



# Austria\*

\*The Bridge  
to New Markets

# All of Europe by Air in 3 hours



Austria's central location in Europe makes the country the ideal hub for East-West business relations

# Contents



- 5 Austria: East-West Business Interface
- 6 Unrivalled Specialist  
for Eastern Europe
- 7 Exploit Market Opportunities  
with Austrian Know-how
- 11 Multinationals Select Austria
- 15 Knowing Who, Where and How
- 18 Efficient Logistics – the Key to Success
- 19 Stability and Productivity  
Mean Risk-Free Planning
- 20 Holding Court in Austria
- 21 Vienna: Management Magnet
- 23 Your Top Contact for Site-Selection Issues

Editorial: February 2010  
 Owner&Publisher:  
 Austrian Business Agency,  
 Opernring 3, A-1010 Vienna  
 Editor-in-Chief: René Siegl  
 Associate Editors: Maria Hirzinger,  
 Karin Schwind-Derdak,  
 Clifford Stevens  
 Design: November Design Vienna  
 Photos: page 1, 6, 15, 19, 20, 22:  
[www.foto-julius.at](http://www.foto-julius.at), page 10: CD,  
 others: APA  
 Print: Gugler



“For a highly specialized global player like Borealis, Austria’s position as an outstanding research venue, as well as its central location with optimal access to Central and Eastern Europe, speak for themselves.”

**Martin Kuzaj**

# Eastern Europe: Growth Region of the Future

Despite the economic crisis, South East and Eastern Europe are expected to post significantly higher economic growth rates than the EU as of 2011



Austria is considered the ideal springboard for ensuring lucrative business activities in South East and Eastern Europe. Despite the economic crisis, Eastern Europe will be an interesting market once again in the foreseeable future. The Vienna Institute for International Economic Studies (WIIW) and the EBRD expect that the recession in Eastern Europe will already bottom out at the beginning of 2009. The latest forecasts predict GDP growth of 3.3 percent in Eastern Europe in 2011, even averaging 5.5 percent in some regions, whereas economic growth in the EU will only reach a level of 1.6 percent.

**Austria as an “economic booster:”** Success is ensured as a result of the strong foothold on the part of Austrian banks, industrial companies and business-oriented service companies in South East and Eastern Europe.

## Economic Growth

GDP growth in %

	2009	2010*	2011*
<b>Austria</b>	<b>-3.4</b>	<b>1.5</b>	<b>1.6</b>
<b>Bulgaria</b>	-4.9	0.7	3.5
<b>Czech Republic</b>	-3.5	0.5	3
<b>Poland</b>	1.9	2.1	3.6
<b>Hungary</b>	-5.3	0.4	2.5
<b>Romania</b>	-6.1	2.2	2.8
<b>Slovakia</b>	-5.3	2.2	4.0
<b>Slovenia</b>	-4.2	1.7	3.0
<b>Russia</b>	-5.6	3.5	4.5
<b>Central Europe and Baltic States</b>	-2.3	1.6	3.3
<b>South East Europe</b>	-4.4	1.8	2.9
<b>Eastern Europe and Caucasus</b>	-1.4	1.4	5.5
<b>EU-27</b>	-4.1	0.7	1.6

## Political stability

10 = Risk of political instability is very low

<b>Finland</b>	1	9.90
<b>Australia</b>	2	9.54
<b>Denmark</b>	3	9.49
<b>Switzerland</b>	4	9.33
<b>Norway</b>	7	9.07
<b>Austria</b>	<b>9</b>	<b>8.98</b>
<b>Germany</b>	14	8.33
<b>France</b>	18	7.63
<b>Slovakia</b>	25	6.48
<b>Slovenia</b>	26	6.10
<b>Czech Republic</b>	29	5.68
<b>Russia</b>	37	4.94
<b>Hungary</b>	53	3.23

\* Estimates

Source: Vienna Institute for International Economic Studies, Austrian Institute of Economic Research

Source: World Competitiveness Yearbook 2009



# Unrivaled Specialist for Eastern Europe

Austria is the investment champion in the CEE region

**Long tradition.** Austria's long tradition with its neighbors to the east has led to a common mindset and many years of experience in doing business together. Until the end of the imperial reign dominating the region in the early years of the 20th century, Hungary, Slovakia, the Czech Republic as well as parts of today's Poland, Romania and Croatia belonged to the unified Austro-Hungarian Empire.

**Investment champion Austria.** These historical ties and the intense level of ongoing involvement today make Austria the EU's undisputed specialist for Eastern and South Eastern Europe. Approximately half of Austrian direct investment abroad in 2008 was destined for Central and Eastern Europe. In fact, Austria is the leading foreign investor in five CEE countries. 23 percent of Austrian exports are to the CEE region, up from 14 percent in 1995.

**CEE junior executives "Made in Austria".** Three-quarters of all immigrants in Austria come from Central and Eastern Europe. These people have above-average qualifications, and the proportion of college graduates is very high. Austria's universities and educational institutions offer tailor-made training programs, often developed in cooperation with the business community. And vice versa: an increasing number of Austrian educational institutions are offering training programs in Eastern Europe – for example the Vienna University of Economics and Business Administration, which has been running an Executive MBA study program in Bucharest since 2007.

## Investment Champion in Central and Eastern Europe

	Austria's rank	Investments in 2007 (EUR mill.)	Austria's share in %
Slovenia	1	4,264.0	44.7
Bosnia-Herzegovina	1	1,575.8	34.2
Croatia	1	10,478.5	34.2
Romania	1	9,161.0	21.4
Serbia	1	1,663.3	20.7
Bulgaria	1	5,341.5	19.9
Slovakia	3	3,612.4	14.2
Hungary	3	7,764.9	13
Czech Republic	3	8,177.8	10.7
Lithuania	4	238.3	9.4

## Globalized economy

Index = 100

Belgium	1	92.95
<b>Austria</b>	<b>2</b>	<b>92.51</b>
Netherlands	3	91.90
Switzerland	4	90.55
Hungary	10	87.00
Czech Republic	12	86.87
France	13	86.18
Slovakia	16	85.07
Germany	18	84.16
Poland	23	81.26
Great Britain	24	80.18
USA	27	78.80

# Exploit Market Opportunities with Austrian Know-how

Boom of Eastern European companies established in Austria, participate in the growth of South East Europe



CEE companies are looking for a reliable partner in their search for an optimal business location in the EU – with the required know-how and competent service providers. Austria is the pre-eminent choice in this regard. Between 2001 and 2009, the number of firms established in Austria by Eastern European companies has increased four-fold, from 66 to 228. On balance, approximately 1,800 Eastern European companies have set up business operations in Austria.

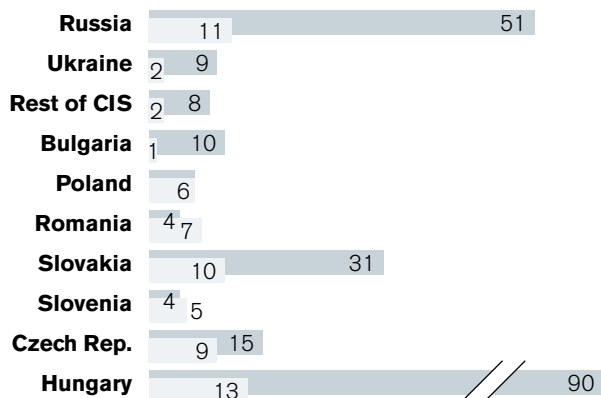
### Austria's unique competitive edge:

- A high level of interconnectedness
- Well-educated and loyal employees with Eastern European language skills
- Transparent legislation

**Austria – a partner with competence in South East Europe.** The economies of South East Europe are expected to expand again starting in 2011, posting growth rates of 2.9 percent. Austrian know-how is particularly in demand in the financial services, construction, environmental services, tourism, real estate and telecommunications sectors. In addition, EU programs have paved the way for companies to invest in South Eastern Europe. MIGA, a subsidiary of the World Bank, also focuses on promoting foreign investment. For this purpose, it has established a separate office in Vienna. Austria also serves as the interface for research partnerships initiated with South Eastern Europe (SEE-ERA-NET).

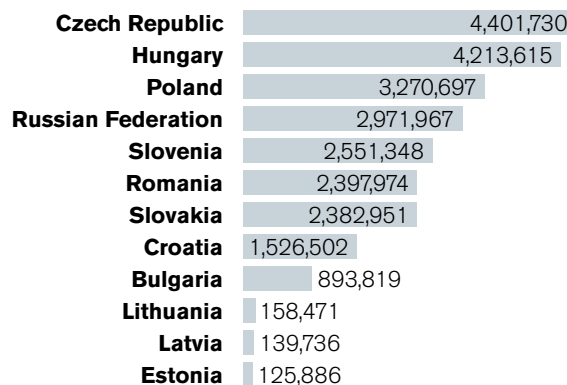
### Eastern European Companies Discover Austria

Start-ups 2001 – 2009  
2001 total: 66, 2009 total: 228



### Austrian Exports to Eastern Europe

2008 (TEUR)





Arnold Schuh, Director of the Competence Center for Central and Eastern Europe, Vienna University of Economics and Business Administration

## 2,500 Students from the CEE Region

Our partners are the UniCredit Group, Henkel CEE, Mondi, Rehau, Siemens and Tchibo

**You are the head of the CEE Competence Center at the Vienna University of Economics and Business Administration (WU). When was the center established, and what advantage does it bring for international companies based in Austria?**

*Founded in 2007, the Competence Center for CEE is the central interface at the Vienna University of Economics and Business Administration for research as well as CEE-related education and continuing education. CEE studies have always been a core strength of the university, which is reflected in cutting edge research, a separate institute for Slavic languages, study and further education programs in CEE, international summer universities (South East Europe, DANUBIA, Kiev), an exchange network with 31 partner universities in the region, and 2,500 students of CEE origin attending classes here.*

*The university offers companies direct contact to graduates with CEE background or CEE-related competencies. Foreign companies are involved in the university's study programs in many different ways. As our partner, they offer students practical work experience. These firms also take advantage of the diversified further education courses at the Vienna University of Economics and Business Administration, with employees attending MBA classes or tailor-made in-house seminars, such as development programs for high potentials from CEE.*

**What do you consider to be the challenges facing companies doing business in Eastern Europe, and how have you correspondingly adapted the study programs?**

*One of the main challenges facing companies in the CEE region at present is anti-crisis management, i.e. firms are confronted with declining revenues, lower profits, restructuring requirements and doing business in a generally difficult market environment. They need executives who not only excel in times of growth, but who can also help overcome crises. Sound business and management training and further education combined with a good understanding of the current situation and the future of the CEE economic area is a good basis for success, which we offer here at the university.*

*The business community is convinced that the global economy will expand once again starting in 2011, and are aware that qualified young executives are needed. We have more strongly oriented our JOSZEF study program to learning about management in the CEE region and our courses are even more practice-oriented. These changes have been well received by our students and business partners. Our goal is to provide students with essential CEE competencies and*



prepare them for a professional career in the region. Our main target groups are students with a CEE background, who are fluent in an Eastern European language and intimately know the culture of that country, as well as executives who want additional training in CEE management. The WU Executive Academy provides support to companies in teaching modern leadership and management methods, and by enhancing the qualifications of local managers in Central and Eastern Europe.

### **What can Eastern European companies operating in Austria expect if they want to expand their business in EU markets from an Austrian base?**

There was clearly an increase in investments on the part of CEE companies in Western Europe in 2009, and this trend will continue. Vienna is an ideal business location for CEE companies, which can be attributed to its position as an East-West business interface.

Moreover, there are many executives on the job market who helped lay the groundwork for pioneering companies to expand their business activities to CEE markets, and who are willing to put their know-how at the disposal of the next generation of CEE newcomers. Employees are open-minded and cosmopolitan, and qualified to work abroad. Most graduates of the Vienna University of Economics and Business Administration have spent at least one semester studying at a partner university abroad. Foreign language skills are a must.

### **Multinational companies support the CEE education offensive initiated by the Vienna University of Economics and Business Administration:**

- As corporate partners for the CEE study programs JOSZEF and Master Class in Eastern Europe: Henkel CEE, Beiersdorf, Rehau, Tchibo, Mondi Europe & International, Raiffeisen International, STRABAG, Roland Berger Strategy Consultants, Erste Group Bank, UNIQA International, Gebrüder Weiss, Porsche Holding.
- As sponsors: the UniCredit CEE Student Cercle set up in 2008, a cooperation of the university with the Uncredit Group, is designed to make a contribution towards arousing interest on the part of students for CEE studies or professional careers in the region.

Furthermore, the WU Executive Academy is a specialist for continuing education courses held directly in the CEE region, for example a leading Executive MBA study program and the Professional MBA for Project and Process Management, both offered in Bucharest. Other study programs also focus on the CEE region, for example the Professional MBA in Banking & Insurance.



→ [www.wu-wien.ac.at/cee](http://www.wu-wien.ac.at/cee)  
 → [www.wu-wien.ac.at/zas/out/studienprog/joszef](http://www.wu-wien.ac.at/zas/out/studienprog/joszef)

**ERICSSON** 

“The shared mindset between Austrian and its Eastern neighbors is an important advantage when it comes to establishing businesses in the new growth markets.”

**Roland Nordgren**



**asota**<sup>®</sup>

“Austria’s success factors include not only highly qualified workers but also high levels of morale and productivity. The nation’s traditional business ties to the new member nations provide further reasons for the choice of Austria as a production site.”

**Helmut Rankl**

# Multinationals Select Austria

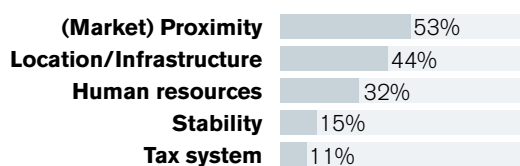
300 international companies – including 28 Fortune 500 firms – make Austria the pre-eminent CEE headquarters

Prominent companies across the business spectrum, ranging from Eli Lilly, Hewlett-Packard, Siemens, BASF, Henkel, Boehringer Ingelheim, Beiersdorf, Philips, General Motors and Renault to Lukoil, have expressed their confidence in Austria as a business location targeting the CEE region. Some 300 multinationals have set up their Eastern European headquarters in Austria according to “Headquarters Austria”, including 28 Fortune 500 companies (Boston Consulting Group). All in all, 1,000 international companies coordinate their Eastern European business operations from Austria, supported by the independent platform “Headquarters Austria”.

**Austria scores high on proximity and know-how.** The study “Headquarters in Austria” confirms that Austria’s predominant strengths are its cultural and geographical proximity to Central and Eastern Europe, its excellent infrastructure, qualified employees and stability of the country. The favorable tax provisions already comprise an important incentive for international companies to establish their regional headquarters in Austria.

## Multinational companies selected Austria for the following reasons:

Strengths



Source: Headquarters Austria, 2009



“Regional hubs come face to face in Austria with hundreds of other head offices, supported by Headquarters Austria, a platform for exchanging ideas and experiences and carrying out joint projects”.

**Leo Hauska**



Günter Thumser  
President of Henkel CEE

# Austrians Communicate Eye-to-Eye

Very high motivation of employees in international comparison

## **Mr. Thumser, what makes Austria an ideal Eastern European business springboard for your company?**

*One underlying reason is the bridgehead function the country plays between the extremely consolidated markets in the West and the dynamically growing markets in Eastern Europe, which is due to its cultural proximity to the region. A further incentive is that our contacts to neighboring countries were never severed, also during the time of the Iron Curtain. Coming from a small nation, we were never tempted to communicate in any other way except eye to eye after the year 1989 with the people in the newly-discovered markets of Eastern Europe.*

## **The Center for Corporate Citizenship Austria (CCC-A) ranked Henkel as the number one company in terms of CSR. How good are the qualifications of your employees in international comparison?**

*They are outstanding. An additional help is our own Henkel CEE Academy, in which we bundle all our professional development and further education initiatives in and on behalf of the region. This platform serves to promote the personal career development of employees, is an important basis for cross-border networks and thus ensures know-how transfer.*

## **More and more Eastern European companies are now taking advantage of Austria as a basis for their business operations in the EU. Have you also noticed that Austria serves as a business interface from East to West?**

*There is no doubt about it. For a long time now, the exchange of know-how has not been a one-way street. This refers to innovative brands and communication concepts as well as, in Henkel's case, new chemical formulas for products which enable us to deviate from worn-out approaches and develop creative new solutions.*

## **Henkel CEE**

Henkel Central Eastern Europe based in Vienna is one of the most important growth drivers for the German Henkel Group. It is responsible for coordinating business operations in 32 countries in Central and Eastern Europe, along with 35 production facilities and about 9,500 employees. The Henkel CEE business location in Vienna has been continually upgraded. Henkel produces 200,000 tons of detergents and cleansers annually, of which 80 percent are designed for export.

→ [www.henkel.at](http://www.henkel.at)



“When it comes to outreach to the reform nations, Vienna has no real competition. Prague, Budapest and Zagreb can't be reached any better from any other major Western city.”

**Karl Aiginger**

## Multinationals with Eastern European headquarters in Austria

### A

Aastra Technologies  
Agfa  
Air Liquide  
Allianz Versicherung

### B

Beiersdorf  
BenQ  
Berner Direktvertrieb  
BMW  
Boehringer Ingelheim  
Business Logic Systems

### C

C&A  
Canon  
Compuware

### D

Deka Bank  
DHL Global Forwarding  
Dynea

### E

EgyptAir  
Electrolux  
Eli Lilly  
ERGO  
Ericsson  
Essilor

### F

Festo  
Flextronics

### G

Gaz de France Suez  
Gefco  
Global Refund  
International

### H

Heineken  
Henkel CEE  
Hitachi Data Systems  
Hyundai Mobile

### I

IPICO  
Jeld-Wen/Dana

### J

JVC International

### K

Kärcher  
Knauf  
Knorr Bremse

### L

Logwin Logistics  
Lukoil

### M

Magna  
Mars  
Mazda  
Metro Cash & Carry

### N

NCR  
Neckermann Versand  
Nestlé Nespresso  
Nokia ASE

### P

Panasonic

### Q

Quintiles

### R

Rehau  
Rewe  
Rittal-Gruppe  
Robert Bosch AG  
Rohde & Schwarz

### S

Salamander  
Schenker  
Schindler Holding  
Sharp  
Shell Energy Europe  
Siemens  
SIG Combibloc

### T

Transearch International

### U

UGI Corp./Flaga  
UniCredit Group  
USU AG

### V

Vestas Wind Systems A/S  
Volvo

### W

Western Union

### Z

Zürich Versicherung

**SIEMENS**



Henkel CEE



**ERICSSON**



Oleg Bogdanov  
CEO Bogmed Trading

## First Base in the EU

For Eastern European companies a subsidiary in Austria is often the first step towards the West

### **Bogmed has been operating in Austria since 1999. Why did you decide in favor of Austria?**

*We selected Austria as our corporate headquarters, because the country's position as an EU business location enables us to achieve considerably better terms and conditions with our trading partners. Austria is ideal for us, because of its traditionally close business ties to Eastern Europe, and the availability of the professional services essential to our company, e.g. financial institutions and law firms. On the other hand, Austria is geographically located in the heart of the EU.*

### **The number of Russian companies established in Austria increased from 11 in 2001 to 51 in the year 2009. Were you actually a pioneer, and did you anticipate the trend?**

*Of course we were. The EU is a very big market and thus extremely interesting for Russian companies. For this reason, a base within the EU is required, which features competent partners and dedicated employees with an intimate knowledge of Eastern European languages. In this case, Austria is simply well positioned. Even if one wants to export Western European products to Eastern Europe, as we do, Austria is a good choice, because of its geographical location and excellent infrastructure.*

### **What advantages does an international company like yours have in Austria?**

*The high level of transparency in the public administration is an important prerequisite for our success. Moreover, we were optimally supported in setting up business operations in Austria.*

### **Bogmed Trading**

Bogmed Trading markets medical equipment produced by leading global companies such as Siemens, Haemonetics, PALL, Air Ambulance Technology and BINZ to hospitals and other medical facilities in Eastern European. The company launched its Austrian business operations in 1999.

# Knowing Who, Where and How

Competence and contacts – Austria's banks and consultants are reliable business partners in Central and Eastern Europe



UniCredit via its subsidiary Bank Austria has the strongest market position in the region. The bank is present in 19 countries, operating about 4,000 branch offices. Raiffeisen is ranked second, with a banking network in 16 markets.

**Number one in Central and Eastern Europe.** Austria's banks and management consultants have traditionally had access to a far-reaching network of business contacts and expertise in Eastern Europe, making them the undisputed leaders in the region. Every third Euro transacted in Eastern Europe is booked to the accounts of Austrian banks or their subsidiaries. Banks account for more than half of Austrian foreign direct investment in the 20 South East and Eastern European countries. The first World Bank fund specializing in bad loans made in the Eastern European region has been established in Vienna.

Austria's attorneys, tax and management consultants, insurance companies and advertising agencies benefit from comparable networks. Sixty percent of the projects undertaken by the management consulting firm Cap-Gemini Ernst & Young in the field of financial services are related to Eastern Europe. The firm serves customers in the Czech Republic, Croatia and Slovakia from its offices in Vienna. The Uniqa insurance group similarly achieves one-third of its profits in the emerging CEE markets.

## Favorable Business Environment

Country risk  
100 = max.

<b>Norway</b>	1	98,14
<b>Luxembourg</b>	2	96,33
<b>Switzerland</b>	3	94,32
<b>Austria</b>	7	88,53
<b>Netherlands</b>	8	87,99
<b>USA</b>	12	87,06
<b>Germany</b>	14	85,71
<b>Italy</b>	26	78,29
<b>Slovenia</b>	29	77,69
<b>Slovakia</b>	34	75,10
<b>Czech Republic</b>	38	73,88
<b>Poland</b>	42	67,42
<b>Russia</b>	56	57,44

## Largest Banks in South East and Eastern Europe

Balance sheet total in 2008 (EUR bn)	Countries	Branch offices
121.6	<b>UniCredit</b> (Italy/Austria)	19 4,005
85.4	<b>Raiffeisen</b> (Austria)	16 3,231
79.3	<b>Erste Bank</b> (Austria)	7 2,099
71.6	<b>KBC</b> (Belgium)	12 1,940
65.9	<b>Société Générale</b> (France)	16 2,609
42.5	<b>Intesa Sanpaolo</b> (Italy)	11 1,781
35.2	<b>OTP</b> (Hungary)	9 1,573



Erich Hampel  
Chairman of Bank Austria und  
Head of the CEE Division of  
UniCredit Group

## Number One in Eastern Europe

Due to Bank Austria, the UniCredit Group is the leading bank in Eastern Europe

### **Was Bank Austria's CEE competence the decisive reason underlying the decision of UniCredit to acquire Bank Austria? What is the significance of the business in the CEE region for the Group?**

*The decision of UniCredit Group to concentrate its CEE business operations in Vienna has quite a lot to do with the quality of the business location and the know-how of the employees. For historical and geographical reasons, Austria is very strongly linked to the countries of Central and Eastern Europe, and can point to decades if not centuries of experience in cross-border business ties. The UniCredit Group relies on this experience, trusting our competence and expertise here in Vienna in respect to the CEE markets.*

### **What do you consider to be the biggest challenges for companies operating in the CEE region, and how can they benefit from the know-how of the UniCredit Group?**

*The biggest challenges are certainly the peculiarities of the markets and the initial absence of the company's own network of experts. And here is precisely where Bank Austria together with the UniCredit Group can offer bottom-line competitive advantages. With our assistance, companies can significantly reduce the obstacles between their domestic market and their new target markets. On the basis of the local business of our banking group, we are intimately familiar with the people and the individual markets. The decisive advantage is the interaction of regional strength and international know-how.*

### **Complementary services such as leasing, cash management and structured financing are the growth drivers for corporate business in CEE. Are there also more Eastern European firms striving to do business from Austria?**

*Austria is naturally also an interesting business location for Central and Eastern European companies, and a very attractive market for investments. Companies from the CEE region invest in Austria. We are trying to optimally support companies setting their sights on Austria. For this reason, we have set up a separate "Cross Border Business Management".*

### **Bank Austria – UniCredit Group**

UniCredit is present in 19 CEE countries, with 4,000 branch offices and 72,100 employees.

→ [www.bankaustria.at](http://www.bankaustria.at)





Henkel CEE

“The Austrian government made a major contribution towards increasing the attractiveness of Vienna as a business location by reducing the corporate income tax rate and establishing a group taxation scheme.”

**Günter Thumser**



# Efficient Logistics – the Key to Success

Austria offers top quality road, rail and air links

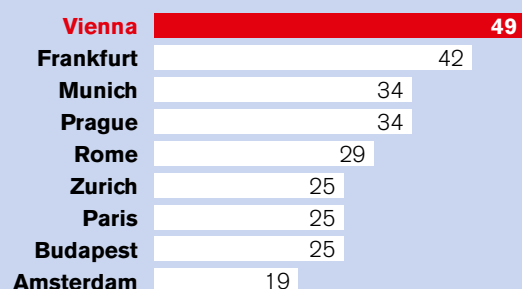
**Excellent transport networks.** With the longest border on the new Member States of the EU, Austria is directly connected to the most important markets, in Hungary and the Czech Republic. But Poland, Belarus, the Ukraine and Romania are also easily reachable from Austria. Flights depart Vienna International Airport to 49 destinations in the East, a total of more than 600 flights a week – from Budapest to Odessa to Vilnius to Tirana.

Around 300 internationally active shipping companies offer freight service across Eastern Europe from Vienna. Austria also boasts the most highway connections into the region. Moreover, Austria’s largest waterway – the Danube – provides a direct connection between East and West, with the North and Black Seas just one ship’s journey apart via the Rhine-Main-Danube Canal.

Central handling of Eastern European logistics. Leading companies such as Hewlett Packard, 3M and Volvo operate central warehouses in Greater Vienna for their Eastern European operations, either under their own auspices or through shippers who not only manage storage, but also coordinate the entire logistics process.

## Vienna Takes Off

Number of CEE flight destinations



## Quick Links Going East

Average lorry transit time including customs clearance



# Stability and Productivity Mean Risk-Free Planning



A peaceful labor climate, high productivity and motivated employees make Austria one of the world's safest and most profitable business locations

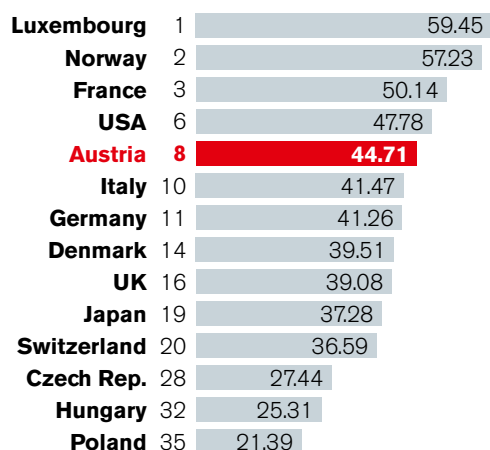
Austria ranks among the world's most economically, politically and socially stable nations. Labor peace and legal certainty make Austria a business location where companies can plan with confidence. Labor relations are extremely productive for the economy. According to the World Competitiveness Yearbook 2009, Austria boasts the lowest per capita strike rate in the world, with no working days lost per year.

**Transparent public administration:** The public sector in Austria works efficiently, reliably and in a modern way. A 2009 study concluded that Austria is an EU leader in providing e-Government services, achieving a score of 100 in the category „full online availability“.

**Increasing productivity and decreasing unit labor costs.** Economic growth is driven by rising productivity and falling unit labor costs. Measured by purchasing power, Austria is ranked among the best in the world in terms of productivity. The country places eight, ahead of leading industrial nations such as Germany, Italy or Great Britain. Austria has favorable unit labor costs, which is primarily due to the country's highly motivated employees. Austria's workers are top-notch, and are ranked third in the world in terms of employee motivation.

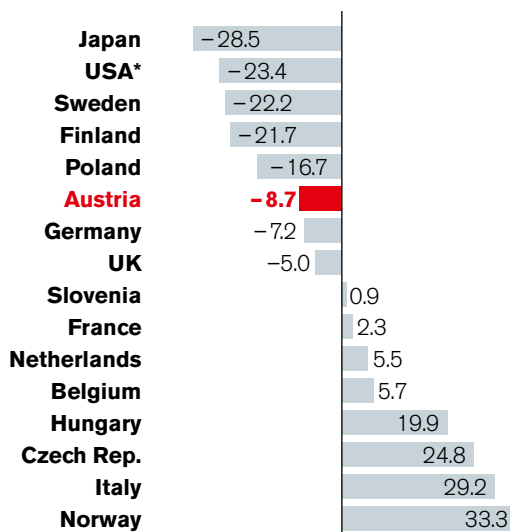
## Output per Man-Hour in Manufacturing Industry

GDP per person employed per hour, in US\$



## Unit Labor Costs in the Manufacturing Industry

Average percentage changes 1998–2008



Source: World Competitiveness Yearbook, 2009

\*USA: 1998–2007  
Source: Austrian Institute of Economic Research, 11/2009



# Holding Court in Austria

Group taxation is extremely attractive for multinational companies

**Offsetting taxable profits and losses.** In Austria, companies pay a 25 percent corporate tax rate, but nothing else: no taxes on assets and no trade tax. Holdings represent an advantageous legal form of setting up firms from a tax perspective. The group taxation scheme is particularly attractive to multinationals. If an Austrian company has a direct or indirect participatory stake in a foreign firm amounting to 50 percent plus one share, then the group taxation system may be applied by forming a “tax group”. In this case, the total taxable profits and losses of all the group members are allocated to the “group leader” (parent company). The losses posted by the group leader can then be used to offset the consolidated taxable profits of the group (including the subsidiaries).

Moreover, the far-reaching network of existing double-taxation treaties ensures minimal taxation at the source for dividends, interest and licensing fees.

**Lower effective tax burden.** A comparative study of tax rates implemented by KPMG demonstrates that the effective tax burden in Austria is by all means comparable to Slovakia, the Czech Republic or Hungary when taking account of the assessment base. Similarly, a comparative analysis of corporate taxation carried out by the Centre for European Economic Research (ZEW) concludes that Austrian taxes are approximately at the same level as those levied in the Czech Republic.

## Low taxation of property

Collected capital and property taxes as percentage of GDP

India	1	0,01
Philippines	2	0,02
Malaysia	3	0,04
Czech Rep.	12	0,45
<b>Austria</b>	<b>14</b>	<b>0,58</b>
Hungary	18	0,80
Germany	19	0,90
Russia	23	1,01
Poland	26	1,11
Netherlands	32	1,22
France	53	3,48
UK	56	4,54

## Corporate Income Tax Rates\*) 2009

Maximum taxation on profits, in per cent

Ireland	12.5
Slovakia	19.0
Poland	19.0
Hungary	20.0
Czech Rep.	20.0
Slovenia	22.0
<b>Austria</b>	<b>25.0</b>
Netherlands	25.5
Sweden	26.3
UK	28.0
Germany	29.8
Italy	31.4
Belgium	34.0
France	34.4
USA	40.0
Japan	41.5

# Vienna: Management Magnet

Austria is top one when it comes to quality of life, safety and healthcare infrastructure. Not to mention one of the world's most popular cities



**Austria is the optimal base** to attract ambitious executives for outreach to Eastern European markets – featuring political and economic stability, an excellent educational system, high personal security with a low crime rate, world-renowned cultural offerings and, last but not least, a clean and pure environment.

These advantages have secured Austria top positions in the global ranking of the World Competitiveness Yearbook, not only in terms of quality of life, but also in the protection of privacy, the health care infrastructure, personal security and protection of property.

**International education:** 21 international schools, including six with a European focus, as well as the broad cultural and recreational offering of this leading tourism destination, round out Austria's high standard of living.

Leisure and business go hand in hand. Three quarters of all immigrants in Austria come from Central and Eastern Europe. They maintain an extensive network of ties to their countries of origin. As a result, companies can take advantage of an extremely multi-faceted spectrum of employees with the required Eastern European know-how and language capabilities.

## High Quality of Life

10 = Quality of life in your country is very adequate

Switzerland	1	9.70
<b>Austria</b>	<b>2</b>	<b>9.57</b>
Norway	3	9.56
Sweden	6	9.20
Germany	10	9.05
Netherlands	11	8.94
France	15	8.26
USA	16	8.18
UK	19	7.68
Czech Rep.	22	7.32
Japan	24	7.05
Italy	26	6.70
Hungary	41	4.97
Poland	46	4.57

## High Personal Security

10 = Persons and property are adequately protected

Finland	1	9.30
Denmark	2	9.26
Switzerland	3	9.23
<b>Austria</b>	<b>8</b>	<b>8.89</b>
Japan	9	8.51
Germany	11	8.06
Netherlands	16	7.90
USA	19	7.76
France	20	7.73
UK	24	7.44
Czech Rep.	29	6.47
Hungary	38	6.10
Italy	41	5.72
Poland	46	4.31



ABA-Invest in Austria offers you comprehensive service – from investment subsidies and market opportunities to tax issues. A team of 29 qualified employees provides you with unbureaucratic support, putting its know-how at your disposal. And it does so at no cost to you.

# The Best Contact Partner for Business Location Issues

As a consulting company set up by the Republic of Austria, ABA-Invest in Austria (ABA) is the top choice of international investors

- **Personalized advisory services.** ABA-Invest in Austria is staffed by long-standing, experienced **investment consultants**. ABA offers you competent employees who will personally take care of you, and provide all the necessary contacts you require in Austria.
- **Comprehensive information pool.** ABA-Invest in Austria can provide you with all the up-to-date data on **Austria as a business location**. ABA supplies information about branches, technologies and market developments, as well as the overall political and economic environment.
- **Competent consulting.** ABA-Invest in Austria advises you on the **choice of an optimal site**. ABA provides information on labor and tax issues, informs you about the best possible investment subsidies, researches current real estate costs or assists you in solving different problems which may arise when setting up business operations in Austria.
- **Vigorous support.** ABA-Invest in Austria helps you in **handling formalities** and dealing with public authorities. Together with you, ABA will complete applications for investment grants or operating licenses, and supports you working in close cooperation with the respective regional investment promotion agency.
- **Long-term service.** ABA-Invest in Austria offers long-term consulting services and investor support. Even after the project has been completed, ABA is available to provide support services for further investments and developmental steps.
- **International links.** ABA-Invest in Austria operates a **global network**. ABA puts its offices in New York and Tokyo at your disposal to serve as cooperation partners, and also identifies the right contacts at the foreign trade offices of the Austrian Federal Chamber of Commerce.
- **Additional areas of competence.** In addition to comprehensive, personal consulting services, ABA-Invest in Austria has developed specialized brochures designed to provide additional information on the following topics:



- Business Location Austria
- Automotive Industry
- Research and Development
- Information -Technology
- Life Sciences
- Tourism
- Private Equity & Real Estate
- Environmental Technologies & Renewable
- Chemicals / Plastics
- Machine Construction / Mechatronics / Electronics
- Logistics
- Starting a Business in Austria
- Tax Aspects of Industrial Investments in Austria

**In Austria:**

Austrian Business Agency  
Operring 3  
A-1010 Vienna, Austria  
Tel.: +43-1-588 58-0  
Fax: +43-1-586 86 59  
E-Mail: office@aba.gv.at

**In the U.S.:**

Austrian Business Agency  
120 West 45th Street, 9th floor  
New York, N.Y. 10036, USA  
Tel.: +1-212-398 1221  
E-Mail: office-usa@aba.gv.at

**In Japan:**

Austrian Business Agency  
3-13-3 Motoazabu  
Minato-ku  
Tokyo 106-8691, Japan  
Tel.: +81-3-3796 1331  
Fax: +81-3-3796 1332  
E-Mail: abatokyo@dc4.so-net.ne.jp

**Internet:**

[www.investinaustria.at](http://www.investinaustria.at)  
[www.abatokyo.com](http://www.abatokyo.com)  
[www.austria.org.tw/aba](http://www.austria.org.tw/aba)  
[www.investinaustria.cn](http://www.investinaustria.cn)  
[www.investinaustria.ru](http://www.investinaustria.ru)