

FOCUS ON INTERNATIONAL TRADE

AUSTRIA

THE REPUBLIC OF AUSTRIA TODAY

Location	The Republic of Austria lies in central Europe, bordered by Switzerland and Liechtenstein to the west, by Germany and the Czech Republic to the north, by Hungary and Slovakia to the east, and by Italy and Slovenia to the south.
Size	83,871 sq. km. (32,383 sq. miles); Land: 82,444 sq. km. and water: 1,427 sq. km.
Geographic coordinates	47° 20" north of the Equator and 13° 20" east of the Prime Meridian.
Geography note	Landlocked; strategic location at the crossroads of central Europe with many easily traversable Alpine passes and valleys; major river is the Danube; population is concentrated on eastern lowlands because of steep slopes, poor soils, and low temperatures elsewhere.
Land boundaries	Total: 2,562 km; border countries: Czech Republic 362 km, Germany 784 km, Hungary 366 km, Italy 430 km, Liechtenstein 35 km, Slovakia 91 km, Slovenia 330 km, and Switzerland 164 km.
Land use	Arable land: 16.59%, permanent crops: 0.85% and other: 82.56% .
Irrigated land	40 sq. km.
Elevation extreme	Lowest point: Neusiedler See 115 m and Highest point: Grossglockner 3,798 m.
Population	8,913,088 estimated for 2022.
Population growth rate	0.32% estimated for 2022.
Life expectancy rate	Total population: 82.27 years; male: 79.64 years and female: 85.04 years estimated for 2022.
Birth rate	9.45births/1,000 populations estimated for 2022.
Death rate	9.85 deaths/1,000 populations estimated for 2022.
Net migration rate	3.55 migrant(s)/1,000 populations estimated for 2022.
Literacy rate	98%
Capital City	Vienna
Other Large Cities	Graz, Linz, Salzburg, Innsbruck, Klagenfurt, Villach, Wels, Sankt Polten and Dornbirn etc.
Religion	The majority of the inhabitants profess Christianity: about 70% are Roman Catholics and about 5% are Protestants.
Language	The population is 99% German-speaking, with small Croat- and Slovene-speaking minorities.
Climate	The greater part of Austria lies in the cool/temperate climate zone in which humid westerly winds predominate. With over half of the country dominated by the Alps the alpine climate is the predominant one. In the East, in the Pannonian Plain and along the Danube valley, the climate shows continental features with less rain than the alpine areas. The mean annual temperature lies between 7°C and 9°C (45°F and 48°F).
International Relations	Austria is a member of the UN, WTO, BIS, NATO Partnership for Peace, OECD, EU, Council of Europe, OSCE, CERN, CEI, Danube Commission, Inter-American Development Bank, Asian Development Bank, IOM and the Antarctic Treaty. Austria is a signatory to the Schengen Accord abolishing border controls between Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain and Sweden.
Internet domain	.at
International dialing code	+43
Currency	Monetary unit is euro (EUR).

NATIONAL ECONOMY

The Austrian economy recovered robustly from the pandemic. Swift and effective policy measures and a strong public health system helped cushion the impact of the pandemic, allowing real GDP to recover by 4.8 percent in 2021. However, the recovery lags somewhat compared to peers, partially due to the strong concentration of the winter tourism and hospitality sectors in Austrian GDP.

Austria is highly vulnerable to the fallout of Russia's war in Ukraine given its high dependence on energy imports from Russia, deep integration into global value chains, and large banking exposures. Growth is projected to decline significantly during 2022:H2 and 2023 due to impacts of the war and the related energy crisis. Over the medium term, annual growth is projected to recover to around 1¾ percent. However, output will remain below the pre-crisis trend. Uncertainty is extraordinarily high with significant downside risks.

Executive Board Assessment

In the course of Article IV consultations between the IMF and Austria are as follows:

The war in Ukraine constitutes another shock to the economy and has caused downside risks to rise considerably. Economic policies should aim at cushioning the impact of war, building resilience, and boosting growth.

The measures taken to address inflation concerns are temporary, but many are broad-based while some actions could undermine green transition efforts. Any additional support should allow full pass-through of international prices to consumers while providing more targeted and temporary transfers.

Austria's contingency planning for a gas supply disruption is welcome but more is needed to safeguard medium-to-long-term energy security. This includes providing incentives for conservation and fuel switching, developing strategies to diversify gas supplies in coordination with EU partners, and accelerating domestic green energy production.

The eco-social reform is an important step in the green transition. Protection of vulnerable households is critical, but we advise against increasing broad-based compensation above the medium-term neutrality objective.

Personal income tax indexation will keep the labor tax wedge down and avoid an additional contractionary effect from higher inflation. However, together with the indexation of social benefits, the authorities now face significant rigidities in fiscal consolidation. Therefore, increased discretionary expenditure control will be required to achieve Austria's deficit objectives. Additional spending should be targeted on increasing potential growth and promoting economic resilience, while safeguarding debt sustainability. Population aging will increase pension and health care costs while reducing contributions, reforms to address this increasing liability would be appropriate over the medium term.

The banking sector has weathered the pandemic well, but risks related to the Ukraine war warrant cautious monitoring of asset quality and enhanced supervision. To address financial sector risks from residential real estate prices, we welcome the plan to make binding the borrower-based measures, but more should be done if the overvaluation pressures persist. Additional capital-based macroprudential measures, such as a sectoral systemic risk buffer calibrated to real-estate exposure, should be considered if vulnerabilities persist.

Measures to reduce labor market mismatch and promote employment, such as re-skilling programs, language training and relocation assistance, as well as policies to boost old-age labor force participation, can alleviate Austria's labor shortages. Measures to rapidly integrate refugees from Ukraine are welcome from both a humanitarian and economic perspective.

Accelerating the digital transition will help boost productivity and raise Austria's growth potential. Such spending could also contribute to the green transition, as greater digital access can increase work-from-home options and online banking and commerce, which could lower transport needs, lowering fossil fuel consumption and greenhouse gas emissions.

Table 1. Austria: Selected Economic Indicators, 2019–23

	2019	2020	2021	2022	2023
				Proj.	
Output					
Real GDP growth (%)	1.5	-6.7	4.8	3.9	1.5
Employment					
Unemployment (Harmonized) (%)	4.8	5.4	6.2	4.5	4.6
Prices					
Inflation (%)	1.5	1.4	2.8	7.1	3.7
General Government Finances					
Revenue (% of GDP)	49.2	49.0	50.1	49.5	49.3
Expenditure (% of GDP)	48.6	57.0	56.0	52.7	51.0
Fiscal balance (% of GDP)	0.6	-8.0	-5.9	-3.2	-1.7
Public debt (% of GDP)	70.6	83.9	83.0	79.4	77.5
Money and Credit					
Broad money (% change)	4.5	9.5	4.9	8.9	4.8
Credit to the private sector (% change) 3/	5.1	3.7	7.0	6.4	3.3
Balance of Payments					
Current account (% of GDP)	2.1	2.5	-0.5	-0.8	-1.0
FDI (% of GDP)	1.4	2.3	1.5	1.4	1.4
Reserves (months of imports)	1.2	1.6	1.6	1.4	1.4
External debt (% of GDP)	154.4	164.9	161.7
Exchange Rates					
REER (% change)	-1.1	-8.3	8.4

Sources: Authorities; and staff estimates and projections.
1/ Percent of population aged 15–74 with education attainment between pre-primary and tertiary education.
2/ 2020, at risk of poverty rate after social transfers.
3/ Households and non-financial corporations. Exchange rate adjusted.

"NATIONAL ECONOMY" is based on IMF Executive Board Concludes 2022 Article IV Consultation with Austria September 2, 2022.

FOREIGN TRADE

Austria's total exports in 2015 were of the order of US\$ 145,830 million. It increased to US\$ 171,860 million in 2019. Exports during the period from 2015 to 2019, in terms of percentage, grew highest (10.61%) in 2018 and fell maximum (-3.07%) in 2019 in comparison with 2017 and 2018 respectively. The annual average compound rate of growth worked out at 4.19%.

Imports, on the other hand, were of the order of US\$ 176,710 million in 2019 while in 2015 it was US\$ 148,093 million. Imports during the period from 2015 to 2019, in terms of percentage, grew highest (11.06%) in 2017 and fell maximum (-4.52%) in 2019 as compared to 2016 and 2018 respectively. The annual average compound growth rate of import worked out at 4.52%.

Volume of trade registered an annual average (compound) growth rate of 4.36% from US\$ 293,923 million in 2015 to US\$ 348,570 million in 2019.

Austria faced a deficit balance of trade payment during the said period.

Austria's export and import, volume and balance of trade between 2015 and 2019 along with their growth rates are given in **Table-I**.

The main international airport is located at Schwechat, near Vienna. There are also international flights from Graz, Innsbruck, Klagenfurt, Linz and Salzburg and internal flights between these cities. The national airline is Austrian Airlines, which is 51.9% state-owned.

The Danube (Donau) is Austria's only navigable river. It enters Austria from Germany at Passau and flows into Slovakia near Hainburg. The length of the Austrian section of the river is 351 km. Danube barges carry up to 1,800 metric tons, but loading depends on the water level, which varies considerably throughout the year. Cargoes are chiefly petroleum and derivatives, coal, coke, iron ore, iron, steel, timber and grain.

BILATERAL TRADE WITH INDIA

Indo-Austria bilateral trade in 2017-18 was of the order of Rs.9,239.46 crores. It increased to Rs.10,356.27 crores in 2021-22. The annual compound growth rate of volume of trade during the period from 2017-18 to 2021-22 was 2.89%. India faced a deficit balance of trade during the said period (**see table II**). The average annual compound growth rates of exports and imports worked out at 9.13% and -0.49% respectively.

India's exports to, and imports from Austria of Merchandise Goods between 2017-18 and 2021-22 along with their growth rates are presented in **Table II**.

India's top ten merchandise goods exported to and imported from Austria, during 2017-18 to 2021-22, along with their growth rates are depicted in **Table III & IV** respectively.

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"NOTICE"

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TABLE I

AUSRIA'S TOTAL EXPORTS AND IMPORTS, VOLUME AND BALANCE OF TRADE

BETWEEN 2015 TO 2019.

(Figures in US MILLION DOLLARS)

Year	Exports	Percentage Growth in Exports	Import	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2015	145830		148093		2,93,923		-2263
2016	145139	-0.47	150123	1.37	2,95,262	0.46	-4984
2017	160290	10.44	166729	11.06	3,27,019	10.76	-6439
2018	177296	10.61	184309	10.54	3,61,605	10.58	-7013
2019	171860	-3.07	176710	-4.12	3,48,570	-3.60	-4850

**Annual
Compound
Growth
Rate**

4.19

4.52

4.36

NOTE : Figures relate to calendar year, January to December.

SOURCE : *UN COMTRADE PUBLICATION*

TABLE - II

INDIA'S EXPORT TO AND IMPORT FROM AUSTRIA MERCHANDISE

GOODS DURING 2017-2018 TO 2021-2022

(Value in Rs. CRORES)

Year	Exports	Percentage Growth in Exports	Import	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2017-18	2965.09		6274.37		9239.46		-3309.28
2018-19	3373.75	13.78	5004.20	-20.24	8377.95	-9.32	-1630.45
2019-20	3228.00	-4.32	4458.61	-10.90	7686.61	-8.25	-1230.61
2020-21	3354.28	3.91	4600.96	3.19	7955.24	3.49	-1246.68
2021-22	4205.11	25.37	6151.16	33.69	10356.27	30.18	-1946.05

**Annual
Compound
Growth
Rate**

9.13

-0.49

2.89

NOTE : Figures relate to Financial Year April to March.

SOURCE : Directorate General of Commercial Intelligence & Statistics,
Ministry of Commerce & Industry, Kolkata 700 107.

TABLE -III										
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORT										
TOAUSTRIA										
2017-2018 TO 2021-2022 AND THEIR GROWTH RATES										(Value in Rs. CRORES)
Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2017-18	2018-19	2019-20	2020-21	2021-22	18-19 over 2017-18	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21
1	Two And Three Whellers	370.10	353.19	268.99	524.36	606.83	-4.57	-23.84	94.94	15.73
	Share in total export	12.48	10.47	8.33	15.63	14.43				
2	Electronic Components	348.27	352.14	357.90	394.11	501.73	1.11	1.64	10.12	27.31
	Share in total export	11.75	10.44	11.09	11.75	11.93				
3	Electric Machinery & Equipments	219.88	201.95	177.17	220.39	199.76	-8.15	-12.27	24.39	-9.36
	Share in total export	7.42	5.99	5.49	6.57	4.75				
4	Indl. Machinery For Dairy Etc.	53.52	101.28	192.83	209.76	297.96	89.24	90.39	8.78	42.05
	Share in total export	1.81	3.00	5.97	6.25	7.09				
5	Drugs Formulations Biologicals	37.94	39.66	58.69	88.42	117.17	4.53	47.98	50.66	32.52
	Share in total export	1.28	1.18	1.82	2.64	2.79				
6	Leather Footwear Component	52.70	63.59	106.67	98.31	157.61	20.66	67.75	-7.84	60.32
	Share in total export	1.78	1.88	3.30	2.93	3.75				
7	Auto Component/Parts	85.85	112.24	88.46	123.72	141.49	30.74	-21.19	39.86	14.36
	Share in total export	2.90	3.33	2.74	3.69	3.36				
8	Products Of Iron & Steel	119.59	145.72	119.66	116.11	135.71	21.85	-17.88	-2.97	16.88
	Share in total export	4.03	4.32	3.71	3.46	3.23				
9	RMG Cotton Including Accessories	89.61	99.47	105.13	102.87	113.03	11.00	5.69	-2.15	9.88
	Share in total export	3.02	2.95	3.26	3.07	2.69				
10	Residual Chemicals And Allied Prods.	68.10	90.40	183.66	172.96	111.57	32.75	103.16	-5.83	-35.49
	Share in total export	2.30	2.68	5.69	5.16	2.65				
	Total export to AUSTRIA	2965.09	3373.75	3228.00	3354.28	4205.11	13.78	-4.32	3.91	25.37
	NOTE : Figures relate to Financial Year, April to March.									
	SOURCE : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.									

TABLE -IV
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORT FROM AUSTRIA
2017-2018 TO 2021-2022 AND THEIR GROWTH RATES

(Value in Rs. CRORES)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2017-18	2018-19	2019-20	2020-21	2021-22	18-19 over 2017-18	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21
1	Indl. Machinery For Dairy Etc.	526.34	619.59	443.80	528.00	598.29	17.72	-28.37	18.97	13.31
	Share in total imports	8.39	12.38	9.95	11.48	9.73				
2	Drugs Formulations, Biologicals	232.17	117.60	249.70	243.32	446.41	-49.35	112.33	-2.56	83.47
	Share in total imports	3.70	2.35	5.60	5.29	7.26				
3	Manmade Staple Fibres	305.88	379.81	408.97	277.22	438.36	24.17	7.68	-32.22	58.13
	Share in total imports.	4.88	7.59	9.17	6.03	7.13				
4	Electronic Instruments	309.74	321.63	319.20	283.74	381.83	3.84	-0.76	-11.11	34.57
	Share in total import	4.94	6.43	7.16	6.17	6.21				
5	Bulk Drugs, Drugs Intermediates	53.80	117.92	113.83	244.23	374.64	119.18	-3.47	114.56	53.40
	Share in total import	0.86	2.36	2.55	5.31	6.09				
6	Medical And Scientific Instruments	330.05	460.17	347.61	277.33	351.13	39.42	-24.46	-20.22	26.61
	Share in total import	5.26	9.20	7.80	6.03	5.71				
7	Electric Components	189.78	204.31	198.57	238.19	275.75	7.66	-2.81	19.95	15.77
	Share in total import	3.02	4.08	4.45	5.18	4.48				
8	Other Non-ferrous Metals And Prods.	177.59	110.38	129.52	144.08	211.41	-37.85	17.34	11.24	46.73
	Share in total import	2.83	2.21	2.90	3.13	3.44				
9	Machine Tools	101.23	52.73	42.02	76.87	209.15	-47.91	-20.31	82.94	172.08
	Share in total import	1.61	1.05	0.94	1.67	3.40				
10	Electric Machinery & Equipments	279.79	251.16	158.62	143.74	172.97	-10.23	-36.85	-9.38	20.34
	Share in total import	4.46	5.02	3.56	3.12	2.81				
	Total import from AUSTRIA	6274.37	5004.20	4458.61	4600.96	6151.16	-20.24	-10.90	3.19	33.69

NOTE : Figures relate to Financial Year, April to March.

SOURCE : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.