



AUSTRIA

What's happening in this economy

Austria is a stable, wealthy economy. Its growth rate is expected to slow to 1.4 per cent in 2019 (OECD), due to a weakening global economy.

Exports of goods and services are a key component of Austria's GDP (54.6 per cent in 2018). Its economy relies on a strong services sector (tourism), a sound industrial sector and a smaller agriculture and forestry sector.

SMEs are the backbone of Austria's economy. Austrian firms are often world leaders in highly specialised niche sectors.

Austria's digitalisation strategy aims to strengthen digital technology use and development, in particular among smaller firms. Austria is highly innovative, and its R&D and GDP ratio puts it ahead of the EU average in terms of gross domestic expenditure.

Austria offers a conducive business environment: it hosts around 380 regional headquarters of major multinational companies that use Austria as a hub to enter South East and Eastern Europe.

Austria has been facing competition as an investment destination from Central and Eastern Europe (CEE) economies:

- efforts have been made to reinvigorate Vienna as an entry point into the CEE region, including through incubator hubs for start-ups. This could be of interest to Australian business, and
- the Austrian Chamber of Commerce offers a program to support innovation and innovation exchange with international partners, including through cooperation with universities, start-ups and accelerators world-wide.

Austria ranked 21 overall in the World Economic Forum's Global Competitiveness Report 2007–2019. It has benefited from high macroeconomic stability, high-quality infrastructure (roads, railways,

electricity, water supply) and legal security. Austria's regulatory burden, low uptake of high-performance broadband networks, labour taxes and availability of skilled labour were identified as less competitive than those jurisdictions ranked more highly.

In October 2019 the OECD identified a need for more ambitious public sector and federal fiscal reforms, and recommended pension reform.

Key facts and figures

- Population: 8.9 million (2018)
- GDP growth: 2.7% (2018)
- GDP per capita: USD 51,509 (2018)
- Political system:
 - Federal republic
- Two-way trade: AUD 2,185m (2018; AUD 1,984m in goods, AUD 201m in services)
- Key goods traded:
 - Exports (2018: AUD 40m): gold coin and legal tender, telecom equipment, office & stationary supplies, specialised machinery
 - Imports (2018: AUD 1,944m): arms and ammunition, goods vehicles, electric power machinery, civil engineering equipment
- Two-way investment: AUD 5,939 (2018)
 - Australia to Austria: AUD 1,641m
 - Austria to Australia: AUD 4,298m



connecting Australian business to the world

Trade, investment, and commercial opportunities and activities

- In 2018 Australia was Austria's seventh largest market outside Europe:
 - two-way goods and services trade reached almost AUD 2.2 billion in Austria's favour, and
 - Australian investment in Austria included Cochlear, IFM Investors (the major shareholder in Vienna airport), Macquarie Capital and European Lithium.
- The EU is Austria's most important trading partner. Outside Europe, the Asia-Pacific region is of increasing interest to Austria for trade and investment:
 - Australia's profile as an investment partner is growing, particularly in innovative high-tech and IT sectors, and
 - Australia's talent pool, can-do and problem-solving attitude—and its proximity to Asia—are key selling points. About 130 Austrian subsidiaries operate in Australia. Notable investors include:
 - Frequentis - communications
 - Kapsch - road tolling systems
 - Vamed – a hospital operator (part of German Fresenius group), and
 - Andritz – a pump storage provider.
 - Priority sectors for inward investment from Austria into Australia include transport, ICT, high-tech systems and materials, infrastructure, agri-food, energy, educational technologies and life sciences.

Trade policy and negotiations

As an EU member, Austria contributes to EU trade policy.

Concerns about sustainability, and enforceable environmental and labour standards, led to the Austrian Parliament voting against the EU-Mercosur FTA in September 2019.*

**Note: unlike the EU-Mercosur FTA, the Australia-EU FTA does not require approval from the national parliaments of EU member states. The Australia-EU FTA requires approval from the European Parliament.*

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