



2009

COUNTRY COMMERCIAL GUIDE

for U.S. Companies:

Doing Business in AUSTRIA



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Doing Business in Austria: 2009 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Austria

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Market Overview

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This Country Commercial Guide (CCG) presents a comprehensive look at Austria's commercial environment, including economic, political and market analysis; it is provided as a tool for U.S. companies intending to do business in Austria. The CCG is prepared annually at the U.S. Embassy in Vienna through the combined efforts of several United States Government agencies. It is a living document and its contents are updated during the year, as necessary and appropriate.

Austria, with a population of 8.3 million, is a dynamic EU member country offering export opportunities for U.S. companies of all sizes. For U.S. firms looking to expand in Southeast Europe, Austria offers some attractive features as an investment location, and recent Austrian governments have sought to increase that attractiveness through economic reforms and by highlighting Austria's historical and economic ties to the surrounding region. At present, approximately 350 U.S. firms have subsidiaries, affiliates, franchisees, and licensees in Austria, of which about 150 have regional responsibilities for Central European, Eastern European, or Balkan countries. The EU also welcomed two new members in January 2007: Romania and Bulgaria, bringing the total EU Member Country count to 27.

According to the Austrian Central Statistical Office, overall Austrian imports grew by 9.6% in 2007. U.S. exports to Austria amounted to \$5.1 billion, representing an 8.2% increase over 2006. U.S. exports to Austria were 3.3% of total imports to Austria, ranking number five among Austrian suppliers after Germany, Italy, China, and Switzerland. By comparison, U.S. imports from Austria in 2007 were reported to be \$7.9 billion, down 5.6% from 2006, equal to 5.0% of total Austrian exports. The Austrian Government's statistics should be compared to official U.S. Department of Commerce statistics for Merchandise trade between the United States and Austria. According to these figures, U.S. exports to Austria for 2007 were \$3.2 billion, representing a 6.2% increase over 2006. According to the U.S. Government's statistics, imports from Austria for 2007 were \$10.7 billion, representing a 22.4% increase. For 2007 the U.S. ran a \$7.5 billion trade deficit with Austria. The trend for 2008 using available figures through September showed a decrease in trade volume. The reasons for disparity between the U.S. and Austrian governments' statistics are varied but are largely due to the methods of valuation used by customs authorities, the categories of products reflected, and considerations given to products that are transiting through Austria versus being consumed in Austria. In general the trend has been toward an increasing trade deficit with Austria.



Among Austrian export markets, the U.S. is number three, behind Germany and Italy. Principal U.S. exports to Austria are motor vehicle parts and accessories, aircraft, machinery, medical devices, pharmaceuticals, and computer equipment and parts. Principal Austrian exports to the U.S. include specialized industrial machinery, automobiles, pharmaceuticals, glassware, electric power machinery and some food products.

Given the worldwide economic crisis, the year 2009 will be the first recession year in Austria since 1981. Austria's economy began to weaken in the second quarter of calendar year 2008 in reaction to the world downturn and is now in recession. The two leading Austrian economic research institutes downgraded their GDP growth estimates for 2008 to 1.8%. The economy is projected to contract by around 0.5% in 2009 due to shrinking exports and investments, despite modest growth in private consumption. For 2010, the institutes project a recovery with growth of 0.9% to 1.3% but warned of continued downside risks. Unemployment will rise to 3.9% to 4.1% in 2009. The budget deficit will spike from only 0.6% of the GDP in 2008 to about 2.8% in 2009 and most likely above 3% in 2010.

Despite these negative factors, it can be assumed that U.S. manufacturers will still keep up a good market position within the great majority of the Austrian industry sectors. Nevertheless, the U.S. automotive sector will have a significant decline on the Austrian market in 2009. Imports of automotive parts will experience a major reduction as Austria's automotive assembly lines will run well below capacity in 2009.

Market Challenges

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Basically, Austria is a good export market for U.S. companies, with no significant trade barriers. Qualified Austrian agents and distributors can be found for nearly every kind of product. Given the size of the country, Austria represents a desirable, affluent pilot market for U.S.-made products in Europe. Because of Austria's geographic location and history, many Austrian agents and distributors, in addition to the Austrian market, sell regionally, covering several markets in Central and Eastern Europe and in the Balkan countries.

When establishing a business in Austria, U.S. companies may still encounter troublesome bureaucratic barriers. Some Austrian provinces have established one-stop-shops for investors, and they are competing with each other to eliminate red tape.

Most business activities in Austria are regulated and require that a separate application be made for a business license and for registration in the commercial register. Evidence of proficiency in running a business is required for most businesses. Usually a passing score on an examination or evidence of prior experience in the field is sufficient. For business activities that do not require proof of proficiency, the business license is granted automatically upon registration of the business.

Austria welcomes foreign direct investment that does not have a negative impact on the environment. The Government particularly welcomes those investments that create new jobs in high technology fields, promote capital-intensive industries, and have links to R&D activities, for which special tax incentives are available. The United States is the fourth largest foreign investor in Austria, after Germany, Italy, and the Netherlands, according to 2007 statistics. Many of the new U.S. investments in Austria are mergers and acquisitions (M&A) and not greenfield investments. Due to the M&A nature of U.S. investment, annual statistics show significant fluctuations in U.S. investment in Austria.

Market Opportunities

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To overlook Austria would be to overlook one of the world's most prosperous nations on a per capita basis. Doing business in and from Austria definitely has its advantages. The introduction below summarizes four advantages that will be particularly relevant in the future.

First, Austria is an international crossroads, bordering on eight European countries: Germany, Italy, Switzerland, Slovenia, Hungary, Slovakia, Czech Republic, and Liechtenstein. Four of Austria's neighbors joined the EU in May 2004 (Czech Republic, Slovakia, Slovenia, and Hungary), transforming Austria geographically from a country on the eastern frontier of the EU to one occupying a more central position in the enlarged EU. The addition of two other Eastern European countries, Romania and Bulgaria, as new EU members at the beginning of 2007 strengthened Austria's central position.

Austria is a member of the Schengen agreement and offers U.S. companies access to growing markets in the new EU frontier of Eastern and Southeastern Europe. Some ask whether Austria will continue to play a role as gateway to the East in attracting U.S.

exports and investment, or whether U.S. firms will bypass Austria and go directly to the more growth-oriented and often more pro-business new EU members. The answer depends on many factors, and American firms are wise to assess all options. U.S. business continues to view Austria as a prime location and distribution hub. The country has financial and transportation links to the Eastern European and Balkan region, and its banks and service providers understand regional business practices. Partnerships with Austrian firms having a presence in regional markets may be an attractive option for some U.S. companies.

A second advantage for Austria is its well-diversified and relatively resilient economy. The Austrian government has sought to remain competitive by pursuing investment in high-potential industries such as telecommunications, non-agricultural biotechnology, medical and pharmaceutical research, and electronics. For U.S. companies in these industry sectors, Austria represents a good opportunity for export, joint ventures, and investment. Under pressure from the newest EU members, which offer lower corporate tax rates, Austria lowered its corporate tax rate in 2005 from 34% to 25%. This step reflected a commitment by the government to compete with its new EU neighbors.

A third plus for Austria is its membership in the EU and the Euro currency zone. The Euro has been the common currency for Austria since 2002. It has already facilitated trade and promoted economic stability for U.S. companies, helping them to manage pricing, balance accounts, and move products within Austria and throughout EU member countries. It should be noted that some U.S. firms have found Austria's implementation of EU rules unnecessarily burdensome, bureaucratic and non-transparent, and have threatened to cut back on their investment in Austria as a result. Nevertheless, for U.S. exporters, the unified EU market and the still favorable exchange rate between the Euro and the dollar mean that U.S. goods should be able to compete on advantageous terms in the coming year.

A fourth advantage Austria offers is that the United States is its third largest trading partner and its largest trading partner outside of Europe. U.S. companies entering the market for the first time will benefit from the strong trading relationship already established between the two countries. Austria is a very attractive market demanding high product quality, excellent after sales service, and competitive prices. Although Austrian buyers may give preference to the supplier who is closest geographically and who speaks German, many U.S. products and services can compete well with those from Germany and other EU member countries.

Market Entry Strategy

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The best strategy for an American exporter to Austria is usually to select one distributor or agent for the entire Austrian market. Some companies appoint distributors in Germany who cover all of German-speaking Europe, including Germany, Austria, and most of Switzerland. But this works best for U.S. exporters with a limited number of customers and end-users in Austria. In such cases, a distributor might be located in Munich instead of Vienna. Austrian buyers are sensitive to agents or distributors based elsewhere and may give priority to competitors with a more dedicated Austrian presence. The U.S. Commercial Service Vienna and its industry specialists are pleased to offer the well-established Gold Key Service, one of the most cost-effective methods of

entering the Austrian market, as well as an array of other services tailored to the needs of U.S. companies exporting to Austria. For more details please see [Chapter 10: Guide to our Services](#).

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/>

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Using an Agent or Distributor

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Qualified Austrian agents and distributors can be found for nearly every kind of product. Because of Austria's geographic location and history, many Austrian agents and distributors sell regionally, covering several markets in Central and Eastern Europe, in addition to Austria.

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with both European Union (EU) and Austrian law. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. In essence, the Directive establishes the rights and obligations of the principal and its agents; the agent's remuneration; and the conclusion and termination of an agency contract, including the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that the Directive states that parties may not derogate certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

KEY LINK(S):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

The European Commission's Directorate General for Competition enforces legislation concerned with the effects on competition in the internal market of "vertical agreements."

Most U.S. exporters are small- and medium-sized companies (SMEs) and are therefore exempt from the Regulations because their agreements likely would qualify as "agreements of minor importance," meaning they are considered incapable of effecting competition at the EU level but useful for cooperation between SMEs. Generally speaking, companies with fewer than 250 employees and an annual turnover of less than EUR 50 million are considered small- and medium-sized undertakings. The EU has additionally indicated that agreements that affect less than 10% of a particular market are generally exempted as well (Commission Notice 2001/C 368/07).

 **KEY LINK(S):**

http://eurlex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

The EU also looks to combat payment delays with Directive 2000/35/EC. This covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. In sum, the Directive entitles a seller who does not receive payment for goods/services within 30-60 days of the payment deadline to collect interest (at a rate of 7% above the European Central Bank rate) as compensation. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.

 **KEY LINK(S):**

http://ec.europa.eu/comm/enterprise/regulation/late_payments/

Companies' agents and distributors can take advantage of the European Ombudsman when victim of inefficient management by an EU institution or body. Complaints can be made to the European Ombudsman only by businesses and other bodies with registered offices in the EU. The Ombudsman can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights.

 **KEY LINK(S):**

<http://www.ombudsman.europa.eu>

Establishing an Office

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Establishing a business in Austria means navigating a bureaucratic maze, despite efforts by the Austrian government to reduce the paperwork involved. Some regions have moved to set up one-stop shops for entrepreneurs, but it is unclear how much of the red tape these offices can really eliminate.

Most business activities in Austria are regulated and require that separate applications be made for a business license (Gewerbeschein) and for registration in the commercial register (Firmenbuch). Evidence of proficiency is required to operate most businesses. Usually a passing score on an examination or evidence of prior experience in the field is sufficient. For business activities that do not require proof of proficiency, the business license is granted automatically upon registration of the business.

There are several options available to the investor when deciding on the legal form of an Austrian office. These include public corporations, limited liability companies, limited or unlimited commercial partnerships, silent partnerships, branches of foreign enterprises, cooperative societies, and sole proprietorships. Most foreign-owned businesses choose to operate as a limited liability private company (Gesellschaft mit beschraenkter Haftung or Ges.m.b.H.).

The official investment office of the Austrian government is "ABA Invest in Austria", online at www.aba.gv.at/. It is an excellent source of information on all subjects related to opening an office or a production facility in Austria. In addition, all nine Austrian provinces maintain official investment offices. To get into contact with these institutions, please consult the U.S. Commercial Service Vienna at the following E-Mail address: vienna.office.box@mail.doc.gov

Data Privacy

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The EU's general data protection Directive (95/46/EC) spells out strict rules concerning the processing of personal data. Austrians are well aware of this legislation and are highly sensitive to violations of their privacy.

Businesses must tell consumers that they are collecting data, what they intend to use it for, and to whom it will be disclosed. *Data subjects* must be given the opportunity to object to the processing of their personal details and to opt-out of having them used for direct marketing purposes. This opt-out should be available at the time of collection and at any point thereafter. This general legislation is supplemented by specific rules set out in the "Directive on the processing of personal data and the protection of privacy in the electronic communications sector" (2002/58/EC). This requires companies to secure the prior consent of consumers before sending them marketing emails. The only exception to this opt-in provision is if the marketer has already obtained the intended recipient's contact details in the context of a previous sale and wishes to send them information on similar products and services.

KEY LINK(S):

http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm

Transferring Customer Data To Countries Outside The EU

The EU's general data protection Directive provides for the free flow of personal data within the EU but also for its protection when it leaves the region's borders. Personal data can only be transferred outside the EU if adequate protection is provided for it or if the **unambiguous consent** of the data subject is secured. The European Commission has decided that a handful of countries have regulatory frameworks in place that guarantee the adequate protection of data transferred to them – the United States is not one of these.

The Department of Commerce and the European Commission negotiated the Safe Harbor agreement to provide U.S. companies with a simple, streamlined means of complying with the adequacy requirement. It allows those U.S. companies that commit to a series of data protection principles (based on the Directive), and who publicly state that commitment by "self-certifying" on a dedicated website, to continue to receive personal data from the EU. Signing up is voluntary but the rules are binding on those who do. The ultimate means of enforcing Safe Harbor is that failure to fulfill the commitments will be actionable as an unfair and deceptive practice under Section 5 of the FTC Act or under a concurrent Department of Transportation statute for air carriers and ticket agents. While the United States as a whole does not enjoy an adequacy finding, companies that join up to the Safe Harbor scheme will. Companies whose activities are not regulated by the FTC or DoT (e.g. banks, credit unions, savings and loan institutions, securities dealers, insurance companies, not-for-profit organizations, meat packing facilities, or telecommunications carriers) are not eligible to sign up to the Safe Harbor.

EU based exporters or U.S. based importers of personal data can also satisfy the adequacy requirement by including data privacy clauses in the contracts they sign with each other. The Data Protection Authority in the EU country from where the data is being exported must approve these contracts. To fast track this procedure the European Commission has approved sets of model clauses for personal data transfers that can be inserted into contracts between data importers and exporters. The most recent were published at the beginning of 2005. Most transfers using contracts based on these model clauses do not require prior approval. Companies must bear in mind that the transfer of personal data to third countries is a processing operation that is subject to the general data protection Directive regardless of any Safe Harbor, contractual or consent arrangements.

EU countries' Data Protection Authorities (DPAs) and large multinational companies are also developing a third major approach to compliance with EU rules on transfers of personal data to countries outside the EU. This is based on country-by-country approval of "binding corporate rules" (BCRs). Companies that set up BCRs that satisfy European DPAs will be able to use the presumption of conformity that these approvals provide to transfer personal data from the EU to any location in the world – not just the United States. BCRs can be a tool for compliance with privacy rules on a global scale. The process of negotiation and approval of the BCRs is currently lengthy and complex, and has not been attempted by small or medium-sized companies.

 **KEY LINK(S):**

<http://www.export.gov/safeharbor/>

http://ec.europa.eu/justice_home/fsj/privacy/modelcontracts/index_en.htm

http://ec.europa.eu/justice_home/fsj/privacy/workinggroup/wpdocs/2007_en.htm

Franchising

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Franchising as a business model is a relatively small factor in the Austrian economy compared to the dominance of franchising in the United States, accounting for an estimated 5% of retail sales. After a period of stagnation in the late 1990's, Austria's franchising sector is again experiencing respectable growth: the franchise association

estimates a yearly growth in the number of franchise systems at around 10%, and the number of new franchise unit owners to be growing at 16%.

Around half of the franchise businesses operating in this country are of local origin. The top foreign participant in the Austrian franchising economy is Germany, with around 25% of franchises, followed by the United States, with about 10% of all franchises operating in Austria. Most German franchisers either set up a headquarters in Austria or franchise directly over the border, whereas most American franchisers choose to expand their operations in Austria through a master franchise partner, a solution that has had mixed results. Some of the best prospects for franchising include business and personal services, schooling and training, and specialty retailing.

The Austrian Franchise Association collects data, maintains an informative web site, and co-organizes seminars as well as a yearly trade show:

<i>Oesterreichischer Franchise-Verband</i>
Contact: Ms. Silvia Perl Am Heumarkt 10, A - 1030 Vienna, Austria Tel.: 0664/2407878, Fax: 0664/741136127 Web: http://www.franchise.at/html_seiten/franchising.htm e-Mail: oeffv@franchise.at

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Within limits set by Austrian law, telephone and direct mail solicitation are very much in evidence in Austria. Telecommunications regulations forbid most forms of e-mail direct marketing. Some U.S. companies, including Tupperware and Amway, have established themselves in the Austrian market with multi-level marketing systems.

There is a wide range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus, in particular, on the clarity and completeness of the information they provide to consumers prior to purchase and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance selling and on-line commerce. Companies are advised to consult the information available via the hyperlinks, to check the relevant sections of national Country Commercial Guides, and to contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

Processing Customer Data

The EU has strict laws governing the protection of personal data, including the use of such data in the context of direct marketing activities. For more information on these rules, please see the privacy section above.

Distance Selling Rules

■ ***Distance and Door-to-Door Sales***

The EU's Directive on distance selling to consumers (97/7/EC) sets out a number of obligations for companies doing business at a distance with consumers. It can read like a set of onerous "do's" and "don'ts," but in many ways it represents nothing more than a customer relations good practice guide with legal effect. Direct marketers must provide clear information on the identity of themselves as well as their supplier, full details on prices including delivery costs, and the period for which an offer remains valid – all of this, of course, before a contract is concluded. Customers generally have the right to return goods without any required explanation within seven days, and retain the right to compensation for faulty goods thereafter. Similar in nature is the Doorstep Directive (85/577/EEC) which is designed to protect consumers from sales occurring outside of a normal business premises (e.g., door-to-door sales) and essentially assure the fairness of resulting contracts.



KEY LINK(S):

http://ec.europa.eu/consumers/cons_int/safe_shop/index_en.htm

■ ***Distance Selling Of Financial Services***

Financial services are the subject of a separate Directive that came into force in June 2002 (2002/65/EC). This piece of legislation amends three prior existing Directives and is designed to ensure that consumers are appropriately protected in respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal.



KEY LINK(S):

http://ec.europa.eu/consumers/cons_int/fina_serv/index_en.htm

Direct Marketing Over The Internet

The e-commerce Directive (2000/31/EC) imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them have to be easily accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law. Vendors of electronically supplied services (such as software, which the EU considers a service and not a good) must also collect value added tax (see Electronic Commerce section below).

 **KEY LINK(S):**

http://ec.europa.eu/internal_market/e-commerce/index_en.htm

Joint Ventures/Licensing

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Joint ventures and licensed production arrangements in Austria offer U.S. firms several advantages, including access to the European Union market, improved access to Central and Eastern European markets, reduction of transportation costs to European destinations, and high quality production. Joint ventures may be formed as companies, partnerships, or other legal entities.

Austrian companies are receptive to licensing arrangements, especially as a source of technology. Royalty and license fee payments may be freely transferred out of Austria.

In addition to the assistance offered by the U.S. Commercial Service Vienna, U.S. firms seeking joint venture or license partners in Austria will receive valuable information from the Austrian Government's investment organization:

ABA – Invest in Austria

Contact: Mr. Hans Nagl
Opernring 3, A-1010 Vienna, Austria
Tel.: ++43 1 588 58 12, Fax: ++43 1 586 86 59
Web: <http://www.aba.gv.at>
e-Mail: h.nagl@aba.gv.at

Selling to the Government

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The Bundesbeschaffung GmbH (BBG) was created in June, 2001 and acts as a central procurement agency for the federal government of Austria in compliance with EU legislation. The agency is run as a limited liability company (thus is outside the federal budget), but is owned by the Austrian Ministry of Finance. More information is available online (in German) at: https://bbg.portal.at/Internet/Startseite/_start.htm

The Austrian Government adheres to the WTO (GATT) Agreement on Government Procurement. Austria's Federal Procurement Law complies with EU guidelines. Austria does not have Buy National laws, but as with any political decision, the economic impact of any new contract is taken into consideration. In addition, some major contracts are negotiated by invitation, and limited tenders and offset requirements are common in defense contracts. For assistance with specific tenders, please [contact this office](#) (The U.S. Commercial Service Vienna) or our CS [EU office](#) in Brussels.

The EU public procurement market, including EU institutions and Member States, totals around EUR 1,600 billion. This market is regulated by two Directives:

- Directive 2004/18 on Coordination of procedures for the award of public works, services and supplies contracts, and
- Directive 2004/17 on Coordination of procedures of entities operating in the Utilities sector, which covers the following sectors: water, energy, transport and postal services.

Remedies directives cover legal means for companies who face discriminatory public procurement practices. These directives are implemented in the national procurement legislation of the 27 EU Member States.

The US and the EU are signatories of the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and some services and works contracts published by national procuring authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies contracts from European public contracting authorities above the agreed thresholds.

However, there are restrictions for U.S. suppliers in the EU utilities sector both in the EU Utilities Directive and in the EU coverage of the Government Procurement Agreement (GPA). The Utilities Directive allows EU contracting authorities in these sectors to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50% of the total value of the goods constituting the tender, or that they are entitled to apply a 3% price difference to non-EU bids in order to give preference to the EU bid. These restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. Those restrictions however were waived for the electricity sector.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement. This site also has a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement. Access is free of charge.

 **KEY LINK(S):**

http://www.buyusa.gov/europeanunion/eu_tenders.html

Distribution and Sales Channels

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Austria enjoys a multitude of distribution and sales channels, including traditional agents, wholesalers and retailers, catalog and e-commerce channels, direct marketing, franchising, joint ventures, and other licensing agreements. Manufacturer's representative agreements as we know them in the United States, however, are uncommon.

It may be useful to think of Austria in terms of the following five marketing or distribution areas:

- **Vienna and Vicinity:**

The business and government center as well as the most populous region.

- **Pre-Alpine Provinces:**
These are Styria, Lower Austria, and Upper Austria, where most industrial and agricultural production takes place.
- **Alpine Provinces:**
These are Carinthia, Tyrol, and Salzburg, which rely heavily on tourism.
- **Vorarlberg:**
This province in the far western Alps on the Swiss border has a small but wealthy population.
- **Burgenland:**
This province in the eastern flatlands of Austria is the least developed part of the country.



Many Austrian firms distribute to the neighboring markets of Central and Eastern Europe at the wholesale level, and some Austrian retail chains are beginning to build networks in those countries as well. In the same way, German and international retail giants have been building a presence in Austria over the past several years.

Selling Factors/Techniques

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Possibly because of the many years of shortage during World War II and the post-war period, and certainly because of Austria's monarchical authoritarian history, the traditional buyer-seller relationship in Austria may seem strange to the American. The customer wants or needs something and is thus at a disadvantage, while the seller, who is holding the item that the customer wants, is in a position of power. Though it is true that this traditional interpersonal part of the commercial relationship is losing its hold here as the older generations move into retirement and more sophisticated communications and competition take hold, the sense that the customer is asking a favor of the seller still persists to some degree.

Why is this information important? Because it will help U.S. firms avoid making simple mistakes when communicating with potential partners and customers. Two rules of thumb are worth remembering: First, companies should refrain from hard sell practices, which could backfire if the Austrian customer feels that the products are less desirable because the sales approach is so strong. And second, companies should stick to simple American friendliness and transparency, which usually make a good impression.

In addition to cultural considerations, price has become a key factor in purchasing. More and more sectors are now price-driven, a development that has accelerated with the globalization of the local economy. Where product quality and personal relationships once played a larger role in purchasing decisions, the focus has shifted increasingly to pricing and the bottom line.

Electronic Commerce

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In 2007, \$66 billion or 12% of all business sales in Austria were made electronically, up 2% over 2006. The distribution of electronic commerce is as follows: 2.9% of sales are via Internet (but not using an online shop), 2.1% are via online shop, and 7% flow through other electronic networks. 79% of Austrian companies have a website, and 98% use the Internet, a figure which has remained constant since 2006. Shopping online is increasingly popular, and 37% of the population aged 16-74 reports having purchased something online in the past 12 months (up 1% over 2006).

In July 2003, the EU started applying Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC further developed the EU rules for charging Value Added Tax. These rules are currently set to expire at the end of 2008.

U.S. businesses mainly affected by the 2003 rule change are those that are U.S. based and selling ESS to EU based, non-business customers or those businesses that are EU based and selling ESS to customers outside the EU who no longer need to charge VAT on these transactions. There are a number of compliance options for businesses. The Directive created a special scheme that simplifies registering with each Member State. The Directive allows companies to register with a single VAT authority of their choice. Companies have to charge different rates of VAT according to where their customers are based but VAT reports and returns are submitted to just one authority. The VAT authority responsible for providing the single point of registration service is then responsible for reallocating the collected revenue among the other EU VAT authorities.

KEY LINK(S):

http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

Trade Promotion and Advertising

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After growing a respectable 4.5% in 2006, the advertising industry in Austria was able to book another excellent year in 2007, recording growth of 6.4% and a \$4.41 billion result for the year. The relative distribution of advertising Euros among the various media and marketing channels has been changing slowly over the past several years.

Print Media

Daily papers, regional publications, magazines, industry publications, and other print media once accounted for more than half of all advertising spending. In 2006, they held 44.7% of the pie, and in 2007 they were able to gain back a percentage point, reporting 45.5%.

Television

TV also remained steady at just below 19%. Currently, 42% of Austrian households also receive satellite programming, and 37% are hooked up to cable, which means that advertising originating outside of Austria is reaching Austrian consumers. This trend is being countered by the invention of special advertising windows directed at Austrian TV viewers.

Radio

Radio advertising also remained the same at just under 6% of advertising spending. All currently operating private radio stations are owned by large media concerns. Austrian National Broadcasting operates several national and regional radio stations, including the national market leader.

Direct Mail

Direct mail and flyers together account for 20% of the advertising pie, up from 17% in 2006.

Other Advertising Options

Billboard advertising remains a constant feature of Austrian marketing, with around 6% of advertising spending. The fastest growing venue for advertising is online advertising, which grew by 77% between 2006 and 2007 but still accounts for only 2% of the total.

Truth In Advertising

A Consumer Forum has been established in the Austrian Economics Ministry to ensure truth in advertising. The Forum is made up of representatives of political parties, business organizations, labor unions, and business associations. A subcommittee for commercial advertising examines posters and TV, radio and newspaper ads, as well as entire sales campaigns, for their truthfulness, information value, and ethnic sensitivity. The Forum can initiate proceedings against advertisers who make false claims. Anyone transgressing established commercial usage laws may be sued. The government recently lifted the regulation that prohibited comparative advertising, thus enabling advertisers to make direct comparisons between their products and services and those of their competitors.

Trade Promotion

Annually, between 100 and 150 national and international trade fairs representing many industry sectors are organized in Austria. Most of the Austrian fairs are open to the general public and thus fulfill an advertising function. Austrian business entities generally attend the major European trade fairs, especially those that are held in Germany.

General EU Legislation

Laws against misleading advertisements differ widely from Member State to Member State within the EU. To respond to this imperfection in the Internal Market, the Commission adopted a Directive, in force since October 1986, to establish minimum and objective criteria regarding truth in advertising. The Directive was amended in October 1997 to include comparative advertising. Under the Directive, misleading advertising is defined as any "advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which for those reasons, injures or is likely to injure a competitor." Member States can authorize even more extensive protection under their national laws.

Comparative advertising, subject to certain conditions, is defined as "advertising which explicitly or by implication identifies a competitor or goods or services by a competitor." Member States can, and in some cases have, restricted misleading or comparative advertising.

The EU's Television without Frontiers Directive lays down legislation on broadcasting activities allowed within the EU. From 2009 the rules will allow for US-style product placement on television and the three-hour/day maximum of advertising will be lifted. However, a 12-minute/hour maximum will remain. Child programming will be subject to a code of conduct that will include a limit of junk food advertising to children.

Following the adoption of the 1999 Council Directive on the Sale of Consumer Goods and Associated Guarantees, product specifications, as laid down in advertising, are now considered as legally binding on the seller. (For additional information on Council Directive 1999/44/EC on the Sale of Consumer Goods and Associated Guarantees, see the legal warranties and after-sales service section below.)

The EU adopted Directive 2005/29/EC concerning fair business practices in a further attempt to tighten up consumer protection rules. These new rules will outlaw several aggressive or deceptive marketing practices such as pyramid schemes, "liquidation sales" when a shop is not closing down, and artificially high prices as the basis for discounts in addition to other potentially misleading advertising practices. Certain rules on advertising to children are also set out.

 **KEY LINK(S):**

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm

Medicine

The advertising of medicinal products for human use is regulated by Council Directive 2001/83/EC. Generally speaking, the advertising of medicinal products is forbidden if market authorization has not yet been granted or if the product in question is a prescription drug. Mentioning therapeutic indications where self-medication is not suitable is not permitted, nor is the distribution of free samples to the general public. The text of the advertisement should be compatible with the characteristics listed on the product label, and should encourage rational use of the product. The advertising of medicinal products destined for professionals should contain essential characteristics of the product as well as its classification. Inducements to prescribe or supply a particular medicinal product are prohibited and the supply of free samples is restricted.

The Commission plans to present a new framework for information to patients on medicines in 2008. The framework would allow industry to produce non-promotional information about their medicines while complying with strictly defined rules and would be subject to an effective system of control and quality assurance.

 **KEY LINK(S):**

http://ec.europa.eu/eur-lex/pri/en/oj/dat/2001/l_311/l_31120011128en00670128.pdf

Food

Regulation 1924/2006, applicable as of July 1, 2007, sets new EU rules on nutrition and health claims. The annex to Regulation 1924/2006 lists the nutrition claims such as "low fat" and "light" that will be allowed throughout the EU and the conditions for using them. An EU positive list of health claims, based on generally accepted scientific advice such as "X is good for your bones," is yet to be established. The EU positive list will include health claims based on generally accepted science and well understood by the consumer, not those based on emerging science. New health claims and disease

reduction claims will have to be assessed by the European Food Safety Authority (EFSA) and approved by the Commission.

 **KEY LINK(S):**

http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm

Food Supplements

Regulation 1925/2006, applicable as of July 1, 2007, harmonizes rules on the addition of vitamins and minerals to foods. The regulation lists the vitamins and minerals that may be added to foods and sets criteria for establishing minimum and maximum levels.

 **KEY LINK(S):**

<http://useu.usmission.gov/agri/foodsupplements.html>

Tobacco

The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. Advertising in cinemas and on billboards or merchandising is allowed though these are banned in many Member States. Tobacco advertising on television has been banned in the EU since the early 1990s and is governed by the TV Without Frontiers Directive.

 **KEY LINK(S):**

http://ec.europa.eu/health/ph_determinants/life_style/Tobacco/tobacco_en.htm

Pricing

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Austrian prices are among the highest in the European Union, reflecting the high cost of labor, extensive agricultural subsidies, the small size of the market, and high taxes. High labor costs include the cost of social benefits such as mandatory health insurance and pension fund contributions for employees. The value-added tax (VAT) on most products and services is 20% and is charged at point of sale. Special taxes are levied on luxury goods, fuel, drinks, tobacco, and other items. These costs and taxes should be taken into account when pricing products for sale in Austria.

Sales Service/Customer Support

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Customer service and support in Austria is gaining attention with EU integration. Starting on January 1, 2002, the basic warranty for consumer purchases was increased from six months to two years, and the burden of proof was reversed. The customer is no longer required to prove that he did not break the item; rather, the store must show that

he did. Despite this change in the warranty rules, a customer who purchases a defective product cannot in most cases bring it back to the store for replacement, but instead must wait while the product is shipped for repair. Stores often impose more restrictive exchange policies for articles purchased on sale or with a credit card. American-style guarantees and customer service are gradually becoming more common and publicizing them is a popular marketing tool.

Business customers demand a high level of support and most wholesalers or distributors offer excellent support. If a part on a machine breaks, the customer will demand that it be replaced or repaired within 24 hours, which may present logistical problems for smaller U.S. suppliers who cannot warehouse replacement parts in Europe.

Conscious of the discrepancies among Member States in product labeling, language use, legal guarantee, and liability, the redress of which inevitably frustrates consumers in cross-border shopping, the EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service, and customer support.

Product Liability

The principle behind product liability is different in the EU and the United States. In the United States, product safety is achieved through aggressive product liability regulations and highly active civil courts. In the European Union, product safety is ensured through extensive testing and marking/labeling requirements that attempt to block market entry to any products deemed unsafe.

Under the 1985 Directive on liability of defective products, amended in 1999, the producer is liable for damage caused by a defect in his product. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim.

KEY LINK(S):

http://ec.europa.eu/enterprise/regulation/goods/liability_en.htm

Product Safety

The 1992 General Product Safety Directive introduces a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation on the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the creation of a European Product Safety Network, and a ban on exports of products to third countries that are not deemed safe in the EU.

KEY LINK(S):

http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties And After-Sales Service

Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers (natural persons acting for purposes outside their trade, businesses or professions), as defined by the Directive. The remedies available to consumers in case of non-compliance are:

- repair of the good(s)
- replacement of the good(s)
- a price reduction or
- rescission of the sales contract

 **KEY LINK(S):**

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm

Other issues pertaining to consumers' rights and protection, such as the New Approach Directives, CE marking, quality control and data protection are dealt with in Chapter 5 of this report.

Protecting Your Intellectual Property

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Several general principles are important for effective management of intellectual property rights (IPR) in Austria. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Austria than in the U.S. Third, rights must be registered and enforced in Austria, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can often provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Austria. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government (USG) is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppels, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Austria require constant attention. Work with legal counsel familiar with Austrian laws

to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both Austrian and U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Association of Research-Based Pharmaceutical Companies (FOPI)
- Biotechnology Industry Organization (BIO)

IPR Resources

- A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following: For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: 1-866-999-HALT or register at <http://www.StopFakes.gov>
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: 1-800-786-9199.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: 1-202-707-5959.
- For US small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.
 - For an in-depth examination of IPR requirements in specific markets, toolkits are currently available in the following countries/territories: Brazil, Brunei, China, Egypt, European Union, India, Italy, Malaysia, Mexico, Paraguay, Peru, Russia, Taiwan, Thailand, and Vietnam.

- For assistance in developing a strategy for evaluating, protecting, and enforcing IPR, use the free Online IPR Training Module on <http://www.StopFakes.gov/>
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Austria at: http://www.buyusa.gov/europeanunion/compliance_links2.html Compliance Attaché, Direct Dial: ++32 2 508 2769

IPR Climate In Austria

Austria is a member of all international intellectual property rights agreements, and IPR is well respected. To begin the process of registering a patent in Austria or in the EU, contact the U.S. Commercial Service Vienna (Tel.: ++43 1 313 39-2205) or the Austrian Patent Office:

Oesterreichisches Patentamt (Austrian Patent Office)

Dresdner Straße 87, 1200 Vienna, Austria
Tel.: ++43 1 534-24-0, Fax: ++43 1 534-24-535
Web: <http://www.patentamt.at/Home/index.html>
e-Mail: info@patentamt.at

A list of patent attorneys is available through the Austrian Patent Attorney Chamber:

Oesterreichische Patentanwaltskammer

Linke Wienzeile 4/1/9, A-1060 Vienna, Austria
Tel.: ++43 1 523 4382, Fax: ++43 1 523 4382 15
Web: <http://www.patentanwalt.at>
e-Mail: info@oepak.at

Copyright

The EU's legislative framework for copyright protection consists of a series of Directives covering areas such as the legal protection of computer programs, the duration of protection of authors' rights and neighboring rights, and the legal protection of databases. Almost all Member States have fully implemented the rules into national law; and the Commission is now focusing on ensuring that the framework is enforced accurately and consistently across the EU.

The on-line copyright Directive (2001/29/EC) addresses the problem of protecting rights holders in the online environment while protecting the interests of users, ISPs and hardware manufacturers. It guarantees authors' exclusive reproduction rights with a single mandatory exception for technical copies (to allow caching), and an exhaustive list

of other exceptions that individual Member States can select and include in national legislation. This list is meant to reflect different cultural and legal traditions, and includes private copying "on condition right holders receive fair compensation."

 **KEY LINK(S):**

http://ec.europa.eu/internal_market/copyright/index_en.htm

Patents

EU countries have a "first to file" approach to patent applications, as compared to the "first to invent" system currently followed in the United States. This makes early filing a top priority for innovative companies. Unfortunately, it is not yet possible to file for a single EU-wide patent that would be administered and enforced like the Community Trademark (see below). For the moment, the most effective way for a company to secure a patent across a range of EU national markets is to use the services of the European Patent Office (EPO) in Munich. It offers a one-stop-shop that enables rights holders to get a bundle of national patents using a single application. However, these national patents have to be validated, maintained and litigated separately in each Member State.

 **KEY LINK(S):**

http://ec.europa.eu/internal_market/indprop/index_en.htm

<http://www.european-patent-office.org/>

Trademarks

The EU-wide Community Trademark (CTM) can be obtained via a single language application to the Office of Harmonization in the Internal Market (OHIM) in Alicante, Spain. It lasts ten years and is renewable indefinitely. For companies looking to protect trademarks in three or more EU countries the CTM is a more cost effective option than registering separate national trademarks.

On October 1, 2004, the European Commission (EC) acceded to the World Intellectual Property Organization (WIPO) Madrid Protocol. The accession of the EC to the Madrid Protocol establishes a link between the Madrid Protocol system, administered by WIPO, and the Community Trademark system, administered by OHIM. As of October 1, 2004, Community Trademark applicants and holders are allowed to apply for international protection of their trademarks through the filing of an international application under the Madrid Protocol. Conversely, holders of international registrations under the Madrid Protocol will be entitled to apply for protection of their trademarks under the Community Trademark system.

 **KEY LINK(S):**

<http://oami.europa.eu/>

<http://www.wipo.int/madrid/en>

Designs

The EU adopted a Regulation introducing a single Community system for the protection of designs in December 2001. The Regulation provides for two types of design protection, directly applicable in each EU Member State: the registered Community design and the unregistered Community design. Under the registered Community design system, holders of eligible designs can use an inexpensive procedure to register them with the EU's Office for Harmonization in the Internal Market (OHIM), based in Alicante, Spain. They will then be granted exclusive rights to use the designs anywhere in the EU for up to twenty-five years. Unregistered Community designs that meet the Regulation's requirements are automatically protected for three years from the date of disclosure of the design to the public.

 **KEY LINK(S):**

<http://oami.europa.eu/>

Trademark Exhaustion

Within the EU, the rights conferred on trademark holders are subject to the principle of "exhaustion." Exhaustion means that once trademark holders have placed their product on the market in one Member State, they lose the right to prevent the resale of that product in another EU country. This has led to an increase in the practice of so called "parallel importing" whereby goods bought in one Member State are sold in another by third parties unaffiliated to the manufacturer. Parallel trade is particularly problematic for the research-based pharmaceutical industry where drug prices vary from country to country due to national price Regulation. Community wide exhaustion is spelled out in the Directive on harmonizing trademark laws. In a paper published in 2003, the Commission indicated that it had no plans to propose changes to existing legal provisions.

 **KEY LINK(S):**

http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

Due Diligence

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The Austrian economy is highly regulated, which means that there are checks and controls against fraud, however they do not stop all fraudulent activity. Due diligence is important in Austria, as it is anywhere. Basic information on a company, such as confirmation of registration and confirmation that no bankruptcy proceedings are in process, is readily available from official and semi-official sources. More extensive commercial background checks on a company can be obtained through the U.S. Commercial Service Vienna as well as private sector resources. Please [contact this office](#) (the U.S. Commercial Service Vienna) for assistance.

Local Professional Services[Return to top](#)

The same professional services that are available in other highly developed market economies are readily available locally in Austria. Business service providers known to this office (the U.S. Commercial Service Vienna) are offered through an [on-line listing](#) on the U.S. Commercial Service website. The website is a good source for such service providers.

Local service providers focusing on EU law, consulting, and business development can be viewed on the website maintained by the Commercial Service at the U.S. Mission to the European Union at: <http://www.buyusa.gov/europeanunion/services.html>

For information on professional services located within each of the EU member states, please see EU Member State Country Commercial Guides which can be found at the following website: <http://www.export.gov/mrktresearch/index.asp> under the Market Research Library.

Web Resources[Return to top](#)

There are innumerable web resources available in Austria and the EU, some of which have some English content. Following are the most important sites:

http://www.buyusa.gov/austria/en	The website of the U.S. Commercial Service in Vienna, containing market research on Austria in English, as well as contact points, a list of business service providers, and information on CS services.
http://www.amcham.or.at/	American Chamber of Commerce in Austria
http://portal.wko.at/	The website of the Austrian Federal Economic Chamber, containing information on the Chamber and contact points in German, and basic information in English
http://www.aba.gv.at/EN/default.aspx	ABA – Invest in Austria
http://www.as-institute.at	Oesterreichisches Normungsinstitut (OeNORM) – Austrian Bureau of Standards
http://www.virtualvienna.net/	A website in English designed for expatriates living in Austria and for prospective transferees to Austria, introducing the reader to life in Austria.
http://www.austria.org/	The official Austrian government source of information on Austria for readers in the United States.
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML	EC Directive on Commercial Agents
http://eur-lex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf	Guidelines on “Vertical Agreements”

http://ec.europa.eu/comm/enterprise/regulation/late_payments/	EC Directive on Late Payments
http://ec.europa.eu/justice_home/fsj/privacy/law/index_en.htm	EC Directive on Data Protection
http://www.export.gov/safeharbor/	Safe Harbor
http://ec.europa.eu/justice_home/fsj/privacy/modelcontracts/index_en.htm	Model contracts for the transfer of personal data
http://ec.europa.eu/consumers/cons_int/safe_shop/index_en.htm	Ensuring safe shopping across the EU
http://ec.europa.eu/consumers/cons_int/financial_serv/index_en.htm	Financial Services
http://ec.europa.eu/internal_market/e-commerce/index_en.htm	Electronic Commerce
http://www.buyusa.gov/europeanunion/eu_tenders.html	European Public Procurement Tenders open to U.S. Companies
http://www.buyusa.gov/europeanunion/euopportunities.html	Procurement
http://ted.europa.eu	EU Tenders Website
http://www.buyusa.gov/europeanunion/mrr.html	Market Research Reports
http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm	e-VAT (VAT on electronic services)
http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm	EC Internal Markets official documents
http://ec.europa.eu/eur-lex/pri/en/oj/dat/2001/l_311/l_31120011128en00670128.pdf	Medicinal products for human use
http://ec.europa.eu/comm/food/food/labellingnutrition/claims/index_en.htm	Food Labeling
http://ec.europa.eu/food/food/labellingnutrition/supplements/index_en.htm	Food Supplements
http://ec.europa.eu/health/ph_determinants/life_style/Tobacco/tobacco_en.htm	Tobacco
http://ec.europa.eu/comm/consumers/cons_safe/prod_safe/defect_prod/index_en.htm	Liability of defective products
http://ec.europa.eu/comm/consumers/cons_safe/prod_safe/index_en.htm	Safety of Products
http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm	Sale of Goods and Guarantees
http://ec.europa.eu/comm/internal_market/copyright/index_en.htm	Copyright and Neighboring Rights
http://www.european-patent-office.org/	European Patent Office
http://ec.europa.eu/internal_market/indprop/index_en.htm	Industrial Property

http://oami.europa.eu/en/default.htm	Office for Harmonization in the Internal Market (OHIM)
http://www.wipo.int/madrid/en	WIPO Madrid System
http://oami.europa.eu/en/design/default.htm	OHIM Community Design
http://ec.europa.eu/internal_market/indprop/tm/index_en.htm	Exhaustion of Trademark Rights
http://www.buyusa.gov/europeanunion/services.html	Professional Service Providers
http://www.buyusainfo.net/adsearch.cfm?search_type=int&loadnav=no	EU Member State Country Commercial Guides
http://ec.europa.eu/index_en.htm	The EU Online
http://ec.europa.eu/index_en.htm	European Commission
http://ec.europa.eu/press_room/index_en.htm	EU Press Room
http://ec.europa.eu/comm/world/	The EU in the World
http://ec.europa.eu/comm/external_relations/us/intro/index.htm	EU Relations with the U.S.
http://ec.europa.eu/trade/index_en.htm	DG Trade
http://ec.europa.eu/enterprise/index_en.htm	DG Enterprise
http://eur-lex.europa.eu/en/index.htm	EUR-LEX – Portal to EU law
http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1090,30070682,1090_33076576&_dad=portal&_schema=PORTAL	EUROSTAT – EU statistics
http://ec.europa.eu/scadplus/scad_en.htm	Summaries of EU Legislation – SCAD PLU
http://ec.europa.eu/youreurope/index_en.html	One Stop Internet Shop for Business
http://ec.europa.eu/enterprise-europe-network	Euro Info Centers
http://www.eucommittee.be/	AmCham EU
http://www.euractiv.com/en/HomePage	EurActiv.com – EU news, policy positions & EU actors online
http://euobserver.com/	EU Observer
http://www.eupolitix.com/EN/	EU Politix

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

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- [Computer Software and Services \(CSP\)](#)
- [Dental Products \(DNT\)](#)
- [Drugs and Pharmaceuticals \(DRG\)](#)
- [Electrical Power Systems \(ELP\)](#)
- [Medical Devices \(MED\)](#)
- [Oil and Gas Field Equipment \(OGM\)](#)
- [Renewable Energy \(REQ\)](#)
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- [Travel and Tourism Services \(TRA\)](#)

Agricultural Sectors

- [Agricultural, Fish and Forestry Sector](#)
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Aircraft and Parts (AIR)

Overview

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	Aircraft and Parts Data Table (in \$ million)		
	2007	2008 (estimated)	2009 (estimated)
Total Market Size	823.0	866.4	905.0
Total Local Production	72.3	63.1	61.5
Total Exports	1,096.0	1,172.7	1,231.3
Total Imports	1,846.7	1,976.0	2,074.8
Imports from the U.S.	701.5	750.6	788.1

- 2007 exchange rate: \$1 = EUR 0.73
- 2008 exchange rate: \$1 = EUR 0.68
- Source: Statistics Austria
- Note: The above statistics are unofficial estimates.

The Austrian market for civil aviation aircraft amounted to \$823 million in 2007 and was expected to grow by 7% in 2008, while Austrian aircraft and parts imports in 2007 amounted to \$1.85 billion. With domestic-based manufacturing limited to one company, Diamond Aircraft Industries, the vast majority of the market is served by imports.

The major aircraft industry suppliers to Austria in 2007 were Germany with 47.5%, the United States with 38.0%, Canada with 4.5% and France with 2.7%.

The Austrian general aviation market is characterized by imports. Diamond Aircraft Industries is the sole Austrian manufacturer, and it produces only motor gliders. The Federal Statistical Office gives only import/export figures for civil aircraft and related parts and equipment. No official civil aircraft production figures are available. Production figures and market demand estimates are based on sales figures obtained from the Civil Aviation Office and Diamond Aircraft Industries.

Diamond Aircraft Industries, in Wiener Neustadt, rolled out 237 single-engine two-seater and four-seater propeller-driven avgas aircraft in 2007. 95% of Diamond's production is exported. In 2007, Diamond rolled out 28% more aircraft than in 2006. Diamond uses diesel engines from the German firm Thielert Aircraft Engines and avionics from the United States.

We project an average annual growth rate of 7% for the Austrian aircraft market. Growth rates are problematic because of the critical importance of government and military contracts and the possibility of large, one-time orders that greatly skew the statistics.

Aircraft leasing companies have become major factors in the industry as aircraft development and production costs escalate. For the airlines, leased aircraft offer the advantages of low capital investment and greater flexibility in adjusting to changing market conditions.

In line with the dimensioning of the fleet, the Austrian Airlines Group (AAG) leased two A340-300 aircraft to the Swiss in 2007. One Boeing 777-200 was included in the fleet. Moreover, the AAG is going to add two Fokker 100 planes to its operation and will drop four Airbus A330-200 models out of production.

Austria imported 8 twin-engine aircraft up to 14 tons and 5 aircraft in the 14-20 ton range in 2007. Imports of aircraft over 20 tons increased by 6 units in 2007 vis-à-vis 2006.

The principal end-users of civil aviation aircraft, parts and equipment are in the Austrian Airlines Group, which includes Austrian Airlines, Lauda Air, Tyrolean Airways and Rheintalflug, as well as other charter airlines. Emergency medical services and the police use civilian helicopters. The market for corporate fleets and business charter operators appears saturated because of the low prices for flights available commercially.

In the very important category of single aircraft up to 2 tons, U.S. aircraft are dominant. A total of 607 units were registered in 2007. In 2007, 8 light aircraft (2 to 5.7 tons) were registered in Austria. A total of 28 twin-engine aircraft (up to 5.7 tons) were imported in 2007. This segment had the highest import increase. Private Austrian pilots register their aircraft for business use to gain tax advantages. Other end-users are air taxi and charter services.

The outlook in 2009 for new light aircraft in the category up to 2 tons is rather dim due to a glut of used aircraft on the market. However, demand for new aircraft in the category up to 5.7 tons is expected to rise again in 2008/2009 as older equipment is replaced. The only reason for postponing the replacement of the older equipment could be the economic downturn, which may delay it for some time.

Hope for future expansion of the civil helicopter market is not optimistic, due to the small size of the Austrian market. Most new purchases simply will replace old equipment. The industry's efforts now focus on emergency medical services, police and military. The market leader is Eurocopter, followed by Agusta Bell, Hughes, Robinson and Aerospatiale.

Best Products/Services

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The best sales potential during the period 2009-2010 for U.S. aircraft and equipment is expected to be for satellite navigation systems and GPS, aircraft 5.7 – 14 tons, aircraft engines, parts of and upgrades for older equipment.

Opportunities

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No special projects or specific opportunities are available at the present time.

Resources

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Web Resources

http://www.austrocontrol.at	Austro Control (Air Traffic Control Authority)
http://www.luftfahrt.or.at	Federal Economic Chamber – Aviation Department
http://www.viennaairport.com	Vienna International Airport
http://www.aci-europe.org	Airport Council International
http://www.bmvit.gv.at	Civil Aviation Airport Authority, Federal Ministry of Transportation, Innovation and Technology
http://www.aua.com	Austrian Airlines Group
http://www.diamond-aircraft.at/	Diamond Aircraft Industries

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Audio Visual Equipment (AV)

Overview

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	Audio Visual Equipment Data Table (in \$ million)		
	2007	2008 (estimated)	2009 (estimated)
Total Market Size	1,642	1,913	2,105
Total Local Production	423	465	512
Total Exports	927	1,020	1,122
Total Imports	2,146	2,468	2,715
Imports from the U.S.	169	183	198

- 2007 exchange rate: \$1 = EUR 0.73
- 2008 exchange rate: \$1 = EUR 0.68
- Source: Statistik Austria, FEEI, Federal Economic Chamber
- Note: The above statistics are unofficial estimates.

The Austrian population is 8.3 million with 3.5 million households. In 2007 there were a total of 3.4 million TV households and 2.7 million DVD households registered. Consumer spending on video was \$2.3 billion. Free-to Air TV is very popular: a very large number of German language channels are available for free on digital and analogue satellite and cable T. At the end of June 2008, a total of 92% of TV households received TV by satellite (50%) or cable (42%). Terrestrial TV offers six Austrian channels that are broadcasted nationwide or nearly nationwide.

The Austrian broadcasters have to prove themselves in a highly competitive market, where all important German channels are available to cable- or satellite households. The public service broadcaster ORF (Austrian Broadcasting Corporation) is dominant in the TV market. The two channels ORF 1 and ORF 2 had an average market share of combined 43.1% in 2007 leading the ranking list by far. The German channel SAT.1 followed in 2007 with an average market share of 6.8%.

There are four Austrian-originated commercial TV broadcasters: ATV, Puls 4, Austria 9 and gotv. As all of them are quite new in the market, their market shares are still marginal. ATV started in 2003 as Austria's first commercial broadcaster and is the most successful within this group with an average market share of only 2.7% in 2007.

ATV and Puls 4 can be received nationwide via satellite, cable and antenna. Austria 9 and the special interest channel gotv (music) can be received by digital satellite or via cable. Another special channel named ORF sportplus is an additional offer of ORF and dedicated to sports and travel programs. It is broadcasted for satellite, cable- and antenna reception.

Several regional TV broadcasters produce one or two hour programs, which are updated daily or weekly and are constantly repeated. Premiere Austria is the only pay TV

operator and is a local version of Premiere Germany. It had approximately 2.4 million subscribers in Germany and Austria by the end of 2007. The number of Austrian subscribers is not available. The operator has key movie Pay TV rights and also offers the Austrian Soccer League.

In June 2008 mobile TV was launched on the basis of the digital broadcast-standard DVB-H for handheld devices. Over 50% of the Austrian population has access to this technology with 15 Austrian and German channels offered of which four are especially designed for mobile. In addition, four radio programs are transmitted.

The import of audio and infrastructure equipment in 2007 amounted to \$1.16 billion, an increase of 33.5% vis-à-vis 2006, while the import of conferencing and home cinema equipment including TV sets valued \$981.12 million in 2007, an increase of 39.4% over 2006. The import of security systems in 2007 amounted \$219.1 million.

Demand for audio and infrastructure equipment was increasing in 2008 according to industry experts, while demand for conferencing and home cinema equipment including LCD or Plasma TV sets will continue to increase at a double digit rate. There will also be significant growth for security equipment, since emphasis has been placed in Austria on homeland security and critical infrastructure protection. The greatest potential can be realized in the retail and public sectors. Additional growth possibilities exist for residential alarms and video cameras, ICT security (firewall, anti-virus, Spam filters) and protection systems.

Best Products/Services

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Titles that benefited from strong marketing support and promotions during the previous release windows continue to be top titles in VOD, which remains a hit driven market. Free content helps to grow numbers of orders, but on demand usage is increasing on a transactional basis as well.

Households are prepared to pay more for quality equipment. The consumer electronics entertainment segment of the AV market including HIFI stereo equipment, TV sets (digital-ready and HDTV compatible sets) is the fastest growing segment. Products of high demand include home entertainment systems, LCD and Plasma TVs, DVD players/recorders, Digital Portable Audio Players (mp3). The demand for LCD projectors for home cinema is also increasing.

Businesses are looking increasingly at DLP technology and for large displays. LED rather than plasma is in demand. In addition, they are looking for integration services such as image projection and manipulation related software and audio integration solutions. Popular AV products in the conference room and public stations (e.g. subway stations), include electronic display systems, control systems and beamers. Demand for wireless, portable products is growing, as well as for alarm systems and video cameras for residential and business purposes.

Opportunities

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Opportunities for audio visual equipment exist at public facilities, for instance train stations, hospitals, medical offices, day spas and clinics, and more.

Resources

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Web Resources

http://www.feei.at/	Fachverband der Elektro und Elektronikindustrie (Association of the Electrical and Electronics Industries)
http://www.rtr.at/	RTR – Rundfunk und Telekom Regulierungs GmbH (Regulator)
http://www.upc.at	UPC Telekabel

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Computer and Peripherals (CPT)

Overview

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	Computer and Peripherals Data Table (in \$ million)		
	2007	2008 (estimated)	2009 (estimated)
Total Market Size	2,917.7	3,021.1	3,145.7
Total Local Production	68.1	71.8	75.7
Total Exports	770.0	797.0	807.4
Total Imports	3,619.6	3,746.3	3,877.4
Imports from the U.S.	249.6	258.3	267.3

- 2007 exchange rate: \$1 = EUR 0.73
- 2008 exchange rate: \$1 = EUR 0.68
- Source: IDC Austria
- Note: The above statistics are unofficial estimates.

The Austrian computer hardware market in 2007 totaled \$2.9 billion, an increase of 7.6% vis-a-vis 2006. Hardware accounted for 33.5% of total IT spending in 2007.

Industry experts project that the IT market will expand 3.5% year-on-year in 2008 to reach \$9.08 billion. Over the five year forecast period, the Austrian IT market should expand at a compound annual growth rate (CAGR) of 3.5% with the strongest growth to be seen in the hardware segment.

Sales for the entire computer hardware sector are expected to increase by 3.5% in 2008.

Office PC users use network and communications applications including e-mail capabilities, the Internet and Intranets. Notebook computers have become more important, enabling traveling employees to maintain communications with the home office. Users of office PCs tend to buy from a value-added reseller who offers a tailored "solution" to a particular data processing need or they purchase their PC desktop or notebook computer online.

Server sales reached \$312.3 million in 2007, PC desktops sales reached \$1.3million, and PC notebooks sales amounted to \$1,067.7 million and storage system sales were \$190.9 million. Peripheral sales totaled \$680.8 million and networking equipment sales reached \$696.5 million. Hardware accounted for 33.5% of the total IT market in 2007. For 2008 the highest growth rates are forecast for mid-sized systems (25.8%) and networking equipment (4.1%). Peripheral sales will increase by approximately 10.5% in 2008.

The hardware life cycle may also inhibit the market. Hardware acquired between 1999 and 2001 is now being replaced. Often, the costs of acquiring hardware devour budgets earmarked for projects in the services and software area.

On the consumer side, the focus clearly shifted to notebooks, as lower prices continue to attract more and more individual users. Consumer notebook sales in 2007 recorded strong growth.

The Austrian disk systems market is highly competitive with a relatively low volume of annual array sales. At \$181.2 million in end-user spending, Austria accounted for just 2.7% of 2007 disk storage systems spending in Western Europe. The \$181.2 million in disk systems revenue represented a 1.3% growth over the previous year.

New shipments of disk storage systems grew at a healthy pace of 53.9% in 2007. Austria's growth in this sub-sector contributed approximately 2.5% of total incremental shipments of storage systems throughout Western Europe. Storage spending was also driven by projects intended to increase data resiliency and to reduce data recovery and restore times. Such trends would certainly support the shift towards networked storage.

A large portion of recent storage spending was in the financial services, telecom services, government, and healthcare industries.

The top three suppliers accounted for 57.5% of total 2007 array sales, and the top ten suppliers exceed 80% of total market value.

Blades will remain the engine of growth for x86 servers, primarily for the datacenters. Cloud computing will become an important IT technique to reduce capex while containing opex associated with IT staff costs. Datacenters where hosting is occurring will gain much of the new-generation infrastructure. Other challenges will be around power cooling, which will be a top priority for many customers in 2009. Virtualization and multi-core technologies will increasingly be combined as x86 server platforms take on increasingly heavy enterprise workloads.

The United States is the main source of imports, followed by Germany. Overall, sales for the entire computer hardware sector are expected to increase by 3.5% in 2008.

Best Products/Services

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The best opportunities of sales for U.S. manufactured IT hardware products are disk storage systems, servers (x86), peripherals, networking equipment, smart handheld devices and notebooks with special features.

Opportunities

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Infrastructure projects in the public and private sectors may create increased demand for computer hardware products.

Resources

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Web Resources

http://www.adv.at	ADV – EDP Association
http://www.ocg.at	Austrian Computer Society
http://www.computer-buerosysteme.at	Vienna Chamber of Commerce – Dept. ICT
http://www.statistik.at	Statistik Austria

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Computer Software and Services (CSP)

Overview

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	Computer Software and Services Data Table (in \$ million)		
	2007	2008 (estimated)	2009 (estimated)
Total Market Size	5,833.6	6,140.5	6,469.0
Total Local Production	N/A	N/A	N/A
Total Exports	N/A	N/A	N/A
Total Imports	N/A	N/A	N/A
Imports from the U.S.	2,701.5	2,885.2	3,052.5

- 2007 exchange rate: \$1 = EUR 0.73
- 2008 exchange rate: \$1 = EUR 0.68
- Source: IDC Austria
- Note: The above statistics are unofficial estimates.

In 2007, total packaged software sales reached approximately \$1,882.6 billion (EUR 1,374.3 billion) of which application software represented \$907.4 million (EUR 662.4 million) and systems infrastructure software represented \$499.3 million (EUR 364.5 million).

The value of IT services totaled \$3,951.0 billion (EUR 2884.2 billion) in 2007, representing a growth of 14.1% in U.S. dollar terms. Measured in EURO, the market expanded 4.6% compared to 2006.

Operations management accounted for \$821.4 million (EUR 599.6 million); system implementation accounted for \$1,583.6 billion (EUR 1,156.0 billion); support services \$1,027.7 million (EUR 750.2 million); planning \$339.0 million (EUR 247.5); and IT training and education \$179.4 million (EUR 131.0 million). IT services revenues were stronger than expected in 2007, as end-user organizations continued placing new orders in an effort to align business and IT.

Hosted application management, network and desktop outsourcing services, and custom application development were among the most dynamic foundation markets last year. Among engagement categories, outsourcing services still claim the largest market share, followed by deploy and support services and systems integration services.

In 2007 the combined finance sector was the largest vertical market in Austria. The combined manufacturing sector placed second, while the combined government sector ranked as the third-largest vertical market. In 2007, the telecommunications sector was the fourth largest individual vertical market.

Enterprise forced to align business more tightly with technology will provide ample opportunity for vendors. The separation between business and IT is being eradicated, leading to new opportunities for services providers who recognize this trend. Additional

drivers will be the increased focus on higher-value services and innovation and strong demand for green IT, datacenter services, and virtualization services.

U.S. companies interested in competing in the Austrian market should structure their services portfolios by industry and company size, deepen their relationships with their most loyal customers to increase revenues from these key accounts, focus on high level services to achieve high quality services delivery, recognize the possibilities in green IT and datacenter services and be aware that alignment of IT and business provides good opportunities for service vendors.

The expected annual growth rate for 2008 will be 7.2% for software and 4.6% for services. In 2009, the annual growth rate is estimated at 6.5% for software and 4.8% for services.

Siemens IT Solutions and Services was the leading IT services provider in Austria in 2007 based on revenue of \$811.3 million and 17.9% market share. Raiffeisen Informatik ranked second, with \$486.01 million revenue and a market share of 10%, and IBM ranked third, with \$363.3 million and a market share of 8.0% in 2007. The Federal Computing Center (BRZ) and T-Systems rounded out the top five IT services providers in Austria in 2007, with 6.9% and 5.1% shares.

The information system outsourcing foundation market accounted for the largest share of 16.0% of IT services revenue in 2007, followed by systems integration which accounted for 13.0% and hardware support and installation for 11.2%. The combined outsourcing category comprised 39.6% of the IT services market in Austria in 2007.

In 2007, the combined finance (banking, insurance and financial services) sector was the largest vertical market in Austria, with \$1,018.29 million in services-related spending an accounted for a market share of 26.0%. The combined manufacturing sector ranked second with a market share of 19.4% based on services expenditure of \$758.74 million. The combined government sector undertook IT services investment of \$626.76 million last year to rank as the third-largest vertical sector, with 16.1% market share. The fourth largest sector was telecommunications, which accounted for 6.9% or \$271.99 million of total IT services spending in Austria in 2007.

Asian software vendors will emerge to capture regional and global markets. Many of these vendors will come from China, India, Korea and Malaysia, with a focus on enterprise applications such as ERM, CRM, and supply chain applications.

To compete, the software must be globally integrated and standardized with interfaces to all possible available packages. Software solutions must take into consideration local regulations and laws governing hardware produced and sold by different manufacturers.

European standards will facilitate entry into larger markets for application software.

It is critical that software be “user-friendly” whether marketed to personal users, business professionals or executives. It is vital that the software be “bug-free” and preferably written in German. Software packaging is important for retail sales and should be in German.

Leading drivers will include spending on security solutions, convergence of business and IT, streaming media, digital identity services, and the wireless rollout.

Enterprise security remains a fundamental aspect of a company's IT infrastructure, and is reflected in spending on IT services around security. Nevertheless, it is difficult to determine exact security budgets, as expenditure is spread across many departments within a company. Themes such as physical security, information and transaction security and business continuity are being taken seriously, which creates a market for contingency planning, needs assessment, risk assessment, and management services. The market for security software totaled \$84.6 million in 2007, an increase of 12.1% vis-à-vis 2006. The estimated growth rate for 2008 is 14%.

Best Products/Services

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Accelerated adoption of virtualization will create opportunities for vendors of infrastructure software that deliver products that manage this increasingly virtualized IT environment, particularly around performance monitoring, provisioning, compliance reporting, cluster visibility, and change and configuration management.

Demand for multifunctional security solutions and security software is rising significantly. Security technology is an important foundational element for many of the leading growth drivers in the IT market today, including Web services and digital identity services.

Opportunities

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The best opportunities for sales of U.S. software in Austria appear to be in the Internet systems engineering and applications consultancy, data bank and communications software/office automation, security, education, CASE, CIM and quality control. The primary end-users are industry, financial services, public administration, trade, health, energy, production, distribution and electronic banking.

Resources

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Web Resources

http://www.adv.at	ADV – EDP Association
http://www.ocg.at	Austrian Computer Society
http://www.arcs.ac.at	Austrian Research Center Seibersdorf
http://www.computer-buerosysteme.at	Vienna Chamber of Commerce – Dept. ICT
http://www.viw.at	Information Industry Association
http://www.austriapro.at	Austrian National Competence Center for EDIFACT Development and Promotion
http://www.ispa.at	Society of Austrian Internet Service Providers

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Dental Products (DNT)

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	Dental Products Data Table (in \$ million)		
	2007	2008 (estimated)	2009 (estimated)
Total Market Size	97.2	102.4	104.1
Total Local Production	180.8	188.5	193.3
Total Exports	171.4	178.6	185.0
Total Imports	87.8	92.5	95.8
Imports from the U.S.	6.3	6.6	6.9

- 2007 exchange rate: \$1 = EUR 0.73
- Source: Statistik Austria
- Note: The above statistics are unofficial estimates.

The market for U.S. dental products in Austria includes dental hand instruments, electro-dental apparatus such as electrical dental drills, dental workstations including lighting, x-ray equipment for dental use, anesthetic equipment, computerized systems for dental documentation, and equipment and instruments for dental technical laboratories. The market brief also covers the market for dental drill parts, burrs, discs, and brushes, dental filling material, artificial teeth, and other dental prostheses and implants, as well as spare parts for the above mentioned electro-dental equipment.

Austria has approximately 4,550 active dentists whose dental practices offer a high standard of care comparable to that of the United States. Basic dental services are generally paid for from the national social security system for most citizens. Patients are charged for such additional services as dental prostheses, implants, and artificial teeth. The 670 dental technical laboratories operating in Austria employ approximately 2,500 dental technicians.

For 2007, the total Austrian market for dental products and equipment amounted to \$97.2 million. Total imports were \$87.8 million, exports were \$171.4 million, and domestic production of dental products and equipment was an estimated \$180.8 million. This local production consisted of electro-dental apparatus (one third) and dental prostheses, implants, and artificial teeth (the remaining two thirds). Given the present economic crisis, the market is still expected to grow at an estimated annual real growth rate of 1% – 2% over the next three years.

Austrian imports from the United States were \$6.3 million in 2007, representing 7.2% of total imports. Germany supplied 40.6% of Austria's imports of dental products and equipment in 2007, followed by Switzerland with 29.2%. The United States ranked third as a supplier country for dental products and equipment.

U.S.-manufactured dental products enjoy an excellent reputation in Austria for their state-of-the-art technology. Only high quality products will find good opportunities in the Austrian market. Quality, reliability, service, and timely delivery are crucial factors for selling in this market. Availability of technical assistance and service support are essential if U.S. companies expect to succeed in the Austrian market.

Best Products/Services

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The average Austrian expects dental offices and clinics to have the latest technology. Thus, U.S.-made products that are on the cutting edge of modern dentistry will have excellent potential. High product quality and reliability, good service, and timely delivery are crucial factors for selling in the sophisticated Austrian market.

Taking these factors into consideration, and based also on specific feedback from dental industry experts, we have compiled the following list of products with the best sales prospects:



Opportunities

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Future Austrian demand in this industry, especially for electro-dental products, will grow more slowly than it has in recent years for the following reasons:

- The big generational change in physicians' equipment in dental practices in Austria is complete. The majority of dental practices are now largely equipped with modern dental equipment.

- Under governmental pressure to lower health costs in Austria, the health insurance companies and hospitals have been cutting costs and reducing expenses, thanks to more efficient cost management. These measures will have an impact on purchasing policies for dental equipment in all major dental clinics at Austrian hospitals.

A positive factor influencing market demand for dental products is higher life expectancy. In Austria, the average life expectancy has increased from 62 years for men and 68 years for women in the 1950s, to 75.5 years for men and 81.5 years for women today. This increased average lifespan, and a pronounced decrease in births over the last three decades, has altered demographic patterns in the Austrian population. The population is aging, as it is in most developed nations. The life expectancy should rise to 79 years for men and 85 years for women by the year 2030. These trends have created new niche markets, including an increasing demand for dental products.

There are no special projects or specific opportunities available at the present time.

Resources

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Web Resources

http://www.bmgfj.gv.at	Austrian Federal Ministry for Health, Family and Youth
http://www.zahnaerztekammer.at	Austrian Federal Dental Chamber
http://www.dentalverband.at	Austrian Dental Association
http://www.zahntechniker.at	Austrian Association of Dental Technicians

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Drugs and Pharmaceuticals (DRG)

Overview

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	Drugs and Pharmaceuticals Data Table (in \$ million)		
	2007	2008 (estimated)	2009 (estimated)
Total Market Size	3,664.9	3,915.2	4,114.6
Total Local Production	2,702.6	2,872.8	3,003.4
Total Exports	4,460.2	4,833.1	5,150.9
Total Imports	5,422.5	5,875.8	6,262.1
Imports from the U.S.	322.0	348.9	378.1

- 2007 exchange rate: \$1 = EUR 0.73
- Source: Pharmig (Vienna, Austria), Statistik Austria
- Note: The above statistics are unofficial estimates.

Given the present economic crisis, 2009 Austrian production of pharmaceuticals is expected to grow by only 3% while imports and exports will rise by approximately 5%. An estimated annual real growth rate of 3% of total market size over the next 3 years seems realistic. More than half of all pharmaceuticals approved for sale in Austria are imported. The Austrian health-care system directly employs approximately 170,000 people. Another 180,000 are indirectly engaged in the industry.

Pharmaceutical expenditures in Austria account for about 13% of total health care spending. Around 70% of health-care spending is publicly financed. International comparison shows that drug consumption in Austria is significantly below the European average with regard both to expenditures in Euros and to the number of packages sold. Annual per capita consumption amounts to 22 packages valued at approximately \$250. Self-medication accounts for about 10% of the market, placing Austria in the lower third among other European countries. Increased life expectancy and the growth in private health care insurance are expected to have a positive impact on the market.

European drug prices are 25 to 35% lower than U.S. prices. Europe spends 60% less per capita on pharmaceuticals than does the United States – a gap that has roughly doubled since 1992, when European governments spent about 30% less per capita than the United States.

Austrian pharmacy sales prices for pharmaceuticals are about the European average, whereas factory prices are below the European average. As of January 1, 2009, the Government of Austria reduced the Value Added Tax (VAT) on drugs and pharmaceuticals from 20% to 10% which has been a long-term claim by the U.S. Commercial Service Vienna, and the Association of Research-Based Pharmaceutical Companies (FOPI).

Suppliers of drugs to the Austrian population include 1,184 public pharmacies, 49 hospital pharmacies, and 992 self-dispensing doctors who receive their pharmaceutical products from public pharmacies who dispense medicine directly to patients.

The Austrian pharmaceutical industry consists of subsidiaries of multinational companies and small and medium-sized Austrian firms. Both groups have enjoyed above average growth in sales in recent years. Market leaders are Novartis, Glaxo Smith Kline, Baxter, Sanofi-Aventis, Roche, Janssen & Cilag Pharma, and Merck, Sharp & Dohme.

Products from the U.S. enjoy an excellent reputation with respect to quality and safety. The Austrian market is very receptive to U.S. imports in this field; however, U.S. exporters may find significant bureaucratic hurdles. U.S. imports of drugs and pharmaceuticals rank second only to Germany in volume, and they are ahead of France, the United Kingdom, and Switzerland.

Approval Of Pharmaceutical Products

Access to the Austrian pharmaceutical market is subject to strict national and EU legislation. The approving authority is the newly established “Austrian Federal Agency for Safety and Health Care” with its operational sub-unit “AGES Pharm Med.” The authorization process consists of three different procedures:

- Centralized Procedure (EU): Authorization through this procedure is immediately valid in all EU member countries and is compulsory for certain medicines, including genetically engineered medicines.
- Mutual Recognition Procedure (EU): The requirement for authorization through this procedure is existing approval in another EU member country. If the approval is already in place in one EU country, other EU countries can approve the drug using a simplified procedure.
- National Procedure: A drug approved through this procedure may be sold only in the approving country.

Reimbursement Of Pharmaceuticals

A pharmaceutical firm seeking to include a product on the list of reimbursable drugs without prior authorization must first obtain the approval of the umbrella organization of social insurance funds (Hauptverband der oesterreichischen Sozialversicherungstraeger / HVB). Almost all new innovative pharmaceuticals must be individually approved by HVB physicians. According to U.S. pharmaceutical companies, the HVB approval process (particularly the long delay in securing HVB decisions) limits market access for innovative pharmaceutical products. The problem is compounded by other, relatively quick HVB approvals of generic competitor products even before patents for the innovative products have expired. In 2007, the European Commission filed a suit against Austria for violating the EU’s Transparency Directive, challenging the transparency of the approval process, particularly the long delays in securing decisions. As a result the approval process will be adjusted. Industry estimates that the period

between market authorization and actual market access averages nearly 400 days in Austria, the third longest period in the EU.

Best Products/Services

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Best prospects among American-made pharmaceuticals are: cancer medications; cardiovascular medications; pharmaceuticals for psychotherapy; AIDS medications; biotechnologically produced medications; and vitamin and mineral combinations such as Melatonin, DHEA, and St. John's Wort. These are classified as pharmaceuticals in Austria, not as dietary supplements as they are in the U.S.

Opportunities

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No information on special projects or opportunities is currently available.

Resources

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Web Resources

http://www.statistik.at	Statistik Austria
http://www.bmgfj.gv.at	Bundesministerium fuer Gesundheit, Familien und Jugend (Federal Ministry for Health, Families and Youth)
http://www.oebig.at	Austrian Institute for Health Management
http://www.sozvers.at	Association of Austrian Social Insurance Funds
http://www.pharmig.at	Association of Pharmaceutical Enterprises
http://www.apotheker.or.at	Austrian Chamber of Pharmacists
http://www.fcio.at	Association of the Austrian Chemical Industry
http://www.fopi.at	FOPI – American Association of research-based companies, including some associate members from other countries

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Electrical Power Systems (ELP)

Overview

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Austrian electric power generation and distribution systems are among the most reliable and environmentally friendly in Europe. Though dependence on foreign electricity is a matter of concern for policy makers, the relatively high cost associated with local power generation (in accordance with environmental concerns and regulations) has brought a continuous shift to foreign-sourced electricity.

The market for electric power is characterized by increasing consumption, stable production levels, and increasing imports. In 2007, total electricity consumption rose to 70,903 GWh, up slightly from 70,778 in 2006. At the same time, production has ranged between a low of 34,000 GWh (2006) and 36,000 GWh (2004), reaching 34,900 GWh in 2007.

The most important source of Austrian electric energy is water: there are 627 run-of-river plants, 101 pumped storage plants, and 1,777 non-allocated hydro power plants located in Austria. Together, these facilities account for around 60% of locally produced electricity. The second most important source of electricity is fossil-fueled power plants: there are 615 thermal plants currently on line, generating around 36% of the local production volume. Most of the thermal plants are either gas or coal fired, though a respectable minority (around 15%) is run on biogenic fuels. The remaining 4% are a mix of wind, solar, and other alternative energy sources. Nuclear power generation is unconstitutional in Austria.

The Austrian grid network is composed of overhead and underground elements, whereby the overhead lines predominate with 95% of the transmission route and 96% of the system length. The transmission route has a total length of 9,794 kilometers, split into 110, 220 and 380kv lines. The system length is 17,334 kilometers.

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The most interesting business opportunities for U.S. companies at this time are in alternative energy projects, power storage projects, and the completion of the high voltage network. Investments upwards of 7 billion Euros (\$11 billion) in alternative energy projects are planned for the time period between 2008 and 2015. Wind and small hydro are seen as the most promising technologies, and benefit most from the government's financial incentive programs. The last 171 kilometers of the 380 kV high-voltage circuit (total length: 1,800 km) is scheduled to be completed in 2010, a necessary prerequisite for the storage of power from alternative energy sources.

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In addition to the plans to complete the high-voltage circuit and the planned investment by utilities in alternative energy projects, both mentioned above, there are several projects currently in planning for power generation and storage:

<p>Pumped Storage Hydro Power Station Obervermutwerk II</p> <ul style="list-style-type: none"> • Utility: Illwerke, FKW • Output: 160 MW • Status: Feasibility Study in Progress • Scheduled to go Online: N/A 	<p>Pumped Storage Hydro Power Station Feldsee</p> <ul style="list-style-type: none"> • Utility: Kelag • Output: 70 MW • Status: Completed • Scheduled to go Online: 2009 	<p>Pumped Storage Hydro Power Station Feldsee II</p> <ul style="list-style-type: none"> • Utility: Kelag • Output: 70 MW • Status: Environmental Impact Study Underway • Scheduled to go Online: 2011
<p>Pumped Storage Hydropower Station Reisseck</p> <ul style="list-style-type: none"> • Utility: Verbund • Output: 430 MW • Status: Pre-Planning • Scheduled to go Online: 2014 	<p>Combination: Gas-Fired and Steam Turbine Power Station Linz-Mitte</p> <ul style="list-style-type: none"> • Utility: Linz AG • Output: 115 MW electric, 80 MW thermal • Status: Under Construction • Scheduled to go Online: 2009 	<p>Waste Incineration Power Plant Linz</p> <ul style="list-style-type: none"> • Utility: Linz AG • Output: 18 MW electric , 40 MW thermal • Status: Approved • Scheduled to go Online: 2011
<p>Pumped Storage System Hintermuhr</p> <ul style="list-style-type: none"> • Utility: Salzburg AG • Output: Capacity Increase 33 to 100 MW • Status: Under Construction • Scheduled to go Online: 2009 	<p>Combination Gas-Fired and Steam Turbine Power Station Mellach</p> <ul style="list-style-type: none"> • Utility: Verbund • Output: 800 MW electric, 400 MW thermal • Status: Environmental Impact Appeal Process Underway • Scheduled to go Online: 2010 	<p>Combination Gas-Fired and Steam Turbine Power Station Klagenfurt</p> <ul style="list-style-type: none"> • Utility: Verbund • Output: 400 MW electric , 200 MW thermal • Status: Environmental Impact Study Underway • Scheduled to go Online: 2011

Run-of-River Cooperative Power Station Inn	Pumped Storage System Kuehtai
<ul style="list-style-type: none"> • Utility: Verbund, TIWAG, Engadiner • Output: 88 MW • Status: Approval Process Underway • Scheduled to go Online: 2013 	<ul style="list-style-type: none"> • Utility: TIWAG • Output: Capacity Increase of 180 MW • Status: N/A • Scheduled to go Online: 2014

■ Source: Der Standard, January 13, 2009, p.3

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Web Resources

http://www.veoe.at/start.html?L=2	Association of Austrian Electricity Companies
http://www.wifo.ac.at/	Austrian Institute for Economic Research
http://www.verbund.at/cps/rde/xchg/internet/hs.xsl/index.htm	Verbund
http://www.statistik.at	Austrian Statistical Office
http://www.e-control.at	e-Control Austria

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Medical Devices (MED)

Overview

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	Medical Devices Data Table (in \$ million)		
	2007 (base year)	2008 (estimated)	2009 (estimated)
Total Market Size	884.6	884.8	936.5
Total Domestic Production	800.1	845.6	881.4
Total Exports	1,201.4	1,306.6	1,375.4
Total Imports	1,285.9	1,345.8	1,430.5
Imports from the U.S.	270.7	286.1	301.2

- 2007 exchange rate: \$1 = EUR 0.73
- Source: Statistik Austria
- Note: The above statistics are unofficial estimates.

This brief report deals with market opportunities for medical devices in Austria, used in hospitals and doctors' medical practices, and also for home healthcare. This market brief does not include [dental devices](#) as these products are discussed in a separate "best prospects" report.

In 2007, Austrian imports of medical equipment were \$1,285.9 million. For 2008 we expect these imports to increase to \$1,345.8 million. Total demand for medical devices in Austria added up to \$884.6 million, while exports of this equipment amounted to \$1,201.4 million. Austria is a transit-trade country with strong trade relationships with Central, Eastern and Southeastern Europe, as well as the Near and Middle East. Re-exporting products is quite common here; hence the volume of imports exceeds the total market. Taking into consideration these re-exports, imports are expected to increase at an average annual real growth rate of 3 to 4%. Despite the present economic crisis, the size of the market in Austria for medical equipment should still increase about 1 to 2% annually over the next three years.

Presently, Austria provides its citizens with free or nearly free medical service. Participation in public health insurance programs is essentially mandatory. Some 5.9 million Austrians contribute to the public health insurance companies (Krankenkassen), providing health care coverage for these workers and their families, or about 8 million persons. Insurance costs are shared between employers and employees. Insurance for hospital treatment, however, falls short of the actual costs, and the difference has to be met from public funds.

Approximately 2.7 million Austrians pay premiums into private supplementary insurance, in addition to their social security contributions. For these premiums, the insured person is given better accommodation in the hospital (a single room, for example). And the costs of treatment by a doctor of choice are covered. This can mean shorter waiting periods for examinations. Private insurance also covers the cost of treatment in the

private surgery of the practicing doctor, as well as any prosthetic materials and pharmaceuticals which are not fully covered by the contract with the social health insurance program, e.g. those for special dental services. The premiums for private health insurance are calculated according to actuarial principles and are partly income tax-deductible.

The great majority of medical equipment used in Austria is imported. U.S. manufacturers have seized a substantial share of the market and are now the second-largest supplier group, following German companies. German competition enjoys the advantages of geographic proximity, a common language, products with the same standards, no exchange rate problems, and duty-free access through Austria's membership in the EU. The Austrian market for medical equipment is a sophisticated and well-served one. Against the heavy German competition in this market, American products can usually compete well on the basis of price and innovation.

Germany supplied 25.3% of Austria's imports of medical equipment in 2007. The United States ranked second with 21% among foreign supplier countries, followed by Switzerland with 6.6%, Japan with 3.5%, The Netherlands with 3%, and Italy with 1.9%. The German import share did shrink from 34.6% in 2005 to 25.3% in 2007.

Total Austrian imports of medical devices from the United States amounted to \$270.7 million in 2007 and in 2008 should reach \$286.1 million. Sales of U.S.-engineered healthcare equipment are actually much higher than are reflected in official import statistics, because many products imported into Austria from Western Europe and from the Far East were made or assembled by subsidiaries of U.S. firms.

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The average Austrian still expects hospitals to have the latest technology. Thus, U.S.-made products that are on the cutting-edge will still have great potential. But the trend is to reduce the number of hospital beds and to close down some hospitals altogether. So American companies that are interested in hospital construction or in the sale of "routine" hospital equipment and supplies may find their prospects reduced over the next few years.

Projected growth rates for different imaging products vary considerably. The Austrian market for medical equipment is constantly evolving and utilizing increasingly sophisticated products.

Scanning units have benefited from technological improvements since their introduction about 30 years ago. Most suppliers now offer user-friendly features like image networking, which enable the user to digitally store and project high quality images. Those products should have quite good prospects in the future. Austria is an interesting market for echography units. This ultrasound technique continues to become more popular as the industry discovers new applications for it. Recent technological advances have enabled manufacturers to implement Doppler technology and sophisticated probes within their designs.

Sales of conventional radiology apparatus, which has traditionally been the most popular type of equipment, have declined over the last several years. The recent ability to digitalize this out-dated equipment, however, has sparked new interest in traditional radiology. Interventionism radiology is the most recent development in the medical imagery field. A combination of radiology and surgery, interventionism radiology has resulted from advances in vascular radiology, digitalization techniques, and catheter performance. It promises to have a strong future.

Taking into consideration the above information, as well as feedback from medical industry experts, the following products are considered to have the best sales prospects:

-  Nuclear Medical Instruments
(Nuclear Magnetic Resonance Scanners)
-  Diagnostic Apparati (e.g. Cardiology Instruments, Echocardiography Ssystems, Advanced Electrocardiograph Equipment, Monitoring Systems, Ultrasound Equipment, Gynecology and Urology Diagnostic Systems, Endoscopes)
-  Scanners, Computer Tomography Imaging Systems, Magnetic Resonance Imaging
-  Dialysis Equipment
-  Pacemakers
-  Sophisticated Digitalized X-Ray Equipment
-  Clinical Laboratory Equipment, including Blood Cell Counters, and Blood Gas Analyzers, etc.

Opportunities

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All major hospital projects planned for Vienna and the Austrian provinces have been completed. With the expansion of the city of Vienna across the Danube River, a new tender was published for a hospital project called “Krankenhaus Nord”, for a total cost of \$616 million. The hospital is expected to have 850 beds and should be completed by 2012.

In some hospitals, replacement of obsolete equipment is an ongoing process. In January 2009, the Government of the city of Vienna announced a new investment program in order to modernize and renovate public hospitals. The main reason for this initiative is to fight against the present economic crisis. An increasing number of hospital projects in the Central and Eastern European countries of Hungary, Czech Republic, Slovakia, Romania, and Bulgaria are to be constructed by Austrian companies. These

projects will result in many opportunities for American companies to penetrate these markets as suppliers or subcontractors, or in partnership with Austrian firms active in the region. Furthermore, some Austrian design and construction companies are involved in hospital projects in Middle Eastern and Asian countries, including Saudi Arabia, Kuwait, and Indonesia.

U.S. manufacturers interested in marketing their medical equipment in Austria could considerably improve their market position by aggressive marketing, and by taking advantage of the following:

- Long-established Austrian agents and dealers who have excellent contacts with purchasing managers and with the administrative directors of hospitals.
- Products manufactured by U.S. subsidiaries in Germany (which are in conformity with EU-standards and include product information in the German language, etc.), as these products can normally be sold directly in Austria, and vice-versa.
- The absence of broad domestic production in the majority of product categories in electro medical equipment.
- The high quality the U.S. manufacturer is able to offer, at competitive prices. In general, prices of German electro-medical products are 15 to 20% higher than comparable U.S. products.

In the past, some U.S. subsidiaries have had significant problems in this market, which has been dominated for several decades by German manufacturers who offer great incentives to decision makers and purchasing officers. Unfortunately, hospitals owned by Austria's provincial governments or cities have sometimes published tenders clearly specifying German equipment, which has created unfair competition. Advocacy efforts by the U.S. Embassy on behalf of U.S. manufacturers have improved the bidding environment.

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Web Resources

http://www.bmgfj.gv.at	Bundesministerium fuer Gesundheit, Familien und Jugend (Austrian Federal Ministry for Health, Families and Youth)
http://www.sozialversicherung.at	Hauptverband der oesterreichischen Sozialversicherungstraeger (Association of Austrian Sick Funds)
http://www.oebig.at	Oesterreichisches Bundesinstitut fuer Gesundheitswesen (Austrian Federal Institute for Health)
http://www.fgoe.org	Fonds „Gesundes Oesterreich“ (Foundation „Healthy Austria“)
http://www.wko.at	Wirtschaftskammer Oesterreich (Austrian Federal Economic Chamber)

http://www.aek.or.at	Oesterreichische Aerztekammer (Austrian Physicians Chamber)
http://www.ameso.at	Austrian Medical Society
http://www.oegam.at	Oesterreichische Gesellschaft fuer Allgemein- und Familienmedizin (Member World Organization of Family Doctors)
http://www.tuev.at/medizin	TUEV Oesterreich (Testing and Certification Institution in Austria)
http://www.medizinprodukte.at	Oesterreichisches Medizinprodukte Handbuch (Medical Products Handbook, published by the Goeschl Publishing House)

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Oil and Gas Field Equipment (OGM)

Overview

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Natural gas is an essential element of Austria's energy economy, providing 22% of Austrian energy consumption. In addition, Austria plays a significant role in the European gas network, acting as a hub for the distribution of Russian gas to other European countries. Gas consumption has been rising slowly, with dips and peaks caused by variations in weather patterns and economic activity. The average yearly gas consumption in Austria is around 8 bcm, of which around 50% comes from Russia, 30% from Norway and other countries, and around 20% from local sources. Usage is split between industry (37%), power generation (34%), households/agriculture (19%), and transportation/other uses (10%). It is estimated that one in four homes heats with gas. The national gas pipeline network is around 38,000 kilometers long (around 23,600 miles). Transit lines add another 1,400 kilometers (670 miles). Austria has storage capacity of around 1.9 bcm, held at five different locations.

Austria's most important gas/oil company is OMV, a regional player with operations in 22 countries, including significant investments throughout Central and Eastern Europe. OMV operates the (physical) international gas hub at Baumgarten near the Slovak border, as well as the Central European Gas Hub (CEGH), a web-based trading platform offering commercial, logistical, and auctioneering services to gas traders. Its 100% subsidiary Austrian Gas Grid Management AG manages the Austrian pipeline network. OMV plans to sell shares in the CEGH to the Vienna Stock Exchange as well as two Gazprom subsidiaries, pending approval by Austrian and European regulators. OMV also plays an important role in the Nabucco gas pipeline company.

Best Products/Services

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The most interesting business opportunities for U.S. companies at this time are in boosting Austria's natural gas storage capacity, as well as adding compressor stations and capacity to the existing pipeline network. Opportunities are also likely to arise from pipeline projects currently in planning, most notably the Nabucco pipeline project, which would give EU countries access to gas resources in Azerbaijan and Turkmenistan through a pipeline that passes through Turkey, Bulgaria, Romania, Hungary to the Austrian Baumgarten station. OMV is a leading player in the consortium surrounding the Nabucco project.

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OMV plans to double its gas storage capacity from 1.8 bcm to almost 4 bcm. OMV currently operates three smaller gas reservoirs in the east of Austria; the construction of a large fourth one near Gaenserndorf (east of Vienna) is planned to start in 2009 and will be completed in stages between 2012 and 2015. OMV says that the new storage is necessary both to increase supply security and to cope with growing gas deliveries and

peak demand situations involving the large gas hub at Baumgarten (near the Slovak border). OMV is also planning to add compressor stations and parallel lines to the West-Austria-Gas pipeline (WAG); this ongoing project is scheduled for completion in 2011. In addition to the OMV projects above, several extension and upgrade projects are in planning:

<p>Pipeline Segment Friedburg-Heidach</p> <ul style="list-style-type: none"> • Project Lead: OÖeF • Details: <ul style="list-style-type: none"> - 32 km (20 miles) - PN 70 - DN 800 diameter • Completion Date: 2012 	<p>Planning for Pipeline Segment Laming-Ebenthal</p> <ul style="list-style-type: none"> • Project Lead: GSG, KNG • Details: To be Determined • Completion Date: Study to be Completed 2009 	<p>Planning for Pipeline Segment Baumgarten-Mannsworther</p> <ul style="list-style-type: none"> • Project Lead: OGG • Details: <ul style="list-style-type: none"> - 40 km (25 miles) - PN 70 - DN 600 diameter • Completion Date: Study to be Completed 2009
<p>Planning for Pipeline Segment Velm-Wilfleinsdorf</p> <ul style="list-style-type: none"> • Project Lead: EVN • Details: <ul style="list-style-type: none"> - 24 km (15 miles) - PN 70 - DN 250 diameter • Completion Date: Study to be Completed 2009 	<p>Upgrade of the Mannsworther Measure and Control Station</p> <ul style="list-style-type: none"> • Project Lead: OGG • Details: Upgrade to 150,000 Nm³/h • Completion Date: 2010 	

■ Source: AGGM

Resources

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Web Resources

http://www.gaswaerme.at	Natural Gas and District Heat Association
http://www.omv.com	OMV
http://www.aggm.at	Austrian Gas Grid Management AG
http://www.statistik.at	Austrian Statistical Office
http://www.gashub.at	Central European Gas Hub
http://www.nabucco-pipeline.com/	Nabucco Pipeline Project

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Renewable Energy (REQ)

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The renewable energy market in Austria is driven by energy price volatility, national and EU legislation, as well as various national and regional incentives designed to reduce Austrian dependence on foreign energy sources and promote cleaner energy.

Austria is heavily dependent on foreign energy sources. In 2007, imports less exports and domestic production totaled 78% of final energy consumption, up from 71% in 2005. This is primarily due to the demand for fossil fuel for transportation (petroleum products) and heating (natural gas), as well as imported electrical energy, which is cheaper than locally produced electricity.

According to 2007 figures, Austria covers 42% of its energy needs with liquid fossil fuels, 19% with imported electricity, 17% with natural gas, 14% with renewable energy sources, 5% via district heating (garbage incineration), and 2% coal. Of the energy Austria produces domestically, renewable sources are the most important, with a share of over 75.6%. Renewable Energy is also the only sector of energy production that grew in 2007, by a respectable 4.2%.

Of the renewable energy produced in Austria, the most important source is hydro power with 38.8% in 2006 (the last date for which figures are available), down slightly from the 41.4% of 2005. Biogenic sources, including bio-diesel, account for 29% of the total, up from 27.3% in 2005. This figure should rise further as the impact of new regulation requiring a biogenic component to the diesel fuel sold enters the statistics in 2007.

The share of wood burning/pellets has declined slightly from a high of over 20% in 2005. This fall-off is likely due to the pellets supply bottlenecks and price spikes of 2006 that caused the market for new pellets heating systems to decline in 2006. The market has still not recovered from that slump. The fastest growing segment is waste incineration, which makes up nearly 8% of the total in 2006, up from 6.5 in 2005 and expected to rise further as new incinerators come online.

Wind and solar energy, taken together, account for only 2% of domestic energy production. Though the share is small, it is up significantly from 1.5% in 2005. Finally, ambient heat has stayed relatively constant at 3.1% in 2005 and 3.2% in 2006.

The profitability of renewable energy projects, of course, is determined by politics more than economics. Projects external to the grid such as residential solar collectors have gained popularity since incentive programs were put into place that finance up to 45% of the installation costs.

The grid-based projects depend on two factors: first, electricity providers are required to purchase a certain contingent of "green energy". The second half of the value calculation is the government-supported feed-in tariff for alternative energy sources. In Austria, feed-in tariffs and the number of years for which the price support is guaranteed vary depending on the alternative energy system in question. These regulations are contained in Austria's "Eco-electricity law".

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Solar energy, though currently only a small blip in the final consumption chart, has been experiencing rapid growth over the past 2 years, mostly due to increasing interest among homeowners. The combination of financial incentives offered on a provincial level (covering approximately 45% of the initial investment) and volatile energy prices has brought 26% growth in 2005 and 18% growth in 2006 (the last year for which figures are available), bringing total sales in the sector up to \$65.5 million. Most of the homes with solar collectors use the energy for heating and warm water. Experts estimate continued double-digit growth in coming years. Austria is also an important producer of solar collectors and solar-thermal systems. Around 70% of the production volume is exported, largely to Germany.

A second area that has grown rapidly is biogenic fuels. In October 2007, Austrian legislation requiring a biogenic component in automotive fuels was strengthened from 2.5% to 4.3%, and strengthened again in 2008 to 5.75%. Diesel fuel currently contains a biogenic component of around 5%; in order to comply with the new regulation, an ethanol component is now being added to gasoline. Though biogenic fuel is still considerably more expensive than fossil fuel, tax breaks make up the difference and allow for price stability. The EU has set the goal of a 10% biogenic component to automotive fuels by 2020; the Austrian government would like to see that goal met by 2010.

Wind energy is expected to benefit from the newest amendments to the Eco-electricity law, which was passed in June, 2008, but is still awaiting approval from the EU. The law places increased emphasis on developing the potential of wind energy by extending guaranteed feed-in tariffs and releasing targeted funding. Currently, there are 612 wind farms online in Austria with a total capacity of 981.5 MW.

The new Eco-electricity law is also expected to benefit small hydro plants, which, like wind farms, have cost structures that are closest to the market and thus require less price support, making them more attractive to both legislators and utilities.

Opportunities

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Austria has established itself as a sort of competence-center for renewable energy technologies, presenting interesting opportunities for U.S. companies to establish partnerships for expansion throughout Europe. Austrian companies are particularly strong in these sub-sectors:

- Solar Energy Systems for Heating and Cooling
- Waste to Energy and District Heating
- Biogenic Fuels
- Pellets Heating Systems

Resources

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http://www.biomasseverband.at/biomasse?cid=37412	Austrian Biomass Association
http://www.pvaustria.at/content/page.asp?id=57	Photovoltaic Association Austria
http://www.umweltbundesamt.at/en/	Federal Environmental Agency
http://www.lebensministerium.at	Federal Ministry for Environment
http://www.statistik.at	Austrian Statistics Office
http://www.e-control.at/	e-Control Austria
http://igwindkraft.at	Austrian Wind Energy Association
http://www.kfp.at/scripts/active.asp	Kreutzer Fischer Partner (Market Analysis)

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Security and Safety Equipment (SEC)

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	Security and Safety Equipment Data Table (in \$ million)		
	2007	2008 (estimated)	2009 (estimated)
Total Market Size	391.6	412.3	426.9
Total Local Production	362.0	381.1	394.6
Total Exports	197.0	207.3	214.6
Total Imports	226.6	238.5	246.9
Imports from the U.S.	7.4	7.9	8.3

- 2007 exchange rate: \$1 = EUR 0.73
- Source: Statistik Austria
- Note: The above statistics are unofficial estimates.

In the context of a European Union comparison, Austria can be viewed as a country with relatively little crime, with a total of 589,495 criminal offenses in 2006 and a detection rate of 39%. However, the detection rate has fallen compared to previous years. Specifically the areas of damage to property, burglaries, refugee smuggling, and drug crime have been affected by the sharp increase in crime in 2006. People's sense of security has declined: According to a current survey, only 28% of the population is completely satisfied with the performance of the police, and 45% of Viennese citizens state that they fear being out on the streets alone at night. Some of the Austrian police's new preventive measures seemed to be effective in 2007. The Ministry of the Interior reported a decrease in robbery cases of 10% and burglaries at 12.5% in the first half of 2007. The political and economic consequences resulting from ongoing integration in Europe as well as the evident globalization of economic systems in conjunction with a continuous increase in migration have and will continue to impact crime. Cross-border investigations are becoming increasingly significant. In this regard, Austria is the first country in the EU to have converted to the Schengen pan-European criminal search system, "SISone4ALL". The threat of terrorism in Austria plays an important role in defining the domestic security market. 80% of Austrians do not fear terrorist attacks in their country, get only 30% believe that Austria is well prepared for such a contingency.

The security market in Austria has become a growth industry with 440 firms involved in security systems, 170 firms involved in safety engineering and 150 in providing support functions. Surveillance companies dealing with the protection of persons and property, electronic monitoring, fire detection as well as armored-car manufacture and services generate great turnover figures. The lion's share of surveillance business is comprised of the Austrian Security Service (2400 employees), Securitas (1350 employees), which is a part of a Swedish concern and Group4 (2300 employees). In 2007, the total Austrian market for safety and security equipment amounted to \$391.6 million. Despite the present economic crisis, the market is still expected to grow at an estimated annual real growth rate of 2% over the next three years. Austrian imports from the United States in

this sector were \$7.4 million in 2007, representing 3.3% of the total, and putting the United States in fourth place as a supplier of safety and security equipment. Germany was the leading supplier with 56.8% of Austria's imports in the sector, followed by Switzerland with 6.3% and Italy with 3.6%.

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The Austrian security market offers many opportunities for U.S. firms. In general it is a desirable, affluent test market for advanced U.S. technology. In particular, access control systems, including biometric identification systems, and video surveillance equipment, including CCTV systems have considerable potential. IP-based security is highly attractive to the trade and is currently growing at an annual rate of 40%. From this perspective, the greatest potential can be realized in the retail and public sectors – governmental authorities, schools and public areas. Additional growth possibilities exist in products such as explosives and metal detectors (X-Ray, handheld), residential alarms, forensic equipment, perimeter protection systems, ICT security (firewall, anti-virus software, Spam filters), fire-related protection and work-wear protection.

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The Government of Austria and some semi-governmental institutions are working on several infrastructure projects (e.g. a large “Central Railway Station” in Vienna) which may soon increase the demand for safety and security equipment.

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Web Resources

http://www.vsoe.at	Association of Austrian Security Companies
http://www.bmi.gv.at	Austrian Ministry of the Interior
http://www.elektrotechniker.at	Association of Austrian Electronic, Audio-Video, and Alarm Equipment Companies

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Travel and Tourism Services (TRA)

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	Travel and Tourism (passengers)		
	2007	2008 (estimated)	2009 (estimated)
Total Arrivals to the United States	131,339	138,000	142,000

- 2007 exchange rate: \$1 = EUR 0.73
- 2008 exchange rate: 1 EUR = \$1.47
- Source: Statistik Austria, USDOC Office of Travel and Tourism
- Note: The above statistics are unofficial estimates.

Austrians took a total of 15.68 million trips in 2007 and 7.56 million trips abroad, which is a decline of 1.6% vis-à-vis 2006. In general, Austrians prefer to spend their vacations abroad. They spent a record EUR 7.7 billion (\$10.6 billion) traveling abroad in 2007. They spent EUR 186 million (\$255 million) for travel to the United States. We expect 2008, to show a momentary pause in these rates of decline because of the relatively strong Euro.

The United States enjoyed the highest popularity among long-haul destinations (meaning a destination outside Europe) for Austrian travelers. We expect the number of Austrian travelers to the United States to increase about 5% in 2008 (6% more came in 2007). For 2009 we expect an increase in travelers but less spending due to the downturn of the economy. Total arrivals from Austria in 2007 were 131,339. Austria ranked 40th overall for arrivals to the United States in 2007. The top ports of entry for Austrian travelers are, in order, New York, Washington D.C., Los Angeles, San Francisco, Boston, Atlanta, Miami, Chicago and Dallas.

The most popular U.S. destinations are New York, Florida (Orlando, Miami), California (San Francisco, Los Angeles, and San Diego), the national parks, Nevada, and Hawaii. The most popular attractions are Disney World, Disneyland, Universal Studios, Sea World, ranches and shopping malls. Travel industry representatives see potential for adventure trips to Alaska, Washington State, Oregon, Colorado, Montana, Texas and Louisiana. New York, Florida, California and Las Vegas will remain strong attractions. Repeat travelers choose destinations like New England, the Carolinas, Tennessee, Georgia and the Great Lakes.

In 2007, the Austrian long-haul sector of the outbound market declined by 1.6%. There was less demand for packages offered to South East Asia, South America, Africa and the Middle East. However, the United States had an increase of 5.9% of visitors from Austria. The appreciation of the Euro against the U.S. dollar and attractive packages offered by tour operators stimulated long-haul travel to the United States. The correlation between the weaker U.S. currency and the Austrian visitor to the United States was particularly noticeable, especially during the second half of the year. Industry experts forecast that Austrian long-haul pleasure travel will grow by 5% annually over the next 3 years if the dollar does not appreciate too much against the Euro. Expenditures will not

rise at the same rate since the average length per trip and cost is declining due to the economic downturn. Expenditures per person traveling to the United States amounted to approximately EUR 2,876 (\$3,940) in 2007 vis-à-vis EUR 2,836 (\$3,885) in 2006. Visitors to the United States stayed 5 days less in 2007 but spent EUR 213 (\$292) per day compared to EUR 155 (\$212) in 2006, which is an increase 37.4% over the previous year. Austrians who travel to the United States are generally 20-50 years of age with about 50% belonging to the upper middle class. Their length of stay in 2007 was approximately 13.5 days vis-à-vis 18.5 days in 2006. Travel mostly takes place during June, July, August and September. Almost 50% of all pleasure travel takes place during the months of July and August. About half are repeat travelers. About 60% of Austrian bookings to the United States are for pleasure and 30% for business. Another 10% combine business and pleasure. Vienna and its surroundings account for the major part of travel to the United States. Paid vacation is generally between 5-6 weeks depending upon industry and years of service. The number of Austrian arrivals in the United States increased from 117,191 in 2006 to 131,339, in 2007. English is widely spoken and is not generally a barrier for Austrian travel to the United States.

Stiff competition among the direct service carriers Austrian Airline's Group in cooperation with United Airlines and Lufthansa (Star Alliance), Delta Air Lines, KLM in cooperation with Northwest Airlines, British Airways in cooperation with American Airlines, is expected to keep airfares low and attractive. Several carriers offered return trips to New York and Washington D.C. for EUR 499 (\$684) excluding taxes. British Airways and the Star Alliance group pick up the highest number of passengers originating from Vienna across the Atlantic. A strong euro may encourage some people to take a trip to the United States, to take advantage of the attractive packages offered by travel suppliers, which are about 10% less compared to the previous year. Austrian Airlines increased its capacity of flights during the high season by additional flights to Chicago to meet the increasing demand for travel to the United States. In fall 2008, the Austrian Airline's Group discontinued the flight to Chicago. Delta Air Lines also discontinued its non-stop service from Atlanta to Vienna in October 2008.

On December 5, 2008 the Supervisory Board of the holding company OEIAG approved the sale to Lufthansa of OEIAG's 41.56% share in Austrian Airlines. The acceptance of the Lufthansa bid is the result of a bidding process in accordance with EU privatization guidelines. Austrian Airlines will remain a legally independent company, with its head office in Austria and its own brand, crew and fleet. It will be managed as a profit center in the Lufthansa Group. The execution of the contract will depend on the approval by the European Commission of the contract under Competition Law, and of restructuring aid of EUR 500 million being paid by the Republic of Austria. A decision is expected in late spring 2009.

Bargain rate airfares increased from EUR 399 (\$547) in 2006 to EUR 499 (\$684) for a round trip to New York in 2007. The dollar declined vis-à-vis the Euro during the same period. Austrians in the past have discovered the United States as a shopping paradise, very often considered a bargain. Austrians also discovered excellent wines and cuisine as well as a broad offering of cultural events, which now rank among the main attractions. Sports are in very high demand, as is adventure travel. Most Austrians, with the exception of older people, prefer to travel individually. The majority of Austrian travelers rent a car. The United States is in a strong position, as long as the dollar does not increase too much vis-à-vis the Euro, which would make traveling to the United States expensive for middle-class Austrians. Competition from the Caribbean, South

East Asia, Middle East and South America is increasing and continuous marketing is necessary to meet these challenges.

The Austrian outbound travel market is wide open with virtually no restrictions. The use of credit cards is widespread, with VISA, MasterCard, Diners Club and American Express being the most popular. Tour operators and travel agencies do extensive promotional work and absorb most promotion costs. Increasing pressure comes from tourists who like to make their own arrangements and reservations (Internet, etc.). Tour operators have been successful so far in competing with packaged air travel, hotels and car rentals at very competitive prices, due to their annual purchasing power. E-specials and last minute offers are very popular due to the attractive prices. Given that most visitors from Austria to the United States are repeat visitors who prefer to travel independently, we expect that U.S. tour operators could profitably offer attractive fly and drive packages, short city trips for shopping and cultural events, guided tours, cruises, hotel and resort packages in lesser known areas, wilderness, river rafting or adventure trips, helicopter sightseeing, wedding packages, etc. Educational trips/stays (e.g., language, MBA programs, pilot training) may have good potential. The traditional golf packages offered should be expanded to areas, which are less known to Austrians, e.g., the Carolinas, Virginia and others. The market for vacation club packages and time-share condominiums still has potential in this market.

The Visit USA Committee is a registered Association in Austria. The Association comprises approximately 30 members and is funded primarily by membership dues and profits generated from events. Please see <http://www.visit-usa.at> for more information.

ESTA – Electronic System for Travel Authorization

ESTA registration is mandatory for citizens of all Visa-Waiver countries, including Austria, as of January 12, 2009.

KEY LINK(S):

<http://www.usembassy.at/en/embassy/cons/niv.htm>

https://esta.cbp.dhs.gov/esta/esta.html?_flowExecutionKey=_cB2773F62-8673-1974-2513-527DAE5A5034_k5EA55EC4-6E86-ABB4-7E6C-07221C8AF49E

Best Products/Services

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Fly and drive packages, short city trips for shopping and cultural events, guided tours, hotels and resorts in lesser known areas, specialties such as flights in small planes to the wilderness, river rafting, adventure trips, helicopter sightseeing etc. educational trips (language study, the MBA, other studies, pilot training, etc.) and cruises (including river cruises).

Opportunities

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No information on special projects or opportunities is currently available.

Resources

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Web Resources

http://www.statistik.at	Statistik Austria
http://tinet.ita.doc.gov	ITA Office of Travel & Tourism Industries
http://www.visit-usa.at	Visit USA Committee Austria
http://www.usembassy.at/en/embassy/cons/niv.htm	U.S. Embassy Vienna, Austria: U.S. Consular Section (Visa Information)
https://esta.cbp.dhs.gov/esta/esta.html?_flowExecutionKey=_cB2773F62-8673-1974-2513-527DAE5A5034_k5EA55EC4-6E86-ABB4-7E6C-07221C8AF49E	ESTA Information and Application Page

Contact

U.S. Commercial Service Vienna, Austria
Ingeborg Doblinger, Commercial Specialist
e-Mail: ingeborg.doblinger@mail.doc.gov

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Agricultural Sectors

Agricultural, Fish and Forestry Sector

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In 2007, Austria's agriculture, fish and forestry imports worldwide amounted to \$13.5 billion. Exports reached \$15.5 billion. In total, 83 % of all imported agricultural products came from the EU territory and 76 % of all exported goods were delivered to EU Member States. The major trading partner is Germany followed by Italy. From the United States Austria imported \$112.8 million worth of agricultural, fishery and forestry products not including significant and steadily increasing transshipments from other EU countries. Major items from the United States in 2007 included dried fruits and nuts, convenience food products, wood and forestry products, tobacco, wine, and dog and cat food. Best prospects for U.S. exporters include seafood, dried fruits and nuts, wine, snack foods, health and organic food products, and other consumer oriented products.

Agricultural, Fish and Forestry Data Table (in \$ million)			
	<i>2007</i>	<i>2008 (estimated)</i>	<i>2009 (estimated)</i>
<i>Total Market Size</i>	13,459	10,100	10,900
<i>Total Local Production</i>	11,096	12,200	13,500
<i>Total Exports</i>	15,462	17,500	19,000
<i>Total Imports</i>	13,459	15,400	16,400
<i>Imports from the U.S.</i>	113	117	120

- *2007 (base year) exchange rate: \$1 = EUR 0.73*
- *Note: Source for 2007 import and export figures is the Global Trade Atlas; All other figures are unofficial estimates.*

Dried Fruits and Nuts

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There is growing demand for wholesome/natural foods by Austrian consumers. Demand for dried fruits & nuts as an ingredient for cereals, as well as dried fruit & nuts mixtures, is steadily rising. Austrian production of dried fruits and nuts is limited to locally grown products like apples and walnuts. Demand for organically produced dried fruits and nuts is also on a sharp increase.

The demand for dried fruits like raisins, prunes, apricots, cranberries and all kinds of nuts is still growing.

The statistics below show actual Austrian imports from the United States not including EU transshipments. A large share of Austria's cereal, fruits and nut mixtures consumption is sourced from Germany where these items are processed and packed and then exported to Austria. Therefore, the actual import value of U.S. dried fruits and

nuts to Austria is estimated to be much higher. The EU and Turkey are the largest suppliers of these products to Austria.

Dried Fruits and Nuts Data Table (in \$ million)			
	2007	2008 (estimated)	2009 (estimated)
<i>Total Market Size</i>	182	197	203
<i>Total Local Production</i>	90	92	93
<i>Total Exports</i>	30	42	40
<i>Total Imports</i>	122	147	150
<i>Imports from the U.S.</i>	10	13	15

- 2007 (base year) exchange rate: \$1 = EUR 0.73
- Note: Source for 2007 import and export figures is the Global Trade Atlas; All other figures are unofficial estimates.

Fish and Seafood

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Austria's small fish production is limited mainly to trout and carp. Since Austria is a landlocked country, all marine fish, shellfish, and crustaceans must be imported. The main suppliers are Germany, Denmark, Netherlands, Italy, and Norway.

Consumption of seafood is rising. The reason for the general upward trend is the rising standard of living, health awareness, and the growing number of restaurants serving seafood.

As with most products, transshipments through other EU countries do not provide actual product origin. Major U.S. seafood products are imported through Germany.

Fish and Seafood Data Table (in \$ million)			
	2007	2008 (estimated)	2009 (estimated)
<i>Total Market Size</i>	410	433	441
<i>Total Local Production</i>	35	37	40
<i>Total Exports</i>	19	19	19
<i>Total Imports</i>	394	415	420
<i>Imports from the U.S.</i>	1.7	1.9	2.1

- 2007 (base year) exchange rate: \$1 = EUR 0.73
- Note: Source for 2007 import and export figures is the Global Trade Atlas; All other figures are unofficial estimates.

Wine

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Austria's average wine output is about 2.5 million hectoliters/year, which corresponds roughly to annual domestic wine consumption. Large quantities of wine are imported and exported. The predominant suppliers are Italy, France, Germany, and Spain, which supply mostly red wines.

The import duty for non-EU wines is high. However, there is a niche market for California wine, particularly high quality red wine. Demand for good quality, inexpensive U.S. wine priced from 5 to 10 dollar a bottle is increasing. The main competitors for U.S. wines are Chilean and Australian wines.

A large share of California wines is imported through German wholesalers and does not appear as a U.S. import in the official trade statistics. The numbers below show only wines imported directly into Austria.

	<i>Wine Data Table (in \$ million)</i>		
	<i>2007</i>	<i>2008 (estimated)</i>	<i>2009 (estimated)</i>
<i>Total Market Size</i>	737	732	741
<i>Total Local Production</i>	640	645	650
<i>Total Exports</i>	144	169	174
<i>Total Imports</i>	241	256	265
<i>Imports from the U.S.</i>	3.3	4.1	4.5

- *2007 (base year) exchange rate: \$1 = EUR 0.73*
- *Note: Source for 2007 import and export figures is the Global Trade Atlas; All other figures are unofficial estimates.*

Contact

For further information on these sectors, please contact the U.S. Department of Agriculture's Foreign Agricultural Service (FAS) in Vienna, Austria:

agvienna@fas.usda.gov

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Chapter 5: Trade Regulations and Standards

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Import Tariffs

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EU import tariffs vary depending on the product; however for most U.S. exports the tariffs are relatively low. In fact, over half of all products from non-EU countries enter without any tariff. The average EU tariff level for manufactured goods is relatively low at 3.5%, but some goods are taxed at a higher rate. For example, passenger cars and office machines have duties of about 10%. For certain kinds of shoes and special motor vehicles, the rate may be up to 18%. U.S. exporters can obtain EU import tariff rates at the following websites:

http://ec.europa.eu/taxation_customs/index_en.htm or

http://ec.europa.eu/comm/taxation_customs/common/databases/taric/index_en.htm

Trade Barriers

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Officially there are no non-tariff barriers for U.S. companies entering the Austrian market. However, corresponding practices in certain sectors should be a concern to certain U.S. industries. For an extensive analysis of non-tariff barriers (especially in the pharmaceutical, telecom, biotechnology, refrigerant, and legal and accounting services sectors) in Austria and throughout the European Union, please refer to the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website:

http://www.ustr.gov/assets/Document_Library/Reports_Publications/2008/2008_NTE_Report/asset_upload_file991_14650.pdf

Information on agricultural trade barriers can be found at the following website:

<http://useu.usmission.gov/agri/>

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at <http://www.trade.gov/tcc> or the U.S. Mission to the European Union at <http://www.buyusa.gov/europeanunion>.

Some goods are subject to tariff-rate quotas, whereby after a certain quantity of the product has entered the EU at a low or zero duty rate, the rate is increased. These are primarily goods determined to be useful to the European economy only in certain quantities, generally raw materials or parts. The most important tariff quotas for manufactured goods are on chemicals and electronics. Both are administered on a first-come, first-served licensing basis. The Austrian importer can get information about the extent to which the quota has been filled through the Customs Office Suben, which has an on-line connection to Brussels, as well as through the Main Customs Offices (Hauptzollaemter) or via internet at:

http://ec.europa.eu/taxation_customs/index_en.htm

Import Requirements and Documentation

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When a delivery is made to Austria, the products become subject to the import value-added tax (Einfuhrumsatzsteuer) upon entry into the Austrian customs area. The import value-added tax is assessed according to the customs value of imported goods. The importer is entitled to claim a refund of the import value-added tax from the tax office once the product is sold again in the distribution chain.

Finally, the end-user is subject to the Value Added Tax (VAT), which generally amounts to 20% in Austria. For food products and drugs and pharmaceuticals, the VAT is 10% only. Alcoholic beverages fall into the 20% VAT category.

The VAT is a pure tax on transactions that is ultimately absorbed by the end-user or consumer.

The European Union, and therefore Austria, requires import licenses for a number of products, first and foremost for agricultural produce and products. This holds for all originating countries, including the United States. Special rules apply for imports of particular products and countries, such as shoes from China. European Union import quotas are managed through the granting of import licenses to qualified firms. In general, an Austrian importer must possess an export license from the supplier country, and then obtain permission to import from the Austrian authorities (Einfuhrbewilligung). For imports of agricultural products, importers should contact: Agrar Markt Austria (AMA), Dresdner Strasse 70, A-1201 Vienna, Tel.: ++43 1 331 51-0. (<http://www.ama.at>). The licensing authority for most other goods is the Austrian Ministry of Economics and Labor.

The import of war material requires a license and individual approval of each shipment. The licensing authority responsible for these products is the Austrian Ministry of the Interior (<http://www.bmi.gv.at>).

The Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté), is designed to show various rules applying to specific products being

imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a license is required for a particular product, check the TARIC.

The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily.

 **KEY LINK(S):**

http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm

Import Documentation

Non-Agricultural Documentation

The official model for written declarations to customs is the Single Administrative Document (SAD). European Free Trade Association (EFTA) countries including Norway, Iceland, Switzerland, and Liechtenstein also use the SAD. However, other forms may be used for this purpose. Information on import/export forms is contained in Title VII, of Council Regulation (EEC) No. 2454/93, which lays down provisions for the implementation of Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code (Articles 205 through 221). Articles 222 through 224 provide for computerized customs declarations and Articles 225 through 229 provide for oral declarations.

Additional information on import/export documentation can be found in Title III, of Council Regulation (EEC) No. 2913/92 of October 12, 1992, establishing the Community Customs Code (Articles 37 through 57). Goods brought into the customs territory of the Community are, from the time of their entry, subject to customs supervision until customs formalities are completed.

Goods presented to customs are covered by a summary declaration, which is lodged once the goods have been presented to customs. The customs authorities may, however, allow a period for lodging the declaration, which cannot be extended beyond the first working day following the day on which the goods are presented to customs. The summary declaration can be made on a form corresponding to the model prescribed by the customs authorities. However, the customs authorities may permit the use, as a summary declaration, of any commercial or official document that contains the particulars necessary for identification of the goods. It is encouraged that the summary declaration be made in computerized form.

The summary declaration is to be lodged by:

- The person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
- The person in whose name the person referred to above acted.

Non-EU goods presented to customs must be assigned a customs-approved treatment or use authorized for such non-Community goods. Where goods are covered by a summary declaration, the formalities for them to be assigned a customs-approved treatment or use must be carried out:

- 45 days from the date on which the summary declaration is lodged in the case of goods carried by sea;
- 20 days from the date on which the summary declaration is lodged in the case of goods carried other than by sea.

Where circumstances so warrant, the customs authorities may set a shorter period or authorize an extension of the period.

The Modernized Customs Code (MCC) of the European Union is expected to be passed into law in the first half of 2008. The MCC will replace the existing Regulation 2913/92 and simplify various procedures such as introducing a paperless environment, centralized clearance, and more. Check the EU's Customs website periodically for updates:

http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm.

Batteries

EU battery rules changed in September 2006 following the publication of the Directive on batteries and accumulators and waste batteries and accumulators (Directive 2006/66). This Directive replaces the original Battery Directive of 1991 (Directive 91/157). The updated Directive applies to all batteries and accumulators put on the EU market including automotive, industrial and portable batteries. It aims to protect the environment by restricting the sale of batteries and accumulators that contain mercury or cadmium (with an exemption for emergency and alarm systems, medical equipment and cordless power tools) and by promoting a high level of collection and recycling. It places the responsibility on producers to finance the costs associated with the collection, treatment, and recycling of used batteries and accumulators. The Directive also includes provisions on the labeling of batteries and their removability from equipment. EU Member States must implement the EU Directive into their national law by September 26, 2008. For more information, see our market research report:

http://www.buyusainfo.net/docs/x_8086174.pdf

REACH

REACH is a major reform of EU chemicals policy that was adopted in December 2006 and became national law in the 27 EU Member States in June 2007 (Regulation 1907/2006). Virtually every industrial sector, from automobiles to textiles, is affected by the new policy. REACH stands for the "Registration, Evaluation and Authorization and Restriction of Chemicals." Starting June 1 2008, REACH requires chemicals produced or imported into the EU in volumes above 1 ton per year per to be registered with a central European Chemicals Agency (ECHA), including information on their properties, uses and safe ways of handling them. Chemicals pre-registered before December 1 2008; benefit from extended registration deadlines, from three to eleven years

depending on the volume of the substance and its hazard properties. U.S. companies without a presence in Europe cannot register directly and must have their chemicals registered through their importer or EU-based 'Only Representative of non-EU manufacturer'. A list of Only Representatives can be found on the website of the U.S. Mission to the EU: <http://www.buyusa.gov/europeanunion/reach.html>.

U.S. exporters to the EU should carefully consider the REACH 'Candidate List' of substances of very high concern. Substances on that list are subject to communication requirements and may at a later stage require Authorization for the EU market. For more information, see the ECHA website:
http://echa.europa.eu/doc/press/pr_08_38_candidate_list_20081028.pdf

WEEE & RoHS

EU rules on waste electrical and electronic equipment (WEEE), while not requiring specific customs or import paperwork, may entail a financial obligation for U.S. exporters. They require U.S. exporters to register the products with a national WEEE authority, or arrange for this to be done by a local partner. Similarly, related rules for EEE restricting the use of the hazardous substances (RoHS) lead, cadmium, mercury, hexavalent chromium, PBBs, and PBDEs, do not entail customs or importation paperwork. However, U.S. exporters may be asked by a European RoHS enforcement authority or by a customer to provide evidence of due diligence in compliance with the substance bans on a case-by-case basis. Work is underway to revise the WEEE and RoHS Directives; some new rules could take effect as early as 2011. U.S. exporters seeking more information on WEEE and RoHS regulations should visit:
<http://www.buyusa.gov/europeanunion/weee.html>

Agricultural Documentation

Phytosanitary Certificates: Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

Sanitary Certificates: For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). Many of these certificates are uniform throughout the EU, but the harmonization process has not been finalized yet. During this transition period, certain Member State import requirements continue to apply. In addition to the legally required EU health certificates, a number of other certificates are used in international trade. These certificates, which may also be harmonized in EU legislation, certify origin for customs purposes and certain quality attributes. Up-to-date information on harmonized import requirements can be found at the following website: <http://useu.usmission.gov/agri/certificates-overview.html>.

Sanitary Certificates (Fisheries): In April 2006, the European Union declared the U.S. seafood inspection system as equivalent to the European one. Consequently, a specific

public health certificate must accompany U.S. seafood shipments. Commission Decision 2006/199/EC places specific conditions on imports of fishery products from the U.S. Sanitary certificates for live shellfish are covered by Commission Regulation (EC) 1664/2006 and must be used for gastropods, bivalve mollusks, tunicates and echinoderms. The two competent Authorities for issuing sanitary certificates are the FDA and the U.S. Department of Commerce, National Marine Fisheries Service (NMFS/NOAA/USDC).

Since May 1, 2007, with the implementation of the second Hygiene Package, aquaculture products coming from the United States must be accompanied by a public health certificate according to Commission Decision 2006/199/EC and the animal health attestation included in the new fishery products certificate covered by Regulation (EC) 1664/2006. This animal health attestation is not required in the case of live bivalve mollusks intended for immediate human consumption (retail).

For detailed information on import documentation for seafood, please contact the NOAA Fisheries office at the U.S. Mission to the EU (stephane.vrignaud@mail.doc.gov) or visit the following FDA dedicated web site: <http://www.cfsan.fda.gov/>.

U.S. Export Controls

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Austria is not a member of NATO. This means U.S. exports of sensitive technology may be subject to more stringent export control requirements, thanks to NATO countries.

Austria is a member of the Australia Group, the Missile Technology Control Regime, the Nuclear Supplier Group, and the Wassenaar Arrangement. For more information about export licensing, please visit the Bureau of Industry and Security: <http://www.bis.doc.gov>

Temporary Entry

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There are no tariffs imposed on goods that enter Austria on a temporary basis for a particular purpose, such as transit goods or goods intended for demonstration or exhibition at trade fairs. A refundable security deposit is required which is equal to applicable import duties.

In the case of a commodity that is imported on a temporary basis to be used and returned (such as machinery), a compensatory levy of 3% per month applies if the commodity would be dutiable if imported permanently into Austria. If replacement parts for warranty or non-warranty repairs of a product are brought into Austria on a temporary base and the products are re-exported after repair, no duties and taxes will be charged for this transaction. This would be handled by the Carnet ATA in the so-called excise bond procedure. For more details concerning the Carnet ATA, please consult the following websites:

- http://portal.wko.at/wk/format_liste_folder.wk?SbID=234&TtID=11&BrID=0&DstID=0&AngId=1
- http://www.usitc.gov/trade_remedy/731_ad_701_cvd/investigations/customs_importation_guidelines.pdf (please see page 65)
- <http://www.atacarnet.com/>

Labeling and Marking Requirements

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This chapter provides some general information about labeling. Important note: labeling is always linked to the product itself! Labels appear in the form of text or numerical statements that may be required but are not necessarily recognized on a universal basis. Labels typically indicate more specific information about a product, such as measurements, or an indication of materials. There are mandatory and voluntary labels for the Austrian market.

The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the freedom of Member States to require the language of the country of consumption. In Austria, language requirements for labeling and marking of products depend on the type of product and the intended use. For some product categories, especially those with a health or environmental impact, it is mandatory to label products in German. Although not required for all products sold in Austria, for marketing purposes it is advisable to include German on all labels.

Products that require labels but are not adequately labeled (Kennzeichnungspflicht) are stopped at the border and must be labeled correctly within three weeks. The company importing the product bears the responsibility to ensure that products are certified and properly marked before they are offered for sale.

For detailed information about the labeling of your products, please contact the U.S. Commercial Service in Vienna, Austria at: vienna.office.box@mail.doc.gov
More detailed information about labeling can be found at:
http://www.buyusainfo.net/docs/x_4171929.pdf

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in the following market research report:
http://www.buyusainfo.net/docs/x_4171929.pdf

The subject has been also been covered in the section about standards (see below).

Prohibited and Restricted Imports

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The import of certain commodities into Austria is prohibited, usually as a result of international sanctions. A variety of goods and commodities are subject to import (and export) restrictions to protect the safety and lives of humans, animals, and plants, to safeguard national security, or to protect artistic, cultural, or intellectual property.

Examples are restrictions and controls on the import of certain foodstuffs, wines, drugs, pharmaceuticals, seeds, war material, and antiques.

The Integrated Tariff of the European Communities, referred to as the TARIC, is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, being exported from it, with their codes and customs duty rates. To determine if a product is prohibited or subject to restriction, refer to column five of the TARIC register for the specific product, and look for the following codes:

- **CITES** Convention on International Trade of Endangered Species
- **PROHI** Import Suspension
- **RSTR** Import Restriction

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

 **KEY LINK(S):**

http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm

Customs Regulations and Contact Information

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Austria is a member of the European Union (EU), and therefore the Austrian Customs regime is based on the EU's TARIC system, which is determined in Brussels. The TARIC register can be searched by country of origin, Harmonized System Code, and product description on the interactive website of the EU Directorate-General for Taxation and the EU Customs Union. The TARIC is updated annually in April.

For further information please contact:

Tariff Information	
Zolldokumentationsstelle Villach	
<i>Via phone: Monday–Friday from 6:00 am to 10:00 pm (CET)</i>	Tel.: ++43 1 514 33-564 053 e-Mail: post.425-ztv.zaktn@bmf.gv.at
Hauptzollamt Wien	
Central Customs Office	
	Schnirchgasse 9, A-1030 Vienna, Austria Tel.: ++43 1 74 0 76 Web: http://www.bmf.gv.at

Regulation 648/2005 is the “Security Amendment” to the Customs Code (Regulation 2913/92) and outlines the implementing provisions for Authorized Economic Operators, risk management procedures, pre-departure declarations, and improved export controls.

Tariffs and Import Taxes: Information on customs valuation is contained in Title II, Chapter Three, of Council Regulation (EEC) 2913/92, establishing the Community Customs Code, titled, "Value of Goods for Customs Purposes" (Articles 28 through 36). The primary basis for determining customs value set out in Articles 29 is: "... the transaction value, that is, the price actually paid or payable for the goods when sold for export to the customs territory of the Community..." Article 29 lists the following conditions, which must be met in determining customs value:

- There are no restrictions as to the disposal or use of the goods by the buyer, other than restrictions which are imposed or required by a law or by the public authorities in the community, limit the geographical area in which the goods may be resold, or do not substantially affect the value of the goods;
- The sale or price is not subject to some conditional consideration for which a value cannot be determined with respect to the goods being valued;
- No part of the proceeds of any subsequent resale disposal or use of the goods by the buyer will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made in accordance with Article 32; and
- The buyer and seller are not related, or, where the buyer and seller are related, that the transaction value is acceptable for customs purposes.

The "price actually paid or payable" in Article 29 refers to the price for the imported goods. Thus the flow of dividends or other payments from the buyer to the seller that do not relate to the imported goods are not part of the customs value. Articles 32 and 33 provide for adjustments to the value for customs purposes. Article 32 lists charges that are added to the customs value, such as, commissions and brokerage, costs of containers, packing, royalties and license fees, and the value of goods and services supplied directly or indirectly by the buyer in connection with the production and sale for export of the imported goods. Article 33 lists charges that are not included in the customs value, such as, charges for transport, charges incurred after importation, charges for interest under a financing arrangement for the purchase of the goods, charges for the right to reproduce imported goods in the Community, and buying commissions.

Effective July 1, 1995, the Commission amended Article 147(1) of Regulation 2454/93 of the Customs Code which affects valuation in the case of successive sales. This amendment "defaults" valuation to the last sale, but allows the value of an earlier sale if it can be demonstrated that such a sale took place for export to the EU. The evidentiary requirements to support the bona fides of any earlier sales will be based upon commercial documents such as purchase orders, sales contracts, commercial invoices, and shipping documents.

Major Regulatory Efforts Of The EC Customs And Taxation Union Directorate

Electronic Customs Initiative – Deals with major EU Customs modernization developments to improve and facilitate trade in the EU Member States. The electronic customs initiative is essentially based on the following three pieces of legislation:

- The **Security and Safety Amendment to the Customs Code**, which provides for full computerization of all procedures related to security and safety;
- The Decision on the paperless environment for customs and trade (**Electronic Customs Decision**) which sets the basic framework and major deadlines for the electronic customs projects;
- The **modernized Community Customs Code** which provides for the completion of the computerization of customs.

 **KEY LINK(S):**

http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm

Customs Valuation – Most customs duties and value added tax (VAT) are expressed as a percentage of the value of goods being declared for importation. Thus, it is necessary to dispose of a standard set of rules for establishing the goods' value, which will then serve for calculating the customs duty.

The EU imports in excess of one trillion euro worth of goods (year 2004 estimate). It is vitally important that the value of such commerce is accurately measured, for the purposes of

- Economic and commercial policy analysis,
- Application of commercial policy measures,
- Proper collection of import duties and taxes, and
- Import and export statistics.

These objectives are met using a single instrument - the rules on customs value.

The EU applies an internationally accepted concept of '**customs value**'.

The value of imported goods is one of the three 'elements of taxation' that provides the basis for assessment of the customs debt, which is the technical term for the amount of duty that has to be paid, the other ones being the origin of the goods and the customs tariff.

 **KEY LINK(S):**

http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/index_en.htm

Customs and Security – At the end of July 2003, the Commission presented to the Parliament and Council a series of measures to address security issues. These measures can be found in **two communications and a proposal for amending the Community Customs Code**. This package brings together the basic concepts underlying the new security-management model for the EU's external borders, such as a harmonized risk assessment system. The security amendment to the Community Customs Code (**Regulation (EC) n° 648/2005 of 13 April 2005**) has been published in the Official Journal of the European Union on 4 May 2005. With this amendment the European Union introduces a number of measures to tighten security around goods

crossing international borders. The measures will mean faster and better-targeted checks. The results are positive for customs authorities, the public and industry.

The measures cover three major changes to the Customs Code:

- Require traders to provide customs authorities with information on goods prior to import to or export from the European Union (see [Pre Arrival / Pre Departure Declarations](#));
- Provide reliable traders with trade facilitation measures (see [Authorized Economic Operator](#) - AEO);
- Introduce a mechanism for setting uniform Community risk-selection criteria for controls, supported by computerized systems.

 **KEY LINK(S):**

http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm

Standards

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Overview

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Austria is a signatory to the WTO (GATT) Agreement on Product Standards. As a member of the European Union, Austria is obligated to conform to European standards. While some European standards are already legally binding, others may still be in a transition phase, and still others may be awaiting national implementation. In the absence of a European standard, the national standard will apply.

National Standards: Austrian national standards are prepared and administered by the Austrian Bureau of Standards (Oesterreichisches Normungsinstitut - ON), a private non-profit organization incorporated by the Austrian Parliament in the Standards Act of 1971 as the only Austrian body to issue and endorse Austrian standards. The ON can also provide information on nongovernmental standards.

Products tested and certified in the United States to American standards are likely to have to be retested and re-certified to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always

subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

European Union standards created under the New Approach are harmonized across the 27 EU Member States and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking. For a list of new approach legislation, go to <http://www.newapproach.org>. This list shows that not all products are covered by EU legislation calling for CE marking.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations and technical standards might also function as barriers to trade if U.S. standards are different from those of the European Union.

Agricultural Standards

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: <http://useu.usmission.gov/agri/>.

Standards Organizations

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Following is the Austrian Organization that develops standards:

<i>Oesterreichisches Normungsinstitut (ON)</i>	
<i>Austrian Bureau of Standards</i>	
	Heinestrasse 38, Postfach 130, A-1021 Vienna, Austria Tel.: ++43 1 213 00-613, Fax: ++43 1 213 00-650 Web: http://www.as-institute.at

The ON prepares standards in a variety of fields: ores and metals, mechanical engineering, building and construction, health and medical equipment, non-metallic materials, chemical and related industries, special technologies, personal safety, food, environment, and waste management.

About 90% of the standards ON prepares are voluntary. The ISO 9000 series of quality management standards is one of the most important sets of voluntary standards in Austria, and it has become almost a requirement in many industries.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at:
<http://www.nist.gov/notifyus/>

EU standards setting is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

- **CENELEC** - European Committee for Electrotechnical Standardization (<http://www.cenelec.org/Cenelec/Homepage.htm>)
- **ETSI** - European Telecommunications Standards Institute (<http://www.etsi.org>)
- **CEN** - European Committee for Standardization, handling all other standards (<http://www.cen.eu/cenorm/homepage.htm>)

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the Member States, which have "mirror committees" that monitor and participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual Member States standards bodies. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and gives away its individual standards at no charge on its website. In addition to the three standards developing organizations, the European Commission plays an important role in standardization through its funding of the participation in the standardization process of small- and medium-sized companies and non-governmental organizations, such as environmental and consumer groups. The Commission also provides money to the standards bodies when it mandates standards development to the European Standards Organization for harmonized standards that will be linked to EU technical legislation. Mandates can be checked on line at:
http://ec.europa.eu/enterprise/standards_policy/mandates/

Due to the EU's vigorous promotion of its regulatory and standards system as well as its generous funding for its development, the EU's standards regime is wide and deep - extending well beyond the EU's political borders to include affiliate members (countries which are hopeful of becoming full members in the future) such as Albania, Croatia, FYR of Macedonia, and Turkey among others. Another category, called "partner standardization body" includes the standards organization of Australia, which is not likely to become a CEN member or affiliate for political or geographical reasons. Many other countries are targets of the EU's extensive technical assistance program, which is aimed

at exporting EU standards and technical Regulations to developing countries, especially in the Mediterranean and Balkan countries, Africa, as well as programs for China and Latin America.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. CEN's "business domain" page provides an overview by sector and/or technical committee whereas CENELEC offers the possibility to search its database. ETSI's portal (http://portal.etsi.org/Portal_Common/home.asp) leads to ongoing activities. With the need to adapt more quickly to market needs, European standards organizations have been looking for "new deliverables" which are standard-like products delivered in a shorter timeframe. While few of these "new deliverables" have been linked to EU Regulations, expectations are that they will eventually serve as the basis for EU-wide standards.

 **KEY LINK(S):**

<http://www.cenorm.be/cenorm/workarea/sectorfora/index.asp>

Conformity Assessment

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Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. You can find conformity assessment bodies in individual Member State country in this list by the European Commission.

 **KEY LINK(S):**

<http://ec.europa.eu/enterprise/newapproach/nando/>

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, CEN workshop agreements (CWA) and the European Standard Agreement Group. CENELEC has its own initiative. ETSI does not offer conformity assessment services.

Product Certification

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To sell products on the EU market of 27 Member States as well as Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is

best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this section provides some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by Member State inspectors, the consumer may well perceive it as a quality mark. The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

The most important testing organization in Austria is:

TueV Oesterreich	
Austrian Testing Organization	
	Krugerstrasse 16, A – 1015 Vienna, Austria Phone: ++43-1-51407-0; Fax: ++43-1-51407-6005 Web: http://www.tuev.at

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Independent certification bodies, known as notified bodies, have been officially accredited by competent authorities to test and certify to EU requirements. However, under U.S.-EU Mutual Recognition Agreements (MRAs), notified bodies based in the United States and referred to as conformity assessment bodies, are allowed to test in the United States to EU specifications, and vice versa. The costs are significantly lower which results in U.S. products becoming more competitive. At this time, the U.S.-EU MRAs cover the following sectors: EMC (in force), RTTE (in force), medical devices (in transition), pharmaceutical (on hold), recreational craft (in force) and marine equipment (in force). The U.S. Department of Commerce, National Institute of Standards and

Technology (NIST), has a link on its website to American and European Conformity Assessment bodies operating under a mutual recognition agreement.

 **KEY LINK(S):**

<http://ts.nist.gov/Standards/Global/mra.cfm>

Accreditation is handled at Member State level. "European Accreditation"

(http://www.european-accreditation.org/default_flash.htm)

is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58.

The accreditation for laboratories is required for any sector in Austria.

The Austrian Accreditation Body:

Bundesministerium fuer Wirtschaft und Arbeit	
Austrian Federal Ministry for Economy and Labor	
	Abteilung I/12 Dampfschiffstrasse 4, A-1030 Vienna, Austria Contact: Dipl. Ing. Guenter P. Friers Tel.: ++43 1 711 00-82 48, Fax: ++43 1 714 35 82 e-Mail: guenter.friers@bmwa.gv.at or akkreditierung@bmwa.gv.at

Publication of Technical Regulations

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The Official Journal is the official gazette of the European Union. It is published daily on the internet and consists of two series covering draft and adopted legislation as well as case law, studies by committees, and more:

<http://europa.eu.int/eur-lex/lex/JOIndex.do?ihmlang=en>

It lists the standards reference numbers linked to legislation:

<http://ec.europa.eu/enterprise/newapproach/standardization/harmstds/whatsnew.html>

National technical Regulations are published on the Commission's website (<http://ec.europa.eu/comm/enterprise/tris/>) to allow other countries and interested parties to comment.

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT) Agreement to report to the WTO all proposed technical regulations that could affect trade with other member countries.

Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect access to international markets. Register online at:

<http://tsapps.nist.gov/notifyus/data/index/index.cfm>

Labeling and Marking

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Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable until end of December 2009. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of Member States to require the use of language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC, to replace 80/232/EC in April 2009, harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers.

KEY LINK(S):

http://ec.europa.eu/enterprise/prepack/packsize/packsiz_en.htm

The Eco-Label

EU legislation in 1992, revised in 2000, distinguishes environmentally friendly products and services through a voluntary labeling scheme called the Eco-label. Currently, the scheme applies to 28 product types in 7 categories: cleaning products, appliances, paper products, clothing, lubricants, home and garden products and tourism services. The symbol, a green flower, is a voluntary mark. The Eco-label is awarded to producers who can show that their product is less harmful to the environment than similar products. This "green label" also aims to encourage consumers to buy green products. However, the scheme does not establish ecological standards that all manufacturers are required to meet to place product on the market. Products without the EU Eco-label can still enter the EU as long as they meet the existing health, safety, and environmental standards and Regulations.

The EU Eco-label is a costly scheme (up to EUR 1,300 for registration and up to EUR 25,000/year for the use of the label, with a reduction of 25% for SMEs) and has therefore not been widely used so far. However, the Eco-label can be a good marketing tool and, given the growing demand for green products in Europe, it is likely that the Eco-label will become more and more a reference for green consumers.

KEY LINK(S):

http://buyusainfo.net/docs/x_4284752.pdf

http://ec.europa.eu/comm/environment/ecolabel/index_en.htm

<http://www.eco-label.com/default.htm>

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U.S. Mission to the E.U. - Foreign Commercial Service	
	Rue Zinner 13, B-1000 Brussels, Belgium Fax: ++32 2 513 1228 Contacts: Mr. Louis Santamaria – Standards Attaché Tel.: ++32 2 508 2674 e-Mail: louis.santamaria@mail.doc.gov Ms. Sylvia Mohr – Standards Specialist Tel.: ++32 2 508 2675, Fax: ++32 2 513 1228 e-Mail: sylvia.mohr@mail.doc.gov
CEN – European Committee for Standardization	
	Rue de Stassart 36, B-1050 Brussels, Belgium Tel.: ++32 2 550 08 25-550 08 11, Fax: ++32 2 550 08 19 Web: http://www.cen.eu/cenorm/index.htm
CENELEC – European Committee for Electrotechnical Standardization	
	Rue de Stassart 35, B-1050 Brussels, Belgium Tel.: ++32 2 519 68 71, Fax: ++32 2 519 69 19 Web: http://www.cenelec.org
ETSI – European Telecommunications Standards Institute	
	Route des Lucioles 650 F-06921 Sophia Antipolis Cedex, France Tel.: ++33 4 92 94 42 12, Fax: ++33 4 93 65 22 99 Web: http://www.etsi.org
European Commission: Enterprise Directorate-General	
	Rue de la Science 15; B-1040 Brussels, Belgium Tel.: ++32 2 299 56 72, Fax: ++32 2 299 16 75 Web: http://europa.eu.int/comm/enterprise/standards_policy/
EFTA – European Free Trade Association	
	Rue de Trèves 74, B-1040 Brussels Tel.: ++32 2 286 17 41, Fax: ++32 2 286 17 42 Web: http://www.efta.int/
NORMAPME – European Office of Crafts, Trades and Small and Medium-Sized Enterprises for Standardization	
	Rue Jacques de Lalaing 4, B-1040 Brussels, Belgium Tel.: ++32 2 282 05 31, Fax: ++32 2 282 05 35 Web: http://www.normapme.com

ANEC – European Association for the Co-ordination of Consumer Representation in Standardization	
	Avenue de Tervueren 36, Box 4 B-1040 Brussels, Belgium Tel.: ++32 2 743 24 70, Fax: ++32 2 706 54 30 Web: http://www.anec.org
ECOS – European Environmental Citizens Organization for Standardization	
	Boulevard de Waterloo 34, B-1000 Brussels, Belgium Tel.: ++32 2 289 10 93, Fax: ++32 2 289 10 99
EOTA – European Organization for Technical Approvals (for construction products)	
	Avenue des Arts 40, B-1040 Brussels, Belgium Tel.: ++32 2 502 69 00, Fax: ++32 2 502 38 14 Web: http://www.eota.be , e-Mail: info@eota.be

Trade Agreements

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As a EU member, Austria participates in the European Economic Area (EEA). Austria is also a member of the World Trade Organization (WTO). Since Foreign Trade Policy is an EU competency, Austria has no bilateral free trade agreements. As an EU member it participates in all EU trade agreements, including:

- Agreement with European Economic Area: Iceland, Liechtenstein and Norway
- Customs Union with: Turkey, Switzerland, Andorra and San Marino
- Stabilization and Association Agreements with: Croatia, Former Yugoslav Republic of Macedonia and Albania; in negotiation with Serbia, and Bosnia and Herzegovina
- Partnership and Cooperation Agreements with concentrating on increasing trade in place with: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Ukraine, and Uzbekistan, and negotiations stalled with Belarus and Turkmenistan.
- Agreements with Free Trade Area (FTA) provisions are in place with: Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Tunisia, Palestinian Authority (interim), Chile, Mexico and South Africa.

For a list of U.S. trade agreements with the EU and its Member States, as well as concise explanations, please see: http://tcc.export.gov/Trade_Agreements/index.asp

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http://www.ansi.org	American National Standards Institute
http://www.cen.eu/cenorm/index.htm	European Committee for Standardization
http://www.cenelec.org	CENELEC – European Committee for Electrotechnical Standardization

http://www.etsi.org	ETSI – European Telecommunications Standards Institute
http://europa.eu.int/comm/enterprise/standards_policy	European Commission
http://www.normapme.com	NORMAPME- European Office of Craft Trades and Small and Medium-Sized Business
http://www.anec.org	ANEC – European Association for the Co-ordination of Consumer Representation in Standardization
http://www.bis.doc.gov	USDOC Bureau of Industrial Security
http://www.bmf.gv.at	Austrian Customs Office
http://www.as-institute.at	Oesterreichisches Normungsinstitut (Austrian Bureau of Standards)
http://www.ustr.gov	Office of the U.S. Trade Representative
<ul style="list-style-type: none"> ■ http://www.buyusa.gov/europeanunion/ ■ http://useu.usmission.gov 	U.S. Mission to the EU (USEU) website
http://useu.be/agri/usda.html	Foreign Agricultural Service website, UDEU
http://tcc.export.gov/	Trade Compliance Center
http://www.buyusa.gov/europeanunion	U.S. Mission to the European Union
http://www.ams.usda.gov/lsg/arc/audit.htm	USDA Audit, Review & Compliance
http://ec.europa.eu/comm/taxation_customs/common/databases/taric/index_en.htm	EC's TARIC – online customs tariff database
http://www.buyusainfo.net/docs/x_8086174.pdf	Batteries
http://www.buyusa.gov/europeanunion/weee.html	WEEE & RoHS
http://www.useu.be/agri/certification.html	Harmonized import requirements
Commission Regulation 2073/2005	EU Hygiene guidelines
Commission Regulation 2074/2005	EU Hygiene guidelines
Commission Regulation 2076/2005	EU Hygiene guidelines
http://www.cfsan.fda.gov	USDA Center for Food Safety and Applied Nutrition
http://www.export.gov/mrktresearch/index.asp	EU mandatory and voluntary labeling and marking requirements
http://ec.europa.eu/comm/taxation_customs/customs/index_en.htm	EC Taxation and Customs Union
http://ec.europa.eu/taxation_customs/common/links/customs/index_en.htm	National customs authorities
http://ec.europa.eu/scadplus/leg/en/lvb/f81001.htm	EC Regulation on animal by-products
http://ec.europa.eu/enterprise/newapproach/revision_en.htm	Major Revision of the New Approach
http://useu.usmission.gov/agri/certification.html	EC Certification of Animal Products
http://useu.usmission.gov/agri/estab.html	EU-approved U.S. Establishments

http://useu.usmission.gov/agri/Fruit-Veg.html	EU Marketing Standards for Fruits & Vegetables
http://www.ams.usda.gov/lsg/arc/nhtc.htm	Non-Hormone Treated Cattle (NHTC) Program
http://useu.usmission.gov/agri/organic.html	Organic Foods Legislation
http://ec.europa.eu/enterprise/standards_policy/mandates/	Standardization mandates
http://www.newapproach.org/	New Approach Legislation and Standardization in the Internal Market
http://portal.etsi.org/Portal_Common/home.asp	ETSI's e-Standardization portal
http://www.cenorm.be/cenorm/workarea/sectorforora/index.asp	Advisory and coordinating bodies to CEN
http://ec.europa.eu/enterprise/newapproach/nando/	Accredited test laboratories in the EU
http://ts.nist.gov/Standards/Global/mra.cfm	Government-to-Government Mutual Recognition Agreement Information
http://www.european-accreditation.org/default_flash.htm	European Co-operation for Accreditation
http://europa.eu.int/lex/lex/JOIndex.do?ihmlang=en	European Union law portal
http://www.newapproach.org/Directives/DirectiveList.asp	List of EU Directives and Standards
http://ec.europa.eu/comm/enterprise/tris/	EC Technical Regulations Information System
http://tsapps.nist.gov/notifyus/data/index/index.cfm	Proposed Foreign Technical Regulations
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=C ELEX:31980L0232:EN:HTML	EC Directive on packaging
<ul style="list-style-type: none"> ■ http://buyusainfo.net/docs/x_4284752.pdf ■ http://ec.europa.eu/comm/environment/ecolabel/index_en.htm ■ http://www.eco-label.com/ 	EU Eco-Label Homepage
http://www.fao.org	FAO - Food and Agriculture Organization
http://www.wto.org	WTO - World Trade Organization
http://www.advantageaustria.org/us	Austrian Trade Portal: "Exporting to Austria"

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Chapter 6: Investment Climate

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Introduction

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Major structural conditions and the decisive parameters for foreign investors remain unchanged and favorable, despite the global economic downturn. As a small, open and highly internationalized economy, Austria is swayed by world developments including the current downturn: 2009 will be the first full-year recession in Austria since 1981. As of late January, the Austrian economy is projected to contract by 0.5-1.2% in 2009 -- not as deep as in Germany or in the European Union as a whole, due to Austria's close ties with growing Central, Eastern and Southeastern European (CESEE) economies. The Austrian government is implementing an economic stimulus package to support the labor market, stimulate investment, and finance infrastructure. These measures and the shrinking economy will drive the public sector deficit above the 3% Maastricht deficit limit, but economists regard this as justified by the current downturn. For 2010, modest recovery of 0.6-1.3% is expected.

With the European Union's (EU) enlargements in May 2004 and January 2007, Austria solidified its central position in the EU. As an investment location, however, Austria, and Vienna in particular, faces growing competition from its Eastern neighbors, all of which are EU members. Budapest, Prague and Bratislava are competing directly with Vienna for foreign investors. Austria has improved road and rail transportation links, e.g. to Bratislava, but many transport links to Central, Eastern, and Southeastern European (CESEE) neighbors are still inadequate. The Austrian government will continue to address and close these infrastructure gaps. The sale of troubled national carrier Austrian Airlines (AUA) to German Lufthansa may mean a lesser hub role for Vienna

International Airport over the long term. In December 2007, the EU's Schengen area expanded to include the Czech Republic, Hungary, Slovakia, and Slovenia (Switzerland in December 2008), removing border controls between these countries and Austria. Austria's 2005 corporate tax cut has kept Austria competitive with newer EU member states and induced firms to open regional headquarters in Vienna. Some 340 U.S. companies have invested in Austria; most have expanded their original investment over time.

Austria continues to offer advantages for foreign investors, but it also presents challenges.

Openness to Foreign Investment

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Government attitude towards foreign private investment: Observers do not expect Austria's basic policies and openness to foreign direct investment to change under the renegotiated coalition government between the center-left Social Democratic Party (SPO) and the center-right People's Party (ÖVP) which took office in December 2008 for a five-year term. The coalition program includes commitments to promote foreign investment and to further strengthen Austria's attractiveness as a location for investment and headquarters for international firms. Like the grand coalition government itself, Austria's government program is broad-based and the government is unlikely to reverse structural and economic reforms implemented after 1990. Reforms will continue at a slower pace and with an emphasis on social policy rather than deregulation, liberalization, or privatization.

The new Austrian government will profit from extensive structural reforms implemented in recent years, which helped streamline government, create a more competitive business environment, and strengthen Austria's attractiveness as a location for investment. Relative to most other EU member states, Austria made a major policy shift in 2000 to 2006 by pursuing liberal market reforms, a largely balanced budget, pension reform, privatizations, reorganizing financial market supervision and competition policy, and implementing a corporate tax cut in 2005. The reforms have improved the Austrian economy's long-term growth potential, but Austria remains in transition from a highly regulated economy with a large government sector to a flexible social market economy.

However, in 2007 and early 2008, the reform agenda came to a standstill: with the prospect of new elections in September 2008, parties engaged in a spending spree by instituting a thirteenth monthly family allowance and a higher nursing care allowance, abolishing university student fees, extending the possibility for early retirement without cuts in pension payments, and cutting the VAT on pharmaceuticals from 20% to 10%. These pre-crisis measures bolstered private consumption but will increase the deficit. The new government has acted decisively to avert a credit crisis, stimulate the domestic economy, and avert mass layoffs. Its other economic priorities include: an income tax cut in 2009; balancing the budget once growth returns; increasing economy-wide spending on R&D to 3% of GDP by 2010 and 4% by 2020, improving R&D policy and infrastructure; improving education and training; streamlining administration; furthering reform of public health insurance; securing the pension system over the long-term; and ensuring adequate, affordable long-term care for Austria's aging population.

In addition, many economists believe that to remain competitive in the medium-term, the government should also implement strategic measures to transform Austria from a technology consumer to a supplier of high-tech products.

Austria has been virtually strike-free since spring 2003.

Liberalization and deregulation in the energy and telecom sectors have lowered business costs. However, remaining barriers to entry and competition have resulted in only partial liberalization. There are few incentives for customers to switch from incumbent electricity and gas providers, and pricing is not completely transparent.

Austria welcomes foreign direct investment that does not have a negative impact on the environment. Austrian authorities particularly welcome investments that create new jobs in high technology fields, promote capital-intensive industries, and have links to R&D activities, for which special tax incentives are available. Austria remains a high-tax country overall, but due to a 25% corporate tax rate, has become increasingly attractive as a headquarters location. Because of tax base adjustments, experts estimate the effective corporate tax burden at no more than 22%. Austria also offers a highly favorable framework for group taxation, unique in Europe, which allows business to offset profits and losses of group operations (requiring direct or indirect participation of more than 50%, but no other financial, economic or organizational integration) in Austria and abroad. This group taxation system offers interesting opportunities for U.S. investors, in particular joint-venture structures, M&A transactions, headquarter companies and simple holding companies without active business, which can also benefit from group taxation. Austria's corporate tax rate and group taxation rules make it competitive vis-a-vis its EU neighbors.

Under certain conditions, limited amounts of the business profits of non-corporations are assessed at half the income tax rate to which they would regularly be subject. Austria has no wealth or net worth tax and no trade tax, unlike neighboring Germany. As of August 1, 2008, the government abolished the inheritance and gift taxes, but introduced a reporting requirement for large donations and gifts.

There are no sector or geographic restrictions on foreign investment. In some regions, Austria offers special facilities and services ("cluster packages") to foreign investors. For example, these can include automotive producers or manufacturers of integrated circuits, silicon, and high-tech products. Austria offers financial and tax incentives within EU parameters to firms undertaking projects in economically depressed and underdeveloped areas on Austria's eastern and southern borders. In most of these areas, eligibility for co-financing subsidies under EU regional and cross-border programs will decline under the EU's 2007-2013 financial framework from EUR 2 billion to EUR 1.3 billion.

Resistance to investment in the industrial sector may arise from environmental concerns. Potential U.S. investors need to factor Austria's strict environmental laws into their decision-making process. While import bans have had to be lifted, Austrian ordinances still ban the planting of all EU approved biotechnology crops. For new varieties, EU legislation on the release of genetically modified organisms (GMOs) and on traceability and labeling requires Austria to allow GMO seeds in fields and in stores. However, strict liability regulations for research, production, and distribution of GMOs still apply. Many

industries also fall under greenhouse-gas Emissions Trading System, the EU's implementation of the Kyoto Protocol.

In investor surveys and international rankings, Austria consistently earns high marks for political stability, personal security, quality of life, rule of law, skill and motivation of labor, productivity and quality, social factors and health infrastructure. However, Austria receives lower marks for economic growth, tax burden, high cost of living, lack of risk capital financing, low innovation dynamics, restrictive immigration laws, size of the public sector, and regulatory red tape. With the 2005 corporate tax cut, the government addressed one major investment disincentive and introduced a highly competitive corporate tax system, while the personal income tax burden remains heavy.

Surveys show that Austria faces stiffer competition from countries in Central, Eastern, and Southeastern European (CESEE) markets, as well as from the twelve new EU members, especially the four that border Austria and particularly in sectors where wage costs are decisive.

The International Institute for Management Development's (IMD) 2008 World Competitiveness Scoreboard ranks Austria fourteenth, down from the eleventh position in 2007; A.T.Kearney's 2007 Globalization Index, which measures variables such as economic integration, technological connectivity or political engagement, ranks Austria number fourteen (by comparison, the U.S. was seventh, the UK twelfth, and Germany twenty-second); and A.T.Kearney's 2007 FDI Confidence Index ranks Austria eleven (by comparison, the U.S. was number three, the UK four, and Germany ten). The 2009 Index of Economic Freedom of The Heritage Foundation/Wall Street Journal ranks Austria number twenty-three worldwide and eleven among the 43 European countries. In A.T.Kearney's 2008 Global Cities Index, Vienna ranks number eighteen among the world's most globalized cities (just behind Berlin).

Acquisitions, mergers, takeovers, cartels: Austria's 2005 Anti-Trust Act, in effect since January 1, 2006, harmonizes Austrian anti-trust regulations with EU competition law. The independent Federal Competition Authority (FCA) and the Federal Cartel Prosecutor (FCP) are responsible for administering anti-trust laws. The FCA has not been particularly pro-active, reportedly due to limited personnel.

The Austrian Anti-Trust Act prohibits cartels, any competitive restrictions, and abuse of a dominant market position. Companies must inform the FCA about mergers and acquisitions (M&A) concerning domestic enterprises, if combined worldwide sales exceed EUR 300 million (\$441 million at the 2008 average exchange rate of \$1.00 / EUR 0.68), domestic sales exceed EUR 30 million (\$44.1 million), or if two of the firms involved each have worldwide sales exceeding EUR 5.0 million (\$7.4 million). Special M&A regulations apply to media enterprises. The cartel court is competent to decide on any M&A notification from the FCA or the FCP. For violations of anti-trust regulations, the cartel court can impose fines of up to the equivalent of 10% of a company's annual worldwide sales. An independent energy regulatory authority separately examines antitrust concerns in the energy sector, but also has to submit any cases to the cartel court.

European Community anti-trust regulations apply and take precedence over national regulations in cases between Austria and other EU member states.

Austria's 1999 Takeover Law applies to friendly and hostile takeovers of corporations headquartered in Austria and listed on the Vienna Stock Exchange. It protects investors against unfair practices, since any shareholder obtaining a controlling stake in a corporation (30% or more in direct or indirect control of a company's voting shares) must offer to buy out smaller shareholders at a defined "fair market" price. The law also includes provisions for shareholders who passively obtain a controlling stake in a company, i.e., not by buying additional shares, but because another large shareholder has reduced his/her shareholding. A 2006 amendment to the law implementing the EU's Takeover Directive prohibits defensive action to frustrate bids. The law did not implement the directive's breakthrough regulations, but allows individual companies to address these in company bylaws. The Shareholder Exclusion Act of 2006 allows a primary shareholder, with at least 90% of capital stock, to "squeeze out" minority shareholders. An independent takeover commission at the Vienna Stock Exchange oversees compliance with these laws.

Screening mechanisms: Only those foreign investments with financial assistance from the Austrian government are subject to government overview. Screening ensures compliance with EU regulations, which limit such assistance to disadvantaged geographic areas.

Privatizations: After many successful privatizations in previous years, the government did not privatize any public enterprises in 2007 or 2008 except Austrian Airlines (AUA), which it sold to Lufthansa in December 2008. The AUA sale was not a typical privatization, but rather a crisis sale to a strategic partner for a symbolic price, in order to resolve AUA's cash crunch and avert a shutdown. The government program does not identify any public enterprises for privatization, so no major privatizations are expected in 2009 or 2010. The larger party in the new coalition government, the Social Democratic Party, has announced its opposition to further privatization, including of the federal railroads and the postal service. Moreover, the weak economy, the situation on stock and capital markets, and Austrians' increasingly skeptical attitude towards privatizations also seem to rule out privatization tenders in the near future. In past privatizations, foreign and domestic investors received equal treatment. Despite Austrian authorities' historical preference for having domestic shareholders keep a blocking minority, foreign investors have successfully gained control of enterprises in strategic sectors of the Austrian economy, including telecoms, banking, steel production, power generation and infrastructure. For example, in early 2007, the U.S. investment fund Cerberus Capital Management bought about 90% of BAWAG P.S.K. Bank, Austria's fourth largest banking group, from its previous owner, the Austrian Trade Union Federation.

Treatment of foreign investors: There is no discrimination against foreign investors, but they are required to follow numerous regulations. Although there is no requirement for participation by Austrian citizens in ownership or management, at least one manager must meet residence and other legal requirements. Non-residents must appoint a representative in Austria. Expatriates are allowed to deduct certain expenses (costs associated with moving, maintaining a double residence, education of children) from Austrian-earned income. The Austrian immigration law requires permanent legal residents to take German language and civics courses. A 2005 amendment to the Austrian immigration law exempts applicants for residence permits from the German language course requirement, if they hold a university degree.

Investment incentives: Since 2007, Austria has had less access to funds from various EU structural and cohesion programs, primarily regional competitiveness and employment programs. The Austrian federal, state, and local governments also provide financial incentives within EU guidelines to promote investments in Austria. Incentives under these programs are equally available to domestic and foreign investors, and range from tax incentives to preferential loans, guarantees and grants. Most of these incentives are available only if the investment meets specified criteria (e.g., implementation of new technology, reducing unemployment, etc.). Tax allowances for advanced employee training and R&D expenditures are also available. Austria Wirtschaftsservice is the government's "one-stop shop" institution providing financial incentives. Further information, in the German language only, is available from <http://www.awsg.at/portal/>).

Conversion and Transfer Policies

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Austria has no restrictions on cross-border capital transactions, including the repatriation of profits and proceeds from the sale of an investment, for non-residents and residents. The Euro, a freely convertible currency and the only legal tender in Austria and fifteen other Euro-zone member countries, shields investors from exchange rate risks in the entire Euro-zone.

Expropriation and Compensation

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Expropriation of private property in Austria is rare and may proceed only on the basis of special legal authorization. The government can initiate it only in the absence of any other alternative to satisfy the public interest; when the action is exclusively in the public interest; and when the owner receives just compensation. The expropriation process is fully transparent and non-discriminatory toward foreign firms.

Dispute Settlement

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The Austrian legal system provides an effective means for protecting property and contractual rights of nationals and foreigners. Additionally, Austria is a member of the International Center for the Settlement of Investment Disputes. The 1958 New York Convention also grants enforcement of foreign arbitration awards in Austria. The U.S. Embassy is aware of a U.S. investor who faced unfair bureaucratic delays and added costs when it attempted to introduce competition to a market entirely dominated by a large local employer.

Performance Requirements and Incentives

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Austria is in compliance with the World Trade Organization's Trade Related Investment Measures (TRIMS) agreement. There are virtually no restrictions on foreign investment in Austria and foreign investors receive national treatment in the main. However, some requirements exist. For example, at least one manager must meet residency and other legal qualifications. Non-residents must appoint a representative in Austria.

The Austrian government may impose performance requirements when foreign investors seek financial or other assistance from the government, although there are no performance requirements to gain access to tax incentives. There is no requirement that nationals hold shares in foreign investments or that there be a technology transfer.

The U.S. and Austria are signatories to the 1931 Treaty of Friendship, Commerce, and Consular Rights. Austrian immigration law restricts the overall number of visas, but a few non-immigrant business visa classifications, including intra-company transfers/rotational workers, and employees on temporary duty, are eligible for visas with no numerical limitations. Recruitment of long-term overseas specialists or those with managerial duties is under quota controls. Austrian law defines employment-based immigrants as multinational executives/managers or similar professionals who are self-employed. The 2005 Amendment to the Austrian Immigration Law has eased the integration policy requiring immigrants to attain a minimum level of competence in the German language. Under the amendment, previous education (university degree) will automatically fulfill the integration requirement. Over the years, immigration quotas have remained static at approximately 8,000 per year. The annual quota for 2009 has been set at 8,145.

Right to Private Ownership and Establishment

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Foreign and domestic private enterprises are free to establish, acquire, and dispose of interests in business enterprises, except for in some infrastructure and utilities, and in a few state monopolies, such as gambling. However, through privatizations, the government may gradually open up some of these industries to private investment as well. For example, in recent years, the Austrian government implemented legal changes to allow private radio and private terrestrial TV; dismantled the postal monopoly for wire-transmitted voice telephony and infrastructure; and liberalized the electricity and gas markets. In 2006, in line with EU regulations, the government privatized 49% of its postal company. However, by law, federal and state governments maintain at least a 51% share in all electricity providers. In most business activities, the law permits 100% foreign ownership. Foreign direct investment is restricted only when competing with monopolies and utilities. Licensing requirements, such as those in the banking and insurance sectors, apply equally to domestic and foreign investors. Entrenched political interests may make it more difficult to challenge quasi-monopolies in some sectors where they still exist. However, U.S. investors have had success in this regard, especially when they have used local partners and contacted the U.S. Embassy at an early stage.

Protection of Property Rights

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The Austrian legal system protects secured interests in property. The law recognizes mortgages, if recorded in the land register and if the underlying contracts are valid. For any real estate agreement to be effective, owners must register with the land registry, which requires approval of the land transfer commission or the office of the state governor. The land registry is a reliable system for recording interests in property, and any interested party has access to it.

Austria has effective laws to protect intellectual property rights, including patent and trademark laws; a law protecting industrial designs and models; and a copyright law. Austria is a party to the World Intellectual Property Organization (WIPO) and several international property conventions, including the European Patent Convention, the Patent Cooperation Treaty, the Universal Copyright Convention, and the Geneva Treaty on the International Registration of Audiovisual Works. Since both the United States and Austria are members of the “Paris Union” International Convention for the Protection of Industrial Property, American investors are entitled to the same protection under Austrian patent legislation as are Austrian nationals. Amendments in 2005 and 2006 to the Austrian Patent Act strengthened protection of patents from innovative enterprises, particularly through more efficient and transparent implementation procedures. One can file objections only after authorities have granted the patent, and the right to receive information from authorities has been extended.

Austria’s copyright law is in conformity with EU directives on intellectual property rights and grants the author the exclusive rights to publish, distribute, copy, adapt, translate, and broadcast his/her work. Infringement proceedings, however, can be time-consuming and complicated. The Austrian Copyright Act also regulates copyrights of digital media (restrictions to private copies), works on the Internet, protection of computer programs, and related damage compensation. In line with EU requirements, Austria also has a law against trade in counterfeits. The Austria film and music industry lobby groups complain regularly about high rates of piracy in their fields. In 2007, Austrian customs authorities confiscated pirated goods worth EUR 15.2 million (\$22.3 million), a sharp increase compared to 2006, mainly due to confiscated pharmaceuticals.

Transparency of Regulatory System

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Austria’s legal, regulatory, and accounting systems are transparent and consistent with international norms. The government usually publishes proposals for new laws and regulations in draft form for public comment.

The Austrian government has made progress in streamlining its complex and cumbersome permit and paperwork requirements for business licenses and permits. The government maintains that it has reduced the time necessary to obtain permits to less than three months, except for large projects requiring an environmental impact assessment. The “one-stop shop” for a business permit, which the government implemented in 2002, does not include plant and building permits. These simplified procedures should accelerate permit procedures, but unpredictable and inflexible bureaucratic rules can still be a problem. The government will continue plans to reduce

by 25% the administrative cost burden for companies no later than 2010, by streamlining regulations and data collection/ information requirements and by expanding the use of e-government.

The government applies tax and labor laws uniformly, as well as health and safety standards. The government thus does not influence the allocation of investments amongst sectors. The Austrian investment climate has become more conducive for business since Austria became a member of the EU.

Efficient Capital Markets and Portfolio Investment

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Austria has modern and sophisticated financial markets. All financial instruments are available. Foreign investors have access to the Austrian market without restrictions. Austria has a highly developed banking system with worldwide correspondent banks, and representative offices and branches in the United States and other major financial centers. Large Austrian banks also have a huge network in many of the fourteen new EU members and other countries in Central, Eastern, and Southeastern Europe (CESEE) and the former Soviet Union (FSU) and operate 73 fully consolidated subsidiaries in CESEE/FSU, of which 37 are in the 12 new EU member states, 23 in other SEE countries and 13 in FSU. Six out of the seven largest Austrian banks hold sizeable investments in CESEE/FSU; three of them are among the five largest banking groups in the area. Austrian banks have a 15% share of the entire CESEE/FSU banking market (21.8% excluding Russia) and hold about 20% of all loans extended by EU banks in the area.

Total assets of Austria's five largest banking groups (Bank Austria (BA), Erste Bank, Raiffeisen Zentralbank (RZB), Bank fuer Arbeit und Wirtschaft und Oesterreichische Postsparkasse (BAWAG P.S.K.), and Oesterreichische Volksbanken) amounted to approximately EUR 750 billion (\$1,103 billion) in 2008, representing 63% of Austria's total bank assets.

The subprime crisis has had limited impact on Austrian banks, with total write-downs of about EUR 2 billion (\$2.9 billion) through mid-2008. Banks were spared immediate fallout from the U.S. crisis due to their strong CESEE/FSU focus. However, Austrian banks are suffering indirectly from the worldwide financial crisis through higher refinancing costs and credit scarcity. In response to the crisis, the outgoing government crafted a large-scale EUR 100 billion (\$147 billion) financial sector rescue package in October 2008, comprising EUR 15 billion (\$22 billion) for equity injections into banks and insurance companies and EUR 85 billion (\$125 billion) to guarantee interbank lending.

All Austrian banks active in CESEE/FSU say they can manage risks in emerging Europe and are determined to remain in those growing markets. An IMF "stress test" in 2008 showed considerable resilience in Austrian banks against shocks. All Austrian banks active in CESEE/FSU are "system-relevant" in Austria -- "too big to fail" -- so the Austrian government will not willingly allow them to collapse.

2008 was the worst year for the Vienna Stock Exchange since the Austrian Traded Index (ATX) debuted eighteen years ago. At year-end 2008, the ATX stood at 1,801 -- 60.1% lower than a year before (4,513) -- a worse fall than many other OECD stock exchanges.

At year-end 2008, market capitalization of listed domestic shares was down 66% from year-end 2007 at only EUR 53 billion (about 19% of GDP).

The Vienna Stock Exchange (VSE) uses Xetra, Frankfurt's electronic trading system, for trading securities, so traders worldwide have on-screen information and direct access to all stocks listed in Vienna. Listed companies must publish quarterly reports. The VSE operates regulated markets (the Official Market and the Second Regulated Market) and Multilateral Trading Systems (MTF) pursuant to the EU's Markets in Financial Instruments Directive (MiFID), which differentiates between regulated markets and MTFs. Companies and investors should be aware that the operation of MTFs is not part of exchange trading. Therefore, the requirements of the Stock Exchange Act regarding financial instruments admitted to trading in a regulated market (especially obligations imposed on issuers) do not apply to financial instruments traded on an MTF. However, the VSE's Third Market Rules and the provisions of the Securities Supervision Act apply.

In pursuing its idea of establishing a regional "Central European Stock Exchange" alliance, the VSE, as leader of a consortium of Austrian and Hungarian investors, holds a majority share in the Budapest Stock Exchange. The VSE also holds a majority in the Prague Stock Exchange and the Slovenian Ljubljana Stock Exchange and has signed a cooperation agreement with the Zagreb Stock Exchange, as well as MoUs prompting closer cooperation with stock exchanges in Banja Luka, Belgrade, Macedonia, Montenegro, Sarajevo and Ukraine. The VSE also publishes a Southeast Europe Traded Index (SETX) and a number of county-specific CEE/SEE indices, including for Russia.

Criminal penalties apply to insider trading, money laundering and terrorist financing. The Austrian Financial Market Authority (FMA), similar to the U.S. Securities and Exchange Commission, is responsible for policing irregularities on the stock exchange and for supervising banks, insurance companies, securities markets, and pension funds. Beginning in the late 1990s, scandals in Austria's financial sector raised questions about the effectiveness of financial oversight. As a result, the government in 2008 strengthened regulation and instituted a strong dual-oversight system with bank supervisory roles for both the Austrian National Bank and the FMA.

Austria's venture capital market is small and remains underdeveloped. The market, which has been flat since it peaked in 2000, started to recover in 2005 and continued to grow in both 2006 and 2007, but not as fast as the European venture capital market. The volume of private equity and venture capital raised in Austria during 1997-2006 was EUR 2.1 billion (\$3.1 billion), according to the Austrian Private Equity and Venture Capital Organization (AVCO). After a 30% increase in 2006, fund raising rose 55% in 2007 to EUR 431 million (\$634 million). The bulk of the money invested is used for buy-outs and expansion projects, only a small portion for start-ups and seed financing. Figures for 2008 are not yet available.

The legal, regulatory, and accounting systems are transparent and consistent with international norms. Austrian regulations governing accounting provide U.S. investors with improved and internationally standardized financial information. In line with pertinent EU regulations, listed companies must prepare their consolidated financial statements according to the IAS/IFRS (International Financial Reporting Standards). Further, for firms with annual sales exceeding EUR 400,000 (\$588,000), the Austrian Enterprise Code includes detailed accounting regulations. The new Code of Corporate

Governance, in effect since January 1, 2006, requires listed companies to comply or explain why they are not following it.

Political Violence

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There have been no incidents of politically motivated damage to foreign businesses. Civil disturbances are extremely rare.

Corruption

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To implement the United Nations Convention against Corruption (UNCAC), which Austria ratified on January 11, 2006, the Austrian government tightened the Criminal Code's corruption regulations effective January 1, 2008 and is now establishing a special central public prosecution department with Austrian-wide authority for corruption cases. The new regulations cover managers of Austrian public enterprises, civil servants and other officials (holding a function in legislation, administration or justice on behalf of Austria, a foreign country or an international organization), but also representatives of companies. In the Criminal Code the term "corruption" includes several offenses such as bribery and illicit intervention; abuse of office; and accepting an advantage by public officials, senior executives of a public enterprise or experts; and could also include fraud, embezzlement, breach of trust, or accepting an advantage by managers. Criminal penalties for all cases of corruption include imprisonment of up to several years for all parties involved. Criminal Code legislation prohibiting tax deductibility for bribes is in place since summer 1998. Austria has ratified the OECD Anti-Bribery Convention, joined the Group of States against Corruption (GRECO) within the Council of Europe, has ratified the Council of Europe's Civil Law Convention on Corruption and signed, but not yet ratified, the Criminal Law Convention on Corruption. Austria's Law on Responsibility of Associations, in force since 2006, introduced criminal responsibility for legal entities and partnerships. The law covers all criminal offenses, including corruption, money laundering, and serious tax offenses that are subject to the Tax Offences Act. Fines pursuant to this law can rise to as much as 180 daily rates, with one daily rate equal to one-360th of yearly proceeds, but not less than EUR 50 (\$74) and not more than EUR 10,000 (\$14,700). Transparency International's 2008 Corruption Perceptions Index ranks Austria number 12, up from number 15 in 2007 (by comparison Germany is 14th, and the U.S. 18th).

Bilateral Investment Agreements

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Austria has bilateral investment agreements in force with Albania, Algeria, Argentina, Armenia, Azerbaijan, Bangladesh, Belarus, Belize, Bolivia, Bosnia-Herzegovina, Bulgaria, Cape Verde, Chile, China, Croatia, Cuba, Egypt, Estonia, Ethiopia, Georgia, Hong Kong, Hungary, India, Iran, Jordan, Kuwait, Latvia, Lebanon, Libya, Lithuania, Macedonia, Malaysia, Malta, Mexico, Moldova, Mongolia, Montenegro, Morocco, Namibia, Oman, Paraguay, Philippines, Poland, Romania, Saudi Arabia, Serbia,

Slovenia, South Korea, South Africa, Tunisia, Turkey, Ukraine, United Arab Emirates, Uzbekistan, Vietnam, and Yemen.

Austria has signed agreements with Cambodia, Guatemala and Zimbabwe, but the agreements are still pending ratification by these countries and have not yet entered into effect. An agreement with Tajikistan has been initialed; two others with Bahrain and Turkmenistan are ready for initialing. An agreement with North Korea was initialed in 2001, but has not been signed, yet. Until new agreements take effect, the existing agreements with the former Czechoslovakia continue to apply to the Czech Republic and Slovakia, and that with the former Soviet Union to Russia and Tajikistan. Austria and Russia are negotiating a new agreement. Under all these agreements, if parties cannot amicably settle investment disputes, a claimant submits the dispute to the International Center for Settlement of Investment Disputes or an arbitration court according to the UNCITRAL arbitration regulations.

The U.S. and Austria are parties to a bilateral double taxation treaty covering income and corporate taxes, which went into effect on February 1, 1998. Another bilateral double taxation treaty, covering estates, inheritances, gifts and generation-skipping transfers, has been in effect since 1982. With regard to the latter treaty, the U.S. government may seek changes or cancellation of the treaty following Austria's abolition of inheritance/gift taxes on August 1, 2008.

OPIC and Other Investment Insurance Programs

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OPIC programs are not available for Austria. Austria is a member of the Multilateral Investment Guarantee Agency (MIGA).

Labor

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Austria has a highly educated and productive labor force of approximately 4.3 million people, of whom 3.7 million are employees and 600,000 are self-employed or farmers. Austria's labor market is more rigid than that of the U.S., but more flexible than markets in some other EU member states. Since January 1, 2008, important work hour flexibility regulations have been in effect, which among other features allow firms to increase the maximum regular time hours from 40 to 50 per week. In special cases and including overtime, work hours can be raised up to 60 hours per week for a maximum of 24 weeks annually. However, these 24 weeks can only be in 8-week segments, with at least two weeks break between each 8-week slot.

Depending on labor demand, government policies limit the number of foreign workers to 8-10% of the salaried workforce. In 2007, the number of guest workers, predominantly from the former Yugoslavia and Turkey, averaged 425,000. As part of the 2004 EU enlargement, Austria adopted a 7-year transition period vis-a-vis eight of the ten new EU members (except Cyprus and Malta) before fully allowing free movement of labor. In May 2009, the Austrian government plans to extend the restrictions for the last two years, which, however, requires EU Commission approval. For new EU members

Bulgaria and Romania, which joined the EU on January 1, 2007, Austria adopted the same 7-year transition period. At the same time, the government plans additional exemptions and to open the market gradually for the recruitment of specialists or managers from all twelve new EU members apply. Industry keeps pressing the Austrian government to shorten these transition periods with the argument of a shortage of qualified labor in specific industrial sectors.

Compared to other EU countries, Austria had a relatively low unemployment rate of 4.3% in 2007. After record employment growth of 2.4% in 2008, the unemployment rate dropped to 3.5%. However, with the economic downturn, the labor market has started to deteriorate. The 2009/10 forecasts call for an unemployment rate of 3.9-5.1% in 2009 and 4.1-6.1% in 2010, assuming a recession with the economy contracting by 0.5-1.2% in 2009 and modest recovery with growth of 0.6-1.3% in 2010. Analysts expect no labor market shortages in the medium term. While demographic trends indicate little growth in the labor force over the next few years, factors such as industrial restructuring, productivity gains, increased participation of women and older employees in the workforce, gradual phase-out of early retirement, efforts to reduce civil service employment and moderate economic growth rates will help guarantee sufficient labor supply. Additional immigration, including from EU member states, will be necessary to balance the impact of low birth rates on the overall labor supply. Without additional immigration, Austria's labor supply will decline 15% by 2015. Long-term population estimates indicate a slight increase in the working age population (15-60 years) to 5.27 million by 2015, up from 5.18 million in 2007, but then a decline to 5.20 in 2020 and further to 4.93 million in 2030.

In general, skilled labor is available in sufficient numbers. However, regional shortages of highly specialized laborers in specific sectors, such as systems administration, metalworking, healthcare, and tourism, may occur. Data for 2007 indicate that strong economic growth and the government's labor market policy helped to exceed the EU goals for 2010 of a labor market participation rate of 70% (now 71.4%) and for women of 60% (now 64.4%). However, Austria has not yet reached the 2010 EU goal of 50% for workers aged 55-64, but the percentage is increasing (now 38.6% compared to 35.5% in 2007). The government introduced new regulations requiring recipients of unemployment benefits to be more flexible regarding which jobs they would accept. Companies hiring workers age 50 and above are eligible for financial bonuses, and face penalties for laying off workers within this age group.

Austrian social insurance is compulsory and comprises health insurance, old-age pension insurance, unemployment insurance, and accident insurance. Employers and employees contribute a percentage of total monthly earnings to a compulsory social insurance fund. Although EU requirements encourage greater job flexibility, various Austrian laws closely regulate terms of employment. These include working hours, minimum vacation time (five weeks), holidays, maternity leave, statutory separation notice, protection against dismissal, and an option for parents with children under the age of seven to choose part-time work for several years. The latter regulation only applies to parents working for companies with at least 20 employees. The severance pay system aims to enhance worker flexibility by providing employees the right to carry their accrued entitlements with them to subsequent jobs. Ongoing issues, which could seriously affect the social insurance system, are an increasing deficit of the health insurance, the immense shortage of nursing personnel to care for the fast growing

number of elderly people and the lack of funding for available nursing personnel, which could eventually lead to a rise in social insurance contributions.

Since World War II, labor-management relations have generally been harmonious in Austria, as reflected in extremely low strike figures in past decades. No major work stoppages occurred in 2005, 2006, 2007 or 2008. About 36% of the work force belongs to a union. The Austrian Trade Union Federation is still trying to recover from a major financial scandal and reform its organization. However, the difficult economic period ahead is likely to raise again the union's importance and help sharpen its profile, while it will probably temper short-term wage and benefit demands.

Collective bargaining revolves mainly around wage adjustments and fringe benefits. About 80% of the labor force worked under a collective bargaining agreement. All collective bargaining agreements meanwhile provide for a minimum wage of EUR 1,000 per month. Existing legal provisions stipulate a maximum workweek of 40 hours, but collective agreements also provide for a workweek of 38 or 38.5 hours per week for more than half of all employees. Effective in 2008, the government provided for additional flexibility allowing collective agreements to stipulate a maximum workweek of 50 hours. The government also transferred responsibility for agreements on flextime or 4-day work weeks to the company level. Part time employment is high in Austria: 39% of female workers and 4% of male workers have part time jobs. On average, Austrian employees are absent 12 days annually for sickness.

Foreign-Trade Zones/Free Ports

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Austria has no foreign trade zones.

Foreign Direct Investment Statistics

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The net inflow of new foreign direct investment (FDI) in 2007 reached a record of EUR 21.7 billion (\$31.9 billion). A high share of this new FDI inflow and parallel also FDI outflow was due to the Italian UniCredit's takeover of Bayerische Hypovereinsbank (HVB), in course of which UniCredit also took over HVB's Austrian subsidiary, Bank Austria, Austria's largest bank. New FDI in the first half of 2008 amounted to EUR 6.0 billion (\$8.8 billion). The value of FDI stock in Austria was about EUR 106.1 billion (\$156.0 billion) at the end of 2007 and an estimated EUR 112.0 billion (\$164.6 billion) by mid-2008.

In 2007, U.S. investment accounted for more than 7% of total FDI in Austria. This represented an increase from the 5.5% of total FDI in Austria in 2006, but is still below the 10% level of 2005. The decline in U.S. FDI from 2005 was primarily due to the sale of Austrian mobile phone operator tele.ring by the U.S. Western Wireless International; the increase in 2007 was due to the Cerberus takeover of BAWAG P.S.K., Austria's fourth largest bank. In 2008, new U.S. FDI included Eaton Corporation's takeover of the Moeller Group, a leading supplier of electrical components and industrial controls, while

the takeover of GE Money Bank by the Spanish Bank Santander was another U.S. disinvestment.

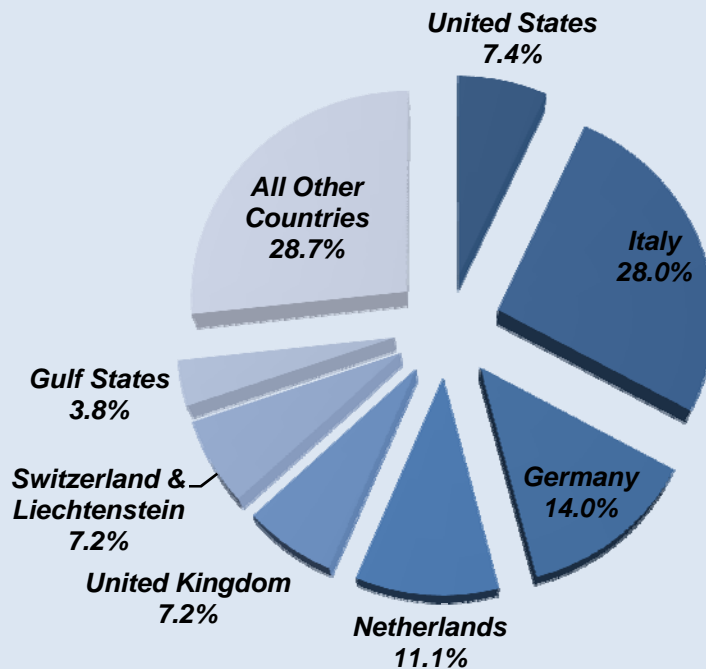
At EUR 22.9 billion (\$33.7 billion), the flow of Austrian direct investment abroad in 2007 also reached a new record, which in part was due to the Bank Austria transaction (see above). In the first half of 2008, FDI abroad showed a continued high level of EUR 9.3 billion (\$13.7 billion). This raised the value of Austrian direct investment stock abroad to about EUR 105.1 billion (\$154.5 billion) at the end of 2007 and an estimated EUR 114.4 billion (\$168.2 billion) by mid-2008.

- Note: Figures converted at the 2008 annual average exchange rate of \$1.00 for EUR 0.68.
- Source: Austrian National Bank.

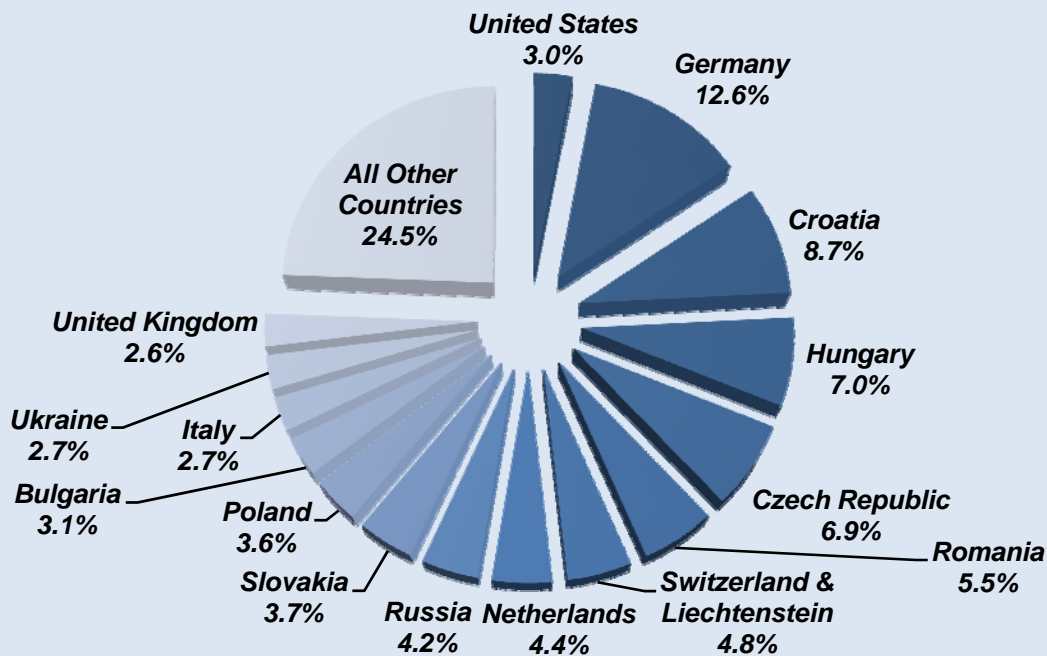
	Austria's International Investment Position (in EUR billion)		
	2006	2007 *	2008 **
FDI in Austria	84.3	106.1	112.0
Austrian FDI Abroad	80.3	105.1	114.4

- * preliminary figures
- ** first half year, preliminary figures

**FDI in Austria:
Source Country Breakdown 2007
(share of total in %)**



**Austrian FDI Abroad:
Destination Country Breakdown 2007
(share of total in %)**



List of Major Foreign Investors

More than 340 U.S. firms hold investments in Austria, which range from simple sales offices to major production facilities.

The following is a short list of U.S. firms holding major investments in Austria:

- American Express Bank Ltd.
- Baxter International Inc.
- Capital Research and Management Company
- Cerberus Capital Management
- Cisco Systems, Inc.
- Citibank Overseas Investment Corp.
- The Coca-Cola Company
- CSC Computer Sciences Corporation
- Deloitte & Touche LLP
- Eaton Corp.
- Electronic Data Systems Corp.
- ExxonMobil Corporation
- General Electric Company
- General Motors Corp.
- Harman International Industries Inc.
- Hewlett-Packard Company
- Honeywell Inc.
- IBM World Trade Corp.
- ITT Fluid Technology Corp.
- Johnson & Johnson Int.
- Johnson Controls Inc.
- Kraft Foods International, Inc.
- Lear Corporation
- Lem Dyn Amp
- McDonald's Corporation
- Marriott International, Inc.
- Mars Inc.
- MeadWestVaco Corp.
- Merck & Co., Inc.
- Modine USA
- Otis Elevator Co.
- Pioneer Hi-Bred International Inc.

- PricewaterhouseCoopers LLP
- PQ International Inc.
- Quintiles Transnational Corp.
- Schindler Elevator Corp.
- Starwood Hotels and Resorts Worldwide, Inc.
- Toys”R”Us, Inc.
- UGI Corporation
- United Global Com, Inc.
- Unysis Corporation
- Verizon Information Services Inc.
- Western Union
- Worthington Cylinder Corp.
- York International
- Xerox Corporation

The following is a brief list of firms, headquartered in countries other than the U.S., holding major investments in Austria:

- Alcatel Holding, Netherlands
- Allianz AG, Germany
- Amer, Finland
- Asea Brown Boveri, Switzerland
- Assicurazioni Generali, Italy
- Axel Springer Verlag, Germany
- Banco Santander, Spain
- BASF, Germany
- Bayer AG, Germany
- Bayerische Motorenwerke (BMW), Germany
- Bombardier, Canada
- Bosch Robert AG, Germany
- Borealis, Denmark
- BP Amoco, UK
- DaimlerChrysler, Germany
- Detergenta Investment, Germany
- Deutsche Telekom, Germany
- DM Drogerie Markt, Germany
- Electricite de France, France
- Electrolux, Sweden
- Epcos AG, Germany
- Ericsson, Sweden
- Flextronics International, Singapore
- Fomento de Construcciones & Contratas, Spain
- Heineken, Netherlands
- H&M, Netherlands
- Infineon, Netherlands
- Japan Tobacco, Japan
- Kone Corp., Finland
- Koramic, Belgium
- Liebherr, Switzerland
- Magna, Canada
- MAN, Germany
- Metro, Germany
- Mondi Europe, Luxembourg and UK
- Nestle S.A., Switzerland
- NKT Cables, Denmark
- Novartis, Switzerland
- Nycomed Holding, Denmark
- Philips, Netherlands
- Plus Warenhandel, Germany
- RENO, Germany
- REWE, Germany
- RWE, Germany
- Sanfoi-Aventis, France
- Sappi Ltd, South Africa
- Schlecker, Germany
- Shell Petroleum N.V., Netherlands
- Siemens, Germany
- Smurfit Group, Ireland
- Solvay et Cie, Belgium
- Sony, Japan
- Sueddeutscher Verlag, Germany
- Svenska Cellulosa Ab (SCA), Sweden
- Unibail-Rodamco, France-Netherlands
- UniCredit Group, Italy
- Unilever N.V., Netherlands
- Voith, Germany
- Westdeutsche Allgemeine Zeitung (WAZ), Germany

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http://www.awsg.at/portal/	Austria Wirtschaftsservice - the government's "one-stop shop" institution providing financial incentives.
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Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
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How Do I Get Paid (Methods of Payment)

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It is common practice to require either (partial) payment in advance or confirmed and irrevocable letters of credit for initial transactions. Due diligence information is readily available for most companies, greatly reducing the risk of non-payment. The [U.S. Commercial Service Vienna](#) offers an ICP which can be helpful in this regard. Once the relationship with a customer is established, open account and extended terms will be expected. As Austria is a fully developed industrial nation, programs offered by the U.S. government and multinational institutions designed to reduce the risk of trading with developing countries do not apply here. Austria's international credit rating gives it preferred status for trade, finance, and investment guarantees. A bilateral arbitration agreement exists and can be included in contracts. In Austria, the common business practice is to allow 30 to 60 days for payment; early payments (within 14 days) are usually credited with a discount of 3 to 6%, depending on the industry. Supplier credits are common.

How Does the Banking System Operate

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A wide range of credit and financial instruments is offered by all of Austria's banks. The Austrian banking system is well developed, with worldwide correspondent relations, as well as offices and branches in the United States and other major financial centers.

General financing to establish foreign operations in Austria is readily available. Foreign firms enjoy access to Austrian credit and capital markets without restriction. On January 1, 2002, Euro notes and coins were introduced. Since March 1, 2002, the Euro is the only legal tender in Austria and the entire Euro area, which includes fifteen other member countries. Thus, U.S. investors face no exchange rate risk in Austria and within the Euro zone.

Impact Of The Global Financial Crisis

Austrian banks were spared immediate fallout of the subprime crisis with low demand for write-downs due to their strong focus on the countries in Central, Eastern, and Southeastern Europe (CESEE) and the former Soviet Union (FSU). However, Austrian banks are suffering indirect effects of the subprime crisis, such as higher refinancing costs, problems with interbank lending or credit scarcity. This as well as tighter lending conditions in reaction to the economic downturn, i.e., the solvency and risk assessment of companies applying for loans is being conducted more thoroughly than was previously the case, have led to credit scarcity in Austria, particularly for small and medium-sized companies. Credit is still scarce, even with government-guaranteed interbank lending auctions underway (a EUR 85 billion program). To date only few auctions have taken place and demand was light. As in Germany, Austrian banks can use the government guarantee for issuing bonds -- but few have done so.

Financing Trade And Investment In Central And Eastern Europe

Large Austrian banks can also assist in trade and investment financing in Central and Eastern and Southeastern Europe (CESEE) and the former Soviet Union (FSU), where they operate significant networks. Western European banking groups dominate the CESEE/FSU banking markets, and three of the five largest foreign banking groups in the area are Austrian. Austrian banks can also help arrange financing for export and investment transactions in Central and Eastern Europe. The Austrian government does not have a counter trade policy or any other specific regulations in this field.

Many major foreign banks, including American banks, have operations in Austria.

Foreign-Exchange Controls

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Austria has a fully liberalized foreign exchange regime. There are no limitations on cross-border payments, whether related to foreign trade, capital investments, or other transactions, except to countries under UN or EU sanctions.

U.S. Banks and Local Correspondent Banks

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<i>Branches / Subsidiaries of U.S. Banks in Austria</i>	
<i>American Express Bank Ltd. TRS</i>	
<i>Commercial & Private Banking</i>	Kaerntnerstrasse 21-23, A-1015 Vienna, Austria Tel.: ++43 1 515 67-0, Fax: ++43 1 515 67-15 Web: http://www.americanexpress.com/austria/homepage.shtml

Citibank International PLC, Austria Branch	
<i>Corporate & Investment Banking (no retail services)</i>	Kaerntnerring 11-13, A-1010 Vienna, Austria Tel.: ++43 1 717 17-0, Fax: ++43 1 712 97 07 Web: http://www.citigroup.com
Western Union International Bank	
<i>Consumer Financial Services</i>	Maderstrasse 1, A-1040 Vienna, Austria Tel.: ++43 1 506 17 120, Fax: ++43 1 506 17 897 Web: http://www.westernunionbank.com

Austrian Banks with Subsidiaries in the United States	
Erste Bank der oesterreichischen Sparkassen AG	
<u><i>In Austria:</i></u>	Graben 21, A-1010 Vienna, Austria Tel.: ++43 50100-10100, Fax: ++43 501009-10100 Web: http://www.sparkasse.at/erstebank
<u><i>In the United States:</i></u>	Erste Bank der oesterreichischen Sparkassen AG New York Branch 280 Park Avenue, West Building, 32 nd Floor New York, NY 10017, USA Tel.: (212) 984-5600, Fax: (212) 986-1423
Raiffeisen Zentralbank AG	
<u><i>In Austria:</i></u>	Am Stadtpark 9, A-1030 Vienna, Austria Tel.: ++43 1 717 07-0, Fax: ++43 1 717 07-1715 Web: http://www.rzb.at
<u><i>In the United States:</i></u>	RZB Finance LCC 1133 Avenue of the Americas New York, NY 10036, USA Tel.: (212) 845-4100, Fax: (212) 944-2093 Web: http://www.rzbfinance.com

Project Financing

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Commercial financing is readily available from Austrian banks and institutions on normal market terms, but international financial institutions are not active in Austria. Concessionary financing may be available for U.S. firms in association with Austrian companies for projects in neighboring Central and Eastern European countries.

OPIC does not operate in Austria. The Exim Bank has no active programs in Austria. The risk of political or economic disturbances that could disrupt trade or investment projects in Austria is judged to be very low.

Tendering For European Public Procurement Contracts

The U.S. Mission to the European Union in Brussels has developed a tool to help U.S.-based companies bid on public procurement supplies contracts in particular. All contracts for supplies that are procured by European public authorities (national government departments, regional agencies and public institutions, city authorities) above established thresholds are open to U.S.-based companies by virtue of the Government Procurement Agreement, of which the U.S. and the EU are parties. All the tenders in this database are based on a selection of tenders published in the EU Official Journal, which are open to GPA member countries. The database contains on average 6,000 to 10,000 tenders and is updated twice per week.

http://www.buyusa.gov/europeanunion/eu_tenders.html

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http://www.exim.gov	Export-Import Bank of the United States
http://www.exim.gov/tools/country/country_limits.html	Country Limitation Schedule
http://www.opic.gov	OPIC
http://www.tda.gov/	Trade and Development Agency
http://www.sba.gov/oit/	SBA's Office of International Trade
http://www.fsa.usda.gov/ccc/default.htm	USDA Commodity Credit Corporation
http://www.usaid.gov	U.S. Agency for International Development
http://www.wifo.ac.at	Austrian Economic Research Institute

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Chapter 8: Business Travel

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Business Customs

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Business practice and etiquette are basically the same in Austria and America. The main difference is the relatively formal environment in which business is generally conducted in Austria. For example, when making appointments with prospective buyers or clients, it is customary to make initial contact well in advance, either in writing or by phone, and to offer to meet on the premises of the person in question. Another manifestation of Austrian formality is the widespread use of titles, be they in recognition of a university degree, a position in a firm or in the government. The most common titles are "Doktor" (abbreviated form: "Dr."; a university degree similar to the U.S. Doctorate), "Magister" (abbreviated form: "Mag."; similar to the U.S. Master of Arts), and "Diplom-Ingenieur" (abbreviated form: "DI" or "Dipl. Ing."; similar to the U.S. Master of Science).

At a function, Austrians would prefer to have the host introduce them to the other guests rather than to introduce themselves. When Austrians do introduce themselves, they usually just give their family name. First names may or may not come later in a relationship. Although first names are used immediately in social situations in the United States, with many employees calling their bosses by their first names, this is not done in Austria. There are, of course, exceptions, particularly among the younger generation. The newcomer should take his or her cue from the people around them.

Austrians shake hands whenever they greet or leave acquaintances; this is done with everyone in a group. A woman offers her hand first to the man, and the older person to the younger. Handshakes are firm with direct eye contact. It is considered rude to have one's hands in one's pockets while being introduced or while talking to anyone.

Overall, Austrians are generally well disposed towards the United States and Americans. Showing understanding for the Austrian way of doing things will prove rewarding.

Tipping

In Austria a 10% service charge is generally included in hotel and restaurant bills. Where this is the case, only a small amount of extra change needs to be left as an additional tip. The common practice is to round up to the next even amount or to leave a tip of about 10 to 15% of the total. In a restaurant, the tip is always handed to the waiter or waitress directly and never left on the table. **It is good practice to tell the server what you would like back in change rather than to wait until after they have handed you the change.**

<i>Misc. Services</i>	<i>Tipping Guidelines</i>
<i>Taxis:</i>	10% of the fare, more if the driver has helped with baggage.
<i>Hotels:</i>	Moderate tips, such as EUR 1 to 2 per bag or suitcase handled, are in order for bellhops or others who perform special services for guests.
<i>Barber:</i>	About 10% for a man's haircut.
<i>Hairdresser:</i>	About 10% is customary, plus EUR 2 to 3 for the assistant who washes one's hair. However, it is regarded as an insult to tip the owner of the shop.

Travel Advisory

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There are no general travel advisories specifically for Austria. Travel warnings are issued when the U.S. State Department recommends that citizens either avoid travel altogether, or exercise various cautions, when visiting a specific country. Countries where this is recommended will have a travel warning as well as Consular Information Sheets. These sheets are available for every country of the world and can be found online at http://travel.state.gov/travel/warnings_consular.html

In addition, travelers can refer to the U.S. Department of State's pamphlet, A SAFE TRIP ABROAD, for ways to promote a trouble-free trip. The pamphlet is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. This document can also be viewed online at: http://travel.state.gov/travel/tips/safety/safety_1747.html

Austria is a predominantly mountainous, landlocked Central European country, with an area of 32,378 mi² (83,859 km²) and a population of 8.3 million. It is divided into nine federal provinces: Wien (Vienna), Niederoesterreich (Lower Austria), Burgenland, Steiermark (Styria), Oberoesterreich (Upper Austria), Salzburg, Kaernten (Carinthia), Tirol (Tyrol) and Vorarlberg. For a [map of Austria](#) and its 9 provinces, please see page 17 of this Country Commercial Guide.

The climate varies considerably from the Alpine region to the eastern plain. Summers can be hot, humid and long; cold winters bring snow and ice.

Electrical Voltage

The European standard is 230 volts/50 cycles. All 110 or 120 volt U.S. appliances need a transformer in order to use Austrian current. Clocks and other appliances that require 60 cycle current will not function properly, even with a transformer. Austria uses a plug with two small, round prongs. Adapters and converters for small appliances are available at luggage or travel stores and at Radio Shack in the United States.

Safety

Although statistics show crime has risen in recent years, Vienna is often cited as one of the safest cities in Europe, and Austria is considered one of the safest countries in the world. Violent crime in Austria is very rare. The most worrisome crime in urban areas is having one's pocket picked or purse stolen. As in any big city, the visitor should take care when walking alone, avoiding dark and isolated places. For the most part, the visitor will be safe any time of the day or night.

There are three separate emergency numbers, all of which are free of charge:

- Fire ("Feuerwehr"): 122
- Police ("Polizei"): 133
- Ambulance ("Rettung"): 144

Arrival At VIE Vienna International Airport

Vienna International Airport, also called Schwechat International, is located about 12 miles east of Vienna near the town of Schwechat. It is a short 20 to 30 minute ride by taxi, bus, or train from the airport to the city center. A shuttle bus departs every 20 or 30 minutes from the lower level of the airport, with stops at Wien Mitte and Wien Nord train stations. There is also the S-7 Schnellbahn (train) that runs from Wien Nord, via Wien Mitte, to Vienna International Airport and back, about every half hour. The trip takes 30 minutes and costs approximately EUR 5.

The City Airport Train (CAT) is an express train service to and from "Wien Mitte". The ride lasts 16 minutes and costs EUR 8 one-way (EUR 15 round trip) for adults and EUR 5 one-way (EUR 8 round-trip) for children. Trains leave every 30 minutes. Luggage can be checked in the city. Further information on CAT:

<http://www.cityairporttrain.com/langen>

Information on how to get to and from the Airport is available on the following websites:

- <http://www.viennaairport.com>
- <http://www.schnellbahn-wien.at/english/index.htm>

Tourist information is available in the arrival area of Vienna International Airport, as well as at train stations. The Vienna Tourist Information Office is located behind the State Opera House at Kaerntner Strasse 38 in the 1st district. There is also a City Information Office at the City Hall (Rathaus).

The currency used in Austria is the Euro (EUR) and Euro Cents (1 Euro = 100 cents).

The Austrian National Tourist Office, Inc. in North America conducts nationwide and regional promotions and co-op marketing programs, and offers numerous support services. Details are available on their website: <http://www.austria-tourism.at/us>

Business travelers to Austria seeking appointments with U.S. Embassy Vienna officials should contact the U.S. Commercial Service Vienna well in advance, as visitors are accepted on an appointment basis only. Please feel free to contact the U.S. Commercial Service at the American Embassy in Vienna:

The U.S. Commercial Service in Vienna, Austria

Tel.: ++43 1 313 39 – 0, Fax: ++43 1 310 69 17

e-Mail: vienna.office.box@mail.doc.gov

Web: <http://www.buyusa.gov/austria/en>

Visa Requirements

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A visa is not required for U.S. citizens who wish to stay in Austria for up to two three-month periods during one calendar year. At the conclusion of the six-month stay, the visitor must leave the country. The exception is if he or she has already submitted and received a residence permit.

For further detailed information, visitors should consult the website of the Consular Section of the U.S. Embassy in Vienna:

<http://www.usembassy.at/en/embassy/cons/niv.htm>

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

Telecommunications

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Telecommunications services are reliable in Austria. The phone system is fully automated, and direct dialing is available to most countries in the world at varying international rates. The system was for many years monopolized by the government-owned and operated company Telekom Austria. A few years ago the government

deregulated the system and new companies entered the market. Telekom Austria still exists as a partially government-run agency, but now it has competition.

Public telephone booths are becoming less common as almost every Austrian older than ten has a mobile phone. However, a public phone is available in most post offices. You can use coins or a pre-paid calling card (Telefonwertkarte). The card can be bought at post offices or tobacco shops (Trafik).

Direct Long Distance Calls

To make a direct call outside Austria, the caller should first dial “00” and then the country code (e.g. 001 for the United States and Canada), the area or city code, and finally the phone number. International country codes are listed at the front of the white pages in the Vienna telephone book. The country names in the telephone book are in German. Area codes for major cities within the specific countries are also listed. The list also provides the time difference (Zeitunterschied) given in numbers of hours between Austria and the destination country. For credit card calls, the caller should dial 0802 34 56 or 0800 287 874 21 (toll-free). For long distance information, he should call 11 88 77 for Austria, Germany and the EU countries, and countries bordering Austria. For other countries, the caller should call 0900 11 88 77. The Herold Business Data AG also provides online telephone information for Austria: <http://www.herold.at/telefonbuch/>

Internet Calling

For inexpensive Internet phone service, the caller should consult the following websites:

- <http://www.skype.com>
- <http://www.dialpad.com> or
- <http://www.icconnecthere.com>

Callback Long Distance Services

There are also callback long-distance carriers that offer reasonably priced calls to the United States. They are known as “call-back” services because the caller calls a phone number, hangs up, and waits for it to call back. It then connects the caller to an open U.S. phone line. For this service, visitors should contact the following provider (English is spoken):

InCom Austria

Contact: Ms. Claudia Poelzl

Tel.: ++43 1 979 23 98

e-Mail: claudiainaustria@hotmail.com

Cell Phones

These phones are called “Handys” in the German speaking areas of Europe. Austria uses the GSM standard for its cellular service. Unless the visitor is in a very remote area, he will most likely have coverage. A tri-frequency cell phone will provide service in Austria and the United States. Drivers are not allowed to drive and use a hand-held cell phone at the same time. If caught without a hands-free system (Freisprechanlage), the driver will be fined. During traffic jams, drivers are exempt from this law.

The following cell phone service providers / networks are used in Austria:

A1 (Telekom Austria)	http://www.mobilkom.at or http://www.a1.net
Orange	http://www.orange.at
Tele-ring	http://www.telering.at
T-Mobile	http://www.t-mobile.at
Drei	http://www.drei.at
Bob	http://bob.at/

Internet

Visitors to Austria can also use numerous Internet Cafés throughout the country. The visitor should check with the hotel receptionist or the yellow pages of the local telephone directory.

Transportation

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Direct flights connect Vienna to several U.S. cities. Austria's modern highways link most cities, and numerous border crossings into neighboring countries are easily accessible. Air travel between major cities in Austria and in the region is available, and land travel by train or bus is comfortable and reliable. Travelers can save money by using second class, which provides a lot of comfort in Austria. If extensive travel is planned, an Austrian Railpass or Eurailpass may be the best value. The Austrian Railpass offers three days of unlimited travel in a 15-day period and includes some major shipping lines. For those including Austria on a multi-nation itinerary, Eurailpasses are honored in 18 countries. For people wanting unlimited travel, the Eurail ticket provides the option to travel in and between 27 countries in Europe. For detailed rail information as well as purchases of rail tickets, call:

- DER Rail: (708) 692-6300 or
- Rail Europe: 877-257-2887 (both between 9am and 8.30 pm EST Monday-Friday),
- or visit their website: <http://www.raileurope.com>

For travel itineraries, train schedules and prices for rail trips within Austria (and to some neighboring countries); please visit the Austrian Railways' website (Oesterreichische Bundesbahnen, OeBB): <http://www.oebb.at/en/index.jsp>

Toll stickers (Vignette) are required on all vehicles on Austria's major highways. They can be obtained from the Austrian Automobile Clubs as well as at post offices, gasoline stations and borders. The following fees apply:

Validity	Means of Transportation		
	Private Car	Motor Home (weighing up to 3.5 tons)	Motorcycle
1 year	EUR 73.80	EUR 73.80	EUR 29.50
2 months	EUR 22.20	EUR 22.20	EUR 11.10
10 days	EUR 7.70	EUR 7.70	EUR 4.40

Stickers must be applied on the upper middle or left side of the windshield in cars and on motorcycles on any good visible part. Motorists who do not possess the appropriate sticker are subject to a fine. Cars rented in neighboring countries may or may not be equipped with the sticker, so travelers should remember to obtain one from their car rental agency.

Contact information for the Austrian Automobile Clubs:

OEAMTC
Tel.: ++43 1 71199-0 (information) and ++43 1 120 (24-hour road service) Web: http://www.oeamtc.at
ARBOE
Tel.: ++43 1 891 21-0 (information) and ++43 1 123 (24-hour road service) Web: http://www.arboe.at

All of the major **car rental companies** can be found at the Vienna International Airport. Some are also located in Vienna:

AVIS Autovermietung Ges.m.b.H.
Laaer-Berg-Str. 43, A-1100 Vienna, Austria Tel.: ++43 1 601 870, Fax: ++43 1 601 87- 61 Web: http://www.avis.at , e-Mail: kundenservice@avis.at
Hertz Autovermietung
Kaerntner Ring 17, A-1010 Vienna, Austria Tel.: ++43 1 795 32, Fax: ++43 1 795 42 696 Web: http://www.hertz.at , e-Mail: reservierung@hertz.at

In Vienna, districts 1, 2, 3, 4, 5, 6, 7, 8, 9 and 20 are so-called "Kurzparkzonen" - Short Time Parking Zones. On weekends, there is free parking. Monday through Friday the parking time is limited to 2 hours from 9:00 am to 10:00 pm in the in the above districts. To use Short Time Parking Zones, tickets have to be displayed on the dashboard. They

can be purchased at tobacco shops or banks. Throughout the provinces, regulations for short time parking vary. Numerous cities have pay meters, and some use cardboard clocks indicating arrival and departure time, which must be displayed on the car dashboard.

Public transportation is excellent throughout the country, and particularly good in larger cities. In Vienna, a public transportation ticket is valid on any form of public transportation – U-Bahn, Schnellbahn, trams, or buses, even within the same trip. The honor system is used here; however, periodic checks by controllers and the hefty fine dissuade most people from riding without a ticket. Tickets can be bought in advance (less expensive) at “Vorverkaufsstellen”, ticket machines, and from tobacco shops. Trams and buses have integrated machines. There are single tickets, 24-hour and 72-hour tickets, 8-day tickets, weekly and monthly travel passes, and annual travel passes. Information is available online: <http://www.wienerlinien.at>
Visit <http://www.wienerlinien.at/wl/ep/channelView.do?channelId=-17256&pageTypeld=10220> for details on different kinds of public transportation tickets, and please also see <http://www.wienerlinien.at/wl/ep/programView.do?channelId=-17261&programId=11389&pageTypeld=10228> for public transportation maps within Vienna.

Language

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For a traveler, it is no problem to get around the country with little or no knowledge of the German language. Most Austrians speak English (mandatory in school) and are eager to help.

Health

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Water

Vienna’s water is not only safe to drink from the tap, but is recommended. It comes from alpine springs and is very refreshing. However, the water supply is not fluoridated. This is true throughout Austria.

Public Hospitals

Travelers needing to consult a doctor should check with the receptionist at their hotel or make use of the yellow pages of the local telephone directory.

Emergency room service is not offered at private hospitals, but only at public facilities, and there is often more than one emergency room in a hospital managing different types of problems and age groups. The ambulance may be instructed to transport an individual to a specific center. Private citizens are not usually permitted to drive up to the

ambulance entrance in their own car. For urgent assistance, the individual should call an ambulance.

Allgemeines Krankenhaus der Stadt Wien (AKH)
Waehringerguertel 18-20, A – 1090 Vienna, Austria Tel.: ++43 1 404 00-0, Tel. of Children's Clinic: ++43 1 404 00-3232, Fax: ++43 1 404 00-1212 Web: http://www.akhwien.at
Wilhelminenspital der Stadt Wien
Montleartstrasse 37, A – 1160 Vienna, Austria Tel.: ++43 1 491 50-0, Tel. of Children's Clinic: ++43 1 491 50-2924, Fax: ++43 1 491 50-1009 Web: http://www.wienkav.at/kav/wil/

Dental Emergencies

The weekend edition of the Viennese daily newspapers lists the on-call dentists and dental surgeons available for dental emergencies (Zahnaerzte und Dentisten) under the heading "Notdienst". Also available is the

Dental University Clinic (Zahnklinik)
Waehringerguertel 25 a, A – 1090 Vienna, Austria Tel.: ++43 1 4277 67131, Fax: ++43 1 4277 67139 Web: http://www.meduniwien.ac.at/zahnklinik/ e-Mail: aufnahme-zmk@meduniwien.ac.at

American physicians expect their patients to ask lots of questions and seek explanations, as partners in health care. This is not as common in Austria as in the U.S.

Pharmacies in Austria are not open 24 hours a day. They usually have hours from 8:00 am through 6:00 pm, and on Saturday from 8:00 am through 12:00 noon. There is a rotating schedule of pharmacies that provide services after these hours, and their location will be posted at the entrance to a closed pharmacy. You may also look up the Austrian pharmacies' weekend schedule online (province by province):

http://www.apotheker.or.at/Internet/OEAK/NewsPresse_1_0_0a.nsf/agentEmergency!OpenAgent&p=0078BC2D78F93AF2C1256F2C004B35F5&fsn=fsStartHomeFachinfo&iif=0

Local Time, Business Hours, and Holidays

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Central European Time is used in Austria. There is a time difference of +6 hours between Vienna and New York City. Austrians use the 24-hour clock. For example, 5 p.m. is written as "17:00 Uhr". Variations may be: 17 U, 17.00, 17h or 17h00. Times (especially in movie and theater listings) are distinctly Austrian: $\frac{1}{4} 4 = 3:15$, $\frac{1}{2} 4 = 3:30$, $\frac{3}{4} 4 = 3:45$, and so on. Austria follows Daylight Savings Time, which begins the first Sunday in April and ends in October.

The following holidays will be observed in Austria in calendar year **2009** (If “U.S.” is indicated in the column on the right, the respective Holiday is also celebrated by the official American community in Austria):

January 1 (Thursday)	<i>New Year’s Day</i>	Austria & U.S.
January 6 (Tuesday)	<i>Epiphany</i>	Austria
January 19 (Monday)	<i>Martin Luther King’s Birthday (3rd Monday in January)</i>	U.S.
February 16 (Monday)	<i>Washington’s Birthday (3rd Monday in February)</i>	U.S.
April 13 (Monday)	<i>Easter Monday</i>	Austria
May 1 (Friday)	<i>Labor Day</i>	Austria
May 21 (Thursday)	<i>Ascension Day</i>	Austria
May 25 (Monday)	<i>Memorial Day (last Monday in May)</i>	U.S.
June 1 (Monday)	<i>Whit-Monday</i>	Austria
June 11 (Thursday)	<i>Corpus Christi Day</i>	Austria
July 4 (Saturday)	<i>Independence Day</i>	U.S.
August 15 (Saturday)	<i>Assumption Day</i>	Austria
September 7 (Monday)	<i>Labor Day (1st Monday in September)</i>	U.S.
October 12 (Monday)	<i>Columbus Day (2nd Monday in October)</i>	U.S.
October 26 (Thursday)	<i>National Day</i>	Austria
November 1 (Sunday)	<i>All Saints’ Day</i>	Austria
November 26 (Thursday)	<i>Thanksgiving (4th Thursday in November)</i>	U.S.
December 8 (Tuesday)	<i>Immaculate Conception</i>	Austria
December 25 (Friday)	<i>Christmas Day</i>	Austria & U.S.
December 26 (Saturday)	<i>St. Stephen’s Day</i>	Austria

Business visitors should note that the Austrian vacation season is in July and August, and that many decision-makers take extended vacations during that time -- sometimes four weeks or more. Business visits or events are not recommended during these two months. Many offices and businesses close Friday afternoons, reflecting the widely implemented 38.5-hour workweek.

Temporary Entry of Materials and Personal Belongings[Return to top](#)***Computers Used for Business Purposes***

When entering Austria, visitors should go through Customs, declare their laptop or notebook, and state that it is used for doing business only (e.g. for PowerPoint presentations). It is advisable to have the value of the electronic equipment (evidenced on a copy of the invoice) available. The visitor will be issued a Customs paper called "Verwendungsschein", which will also include the visitor's departure date (there is an upper limit of 12 months). When leaving Austria, the visitor should go through Customs again for a checkout.

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http://travel.state.gov/travel/warnings_consular.html	U.S. State Department Travel Warning
http://travel.state.gov/travel/tips/safety/safety_1747.html	Safe Trip Abroad Pamphlet
http://www.buyusa.gov/austria/en	The U.S. Commercial Service in Vienna, Austria
http://www.viennaairport.com	Vienna International Airport
http://www.schnellbahn-wien.at/english/index.htm	Schnellbahn Vienna
http://www.cityairporttrain.com/langen	Vienna City Airport Train (CAT)
http://www.austria-tourism.at/us	Austrian National Tourist Office
http://www.advantageaustria.org/us/zentral/about_austria/reisen-nach-oesterreich.en.jsp	Austrian Trade Portal: Travelling to Austria
http://www.usembassy.at/en/embassy/cons/index.html	U.S. Embassy Visa Information
http://travel.state.gov/visa/index.html	State Department Visa Website
http://www.unitedstatesvisas.gov/	United States Visas.Gov
http://www.herold.at/telefonbuch/	Online Telephone Information in Austria
http://www.skype.com	Internet Phone Service
http://www.dialpad.com	Internet Phone Service
http://www.icconnecthere.com	Internet Phone Service
http://www.mobikom.at , http://www.a1.net	Cell Phone Service
http://www.orange.at	Cell Phone Service
http://www.telering.at	Cell Phone Service
http://www.t-mobile.at	Cell Phone Service
http://www.drei.at	Cell Phone Service
http://www.bob.at	Cell Phone Service
http://www.raileurope.com	Rail Europe

http://www.oebb.at/en/index.jsp	Austrian Railways
http://www.oeamtc.at	Austrian Automobile Club
http://www.arboe.at	Austrian Automobile Club
http://www.avis.at	Avis Rent-a-Car in Austria
http://www.hertz.at	Hertz Rent-a-Car in Austria
http://www.wienerlinien.at	Public Transportation Information in Vienna
http://www.akhwien.at/	Vienna University Hospital
http://www.wienkav.at/kav/wil/	Wilhelminen Hospital Vienna
http://www.meduniwien.ac.at/zahnklinik/	Dental University Clinic

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Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
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Contacts

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Austrian Government Agencies:	
Embassy of Austria in the United States	
<i>Press and Information Service:</i>	3524 International Court N.W. Washington, DC 20008-3027, USA Tel.: (202) 895-6700, Fax: (202) 895-6750 e-Mail: austrianembassy@washington.nu Web: http://www.austria.org/ and http://www.austrianinformation.org/
<i>Consular Section:</i>	Tel.: (202) 895-6711, Fax: (202) 895-6773 e-Mail: consularsection.washington@mailbox.as

Austria's Official Consultant for Foreign Investment:	
<i>ABA - Invest in Austria, the Foreign Investment Promotion Agency of the Austrian government, is the international investor's first business address in Austria providing free-of-charge support and assistance to foreign investors planning business establishments or acquisitions in Austria.</i>	
ABA – Invest in Austria	
<i>In the United States:</i>	ABA – Invest in Austria 120 West 45 th Street, 9 th floor New York, NY 10036, USA Tel.: (212)-398 1221, Fax: (212) 398 151 e-Mail: office-usa@aba.gv.at Web: http://www.aba.gv.at/EN/default.aspx
<i>In Austria:</i>	ABA – Invest in Austria Opernring 3 A – 1010 Vienna, Austria Tel.: ++43 1 588 58-0, Fax: ++43 1 586 86-59 e-Mail: office@aba.gv.at Web: http://www.aba.gv.at/DE/default.aspx

Austrian Federal Ministries:	
Federal Ministry of Economics and Labor of the Republic of Austria	
	Stubenring 1 A – 1011 Vienna, Austria Tel.: ++43 1 711 00-0, Fax: ++43 1 713 79 95 e-Mail: service@bmwa.gv.at Web: http://www.bmwa.gv.at/EN/default.htm
Federal Ministry of Agriculture, Forestry, Environment and Water Management	
	Stubenring 1 A – 1011 Vienna, Austria Tel.: ++43 1 711 00-0, Fax: ++43 1 711 00-2127 e-Mail: office@lebensministerium.at Web: http://www.lebensministerium.at

The Austrian Trade Association in the United States:	
The Austrian Trade Commission operates offices in the U.S. at the below listed locations. The following phone number can be used for all Austrian Trade Delegates in the United States: 1-800-VIP-AHST	
The Austrian Trade Commission	
<i>New York:</i>	Austrian Trade Commission, New York 120 West 45th Street, 9th Floor New York, NY 10036, USA Tel.: (212) 421 52 50, Fax: (212) 421 52 51 e-Mail: newyork@austriantrade.org Web: http://www.advantageaustria.org/us/
<i>Washington, D.C.:</i>	Austrian Embassy/Commercial Section, Washington, D.C. 818 18th Street, Suite 500, N.W. Washington, D.C. 20006, USA Tel.: (202) 537 50 47, Fax: (202) 537 50 48 e-Mail: washington@austriantrade.org Web: http://www.advantageaustria.org/us/
<i>Illinois:</i>	Austrian Trade Commission, Illinois 500 North Michigan Avenue, Suite 1950 Chicago, IL 60611-3722, USA Tel.: (312) 644 55 56, Fax: (312) 644 65 26 e-Mail: chicago@austriantrade.org Web: http://www.advantageaustria.org/us/

The Austrian Trade Commission (Cont'd)	
California:	<p>Austrian Trade Commission, California 11601 Wilshire Blvd., Suite 2420 Los Angeles, CA 90025, USA Tel.: (310) 477 99 88, Fax: (310) 477 16 43 e-Mail: losangeles@austriantrade.org Web: http://www.advantageaustria.org/us/</p>

Chambers of Commerce	
American Chamber of Commerce in Austria	
	<p>Porzellangasse 35 A – 1090 Vienna, Austria Tel.: ++43 1 319 57 51, Fax: ++43 1 319 51 51 e-Mail: office@amcham.at Web: http://www.amcham.at</p>
Wirtschaftskammer Oesterreich (Austrian Federal Economic Chamber, North America Desk):	
	<p>Wiedner Hauptstrasse 63 A – 1040 Vienna, Austria Tel.: ++43 5 90 900-4181, Fax: ++43 5 90 900-114181 e-Mail: awo.amerika@wko.at Web: http://wko.at/awo</p>
U.S.–Austrian Chamber of Commerce, Inc.	
	<p>165 West 46th Street New York, NY, 10036, USA Tel.: (212) 819-0117, Fax: (212) 819-0345 Web: http://www.usatchamber.com/</p>

Austrian Associations	
Pharmaceutical Industry	
<p>Oesterreichische Apothekerkammer (Austrian Pharmacists' Association)</p>	<p>Spitalgasse 31, Postfach 87 A – 1090 Vienna, Austria Tel.: ++43 1 404 14-100, Fax: ++43 1 408 84 40 e-Mail: info@apotheker.or.at Web: http://www.apotheker.or.at/</p>

Pharmaceutical Industry (Cont'd)	
Forum der forschenden pharmazeutischen Industrie – FOPI (Association of the research-based Pharmaceutical Industry)	Wyeth-Lederle Pharma GmbH Storchengasse 1 A - 1150 Vienna, Austria Tel.: ++43 1 89 114-0, Fax: ++43 1 89 11-600 e-Mail: office@wyeth.at Web: http://www.fopi.at/
Pharmig – Verband der pharmazeutischen Industrie Oesterreichs (Austrian Association of the Pharmaceutical Industry)	Garnisongasse 4 / 1 / 6 A – 1090 Vienna, Austria Tel.: ++43 1 40 60 290, Fax: ++43 1 40 60 290-9 e-Mail: office@pharmig.at Web: http://www.pharmig.at
Dental Industry	
Landes Zahnärztekammer Wien (National Dental Association, Vienna)	Kohlmarkt 11 / 6 A – 1010 Vienna, Austria Tel.: ++43 5 05 11, Fax: ++43 5 05 11-1167 e-Mail: office@zahnaerztekammer.at Web: http://www.zahnaerztekammer.at/
Medical Industry	
Oesterreichische Aerztekammer (Austrian Medical Association; International Office)	Weihburggasse 10-12 A - 1010 Vienna, Austria Tel.: ++43 1 51406-0, Fax: ++43 1 51406-933 e-Mail: post@aerztekammer.at Web: http://www.aerztekammer.at
Electric / Electronic Industry	
Fachverband der Elektro- und Elektronikindustrie - FEEI (Association of the Electric and Electronic Industry in Austria)	Mariahilfer Str. 37-39 A – 1060 Vienna, Austria Tel.: ++43 1 588 39-0, Fax: ++43 1 586 69 71 e-Mail: info@feei.at Web: http://www.feei.at/en/home/

Erste Bank der Oesterreichischen Sparkassen AG	
<i>In Austria:</i>	<p>Erste Bank / Sparkasse Graben 21 A – 1010 Vienna, Austria Tel.: ++43 5 0100–10100, Fax: ++43 5 0100-910100 e-Mail: service@s-servicecenter.at Web: https://www.sparkasse.at/erstebank Swift Code / BIC: GIBAATWW, Bank Code: 20111</p>
<i>In the United States:</i>	<p>Erste Bank 280 Park Ave # 32W New York, NY 10017, USA Tel.: (212) 984-5600, Fax: (212) 986-1423</p>
Raiffeisen Zentralbank Oesterreich AG	
<i>In Austria:</i>	<p>Raiffeisen Zentralbank Oesterreich AG Am Stadtpark 9, A-1030 Vienna, Austria Tel.: ++43 1 71707-0, Fax: ++43 1 71707-1715 Web: http://www.rzb.at/ Swift Code: RZBA AT WW, Bank Code: 31000</p>
<i>In the United States:</i>	<p>RZB Finance LCC 1133 Avenue of the Americas, 16th Floor New York, NY 10036, USA Tel.: (212) 845-4100, Fax: (212) 944-2093 Web: http://www.rzbfinance.com/</p>
BAWAG P.S.K. - Bank fuer Arbeit und Wirtschaft und Oesterreichische Postsparkasse AG	
<i>In Austria:</i>	<p>BAWAG P.S.K. Georg-Coch-Platz 2, A-1018 Vienna, Austria Tel.: ++43 1 534 53-0 e-Mail: info@bawagpsk.com Web: http://www.bawagpsk.com/ Swift Codes: BAWAATWW and OPSKATWW Bank Codes: 14000 and 60000</p>
NO branch office in the U.S.	

Dental Industry Association	
Dental Trade Alliance	2300 Clarendon Boulevard, Suite 1003 Arlington, VA 22201, USA Tel.: (703) 379-7755, Fax: (703) 931-9429 e-Mail: info@dentaltradealliance.org Web: http://www.dentaltradealliance.org/
Environmental Industry Associations: http://www.envasns.org	
National Solid Wastes Management Association – NSWMA	4301 Connecticut Avenue, NW, Suite 300 Washington, D.C. 20008-2304, USA Tel.: (202) 244-4700, Fax: (202) 364-3792 e-Mail: membership@envasns.org Web: http://www.nswma.org/
Waste Equipment Technology Association – WASTECH	4301 Connecticut Avenue, NW, Suite 300 Washington, D.C. 20008-2304, USA Tel.: (202) 244-4700, Fax: (202) 966-4824 e-Mail: membership@envasns.org Web: http://www.wastec.org/
Electrical Industry	
National Electrical Manufacturers Association – NEMA	1300 North 17th Street, Suite 1752 Rosslyn, Virginia 22209, USA Tel.: (703) 841-3200, Fax: (703) 841-5900 Web: http://www.nema.org/
Telecommunications Industry	
Telecommunications Industry Association – TIA	2500 Wilson Boulevard, Suite 300 Arlington, VA 22201, USA Tel.: (703) 907 7700, Fax: (703) 907 7727 Web: http://www.tiaonline.org/
Washington-Based U.S. Government Contacts	
Trade Information Center in Washington, D.C.	
	Tel.: 1-800-USA-TRADE (1-800-872-8723) Fax: (202) 482 44 73 Web: http://www.export.gov

U.S. Department of Commerce	
	<p>The U.S. Department of Commerce International Trade Administration Mr. Alexander Gorshenin, M.B.A. (Desk Officer for Austria and Germany) 1401 Constitution Avenue, N.W. Washington, D.C. 20230, USA Tel.: (202) 482 24 34 e-Mail: alexander.gorshenin@mail.doc.gov Web: http://www.commerce.gov/</p>
U.S. Department of Agriculture	
	<p>The U.S. Department of Agriculture Foreign Agriculture Service Office of Country and Regional Affairs (OCRA) Europe Division Ms. Sharynne Nenon, Director Room 5527 – S Washington, D.C. 20250, USA Tel.: (202) 720 1330, Fax: (202) 690 0876 e-Mail: nenon.sharynne@fas.usda.gov Web: http://www.fas.usda.gov</p> <p>The U.S. Department of Agriculture (APHIS) Sanitary and Phytosanitary Management Team Ms. Mary Lisa Madell 14th and Independence Avenue S.W., Room 1132 Washington, D.C. 20250, USA Tel.: (202) 720 0318 , Fax: (202) 690 2861 e-Mail: mary.l.madell@aphis.usda.gov Web: http://www.aphis.usda.gov</p>

Market Research

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To view market research reports produced by the U.S. Commercial Service, please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service Vienna offers U.S. businesses, please click on the link below.

<http://www.buyusa.gov/austria/en/>

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.