

THIS IS AUSTRIA

Overview of location attractiveness for work and business

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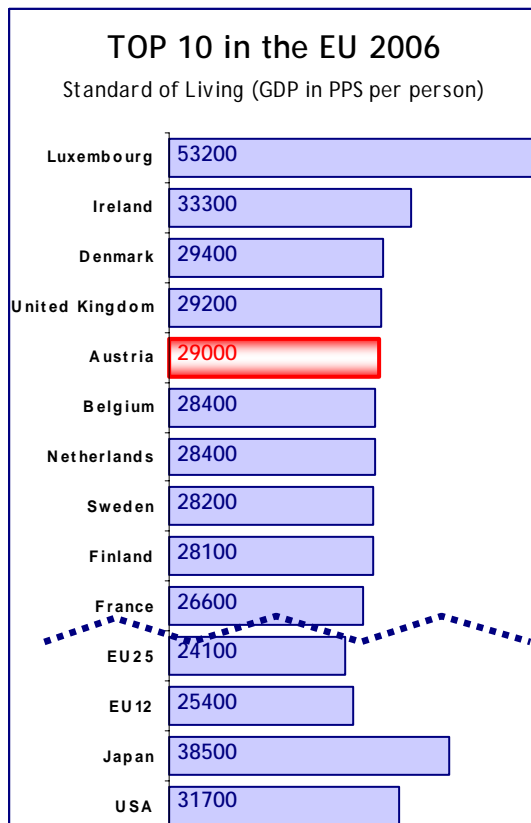


This is Austria - an economic perspective

Austria lies directly in the heart of both the European Union (EU) and the European continent. Its landscape ranges from the mighty mountains of the eastern Alps to the vast plains of the Danube Basin. The area covers 83,870 km² and the population totals 8,118,000 million (equivalent to a population density of 97 persons per km²). Located at the intersection of international trade and travel routes, Austria is renowned as an interface and gateway between the Europe's economic and cultural zones. This small but diverse country shares its border with eight neighbours: Czech Republic, Germany, Hungary, Italy, Liechtenstein, Slovakia, Slovenia and Switzerland. Austria is a democratic nation consisting of nine provinces - Burgenland, Carinthia (Kärnten), Lower Austria (Niederösterreich), Upper Austria (Oberösterreich), Salzburg, Styria (Steiermark), Tyrol (Tirol), Vorarlberg and Vienna (Wien).



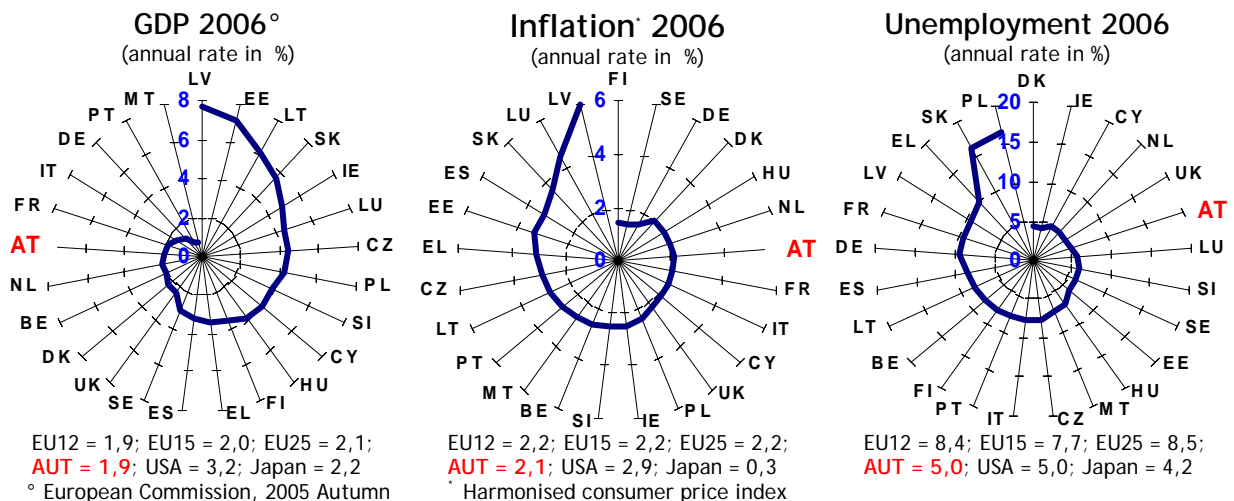
Since joining the European Union (EU) in 1995, Austria has embarked on an ambitious program of structural change that included extensive liberalization and privatization in telecommunications, energy, banking and industry. The surge of cross-border mergers and acquisitions - particularly in retail, construction and banking - reflects Austria's open and global approach to international business and commerce. This small successful economy has gained significant popularity as both a target and a source of foreign investment.



Austria - an economic success story and a safe haven with a high standard of living

Starting from a very modest position 50 years ago, Austria is now considered to be one of the wealthiest nations in the EU and the world. Measuring the standard of living by gross national product (GDP) per person - the typical internationally comparable wealth indicator - places Austria 5th in the EU (only behind Luxembourg, Denmark, Ireland and the Netherlands) and 10th in the world.

The country embraces forward-looking economic policies. Annual economic growth tends to be close to potential and above the average of the 25 European Union nations. Unemployment and inflation rates are consistently among the lowest in Europe. While public and private investments in education, research and development and infrastructure increase, government debt (as a percentage of GDP) is declining successively. A balanced budget is attainable over the medium term.



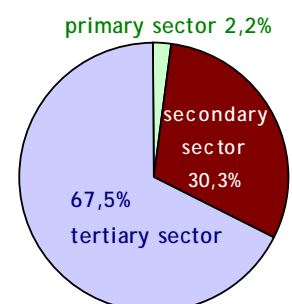
Austria's economy is growing faster than that of its largest trade partners. Its productivity is also making impressive advances (2004: 5.5%). In spite of the staggering increases in energy prices and the exchange rate of the Euro, Austrian enterprises continue to diligently enhance their competitiveness, partly facilitated by lowered location-related costs and reductions in taxes and other dues. Consequently, Austria's share of world trade increases and new jobs are created every year. Employment is presently at a record high (2004: 3.2 mln). Labour force participation is at about 70% and part-time employment continues to evolve. Entrepreneurship is spreading throughout the population - many new enterprises are established each year (2004: 30,000). The continual improvement in the economic environment generates more income, wealth and well-being for everyone in Austria.

Exemplary social merits as precursors for quality of life and economic potential

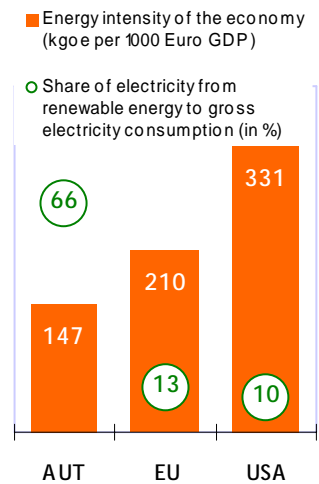
Austria is attested an outstanding quality of life amongst the 25 EU member countries in a recent study by the *European Foundation for the Improvement of Living and Working Conditions* - first place for the quality of social services, health services as well as the compatibility of work and family life. The comprehensive Austrian social security and welfare system embraces both the insurance principle (all employed persons and most of their dependents receive an income when absent from work due to illness, accident, maternity, unemployment or retirement) and transfer payments (state, provincial (regional) or municipal (local) welfare transfers for those citizens whose status or situation is not covered by the social insurance system). Employer and employee contributions jointly finance this extensive and costly network. Austria has received international praise for its reforms towards sustainability of the social security system. The compulsory medical insurance ensures that practically the entire population has access to the excellent nationwide medical care. In addition, private medical insurance schemes are also available.

Dynamic industries and services are the motor of economic development

Services and a highly advanced industrial sector dominate Austria's economic landscape. Machinery, steel, chemicals, electronics technology and automobiles (especially engines and transmissions) are the most important export products. The country's enterprises are renowned around the world for their ability to develop niche and custom-designed goods as well as for the quality of their intermediate products. In general, a large share of small and medium sized enterprises (SME) characterizes the economy as a whole. They are especially dynamic, innovative and adaptable to changing conditions. Just 160 enterprises across the nation have staff in excess of 1000 persons.

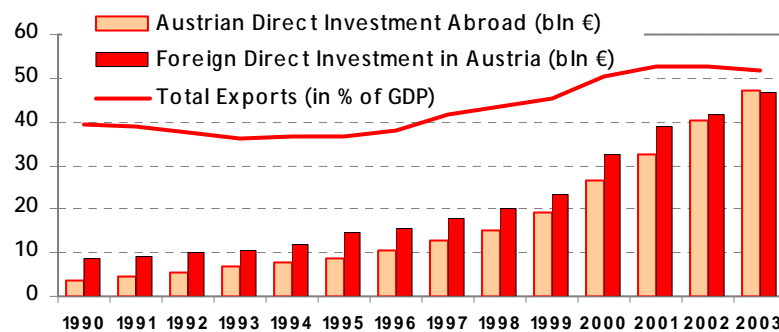


Membership in the European Union accelerated the processes of privatization and liberalization in many sectors of the Austrian economy, especially in the steel, petroleum, tobacco, energy (gas and electricity) and telecommunication industries. All branches of the economy - including network industries - have been opened successfully to international competition. Transportation and communication infrastructures are state-of-the-art and exemplary. The rivers in the Alps and the Danube River make Austria a key energy producer and the 8th largest electricity exporter in the world. Even though it has no nuclear power production, Austria has the largest share of renewable energy in final energy consumption among all 25 EU countries. Internationally recognized as exceptionally energy efficient, the country requires much less energy per person than the average for the USA or for the OECD. The level of Austrian energy intensity is second highest in Europe, only behind Denmark.



Successful exports as testimony for international competitiveness

As an open, market economy, Austria has fared excellently as an export-oriented nation, conducting extensive and diversified foreign trade all over the globe. In spite of the recent increase in the value of the Euro, Austria has increased its global market share. Austrian enterprises export their final and intermediate products to more than 235 countries. This

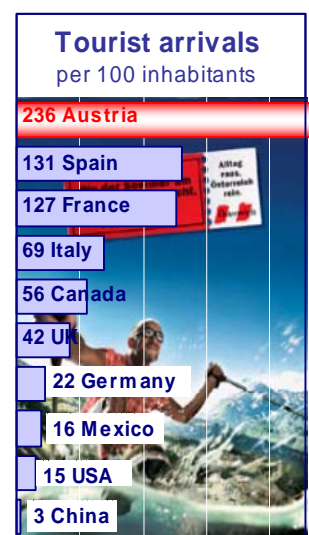


globalization of the economy, the EU membership since 1995 and the expansion of the EU by ten new nations in 2004 (from which Austria has benefited most among the former EU 15) have generated a strong and steady expansion of exports. In fact, Austrian export revenues are already in excess of 50% of GDP. In its

traditional role as gateway to central and east Europe Austria has attained Top 10 investor status in the new EU member states as well as in the new candidate countries. Austrian direct investment abroad and foreign investment in Austria have been rising impressively since the country joined the EU in 1995. In 2003, out-going investment topped in-coming investment for the first time.

Rendezvous in Austria: a popular and safe destination in winter and summer

A unique combination of culture, history, nature, sports, events and business makes tourism and recreation a vital part of Austria's economy. They significantly contribute to increasing national income and employment, as well as to improving the current account balance. The share of tourism-induced gross value added is closing in on 10% of GDP. International comparisons verify Austria as one of the world's favorite tourist destinations. Almost 20 million guests annually make the lovely country one of the Top 10 most popular places in the world to visit. Austria is in number one spot at the top of the list of favorite destinations when it comes to the number of visitors per inhabitant. A solid foundation, diversification, innovation and many returning guests make Austria's tourism industry keenly resilient. It continues to post gains in spite of the recent global difficulties for the industry over the last few years.



Much to the same extent in which Austria has evolved to an international meeting place on the global political stage - as documented by many summits, congresses and conferences - it has retained its already traditional reputation as a crucial transport node between the various economic regions in Europe. This networking feature as well as the quality of life has also brought Austria's metropolitan areas into the top international city rankings.

Nature matters - Austria's environment at the top of the class

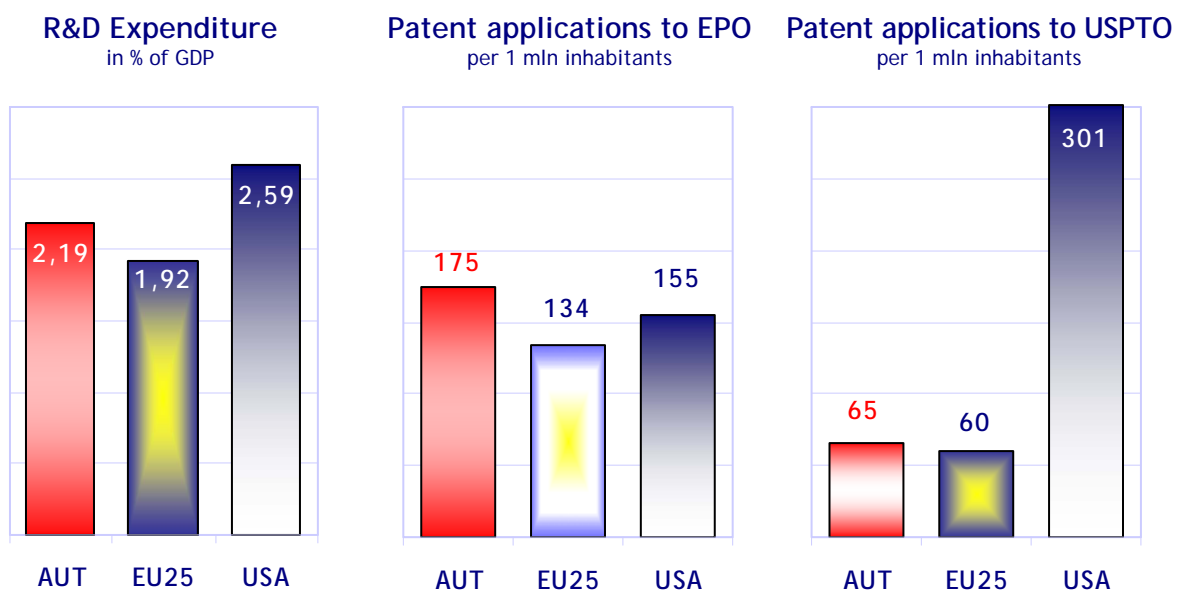
The stunningly beautiful natural environment - clean water, clear air and unpolluted soil - is the hallmark of Austrian landscape. Industrial and economic progress has led to an improvement rather than deterioration of the quality.

	Austria	OECD	USA
Emissions per person ...			
CO ₂ (t)	8,2	11,0	19,7
SO _x (kg)	5	28	50
NO _x (kg)	24	37	71
waste (kg)	510	550	730

There is also positive synergy between agriculture, forestry and ecology. Compared to all other nations in Europe, Austria supports the highest share of organic farming as a percentage of agricultural production. Austria's forward-looking environmental policy has maintained extremely high environmental quality in an international perspective. Greenhouse gas emissions, for example, are far below the EU and OECD averages. Austria already implements new measures to reduce CO₂ emissions by expanding the use of renewable energy sources (sun, wind, and biomass) and optimizing heating systems.

Today's innovation, research and development in building tomorrow's success

Austria's location attractiveness benefits from the innovative activities of its enterprises that in turn secures their international competitiveness and strengthens the country's attractiveness as a business location. Recent reform of research support, more investment in R&D and the expansion of the creative industries provide for sustainable future innovation. Austria is successfully progressing steadily towards the goal of spending at least 3% of GDP on R&D by 2010. Already today, the private sector accounts for more R&D expenditures than the state. The share of SMEs with independent research activities is an impressive 59% (the EU average is 44%). They are among Europe's best in implementing the results of R&D. All these efforts have placed Austria's regions amongst the top high-tech production locations in Europe.



Making tracks - Austria nearing the top of the international rankings

Austria can look back at an extraordinary 50-year success story. Beginning as a laggard from a comparably dismal economic position, the Austrian population harnessed their valuable human capital and cleverly combined it with technological advances for first-rate productivity advances within a stable socio-political environment to emerge as one of the world's top highly-developed, modern market economies of today. This progress is reflected in Austria's strong showing in comparisons of classical economic indicators (GDP, inflation or unemployment) as well as in the better positioning in international rankings.

Austria's rank in international competitiveness		Rank	
Index	Institute	2005	1998
World Competitiveness Scoreboard	IMD, CH	17	24
Economic Freedom Rating	Fraser Institute, CAN	13	26 ⁽¹⁹⁹⁵⁾
Growth Competitiveness Index	World Economic Forum, CH	21	20
Business Competitiveness Index		10	

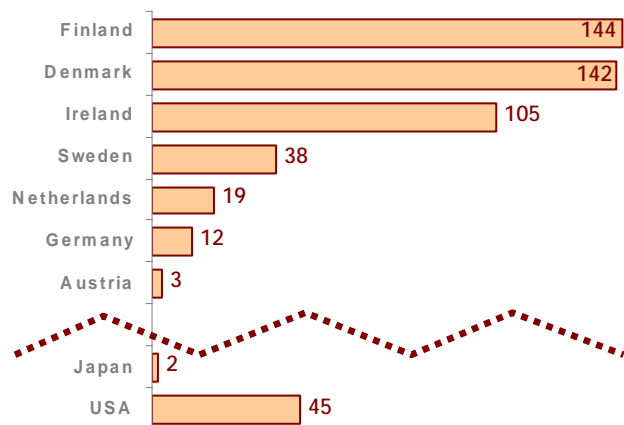
The Austrian Model: a market economy and social peace

The Austrian economic model is described as an exemplary functioning social market economy, in which free market economics are blended with solidarity and social compromise. This combination forms the sustainable and reliable basis of Austria's internationally revered social peace.

The social partnership - an Austrian trademark

One of the main reasons for this social (labour) peace lies in the specifics of the Austrian social partnership, an aggregation of efforts by the representatives of the employer associations (Austrian Economic Chamber and Austrian Agricultural Chambers) and the employee associations (Chamber of Labor and the Union Organization). There is no formal legal basis, the social partnership is a traditional relationship built on trust and common understanding and goals. The resulting economic stability is reflected in a very modest unemployment rate and extremely low strike statistics, both of which play an important role for investors in defining location attractiveness.

International comparison of days on strike
(working days lost due to strikes per 1000 employees, annual average from 1990 to 2002)



The mixture of democracy, market economics and social partnership has created a special culture in Austria. As a consequence, the Austrian political system is typically distinguished by an atmosphere of mutual agreement and compromise, as well as cooperation between the various interest groups and political parties.

Austria's main advantages lie in its economic and political stability, social and labour peace, reliable internal security and rule of law as well as a far-reaching integration in the world economy (membership in the EU and the Euro-Zone, gateway to the new EU members and to their neighbors to the east and south). Additional benefits are well-developed cultural attributes (sports, music, nature, etc.), a dependable legal system, a low crime rate and the specially valued high quality of life/standard of living.