

Austria – A Profitable Location

The success factors: stability, CEE know-how,
and a prosperous market in the heart of Europe

Attractive business environment

- Austria is the fourth richest country in the EU
- Above-average purchasing power of Austrian consumers
- Highly developed infrastructure
- Efficient public administration

Stability and security

- Political and social stability
- Good relations between labor and management
- Low strike rate
- High level of personal security
- Security of energy supply

Tax advantages

- Low corporate tax rate of 25 percent
- Attractive group taxation scheme
- Austrian tax laws allow further reduction of the tax burden
- No wealth or trade tax

Productivity

- A top ranking in terms of hourly output per employee

Central location

- Ideal base for business in Eastern and South Eastern Europe
- Extensive experience derived from 16,000 joint ventures between Austrian and Eastern European companies
- Eastern European coordination center (headquarters) for around 1,000 foreign companies
- Service providers with extensive East European know-how
- The best-performing airport in respect to flight connections to the CEE region

Business-oriented education

- Practice-oriented learning in technical and business fields
- High educational expenditures confirm the value placed on education and training
- Close cooperation between academic and business communities

Globalized Economy

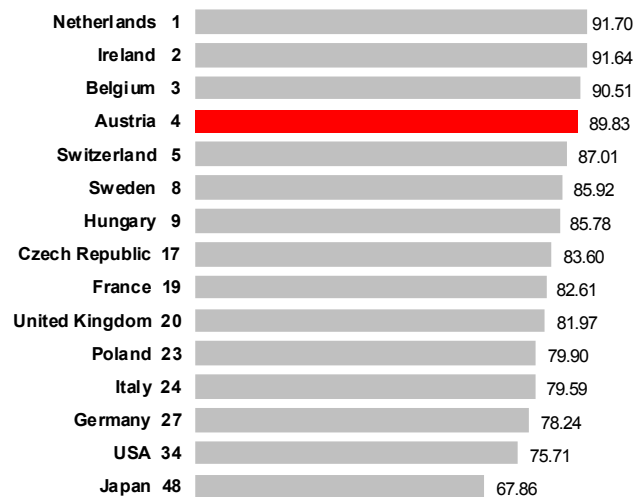
Austria ranked fourth in the globalization index

Austria ranks among the most highly globalized countries in the world. This is the conclusion of the KOF Index of Globalization 2016 compiled by the renowned Swiss Federal Institute of Technology (ETH) in Zurich. The annual index measures the economic, social and political dimensions of globalization in 192 countries. Austria rates an impressive fourth behind Ireland, Netherlands and Belgium.

The economic dimension of globalization comprises the extent of cross-border trade, investment and revenue flows in relation to the gross domestic product as well as the impact of trade and capital transaction restrictions. The social dimension of globalization reflects the level of cross-border dissemination of information and ideas, whereas the political dimension focuses on the strength of political cooperation among the countries.

The most highly globalized countries

Index = 100



Source: KOF Index of Globalization 2016, ETH Zurich

Vienna ranks among the world's top 20 globalized cities

The Global Cities Index of the American consulting company A.T. Kearney is an indicator for the global commitment of large cities, and reflects the worldwide importance of a city. The 84 most influential cities in the world are evaluated with respect to their economic activity, human resources, information exchange, cultural experience and political commitment. The index provides an ideal instrument for companies to select a suitable business location.

In the latest Global Cities Index 2014, Vienna is rated 16th and is the fifth most important city in Europe behind London, Paris, Brussels and Madrid. New York has the biggest global influence of any city in the world.

Among the top 20 cities, seven are in Europe, seven in the Asia-Pacific region and six in North and South America.

The most important cities in the world

Rank	City	Country
1	New York	USA
2	London	United Kingdom
3	Paris	France
4	Tokyo	Japan
5	Hong Kong	China
11	Brussels	Belgium
15	Madrid	Spain
16	Vienna	Austria
17	Moscow	Russia
19	Berlin	Germany
23	Frankfurt	Germany
26	Amsterdam	Netherlands
31	Zurich	Switzerland
32	Rome	Italy
33	Stockholm	Sweden
43	Copenhagen	Denmark
45	Dublin	Ireland
46	Budapest	Hungary
47	Prague	Czech Republic
60	Warsaw	Poland

Source: A.T. Kearney Global Cities Index 2014

General information

Geographical position

Austria has a total area of 83,872 square kilometers and consists of nine federal provinces: Vienna (also Austria's capital), Burgenland, Carinthia, Lower Austria, Salzburg, Styria, Tyrol, Upper Austria and Vorarlberg.

The country shares its border with eight neighbors: Germany, Czech Republic, Hungary, Italy, Liechtenstein, Slovakia, Slovenia and Switzerland.

Austria's geographical location in the heart of Europe provides foreign investors with bottom-line strategic advantages for their business operations. Due to its unique geographical position, Austria is an ideal business location – whether as an East-West interface or as headquarters for a company's Central and Eastern European business activities. The geographical proximity to all major CEE cities is an important competitive advantage: the distance from Vienna to Prague is 299 kilometers, whereas Budapest is only 266 km away.

Austria offers a top-notch, high-quality network of highways and expressways spanning more than 2,000 km, as well as six international airports. Vienna International Airport is one of the most important East-West transportation hubs, providing flight service to 37 destinations in the CEE region.

Connections between East and West

From Vienna to	Distance	Flight time
Berlin	634 km	1:15 hours
Brussels	1,121 km	1:30 hours
Budapest	266 km	0:45 hours
Frankfurt	720 km	1:50 hours
London	1,570 km	2:00 hours
Moscow	1,950 km	2:50 hours
Prague	299 km	1:00 hours
Rome	1,130 km	1:45 hours
Zurich	757 km	1:25 hours

Due to the fact that Austria is situated along the Danube River, it is easily accessible via waterway. Because of the Rhine-Main-Danube Canal, the Danube serves as the direct link between the North Sea and the Black Sea. All four Danube ports in Austria, namely Vienna, Linz, Enns and Krems, are equipped with the most advanced technical facilities. The Port of Vienna is the largest inland container port in all of Europe.

Population

Austria has a population of about 8.58 million. The employment rate¹⁾ in Austria is 77.8 percent, thus far surpassing the EU-28 average of 75.1 percent.

German is the official language spoken in Austria. However, the Austrians are known to have excellent foreign language capabilities. A large majority of the country's inhabitants speaks English. At the same time, they possess a good command of Eastern European language skills.

Political system

Austria is a parliamentary republic. Its legislative bodies are the National Council, the Bundesrat (Upper House) and the provincial diets. The 183 Members of the National Council and those of the nine provincial governments (one for each province) are directly elected, and the members of the Bundesrat are elected by the provincial parliaments.

Six political parties are currently represented in the National Council: Social Democratic Party of Austria (SPÖ), Austrian People's Party (ÖVP), Freedom Party of Austria (FPÖ), the Greens, NEOS (The New Austria) and Team Stronach.

The Chancellor, Vice-chancellor and ministers are responsible for conducting federal government affairs to the extent that these are not the responsibility of the Federal President. The provincial governments are the executive arm at provincial level.

The Austrian President, who has no direct influence on day-to-day political matters, is elected directly by the population for a six-year term of office.

Austrian law is based on the Federal Constitution of 1920 which enshrines the division of powers between the legislature, the executive, and the judicial and administrative systems.

¹⁾ The labor force as a percentage of the entire working age population (aged 20-64)

Economic data of Austria

	2013	2014	2015 ^{*)}
Real GDP growth rate (percentage change on previous year)	0.3%	0.4%	0.9%
Gross domestic product (at current market prices)	322.88 billion €	329,30 billion €	337,16 billion €
GDP per head of population (at current market prices)	35,000 €	35,490 €	36,390 €
Gross fixed capital formation (percentage of GDP)	22.5%	22.4%	22.1%
Employment rate (proportion of resident population in gainful employment)	77.2%	77.6%	77.8%
Unemployment rate	5.4%	5.6%	5.7%
Inflation rate	2.1%	1.5%	0.8%
Research and development expenditures (percentage of GDP)	2.96%	2.99%	3.01%
Export rate (as a percentage of GDP)	38.2%	37.9%	37.4%

Sources: Eurostat, European Commission (Ameco database),
Austrian Institute of Economic Research, Statistics Austria (February 2016)

^{*)} Forecast