

Austria – Profitable Location in Europe

The success factors:

Top stability, excellent CEE know-how, highly qualified staff, strong industries, 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
- Excellent infrastructure
- Modern and efficient public administration
- Highest quality of life

Stability and security

- Political stability and reliable legal system
- High personal security
- Good relations between employers and employees
- Low strike rate and high level of social peace
- Outstanding level of energy security

Tax advantages

- Low corporate tax rate
- Group taxation scheme
- No wealth or trade tax
- Cutting-edge Austrian trust regulations
- Attractive research promotion incentives

Productivity

- High labor productivity and low unit labor costs
- Top motivated and highly qualified employees

Central location

- Ideal East-West business hub
- Location for 380 CEE headquarters of multinationals
- Coordination headquarters for about 1,000 foreign companies
- Competent consultants with extensive CEE know-how
- Leading flight and freight logistics hub to Eastern Europe

Business-oriented education

- Dual education system combines theoretical and practical teaching
- Optimal cooperation between business and science

Globalized Economy

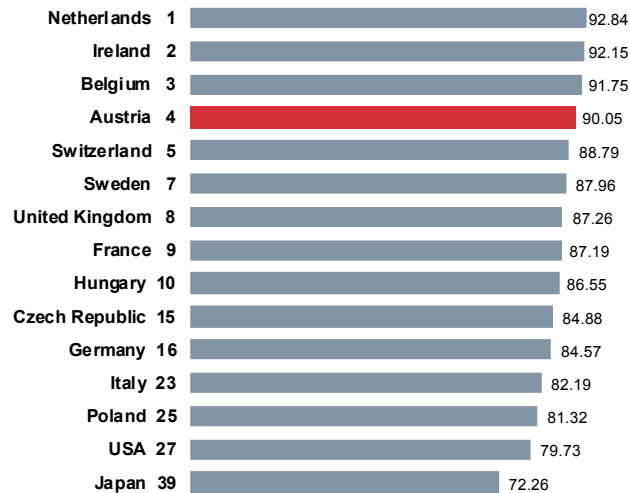
Austria ranks fourth in the globalization index

Austria ranks among the most globalized countries in the world. This is the conclusion of the KOF Index of Globalization 2017 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 193 countries. Austria rates an impressive fourth behind the Netherlands, Ireland 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 globalized countries

Index = 100



Source: KOF Index of Globalization 2017, ETH Zurich

Vienna ranks among the top 20 globalized cities in the world

The Global Cities Index of the American consulting company A.T. Kearney serves as an indicator for the global engagement of large cities, and represents the worldwide importance of a city. The 125 most influential cities are evaluated with respect to their economic activity, human capital, information exchange, cultural offering and political engagement. Accordingly, the index serves as an ideal instrument for companies to select a business location.

In the current ranking, Vienna is rated 19th in the world, and thus ranks among the most attractive cities in Europe along with London, Paris, Brussels, Madrid and Berlin. London and New York are the top two cities when it comes to globalized metropolises. According to the study, Vienna primarily holds its ground due to its above-average economic activity.

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

The most important cities in the world

Rank	City	Country
1	London	United Kingdom
2	New York	USA
3	Paris	France
4	Tokyo	Japan
5	Hong Kong	China
12	Brussels	Belgium
13	Madrid	Spain
16	Berlin	Germany
19	Vienna	Austria
22	Amsterdam	Netherlands
29	Frankfurt	Germany
31	Zurich	Switzerland
32	Stockholm	Sweden
35	Rome	Italy
42	Copenhagen	Denmark
46	Prague	Czech Republic
48	Dublin	Ireland
54	Budapest	Hungary
55	Warsaw	Poland

Source: A.T. Kearney Global Cities Index 2016

General information

Geographical position

Austria has a total area of 83,879 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 motorways, highways and federal roads spanning about 125,000 km, as well as six international airports. Vienna International Airport is the most important East-West transportation hub, providing flight service to 35 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 is home to roughly 8.8 million people. Its employment rate¹⁾ of 77.3 percent is above the EU-28 average of 76.2 percent.

The country's official language is German. However, Austrians also have an excellent knowledge of foreign languages. The vast majority of Austria's resident population speaks English, but there is also a large number of Austrians with a sound knowledge of Eastern European languages.

Political environment

The Republic of Austria is a parliamentary democracy. Its legislative organs are the National Council, the Federal Council, and the provincial parliaments. The 183 members of the National Council as well as the members of the nine provincial parliaments (for each federal province) are elected directly, while the members of the Federal Council 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 Federal President of Austria is the Head of State elected by the Austrian people for a term of six years. He is the only representative of the entire country who is elected directly by the population.

The Federal Government comprises the Federal Chancellor, the Vice Chancellor and the ministers. It heads, determines and supervises political life internally and externally. Jointly with the Federal President it forms the head of the federal administration. The majority of the laws passed by the National Council are based on bills initiated by the Federal Government.

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.

Austria in the EU

After successful accession negotiations and a national referendum, in which two-thirds of the Austrian population voted in favor of joining the EU, Austria formally became an EU member state on January 1, 1995 together with Sweden and Finland. As a result, the fundamental freedoms enjoyed by people in the EU also extend to Austrians. This entails the freedom of movement for all workers and thus the free choice of employment, right of establishment and freedom to provide services, and the free movement of capital and goods. In return, Austria is obliged to adopt EU regulations.

On January 1, 2002 the euro was introduced as the official currency in Austria.

¹⁾ The labor force as a percentage of the entire working age population (aged 15-64), Source: EU Commission

Economic data of Austria

	2015	2016	2017 ^{*)}
Real GDP growth rate (percentage change on previous year)	1.0%	1.5%	2,4%
Gross domestic product (at current market prices)	339,90 billion €	349,49 billion €	360,34 billion €
GDP per head of population (at current market prices)	36,910 €	36,540 €	37,110 €
Gross fixed capital formation (percentage of GDP)	22.6%	22.9%	23.0%
Employment rate (proportion of resident population in gainful employment)	77.0%	77.2%	77.3%
Unemployment rate	5.7%	6.0%	5.7%
Inflation rate	0.8%	1.0%	2.0%
Research and development expenditures (percentage of GDP)	3.12%	3.12%	3.14%
Export rate (as a percentage of GDP)	38.7%	37.5%	:

Sources: Eurostat, European Commission (Ameco database),
Austrian Institute of Economic Research, Statistics Austria (07/2017)

^{*)} Forecast and provisional data
: not available