil price in USD/barrel	111.1	108.0	103.7	110.0	100.0	112.0	115.0
Short-term interest rate in %	1.5	2.3	2.8	1.4	1.5	1.4	1.1
USD/EUR	1.42	1.43	1.43	1.40	1.40	1.40	1.39

Source: OeNB, WIFO, IHS.; updated on 30.9.2011

### **1.3. The economy by sectors**

#### **1.3.1. Industry**

Although some industries are global competitors, such as several iron and steel works, chemical plants and oil corporations that are large industrial enterprises employing thousands of people, most industrial and commercial enterprises in Austria are relatively small on an international scale.

The industrial sector is the driving force of the Austrian economy and about 54.700 enterprises in Austria are engaged in construction, machinery, vehicles and parts, food, metals, chemicals, lumber and wood processing, paper and paperboard, communications equipment, tourism. As a whole, these traditional pillars of the national economy employ more than 900 000 people and generate a yearly turnover of about EUR 180 billion.

Almost 250 000 people are employed in the construction industry alone.

The country has only few mineral resources like iron, lead and copper. From 2003 onwards, the government has started liberalisation of the energy sector (mainly electricity and natural gas) which has paved the way for privatisation.

Traditionally, mechanical engineering and structural steel work, the motor vehicle trade (primarily engine and gearbox production), and the chemical, electrical and electronics industries have accounted for the largest share of production overall. In recent years, Austrian firms have also performed well in the fields of material engineering and surface coatings, IT, biotechnology and medical technology, as well as hydraulic engineering and environmental technology.

The average Austrian company, however, is small to medium sized and employs up to 10 people. Companies of this category play an important part in the areas of research & development and technology.

See [List of Austrian companies](#).

For further information please visit the website of the Austrian Chamber of Commerce: <http://wko.at>

#### **1.3.2. Agriculture and forestry**

Almost 80 % of Austria is dedicated to agriculture and forestry. Just under half of the Alpine republic (3.3 million hectares) is covered in forest. The national agriculture and forestry industry is not only the backbone of a viable rural community, but it also reflects the cultural tradition of the nation.

Austrian farms, like those of other west European mountainous countries, are small and fragmented, and production is relatively expensive. However, Austria benefits from large communitarian agricultural subsidies Since Austria's becoming a member of the EU in 1995, the Austrian agricultural sector has been undergoing substantial reform under the EU's Common Agricultural Policy (CAP). Although Austrian farmers provide about 80% of domestic food requirements, the agricultural contribution to gross domestic product (GDP) is constantly declining.

About EUR 6.7 billion are earned annually from agriculture and forestry.

Agriculture-products: grains, potatoes, sugar beets, wine, fruit; dairy products, cattle, pigs, poultry; lumber.

The agricultural sector presently contributes 2% to the country's GDP and employs around 6% of its active population. Cattle breeding and wine growing are the main agricultural activities; with organic agriculture developing rapidly (10% of the agricultural produce in the country is organic). Austria boasts an incredible 18,500 eco-farms adding to the country's reputation as Europe's deli shop.

7.5 million hectares of land are used for agriculture with cattle farming contributing 30% to the agricultural value-added business. 47 % of Austria is forested (and grows yearly by 5.100 ha). Besides water, wood plays a more and more important role as a renewable source of energy.

Agriculture Ministry: [www.lebensministerium.at/en](http://www.lebensministerium.at/en);

Chamber of Agriculture: [www.landwirtschaftskammer.at](http://www.landwirtschaftskammer.at)

### **1.3.3. Services and Tourism**

Most important for Austria is the service sector generating the vast majority of Austria's GDP. Vienna has grown into a finance and consulting metropole and has established itself as the door to the East within the last decades. Viennese law firms and banks are among the leading corporations in business with the new EU member states.

Ca. 81% of Austrian enterprises are engaged in the trade and services sector. These sectors, which are steadily increasing in importance, have shown a very dynamic development in the past years and offer jobs to more and more people.

Tourism is the “motor” for the economy and jobs.

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The services industry is Austria's fastest growing industrial sector. About one sixth of Austria's three million wage and salary workforce is employed in this sector. Banking, public services, commerce, transportation and tourism are also part of it.

The services sector forms two thirds of the Gross Domestic Product.

Tourism plays an extremely important economic role in Austria. It accounts for around 10 percent of Austria's GDP. In 2010, Austria was the tenth most visited country in the world with over 18.2 million tourists. Previously, dependency on German guests made this sector of the Austrian economy very dependent on German economy. However recent developments have brought a change, especially since winter ski resorts such as Arlberg or Kitzbühel are now more and more frequented by Eastern Europeans, Russians and Americans.

In 2010, Austria experienced an increase of overnight stays by tourists from Russia (+23.2%), Switzerland (+4.2%), USA (+11.9%), Sweden (+9.6%), France (+2,7%) and Pöland (+2,6%).

In 2009 around 21.4 million foreign visitors came to Austria, with almost 89.9 million overnight stays (3/4 of the total overnight stays), in total there were almost 125 million overnight stays. The majority of visitors come from: Germany, Switzerland, Hungary, Italy, The Netherlands, The USA and Great Britain.

Austria is 3rd in worldwide rankings for per-capita income from international tourism, the world's 2nd most competitive tourism location, the world's 9th most popular tourism destination by arrivals. The basis for this success comes from tourism education and training programmes in Austria, with their strong international focus.

Austria's tourism and leisure industry can compete with the best in the world. The special combination of culture, history, nature, sport, events and catering/accommodation give tourism and the leisure industry a very important role in the Austrian economy.

Austria provided 1.09 million beds for tourists in 2010. According to an annual survey of Statistics Austria, about 66 200 accommodation establishments and 1.09 million beds were listed in Austria in the reference period November 2009 to October 2010. Tyrol and Salzburg (11 700 establishments respectively 206 800 beds) listed the most nights spent by tourists.

The bed occupancy rate during the winter season 2008/09 remained more or less stable (-1.0%; 34.2%), whereas in the summer season 2010 the rate increased slightly (+0.7%; 29.6%).

According to Statistics Austria's latest preliminary data, the calendar year 2010 closed with a rise in overnights by 0.4% to 124.82 million which means the fifth best result since the beginning of statistical records. Arrivals rose by 3.8% and reached an all-time-high of 11.38 million. In the first two months of the winter season 2010/11 (November and December) a decrease by 2.5% of overnights was observed.

#### **1.3.4. Research and Development (R&D)**

##### **Austrian research intensity expected to be 2.79% of GDP in 2011**

According to an estimate of Statistics Austria, for the first time presumably more than €8 billion will be spent on research and experimental development (R&D) in 2011. In comparison to 2010, the total sum of Austrian R&D expenditure will increase by 5.0% to €8.286 billion and hence reach 2.79% of the Gross Domestic Product (GDP).

The largest part of total R&D expenditure 2011 (44.6% or €3.70 billion) will be financed by businesses. Funding from the business enterprise sector will rise by 5.9%, after a decrease in 2009 and only a minor increase in 2010. The public sector will contribute 38.7% (approx. €3.21 billion); of this share, the federal government ("Bund") will finance €2.73 billion, the regional governments ("Länder") around €394 million and other public funding from local governments, chambers or social security institutions will be about €87 million. This corresponds to an increase of public sector funding by 4.5% compared to 2010. 16.2% will be financed from abroad and 0.4% (approximately €35 million) by the private non-profit sector. The funds from abroad (ca. €1.34 billion) originate mostly from international enterprise groups whose domestic affiliates in Austria perform R&D and include backflows from the EU Framework Programmes for Research, Technological Development and Demonstration.

Its geographic position in the heart of Europe, the good education system, an effective network of incentives and not least the high quality of life make Austria a dynamic place for R&D projects.

Austria's R&D scene is dynamically growing and can be proud of its recognition in the international scientific community. 2,800 technology oriented research institutes support multinationals like Sony, Baxter or BMW.

#### Focal Points in Austrian Research and Development

Special fields of research and competence centers knit an effective network between science and economy.

#### R&D Incentives

Collaboration between science and business is a vital part of Austria's economically oriented, globalized society.

In accordance with EU regulations, expenditures for research and development are generally considered as eligible to receive public funding, regardless of the particular business location and size of the company.

According to Statistics Austria Austria's R&D is considerably higher than the EU average in relation to the GDP. Of the total expenditures 2010 for R&D, approx. EUR 3.38 billion, about 43,3 %, were financed by the business enterprise sector, about 41.2 % (EUR 3.22 bn) were contributed by the public sector, approximately 14.8% came from abroad and 0.4% (around EUR 34 bn) from the private non-profit sector.

Telekom Austria is the leading research organisation in the area of information and telecommunications technology. This company, which is listed on the stock exchange, invests approximately EUR 40 million annually in the research and development of innovative products and services.

The basis of Telekom Austria's research activities is a strong international orientation. Cooperation with research facilities and standardisation committees is extremely important, and this includes participation in European Union framework programmes. In Austria, the development of new broadband services will play a major role in the coming years.

In the enormous business sector of energy, Austria can boast of a vast quantity of up-to-date (and exportable) know-how. Thanks in part to its traditional presence and strength in the area of hydro-electronic power, Austrian companies are world-leaders in the construction of plants for hydroelectricity. The picture is rounded off by biomass, solar and wind energy.

### Gross domestic expenditure on R&D from 2001 to 2011 in Austria

Reference year	Gross domestic expenditure on R&D	
	in € million	as a % of GDP
2001	4 393.09	2.07
2002	4 684.31	2.14
2003	5 041.98	2.26
2004	5 249.55	2.26
2005	6 029.81	2.48
2006	6 318.59	2.46
2007	6 867.82	2.52
2008	7 548.06	2.67
2009	7 657.67	2.79
2010	7 890.68	2.78
2011	8 286.30	2.79

Source: Statistics Austria, April 2011

Companies such as: “Austrian Research Centers”: <http://www.arcs.ac.at>, “Seibersdorf”: <http://www.seibersdorf-research.at> and “The Austrian Research Promotion Agency (FFG): <http://ffg.at>.

## 2. FOREIGN TRADE

Austria’s export industry was among the sectors which suffered most from the economic and financial crisis. Accordingly, exports declined sharply in 2009, only to post a remarkable recovery in 2010: After slumping by 20% in 2009, goods trade expanded by some 16% in the following year. This swift growth continued into 2011. Austrian companies imported goods worth 11.05 billion Euros in May 2011, up sharply (plus 20.3%) compared to the previous month. The value of exports jumped by 20.6% from April 2011 to the next month (10.72 billion Euros). A tough time, however, is ahead of the country. Especially companies which engage in exports will be negatively affected by the gloomy outlook for Austria’s economy in the coming months. (Relating to end of year 2011)

The value of imports improved by 16.5 per cent from 2009 to 2010 to 113.65 billion Euros, according to Statistik Austria. The federal statistic authority also said that firms which had their headquarters in the alpine country exported products worth 109.37 billion Euros last year.

Germany has been Austria’s most important import and export partner for decades. Around -one third of Austrian firms’ exports went to Germany last year.

## **2.1. Austrian foreign trade in the year 2011**

### **Overview**

According to final results relating to Austrian foreign trade in the year 2010 as a whole, imports rose by 16.5% to €113.65 bn and exports increased by 16.7% to €109.37 bn. This growth was supported by trade with the 26 partner countries of the EU and by trade with non-EU countries (import: +19.1% to €31.31 bn; exports: 18.4% to €32.23 bn). The balance of trade deficit of 2009, at €3.83 bn, rose to €4.28 bn in 2010.

### **Trade with the EU-27:**

Overall, trade with the EU member states accounted for 72.5% of total imports (2009: 73.1%) and 70.5% of total exports (2009: 71.0%). In 2010 as a whole, arrivals of goods from the 26 EU partner countries rose by 15.5% from €71.29 bn to €82.35 bn. Dispatches of goods to these countries increased by 16.0% from €66.53 bn to €77.14 bn. Compared with the previous year, the deficit in trade with the EU rose from €4.77 bn to €5.20 bn.

The product group with the highest volume in trade, machinery and transport equipment, showed increases with respect to trading in both directions: arrivals: +14.2% to €28.22 bn; dispatches: +15.0% to 27.69 bn.

An analysis of the growth in foreign trade according to goods categories revealed positive developmental trends for machinery and transport equipment, which, proportionally, remained Austria's most important commodity according to the SITC Rev. 4 classification of goods. Compared with the reporting year 2009, imports of these goods increased by 14.6% to €36.96 bn, exports rose by 17.2% to €41.36 bn. Increases were also registered for the manufactured goods product group, with imports up by 21.3% to €18.06 bn and exports up by 19.3% to €25.16 bn.

### **Trade with non-EU countries:**

The value of imports to non-EU countries increased by 19.1% to €31.31 bn; exports also rose, by 18.4% to €32.23 bn. Assets in the balance of trade with non-EU countries fell slightly to €0.92 bn. In value terms, the most important commodities traded with non-EU countries were machinery and transport equipment (imports: +16.0% to €8.74 bn; exports: +21.9% to €13.67 bn). Trade with manufactured goods product group also showed increases by 29.7% to €3.09 bn (imports) and by 16.1% to €6.70 bn (exports).

(Source: STATISTICS AUSTRIA - Final results; Compiled on 7<sup>th</sup> July 2011.)

### **The most important industrial sectors in Austria are:**

- Mechanical and Steel Engineering
- Chemical and Automotive industry
- Electrics and Electronics industry and
- Wood, Pulp and Paper industry.
- Food and Drink industry

The majority of Austrian goods exports come from these industrial sectors.

The key economic sectors for each region:

Upper Austria: Iron, steel, chemical and mechanical engineering.

Salzburg: Electrics, wood and paper, national services in wholesale and transport.

Vorarlberg: Textiles, clothing.

Carinthia: Wood, pulp and paper industry.

Styria: Automobiles, iron and steel, manufacturing.

Tyrol: Glass, Wood.

Vienna: Financial Services.

## 2.2. Austria: Import and Export Rates 2010

Imports and exports according to country groups, Jan. - Dec. 2010, Previous year final results, current period final

Country by origin groups	€ 1 000					
	Imports		% -change on previous year	Exports		% -change on previous year
	Jan.-Dec. 2010	Jan.-Dec. 2009		Jan.-Dec. 2010	Jan.-Dec. 2009	
Total	113.652.123	97.574.003	16,5	109.372.708	93.739.240	16,7
Europe	94.274.688	81.581.251	15,6	89.828.310	77.433.970	16,0
Africa	1.996.718	1.166.085	71,2	1.425.308	1.373.620	3,8
America	4.876.274	3.867.841	26,1	7.683.421	6.109.123	25,8
Asia	12.401.690	10.847.878	14,3	9.660.418	8.099.171	19,3
Australia/Oceania	102.754	101.423	1,3	722.822	672.256	7,5
EU-27	82.345.260	71.291.755	15,5	77.144.848	66.526.689	16,0
EFTA	6.738.294	6.361.224	5,9	6.052.662	5.241.264	15,5
Eurozone	68.315.691	59.868.147	14,1	59.200.367	51.005.495	16,1
Riparian countries Austria	69.887.653	60.943.226	14,7	60.715.813	51.778.529	17,3
OECD	93.270.712	81.379.803	14,6	87.417.380	74.483.670	17,4
OECD-Europe	87.078.762	76.222.702	14,2	78.878.094	67.550.949	16,8
OECD-Overseas	6.191.949	5.157.101	20,1	8.539.285	6.932.721	23,2
Eastern Europ. Countries	18.768.923	14.344.161	30,8	22.870.952	20.012.325	14,3
CEEC	15.612.952	12.188.939	28,1	19.463.017	17.230.959	13,0
CIS-Europe	3.155.971	2.155.223	46,4	3.407.935	2.781.365	22,5
Less Developed Countries	6.930.515	5.697.005	21,7	6.368.589	5.856.356	8,7
DAC (former ELMGE)	6.670.822	5.468.503	22,0	6.128.294	5.598.138	9,5
OPEC	1.664.756	1.280.786	30,0	1.992.854	2.018.085	-1,3
Non-EU countries	31.306.863	26.282.248	19,1	32.227.861	27.212.550	18,4
Arabic countries of Africa and Asia	1.447.558	1.277.231	13,3	2.086.945	2.054.102	1,6
NIC	1.258.457	1.158.968	8,6	1.886.682	1.446.321	30,4
ASEAN	1.401.219	1.188.195	17,9	1.025.432	943.369	8,7
CIS-Asia	969.785	1.044.320	-7,1	452.482	428.048	5,7
NAFTA	3.836.631	3.032.720	26,5	6.087.171	4.928.506	23,5

Imports and exports according to country groups, Jan. - Dec. 2010, Previous year final results, current period final

Country by origin groups	€ 1 000					% - change on previous year
	Imports		% -change on previous year	Exports		
	Jan.-Dec. 2010	Jan.-Dec. 2009		Jan.-Dec. 2010	Jan.-Dec. 2009	
<p>OECD - Organisation for Economic Cooperation Development.            EU-27 - European Union: France, Belgium, Luxembourg, Netherlands, Germany, Italy, United Kingdom, Ireland, Denmark, Greece, Portugal, Spain, Sweden, Finland, Malta, Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Slovenia, Cyprus, Romania, Bulgaria, incl. Stores and Provisions Intra, Countries and Territories not determined Intra.            EFTA - European Free Trade Association: Iceland, Norway, Liechtenstein, Switzerland.            EUROZONE - France, Netherlands, Germany, Italy, Ireland, Greece, Portugal, Spain, Belgium, Luxembourg, Finland, Slovenia, Slovakia, Malta, Cyprus.            CEEC - Central and Eastern European countries: Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Albania, Slovenia, Croatia, Bosnia-Herzegovina, Serbia, Montenegro, Macedonia, Kosovo.            CIS - Commonwealth of Independent States: Ukraine, Belarus, Republic of Moldova, Russian Federation, Georgia, Armenia, Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan, Tajikistan, Kyrgystan.            DAC (former ELMGE) - Development Assistance Committee            OPEC - Organisation of the Petroleum Exporting Countries: Algeria, Libyan Arab Jamahiriya, Nigeria, Venezuela, Iraq, Islamic Republic of Iran, Saudi Arabia, Kuwait, Qatar, United Arab Emirates, Indonesia, Angola, Ecuador.            NIC - Newly Industrialised Countries: Singapore, Republic of Korea, Taiwan, Hong Kong.            NAFTA - North American Free Trade Agreement: USA, Canada, Mexico.            ASEAN - Association of South-East Asian Nations: Myanmar, Thailand, People's Democratic of Lao, Vietnam, Cambodia, Indonesia, Malaysia, Brunei Barussalam, Singapore, Philippines.</p>						

S: STATISTICS AUSTRIA; Compiled on 07<sup>th</sup> July 2011

### 2.3. Commodity Structure of Bilateral Trade

Main exported commodities from Austria to Israel:

Machinery and equipment, motor vehicles and parts, paper and paper board, metal goods, chemicals, iron and steel, textiles and foodstuffs.

Main exported commodities from Israel to Austria:

Electronics, machinery, chemicals, metal products, plastics and agricultural products.

## **2.4. Austria-Israel:**

### **Israel's ranking within Austria's foreign trade:**

<b>Imports</b>	<b>ranking</b>	<b>Exports</b>	<b>ranking</b>
2002	50	2002	47
2003	54	2003	50
2004	52	2004	49
2005	56	2005	53
2006	59	2006	53
2007	58	2007	48
2008	59	2008	46
2009	50	2009	47
2010	50	2010	45

Source: Statistik Austria, updated July 2011

## **Bilateral Trade Figures**

<b>In mil. USD</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011 (1-8)</b>	<b>2010 (1-8)</b>
<b>Imports from Austria</b>	215.0	297.1	399.2	267.3	263.3	234.2	170.4
<b>Exports from Israel</b>	84.6	118.5	99.9	99.9	155.4	121.2	85.6

Source: Central Bureau of Statistics, [http://www.cbs.gov.il/fr\\_trade/td1.htm](http://www.cbs.gov.il/fr_trade/td1.htm)

## **2.5 Austria's Trade Partner – Israel 2004-2010:**

<b>Exports</b>				<b>Imports</b>			
<b>YEAR</b>	<b>Mio. EURO</b>	<b>change in %</b>	<b>of all exports</b>	<b>Mio. EURO</b>	<b>change in %</b>	<b>of all exports</b>	<b>balance in Mil EUR</b>
2004	142,7	+ 22,5	0,2	88,1	+ 5,7	0,1	+ 54,6
2005	134,5	- 5,8	0,1	85,6	- 2,8	0,1	+ 48,8
2006	151,3	+ 12,5	0,1	97,4	+ 13,7	0,1	+ 53,9
2007	207,8	+ 37,4	0,2	123,0	+ 26,3	0,1	+ 84,9
2008	278,8	+ 34,1	0,2	115,4	- 6,2	0,1	+ 163,4
2009	203,4	- 27,0	0,2	122,1	+ 5,8	0,1	+ 81,3
2010	210,2	+ 3,3	0,2	173,4	+ 42,0	0,2	+ 36,8

Source: WKO, [www.wko.at/statistik](http://www.wko.at/statistik)

## 2.6 Israel's main Imports and Exports to Austria

DESCRIPTION	January-December 2011					Exports				
	Imports		\$ TH	2011 % Distrib.	\$ TH	2010		\$ TH	2011 % Distrib.	\$ TH
	CHANE %	% Distrib.				CHANE %	% Distrib.			
<b>EUROPEAN UNION, AUSTRIA</b>										
LIVE ANIMALS, ANIMAL PRODUCT	-11.27%	0.14	366.67	0.09	325.35	-68.63%	0.14	206.87	0.04	64.90
PLANTS & VEGETABLE PRODUCTS	59.50%	0.12	312.87	0.14	499.04	100.31%	0.95	1,405.76	1.61	2,815.88
ANIMALS, VEGETABLE FATS	-74.21%	0.00	10.35	0.00	2.67	-66.05%	0.04	64.94	0.01	22.05
PREPARED FOODSTUFFS	67.25%	4.72	12,107.11	5.71	20,249.42	-27.90%	0.39	580.61	0.24	418.63
MINERAL PRODUCTS	2,284.13%	0.15	384.53	2.58	9,167.66	0.00%	0.00	0.00	0.00	0.83
CHEMICAL PRODUCTS	12.34%	11.16	28,661.79	9.08	32,197.75	19.32%	3.16	4,694.43	3.19	5,601.25
RUBBER, PLASTICS	35.43%	4.67	11,980.42	4.57	16,225.10	38.36%	4.49	6,665.52	5.26	9,222.41
HIDES, LEATHER	31.90%	0.02	63.49	0.02	83.75	106.78%	0.00	6.46	0.01	13.36
WOOD & WOOD PRODUCTS	-1.43%	4.65	11,924.98	3.31	11,754.59	0.00%	0.00	0.00	0.00	0.14
PAPER & PAPER PRODUCTS	60.52%	10.35	26,562.08	12.02	42,638.51	-55.41%	0.70	1,038.53	0.26	463.07
TEXTILE & TEXTILE ARTICLES	21.68%	5.09	13,075.20	4.48	15,909.64	117.39%	1.69	2,513.96	3.12	5,465.01
FOOTWEAR, HEADGEAR	70.68%	0.26	666.86	0.32	1,138.20	-7.69%	0.02	28.45	0.01	26.26
NON-METALLIC MINERAL PRODUCT	13.58%	2.30	5,897.79	1.89	6,698.69	-34.46%	0.14	213.40	0.08	139.86
PRECIOUS STONES & METALS	91.63%	1.09	2,807.07	1.52	5,379.31	-48.60%	3.35	4,979.17	1.46	2,559.53
BASE METALS	12.61%	15.73	40,379.23	12.82	45,469.63	-34.84%	6.41	9,514.47	3.54	6,199.84
MACHINERY	38.95%	21.85	56,105.86	21.98	77,957.92	27.16%	56.08	83,249.37	60.36	105,859.19
TRANSPORT EQUIPMENT	37.70%	9.94	25,529.44	9.91	35,153.47	-43.21%	0.14	212.52	0.07	120.69
OPTICAL MEDICAL, OTHER EQUIP	3.39%	5.02	12,891.13	3.76	13,328.38	-21.48%	11.14	16,529.44	7.40	12,978.36
MICELLANEOUS	194.13%	2.72	6,992.09	5.80	20,565.90	41.60%	11.14	16,534.67	13.35	23,412.52
Total	38.18%	100.00	256,718.95	100.00	354,744.95	18.15%	100.00	148,438.56	100.00	175,383.75

Source : Israel - Central Bureau of Statistics; [www.cbs.gov.il](http://www.cbs.gov.il)

### **3. Austria - how it is facing the "EURO-Crisis"**

#### **3.1. Trade-relations Israel-Austria**

**In 2011 Austria's economy grew by about 3.3%.**

**The economic outlook changed for the worse in the course of the year.**

**A worldwide downturn in business activity took place.**

1. Growth-forecast for 2012 is down at 0.8, could become even less, depending on what will happen to the German and Italian economies in the coming months.

2. in a recent public poll, 57% of Austria's population declared that they have economic fears regarding the year 2012.

That means: less private consumption, more savings; thus an economic slowdown.

3. Austria's government decided to yearly cut down 2 billion from 2012 to 2016 which means EUR 10 billion. As of today (12.January 2012), there is a still unresolved debate going on between the Austrian Socialist- and the Conservative party on the question how to cut expenses by adding or raising additional taxes. An extensive reform of Austria's administrative machinery has been initiated. The increasing costs for old-age pensions, health and nursing-service will be limited. A higher VAT on luxury goods, the introduction of a property-tax as well as higher taxes on top-salaries are intended by the SPÖ (the Socialist Party).

This means: reduction of private consumption and government expenditure.

4. The Austrian Minister of Defense, Mr. Darabos, suggested a reduction of the defense budget to about EUR 160 Million by selling 400 tanks and firing 1000 soldiers in 2012-2014.

This means: A reduction of government expenditure and private consumption

5. Despite the diplomatic and elegant words of the Economic Minister, Mr. Mitterlehner, and the ÖNB (Austrian National Bank)- Governor, Ewald Nowotny, about the strength of the Austrian economy and the readiness of the Austrian banking system for extreme economic situations we could understand from the three CEOs of the three main banks in Austria, that they start to be very conservative and cautious to approve new credits to clients and to suppliers. The Austrian banking-system is, however, better prepared for any renewed economic slump than in 2010.

This means: less credits for individuals and mainly for small and medium businesses. This will again affect private consumption and investments.

6. On 13 January, 2012, Standard & Poor's downgraded Austria and France from AAA rating to AA+, lowered Spain, Italy, Cyprus, Portugal, Slovakia, Slovenia and Malta. They have all the one thing in common -the Euro. The announcement certainly created waves in Austria, where Chancellor Werner Feymann said "Austria must become more independent from the financial markets" and there has been much indignation, people saying that the downgrade is unwarranted. Austrian Economic specialists say that Austria shouldn't take it personally. The downgrade is about the general Euro crisis, and not specifically concerning Austria. In their opinion many of the reasons given for the downgrade don't make much sense, and it is unlikely to have much effect.

Summing up:

For Austria, the strong exposure to the German and Italian economies and its historic and geographic close ties to the eastern- bloc countries means by definition an extra sensitivity to possible economic shocks in the future.

An economic upturn for Austria is expected only by 2013.

### **3.2. Proposals to encourage bilateral trade**

Membership of Austria in the European Union is a challenge for the business partners from Israel. Austria with its geographical and cultural proximity has very good economic relations to the recently admitted countries into the EU (as Bulgaria, Romania, Czech Republic, Slovakia, Hungary, Slovenia) and to emerging markets in Central and Eastern Europe. Austria traditionally has been active in “bridge-building to the east”, increasing contacts at all levels with Eastern Europe and the States of the former Soviet Union.

The focus of mutual co-operation and new business-opportunities should be on the following sectors: spare parts of automotive industry, electronics and information technologies, upgrade of health sector facilities, infrastructure, industrial building and housing, alternative energy, recycling and waste management, water management, industrial safeguard products, increase of competitiveness of agriculture, tourism and services for industry.

Opportunities of co-operation are also in the frameworks of the EU founded programmes for support of R&D, as e.g. Heureka and 7<sup>th</sup> framework programme and Galileo.

## **4. TENDERS AND FAIRS 2012**

Visiting and Exhibiting at trade fairs is especially important for market entry. More information about trade fairs and dates can be found at <http://www.messen-austria.at> - the site is in German only.

### **4.1. Tenders:**

CORDIS: Here you can search for partners: <http://cordis.europa.eu/partners-service/search.html>

You can sign up: <http://cordis.europa.eu/search/index.cfm?fuseaction=reg.userregistration>

If you want to find out more about the tenders in Austria, please use one of the following internet services:

- TED, TENDERS ELECTRONIC DAILY:  
<http://ted.europa.eu/Exec?DataFlow=hRead.dfl&Template=TED/homepage.htm&hpt=AT&StatLang=EN>
- dgMarket:  
<http://www.dgmarket.com>
- ACTIVE TENDER SERVICE (european and international projects): <http://www.auftrag.at>
- PROJECTS OF INTERNATIONAL FINANGIAL INSTITUTIONS:  
[http://portal.wko.at/wk/sn\\_detail.wk?AngID=1&DocID=179281](http://portal.wko.at/wk/sn_detail.wk?AngID=1&DocID=179281)

#### **4.2. Trade shows and fairs:**

If you want to find out more about fairs in Austria, please use the following link:  
[www.eventseye.com/fairs/event\\_1371.html](http://www.eventseye.com/fairs/event_1371.html)

#### **Exhibitions in 2012 in Vienna- "Messe Wien":**



parallel with Ferien-Messe Wien, Cook & Look  
**12th to 15th of Jan 2012**



International fair for holidays, travel and leisure  
parallel with Vienna Autoshow, Cook & Look  
**12th to 15th of Jan 2012**



International trade fair for heating, air-conditioning, sanitary fittings, bath & design  
**24th to 27th of Jan 2012**



All about healthy building, renovating, financing and energy saving. Special features:  
Environmental and climate protection. In cooperation with IBO - Austrian Institute for Healthy  
and Ecological Building  
**16th to 19th of Feb 2012**



Austria's largest fair for dream interiors, design, accessories, home entertainment and garden.  
Featuring international interior design and garden trends.  
**10th to 18th of Mar 2012**



Trade fair for pharmaceutical products  
**26th to 28th of Apr 2012**



The Real Estate and Investment Fair focused on Central & Eastern Europe  
**22nd to 23rd of May 2012**

# **VIENNAFAIR**

The International Contemporary Art Fair focused on CEE  
**20th to 23rd of Sep 2012**



## **VIENNA-TEC**

International Fair for Industry and Trade - six well-known trade fairs under one roof  
**09th to 12th of Oct 2012**



## **AUTOMATION AUSTRIA**

International trade fair for industrial automation, drive and motion control  
**09th to 12th of Oct 2012**



## **ENERGY-TEC**

International trade fair for energy distribution and switching technology  
**9th to 12th of Oct 2012**



## **IE / INDUSTRIE ELEKTRONIK**

International trade fair for industrial electronics  
**09th to 12th of Oct 2012**



## **INTERTOOL**

International trade fair for manufacturing technology  
**09th to 12th of Oct 2012**



## **MESSTECHNIK**

International trade fair for measuring, test equipment and quality assurance  
**09th to 12th of Oct 2012**



## **SCHWEISSEN / JOIN-EX**

International trade fair for welding, joining, cutting, testing und protecting  
Organiser: Schweißtechnische Zentralanstalt  
**09th to 12th of Oct 2012**

**For further information on “Exhibition and Fairs” in other cities (Salzburg, Linz, Graz, etc):**  
**<http://www.messe.at/en/kalender/index.html>**

## **5. Useful websites:**

Austrian Federal Chancellery  
<http://www.austria.gv.at/>

Federal Ministry of Economics and Labour  
<http://www.bmwa.gv.at>

Austrian Israeli Chamber of Commerce  
<http://www.aicc.at/>

Austrian Chamber of Commerce:  
<http://wko.at>

Austrian Foreign Trade Promotion Organisation (WKO/AWO)  
<http://www.austriantrade.org>

Statistics Austria  
<http://www.statistik.at>

Oesterreichische Nationalbank (OeNB)  
<http://www.oenb.at/en>

ABA  
<http://www.investinaustria.at>

WIFO  
<http://www.wifo.ac.at>

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## **For more information, please contact:**

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