

Austria*

* Logistics: Just in time

Editorial

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Austria = Eastern Europe Specialist

World leader for its logistics infrastructure

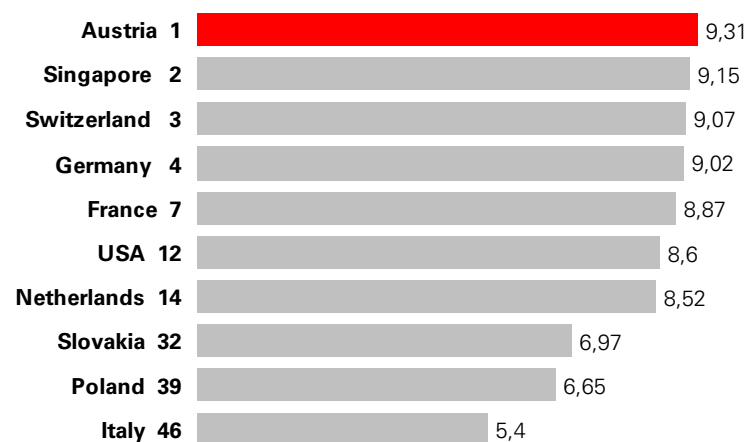
The world's best logistics infrastructure. Austria is not only in the geographic but also to the economic center of the new Europe. For international companies like Danfoss, Hewlett Packard, Volvo and PSA Peugeot Citroën, Austria has long been viewed as a distribution center and logistics hub between West and East. After all, the Alpine Republic is ranked number one globally for its logistics infrastructure by the World Competitiveness Yearbook 2010.

The high level of productivity, outstanding quality of service and proximity to airports and the Port of Vienna on the Danube combine to offer companies ideal conditions. The highly specialized know-how built up over the years is also among Austria's compelling competitive advantages as a logistics destination.

Austria offers the greatest possible efficiency at reasonable costs. According to the commercial real estate firm CB Richard Ellis, rental prices for storage space in Austria stand about equal to the Czech Republic, Slovak Republic or Bulgaria at 4.5 to 5.3 euros (per m²).

Logistics Infrastructure

Logistics Infrastructure for Goods and Services: 10 = very efficient



Source: World Competitiveness Yearbook, 2010

Top Notch Logistics Hub

Austria offers an ideal business environment

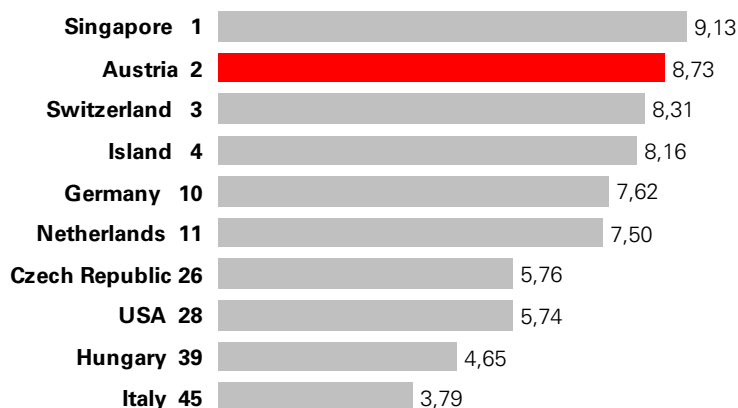
The list of Austria's competitive qualities as a logistics location is quite extensive. The Alpine Republic serves as the East-West and North-South trading interface in Europe. Subsequently, Austria offers a dense network of transport connections running at regular intervals between Vienna, Linz, Graz, Salzburg, Innsbruck and Vorarlberg to destinations in Western Europe, but above all, to the markets of Central and Southern Europe. This applies to all the different modes of transportation. In Europe's overall transport mix, Austria ranks second when it comes to promoting railway use.

The infrastructure of Austria's logistics industry features modern terminals with high rack warehouses, ample freight handling facilities and good transport links. It goes without saying that the country offers a first-class communications infrastructure with broadband connections, nationwide mobile phone coverage and outstanding opportunities to conduct business electronically.

In the year 2009, approximately 507 million tons of goods were transported in Austria, of which 337million tons were trucked on the country's roadways and 99 million by the railway system. A further 9 million tons of freight were transported by ship, and 62 million tons via pipelines.

Superb Infrastructure

10 = Very efficient maintenance and development of infrastructure



Quick Gateway to CEE:

**Average transit time
(incl. customs formalities)**

Vienna - Bucharest	3 days
Vienna - Sofia	3 days
Vienna - Budapest	1 day
Vienna - Ljubljana	1 day
Vienna - Zagreb	1 day

Source: World Competitiveness Yearbook, 2010

Infrastructure at Its Very Best

By road, rail or air

Klaus Lippstreu of Schenker names the following decisive factors driving his companies' choice of Austria as a base for operations:

- Vienna's optimal connections to all transportation carriers.
- Vienna International Airport's positioning as the perfect East-West hub.
- The superb rail and highway network connections to Eastern Europe.
- Vienna's unique infrastructure supporting warehouse space.
- Small goods distribution: a total of 128 freight companies offer shipments from Vienna to Eastern Europe, many of them daily.
- Specific training programs ensure the availability of qualified personnel.

Dense highway network

Investors can take advantage of more than two million kilometers of high quality roads. Austria was ranked second among all industrialized nations in the maintenance and servicing of its infrastructure (World Competitiveness Yearbook 2010).

Fast Trains: The numbers tell the story: Rail freight transport accounts for 30 percent of all freight traffic in Austria. In contrast, 70 percent of goods in Germany are transported by road, whereas rail cargo only comprises 15 percent of the total.

On a per capita basis, Austria's highly developed railway system encompassing 6,611 km. is nearly 80 percent above the EU average. In addition, 15 rail border crossings provide quick access to seven markets directly bordering on Austria: Czech Republic, Slovakia, Hungary, Slovenia, Italy, Switzerland and Germany. The EU has defined 12 primary rail traffic links which are to be upgraded into high-speed or high-performance systems. Five of them run through Austria.

The largest logistics provider, with an annual transport volume surpassing 120 million tons in 2009, is Rail Cargo Austria (RCA), a subsidiary of the Austrian ÖBB Group (Austrian National Railways). Rail Cargo Austria is the market leader in Eastern Europe and number two on the European market. The piggyback transport system through the Brenner Pass transported a total of 225,000 trucks by railway in 2009, an increase of 12.5 percent compared to the record posted in 2008.

Cargo Center Graz: The Graz-Werndorf Freight Terminal is the first railway project in Austria which has been largely privately financed. International transport companies can make use of more than 110,000 m² of warehousing space. About 350 trucks and a total of 10-12 trains transporting more than 3,500 tons of freight are dispatched every day. → www.cargo-center-graz.at

Good East-West links

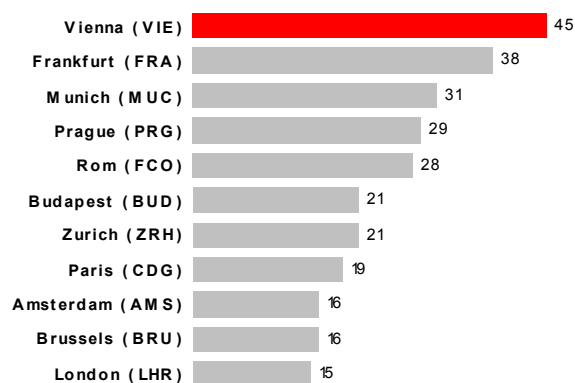
Vienna to	Distance (km)	Flight Time (hours)
Berlin	634	1:15
Brussels	1,121	1:30
Budapest	266	0:45
Frankfurt	720	1:50
London	1,570	2:00
Prague	299	1:00
Rome	1,130	1:45
Zurich	757	1:25

Efficient air logistics

Flights to 45 destinations in Eastern Europe have firmly established Vienna International Airport (VIE) as the Eastern Europe and Asia specialist but have made it one of the fastest growing airports in Europe. Companies located there have been able to profit from this growth. Cargo volume at Vienna Airport amounted to about 254,000 tons in 2009. In addition, Vienna Airport ranks among the best in Europe with respect to punctuality. All in all, six international airports operate in Austria.

Vienna Takes Off

Number of destinations in Central and Eastern Europe



Source: Vienna International Airport, May 2010

55 freight shippers and logistics concerns are currently capitalizing on the facilities available at VIE. A state-of-the-art 120,000 m² Air Cargo Center (ACC) will open. The value of locating around VIE is growing dramatically thanks to its growing traffic, potential synergies with the more than 230 companies already in the immediate area and its close proximity to the Danube port Albaner Hafen. In an international comparison, Vienna Airport offers relatively favorable terms and conditions for renting offices and warehouse space.

Number of weekly departures	
Airport	Eastern Europe
Vienna	651
Frankfurt	582
Munich	575
Paris	420
Prague	411
Rome	288
London Gatwick	274
Budapest	262
Zurich	257
Amsterdam	249
Brussels	197

Source: Vienna International Airport, OAG, May 2010

Direct water route

Strategically located along the Rhine-Main-Danube Canal, the most direct route between the North and Black Seas, Austria's four ports in Vienna, Linz, Enns and Krems are benefiting from the rapid growth in freight traffic to Eastern Europe. The total cargo handled by Austria's harbour facilities along the Danube amounted in 2009 to 9.3 billion tons. On the basis of investments amounting to EUR 150 million, the Port of Vienna is emerging as one of the most highly efficient hub for the handling of goods in Central and South Eastern Europe. A total of 120 companies operate at the Port of Vienna Logistics Center.



“Managing logistics for Eastern Europe is cheaper from Vienna than from Prague or Budapest. Freight traffic has barely developed among the reform nations, but there is frequent service each week to nearly every Eastern European destination from Vienna”.

Business-Driven Research

Business and research work side by side

Techbase Vienna: A highly-modern technology center for research and development in the field of transportation, logistics and renewable energy has been established in Vienna. Techbase Vienna's tenants will include the Austrian Research and Testing Center Arsenal, the Automotive Cluster Vienna Region (ACVR), as well as two university of applied sciences degree programs in the fields of transportation and logistics. → www.techbase.at

Long-term support for business research is the mission of the new VResearch Center for Tribotronics and Technical Logistics GmbH in Voralberg. Services include commissioned research and development, coordination of joint business R&D projects and the expansion of know-how in targeted, next generation fields of expertise. Fields of focus encompass logistics engineering [Technische Logistik] and automation engineering as well as tribology und mechatronics. → www.v-research.at

Training

A key requirement for the challenging fields encompassed in logistics are highly qualified employees. Helping ensure a steady supply are a degree course in industrial logistics at the Mining University of Leoben as well as an MBA in Logistics at the Danube University Krems. Also available are four university of applied sciences degree programs in logistics, infrastructure and transportation along with specialized continuing education programs in "Know-How for Tomorrow's Logistics Experts". Companies can benefit from the availability of highly-qualified specialized employees, from apprentices to college and university of applied sciences graduates, as well as IT, organisation and telecommunications specialists.

KÜHNE+NAGEL



"Because 'logistics is people,' Austria offers outstanding training, from vocational programs in logistics to unique universities and schools of applied sciences, ensuring a large pool of skilled staff and a decided competitive advantage".

Global Firms Manage Logistics from Austria

International companies take advantage of central location

Schenker

Schenker Austria also oversees management of the Southern-Eastern European Region, including subsidiaries in Bosni-Herzegovina, Bulgaria, Greece, Serbia-Montenegro, Croatia, Macedonia, Romania, Slovakia, Slovenia, the Czech Republic, Turkey and Hungary. A total of 4,300 people are employed in the entire region at present handling some 6.3 million shipments annually. → www.schenker.com

Exel Contract Logistics (Austria)

The UK logistics provider Exel Contract Logistics (Austria) operates 8 subsidiaries in Austria, from which it coordinates activities in Central and Eastern Europe, including the Czech Republic, Slovakia, Hungary, Poland and Romania. Exel Contract Logistics has expanded its warehousing capacity to accommodate handling of perishables. The company invested nine million euros in the acquisition and renovation of a former consumer logistics center in Vienna-Hirschstetten. → www.exel.com

Kuehne & Nagel

The Swiss logistics Group Kühne + Nagel has been doing business in Austria since 1970, and currently operates at five locations in the country, employing a work force of 400 people. In addition to conventional logistics services, the company also offers supply chain management and lead logistics solutions. Kühne + Nagel Austria is responsible for coordinating the group's business in the Region Central Europe, which encompasses Austria, Czech Republic, Hungary and Slovakia. → www.kn-portal.com

PSA Peugeot Citroën

The French automobile manufacturer PSA Peugeot Citroën has upgraded its Austrian facilities, setting up a distribution center for Austria and the Eastern European region. Citroën-Austria General Director Xavier Duchemin lists several reasons for the choice of Austria: a highly qualified workforce, favorable labor conditions and a dynamic business community. → www.psa-peugeot-citroen.com

The Port of Vienna has emerged as one of the most top performing and efficient logistics hubs in Central and South East Europe, based on investments of about EUR 150 million.

Danfoss

Synergies through intermediate storage. The Danish cooling technology specialist Danfoss is relying on Vienna as its logistics interface. The various storage locations in Eastern Europe were shut down, and the transport of goods manufactured by Danfoss in Denmark, France and Germany was concentrated at one central warehouse and distribution center in Vienna. This logistics hub delivers products to more than 10 Eastern European markets each week. As a result, the company has considerably reduced its overall logistics costs.

→ www.danfoss.com/Austria

cargo-partner

Close to 50 per cent of total revenues in Eastern Europe. The air and sea cargo specialist cargo-partner already achieves close to half of its total revenues in Eastern and Southeastern Europe, namely in Poland, Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Slovenia, Croatia and Serbia. cargo-partner continues to expand its business operations in Eastern Europe, opening a new subsidiary in the Ukraine, constructing a large logistics center in Slovakia as well as a storage area in Romania which is in itself as large as four football fields.

→ www.cargo-partner.com

Volvo

24 hour service. Volvo delivers spare parts for passenger cars and trucks to neighboring CEE markets such as Hungary, Czech Republic, Slovenia and Croatia within 24 hours. The company can only guarantee such short delivery times to its dealerships due to its central Austrian warehouse in Bruck an der Leitha, located directly along the highway. →

www.volvo.com/group/austria/de-at

Hewlett-Packard

Reaching customers faster. Products and spare parts are picked up on a daily basis from 26 Hewlett-Packard factories throughout Europe and delivery directly to customers in 14 Eastern European countries via its Vienna logistics hub. → www.hp.com

Arvato

Sales logistics and after-sales service. Arvato, the fully-owned subsidiary of the German media multinational Bertelsmann, operates a logistics subsidiary in Vienna as well as a repair center for mobile telephones. The Vienna facility serves the Hungarian, Croatian, Slovenian, Slovakian, Romanian and Bulgarian markets. In Austria, Arvato manages the entire sales logistics for ONE, the third largest mobile phone operator in the country. → www.arvato.at

Fresenius Kabi

New pharmaceutical logistics center. The pharmaceutical producer Fresenius Kabi opened a state of the art central warehouse at the Cargo Center Graz in 2010. The new logistics center will serve as the central interface to Eastern European and global markets.

→ www.fresenius-kabi.at



Systematic Approach to Service

ABA-Invest in Austria offers consulting services free of charge to international investors in Austria

ABA-Invest in Austria, a government-owned and operated consulting firm, is the first point of contact for international investors aiming to set up a company in Austria. It offers you services ranging from issues such as subsidies and market opportunities to taxation law. 29 qualified professionals offer you comprehensive and unbureaucratic know-how, completely free of charge.

- Experienced business location consultants personally attend to your needs, providing all the necessary contacts you require in Austria.
- ABA-Invest in Austria supplies you with both general information and specific details about Austria as a business location, sectors, technologies and market developments as well as the political and economic framework.
- In selecting a suitable business location, ABA-Invest in Austria advises you on labor and tax issues, component suppliers, market opportunities, incentives, real estate prices and many other issues.
- ABA-Invest in Austria also provides assistance in dealing with formalities such as incentive applications or site approvals. The employees of ABA-Invest in Austria support you, cooperating with the respective regional investment promotion agencies.
- Even after completion of the project, ABA-Invest in Austria remains at your disposal as a service center for expansion investments.
- Take advantage of the international network set up by ABA-Invest in Austria, with offices in New York, Tokyo, Taipei and Stuttgart. Moreover, close cooperation exists with the Austrian Trade Commission offices managed by the Austrian Federal Economic Chamber.