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Outward FDI in Austria and its policy context, 2010

by
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As a latecomer in outward FDI (OFDI), Austria's firms were mostly export-oriented until the mid-1990s. When Austria joined the European Union (EU) in 1995 OFDI started to grow. This process was further stimulated by the effects of the opening up of Eastern European markets. Austria's OFDI stock revealed positive growth rates ever since the 1990s. Still in 2008, Austria's OFDI flows recorded their second largest value in history and pushed the small Austrian economy among the 20 largest foreign investors globally.[1] *Yet, a substantial change occurred in 2008, when the growth of its OFDI stock stopped – mainly due to valuation adjustments in the aftermath of the crisis. Austrian economic policy is conducive to FDI in general and recently the Austrian tax environment has been revised with several measures benefiting Austrian parent companies.*

Trends and developments

Country-level developments

Until the mid-1990s, outward FDI was limited in Austria as few firms set up foreign affiliates and the number of foreign affiliates per firm was low. OFDI then started to grow. In 2007 Austrian OFDI stock[2] increased no less than 41% year-on-year (annex table 1). One transaction accounted for more than half of the increase in Austria's OFDI stock in 2007. Both 2006 and 2007 were boom years as Austria's OFDI stock abroad reached record values. During the crisis

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[1] BMWFJ, *Direktinvestitionen Oesterreichs 2008* (Vienna, 2008), available at: http://www.bmwfj.gv.at/Aussenwirtschaft/Aussenhandelsdaten/Seiten/default.aspx

[2] Bellak, Christian, "Austrian manufacturing MNEs: long term perspectives", *Journal of Business History*, vol. 39, no. 1 (1997), pp. 47-71.

year of 2008, Austria's OFDI stock remained constant measured in nominal US-dollar values. In 2009, OFDI stock started to grow again (by about US$ 10 billion).[3] Yet, this does not mean that the current economic crisis has had no effect on Austria's OFDI. As usual, the macro picture does not reveal the underlying changes of the aggregate OFDI stock on the industrial and geographical as well as the financial level. For example, the divestment/investment ratio[4] changed dramatically compared to the previous years, from 20% in 2007 to 81% in 2009.

The recent development in Austria's OFDI stock is clearly reflected in OFDI flows (annex table 2). In 2008, Austrian OFDI flows reached the second largest value ever (US$ 31 billion)[5], which at first glance seems to stand in contrast with the slow growth of the OFDI stock in 2008 reported above. The difference between the OFDI flow and the change in the stock between 2007 and 2008 can be explained by considerable valuation adjustments (caused by the current economic crisis) and substantial exchange rate losses.[6] The situation changed in 2009, when OFDI flows dropped to US$ 6.7 billion. New equity investments of US$ 22.9 billion and reinvested earnings of US$ 1.8 billion were offset by outflows consisting of equity diverstments of US# 15.4 billion and other capital outflows of US$ 2.7 billion. Available data for the second quarter of 2010 show net OFDI flows of only US$ 1.5 billion, compared to US$ 5.7 billion in the second quarter of 2009.

In terms of sectoral distribution, Austrian OFDI stock originates from and is directed to the services sector, including the financial, trading or holding industry (partly for tax reasons) (annex table 3). The manufacturing sector, on the other hand, accounted for only one fifth of capital invested, but for 37% of employment in foreign affiliates in 2008. The steady increase in the share of the services sector in OFDI reflects the structural transformation of the Austrian economy towards a services economy.

Despite the strong increase during the last decade, Austrian OFDI remains largely regional rather than global. Austrian MNEs focus on other EU countries and on Central, East and South East European countries (annex table 4). Ranked by employment in 2008, the Czech Republic, Hungary and Romania are the three most important host countries for Austrian OFDI (with 81,000, 80,000, and 69,000 employees respectively) even before the larger and neighboring Germany (67,000 employees). Ranked by capital, Austria is the most important foreign investor in six countries (Slovenia, Croatia, Bosnia Herzegowina, Romania, Serbia and Bulgaria); in turn, Austria ranks as the second in terms of OFDI stock in Slovakia and third in Hungary and the Czech Republic.

Few operational data of foreign affiliates are available, most notably data on employment, sales and profitability.[7] The number of employees in Austrian foreign affiliates has more than doubled since 2001, to slightly more than half a million employees working in 3,699 foreign affiliates. In contrast to the strong growth of employment abroad, employment in Austrian MNEs at home has

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3 Estimate of the Austrian Central Bank (OeNB).
4 The difference between investment and divestment equals net outward FDI flows, which are revealed in annex table 2.
5 OeNB, *Pressedienst 30.4.2010: Österreichs Außenwirtschaft in ruhigerem Fahrwasser* (Vienna, 2010); and OeNB, *Pressedienst 17.9.2009: Direktinvestitionen 2009 deutlich schwächer* (Vienna, 2010); see also Bundesministerium für Wirtschaft, Familie und Jugend, *Die Entwicklung der österreichischen Direktinvestitionen 2008* (Vienna 2010).
6 OeNB, Presseaussendung 22. 7. 2010 by Johannes Turner, *Massive Wertberichtigungen stoppen das Wachstum der Direktinvestitionen: Ergebnisse der Direktinvestitionsbefragung der OeNB 2008* (Vienna, 2010).
7 The most recent figures refer to 2007.

remained stable since 2002, at about 300,000 employees. The increase in employment abroad has occurred primarily in the services sector, while the manufacturing sector has experienced a decrease (e.g. in the chemical and wood-products industries).

During the period 1998-2007, aggregate sales grew five-fold, reaching US$ 193 billion in 2007. This implies that the sales per foreign affiliate investment grew from US$ 12 million in 1998 to US$ 52 million in 2007, indicating a rise in the average size of investments. Data on the profitability of Austrian OFDI show on average a remarkable return on equity of about 11% in 2007, a year when many other affiliates already suffered from the crisis effects. The fact that the median value is only 7.8% confirms that the high profitability is due to the larger (and more mature) affiliates abroad and hence smaller and newer foreign affiliates are less profitable. During 1998-2007, Austrian foreign affiliates earned US$ 51 billion in total. More than half of these earnings (US$ 28 billion) were earned in Central and East European Countries (CEECs). Due to the Parent Subsidiary Directive of the EU, almost all income earned by Austrian foreign affiliates located largely in old and new EU member states is tax exempt in Austria. This implies that income earned abroad is not penalized compared to income earned in Austria and thus it does not influence the location choice abroad – as long as it is within the EU.

The corporate players

Austria has few large and global Multinational Enterprises (MNEs), unlike other small countries such as Switzerland or the Netherlands. There are only about 25 foreign affiliates listed as joint stock companies on foreign stock exchanges, including those like OMV (primary sector), Wienerberger AG (secondary sector) and Bank Austria (tertiary sector). Second, a good deal of Austrian OFDI is constituted by foreign-owned MNEs, which have been analyzed separately from 2006 onwards only. Hence, about one-third or approximately 280 Austrian affiliates abroad are owned by Austrian firms, which are themselves affiliates of foreign MNEs. These account for 37% of equity capital and 34% of employment of Austrian total OFDI.[8]

"Foreign controlled" affiliates fall into two distinct types of foreign control. One type is Regional Holding Companies (RHCs), Austrian firms set up by a foreign-owned parent company to engage in domestic activities in Austria as well as in FDI.[9] The second type is Special Purpose Entities (SPEs) or "shell companies", including private trusts.[10]

The overarching motive for Austrian firms to engage in outward FDI is the market motive, as Austria is a small open economy relying heavily on exports. The importance of the market

[8] Austrian National Bank figures, calculated from: http://www.oenb.at/de/stat_melders/datenangebot/aussenwirtschaft/direktinvestitionen/direktinvestitionen.jsp#tcm:14-149053.
[9] These RHCs are included in the FDI figures. According to the Austrian Business Agency (http://www.aba.gv.at/DE/Headquarters/Headquarters-Standort+%c3%96sterreich.aspx), about 300 foreign firms have set up regional headquarters to serve the CEEC markets, among them about 28 Fortune 500 companies. More than 1000 international firms coordinate their CEEC activities from Austria (e.g. Siemens, Beiersdorf, Eli Lilly, Henkel or FedEx). For example, Bank Austria, owned by the Italian Uno Credito – and thus an inward FDI – is responsible for the activities of Uno Credito in Central and Eastern Europe, and thus a major outward investor with substantial activities in Austria.
[10] According to the current version of the OECD benchmark definition, corporations – contrary to Regional Holding Companies (listed under the first type) – without any economic activity in the host country are termed SPEs. These are not included in the FDI figures. They are holding companies located in Austria owned by non-residents that in turn hold shares of non-resident enterprises abroad. In 2005, the inclusion of only five SPEs resulted in an increase of Austria's OFDI stock by approximately US$ 88 billion. In 2007, they accounted for 40% of the OFDI stock.

motive applies to affiliates in EU markets as well as CEECs alike. Measured in terms of capital invested, about 50% of FDI is carried out to secure sales abroad, partly complementing and partly replacing exports. Other motives like efficiency (labor costs, taxation) or sourcing, are much less important (with about one third accounting for "other" reasons). Firms seem to overstate the market motive understating the weight of efficiency-seeking with regard to CEEC markets. Case study evidence[11] suggests that Austrian firms have taken advantage of the lower wage level in neighbouring countries, often coupled with local market supply in the CEECs. Wages can be considered the only location factor, where Austria may have a disadvantage compared to several other European countries.[12]

Annex table 5 lists the most important Austrian corporate players. Few firms are "truly global" (among them Wienerberger AG, the World's largest brick manufacturer), whilst most firms are rather regional MNEs. Annex table 6 shows that M&A activity in 2008 continued and is widespread across the service and manufacturing sector. M&As contributed considerably to the strong increase of the Austrian OFDI stock in 2007 (annex table 6). Greenfield transactions are concentrated in resource and real estate sectors (annex table 7).

Effects of the current global crisis

A major economic crisis like the current one may affect the growth of Austria's OFDI in both financial and real terms, the sectoral and regional structure of OFDI, and its actual and expected profitability.

As market-oriented FDI usually takes the form of long-term projects, the fact that the OFDI stock show positive growth rates even during the crisis years 2008 and 2009 may simply reflect earlier management decisions, which result in investments spread over a certain number of years. Accordingly, Austria's OFDI stock did not decline (annex table 1).

The current economic crisis may affect the market valuation of foreign affiliates, but since only very few Austrian foreign affiliates are listed on the stock exchange (the precise number is not published by the Central Bank and is believed to be around 25 affiliates), the crisis has not so far affected the "market to book value" ratio of Austrian investments abroad (1.1 on average in 2005-2008). Another important effect of the crisis was the shift of the financing structure of OFDI from equity or loans to reinvested earnings, which clearly reflects the reluctance of parent companies to invest beyond the earnings of their foreign affiliates.

The development in financial terms reported in the previous paragraph went hand in hand with the development in real terms. In 2008, Austrian investors set up 50 additional foreign affiliates alone in Germany (worth US$ 1.9 billion), which accounted for about 17,000 jobs. In 2007 and 2008, total employment in Austrian foreign affiliates increased by 100,000, with the

[11] Christian Bellak, Elisabeth Beer and Wilfried Altzinger, "Fallstudien zu den Auswirkungen der Ostöffnung auf Beschäftigung und Zahlungsbilanz Österreichs", *Research Report*, Project funded by Jubiläumsfonds der Oesterreichischen Nationalbank, No. 6700 (Vienna, 2000).
[12] In contrast, Austria's infrastructure, education, productivity, and taxation advantages among others are superior to most other countries in Europe, where the bulk of Austrian OFDI is located.

manufacturing sector contributing 23,000 jobs.[13] It seems that investments were not immediately put on hold in reaction to the financial crisis. Therefore, we conclude that neither in financial terms, nor in real terms, the effects of the crisis on Austrian OFDI were particularly strong.

The strong investment by Austrian investors and Austrian banks in particular in the Central and East European Countries has been criticized by some commentators for their large exposure in Eastern Europe – so large that it even might endanger macro-economic stability (e.g. Paul Krugman[14]). Yet, a so-called "stress test" applied to Austrian banks by the Bank of International Settlements using the "exposure/GDP"-ratio shows that Austrian banks rank lower than Swiss, Irish, Dutch, Belgium, Swedish, UK, and French banks (1.2 compared to a range between 3.7 and 1.3).[15] Austrian Central Bank has explained Austria's favorable ranking by the strong concentration of Austrian banks on Central and Eastern Europe, which has kept them from investing large amounts in "toxic assets", e.g. in Iceland, Spain etc.

In 2009, Austrian investors continued to expand their activities in the CEECs and the South and East European Countries (SEECs). Due to its regional focus, OFDI is likely to slow in line with the severe crisis in these markets. Projections of the Vienna Institute of International Comparative Studies (WIIW) show that GDP growth in CEECs will be 3.3% in 2011, while only a 1.6% growth rate is expected in the EU.[16] Therefore, many Austrian firms will try to survive the short term impacts of the crisis in order to participate in positive growth in the medium-term.

Third, the profitability of OFDI has been strongly affected by the crisis as earnings of Austrian foreign affiliates decreased by US$ 5.1 billion between 2007 and 2008. This is quite dramatic as only one fifth (US$ 1.3 billion) of profits was earned in the EU-15 countries, while 71% was earned in the CESEE-20 region. For example in Hungary, Austrian firms made a loss on aggregate. The only two countries where earnings of Austrian FDI increased markedly in 2008 were the Czech Republic and Germany. Expectations of a recovery of profitability seem premature, but some companies have announced a restructuring of their activities abroad (e.g., the MWS Industrieholding GmbH in the metal industry), which may lead to more efficiency and ultimately higher profitability.

The effects of the current economic crisis have been mixed. They are certainly less drastic than in many other countries, as Austria's OFDI stock has increased throughout the crisis. Growth rates, however, were dampened, which suggests that certain investment projects have been postponed or cancelled.

The policy scene

Outward FDI became a major policy topic in Austria only in the 1990s, before the policy focus was on promoting exports. Even when OFDI started to grow in the mid-1990s no major policy interventions occurred. Instead, the export promotion system was extended and adapted to serve

[13] Figures for 2009 and 2010 are not yet available.
[14] http://krugman.blogs.nytimes.com/2009/04/15/austria/.
[15] See e.g., Rodrigo Alfaro and Mathias Drehmann , "Macro stress tests and crises: what can we learn?" *Bank of International Settlements (BIS), Quarterly Review*, part 3 (Basle, 2009).
[16] WIIW, "Will exports prevail over austerity?" *WIIW current analysis and forecasts*, No. 6 (Vienna, 2010).

OFDI (see below). As an EU member, Austria enjoys the four freedoms of the Single Market, including no restrictions on OFDI.

In the aftermath of the current crisis, public concern arose about declining growth rates and lower profitability of OFDI, viewed from the perspective of possible adverse effects on domestic parent firms. No laws or regulations have been so far passed to deal with the effects of the crisis, partly because it is largely unclear what is the "right" policy intervention?

While it has not produced laws or policies focused exclusively on OFDI, the Austrian Government has undertaken several measures that are conducive to OFDI. It has steadily built a network of bilateral investment treaties (BITs) and 59 Austrian BITs are now in force. The latest BIT was concluded in 2004 (with Ethiopia) and the latest BIT came into force in 2006 (with Algeria).[17] Several BITs are currently being negotiated. Many double taxation treaties (DTTs) have been concluded, guaranteeing favorable tax treatment of the proceeds from FDI in addition to the Parent-Subsidiary Directive of the EU.[18] Third, the long-established network of trade delegates (Handelsdelegierte) of the Austrian Chamber of Commerce abroad has also increasingly helped Austrian firms to establish more permanent activities abroad. Most importantly, the export guarantee system has been extended to guarantee investments abroad. The "Oesterreichische Kontrollbank AG" (OeKB) is acting as Austria's export credit agency on behalf of the Austrian Federal Ministry of Finance. Since exports and outward FDI are closely linked, the larger MNEs are the main "customers" or "beneficiaries" of the OeKB. The OeKB's Investment Guarantee G 4 provides political risk insurance related to the establishment of a new venture or the acquisition of/or investment in a company abroad.[19] [20]

The "go international" initiative of the Austrian government[21] in co-operation with the chamber of commerce includes a wide variety of measures, ranging from subsidies to the provision of information for investment opportunities. This initiative intends to stimulate exports as well as direct investment abroad. A special focus is put on the "TUBRICS" countries (Turkey, Ukraine, Brazil, Russia, India, China and South Africa) as well as the North American Free Trade Area (NAFTA).

The employment effects of investment by domestic and foreign holding companies in Austria are deemed so important[22] as to justify the reform of policy measures which should increase the

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[17] Austrian Federal Ministry of Economy, Family and Youth, "Bilaterale Investitionsschutzabkommen – Länder", available at: www.bmwfj.gv.at/Aussenwirtschaft/Investitionspolitik/Seiten/BilateraleInvestitionsschutzabkommen-Länder.aspx.

[18] Some DTTs are currently under negotiation, for an up-to-date number, see Austrian Federal Ministry of Finance, "Liste der österreichischen Doppelbesteuerungsabkommen auf dem Gebiet der Steuern vom Einkommen und vom Vermögen", available at: www.bmf.gv.at/steuern/fachinformation/internationalessteu_6523/diesterreichischend_6527/_start.htm.

[19] These can be minority stakes or investments which are fully-owned by the investing company as well as shareholder loans. The contribution can be made in cash, in kind or a combination of both. The political risk insurance covers risks such as: total or partial deprivation of equities or shareholder loans due to nationalization, expropriation, confiscation; total or partial destruction for political reasons of the project's tangible assets to an extent that prevents the business to be operated without loss; restrictions on the free disposal or transfer of dividends, proceeds or repayment of capital and payment of interest on shareholder loans, or proceeds of any disinvestment.

[20] See http://www.fdi.net/documents/WorldBank/databases/pri-center_mockup/oekb.html.

[21] http://www.go-international.at/go-international/foerderprogramme/index.php

[22] Susanne Sieber, Österreichs Attraktivität für ausländische Direktinvestitionen sowie als Standort für Headquarters-Funktionen, WIFO Studie im Rahmen des Leitprojekts "Forschungsschwerpunkt Internationale Wirtschaft (FIW)" des Österreichischen Instituts für Wirtschaftsforschung im Auftrag des Bundesministeriums für Wirtschaft und Arbeit, available at: www.fiw.ac.at/fileadmin/Documents/Publikationen/fiwstudie21.pdf .

quality of "headquarters location Austria". Such measures are primarily related to the tax environment. Today, the tax environment in Austria includes provisions on cross-border intra-group loss relief, international participation exemptions, special legislation on trusts and foundations and has been conducive not only directly to outward investment, but also to the establishment of special-purpose entities (SPEs) and holding companies, as described above. Since the area of direct taxation in the EU is largely in the realm of the nation state, this policy field is a primary decision variable for the attraction and sustainability of outward FDI for national governments.

The need to include the high environmental, social and labor standards codified in Austrian legislation into BITs has been argued in the public debate and an Austrian model BIT has been drafted, yet not published officially, which includes provisions for investor conduct in these areas (Article 4: Investment and the environment and Article 5: Investment and labor). Recently, an arbitration case between an Austrian outward investor and Macedonia has arisen. Unfortunately, no details about the current status are available, except that it is "pending".[23]

Conclusion and Outlook

The growth and the profitability of Austria's OFDI suffered during the crisis. While raising the profitability of foreign affiliates abroad may not seem to be a primary policy goal of the home country government at first glance, a greater regional diversification of Austrian FDI abroad could guarantee the success of FDI. Greater regional diversification means that Austrian parent firms may cross-subsidize foreign affiliates, as markets normally develop at different speeds. The government should adopt measures to increase the level of diversification to prevent negative repercussions of low market growth abroad on Austria. Measures should suit specific market failures. The concentration on a few markets abroad is inter alia due to market failure in the form of information asymmetries. This justifies government intervention in the form of the provision of information (e.g. about industry-specific market developments) or the creation of incentives for regional diversification (e.g. insurance schemes), especially in areas where the costs of collecting such information are high and smaller firms therefore would not gather such market-related information.

A major policy issue coming up – not specific to Austria, but affecting Austria as well – is the new competence of the EU for "investment", including FDI. In an extreme case, this could imply the shift of BITs to the supranational level and thus lead to a major policy shift in this area towards a new "level playing field".

Additional readings

[23] See EVN AG v. The Former Yugoslav Republic of Macedonia (ICSID Case No. ARB/09/10, available at: www.encharter.org/index.php?id=469) for details about Electricity distribution ("expropriation" under the Energy Charter).

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FIW, "Österreichs Außenwirtschaft 2009" (Vienna, 2009). http://www.fiw.ac.at/index.php?id=533

OeNB, "Direct Investment 2007," Statistiken, Special Issue, (Vienna, September 2009), available at: www.oenb.at.

Pfaffermayr, Michael, with Peter Egger and Yvonne Wolfmayr-Schnitzer, "The International Fragmentation of the Value Added Chain: The Effects of Outsourcing to Eastern Europe on Productivity and Wages in Austrian Manufacturing," *The North American Journal of Economics and Finance*, vol. 12, no. 3 (2001), pp. 257-272.

Useful websites

For FDI data: Oesterreichische Nationalbank, available at: www.oenb.at/de/stat_melders/datenangebot/aussenwirtschaft/direktinvestitionen/direktinvestitionen.jsp#tcm:14-149053.

For the most recent publication on Austrian FDI: http://www.oenb.at/de/img/shst_2010_09_mon_tcm14-207927.pdf

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The Vale Columbia Center on Sustainable International Investment (VCC), led by Dr. Karl P. Sauvant, is a joint center of Columbia Law School and The Earth Institute at Columbia University. It seeks to be a leader on issues related to foreign direct investment (FDI) in the global economy. VCC focuses on the analysis and teaching of the implications of FDI for public policy and international investment law.

Statistical annex

Annex table 1. Austria: outward FDI stock, 2000-2009

(US$ billion)

Economy	2000[a]	2001[a]	2002[a]	2003[a]	2004[a]	2005[a]	2006[a]	2007[a]	2008[a]	2009[a, b]
Austria	24.8	28.5	42.5	56.0	69.8	71.8	105.7	148.8	148.6	160.6
Memorandum: Comparator economies										
Germany	541.9	617.8	695.8	830.7	925	927.5	1,081.3	1,294.5	1,450.9	n.a.
Slovakia	0.4	0.4	0.5	0.8	0.8	0.6	1.3	1.5	1.9	n.a.
Switzerland	232.2	252.2	292.2	341.4	400.6	432.0	559.9	657.9	724.7	n.a.

Source: UNCTAD's FDI database, available at: stats.unctad.org/fdi/; and OeNB, 2010, zip file Stand/Beschäftigte der österreichischen ausländischen Direktinvestitionen nach Branchen – NACE 2003 von 1990 bis 2008, available at: www.oenb.at.
[a] Currency conversion rates US$ per Euro end-of-year used for Austria: 2000: 0.9305, 2001: 0.8813, 2002: 1.0487, 2003: 1.2630, 2004: 1.3621, 2005: 1.1797, 2006: 1.3170, 2007: 1.4721, 2008: 1.3917, 2009: 1.4406.
[b] The value for 2009 is preliminary, since FDI flows 2009 were added to 2008 stocks.

Annex table 2. Austria: outward FDI flows, 2000-2009

(US$ billion)

Economy	2000[a]	2001[a]	2002[a]	2003[a]	2004[a]	2005[a]	2006[a]	2007[a]	2008[a]	2009[a, b]
Austria	5.7	3.1	5.8	7.1	8.3	11.1	13.7	33.4	30.5	6.7
Memorandum: Comparator economies										
Germany	56.6	39.7	18.9	5.8	20.5	75.9	127.2	179.5	156.5	n.a.
Slovakia	0.0	0.1	0.0	0.2	0.0	0.1	0.5	0.4	0.3	n.a.
Switzerland	44.7	18.3	8.2	15.4	26.3	51.1	75.8	49.7	86.3	n.a.

Source: UNCTAD's FDI database, http://stats.unctad.org/fdi/; and OeNB, 2010, Austrian Direct Investment Abroad (active), available at: www.oenb.at.
[a] Currency conversion rates US$ per Euro averages used for Austria: 2000: 0.9240, 2001: 0.8956, 2002: 0.9444, 2003: 1.1308, 2004: 1.2433, 2005: 1.2458, 2006: 1.2557, 2007: 1.3706, 2008: 1.4717, 2009: 1.3928.
[b] Revised value.

Annex table 3. Austria: distribution of outward FDI stock by economic sector and industry, 2000, 2008

(US$ million)

Sector/industry	**2000**	**2008**
All sectors/industries	**24,821**	**148,622**
Primary	**212**	**1,950**
Agriculture, mining	212	1,950
Secondary	**6,667**	**40,400**
Food products, beverages, tobacco products	460	2,790
Textiles and textile products, leather and leather products	84	202
Wood, paper, printing	736	4,550
Chemicals, petroleum products, pharmaceuticals	1,110	10,626
Non-metallic mineral products	1,083	4,114
Basic metals and fabricated metal products	1,302	3,038
Computers, electronic and optical products	639	3,642
Machinery and equipment	461	2,494
Manufacture of transport equipment	158	1,016
Other products, repair and installation	74	775
Electricity, water supply, waste collection and treatment	168	2,532
Construction	392	4,622
Services	**17,940**	**106,270**
Trade	4,032	15,967
Transport and storage, postal and courier services	34	668
Accommodation and food services	107	199
Information and communication services	193	4,611
Financial intermediation	9,852	66,495
Real estate activities	415	4,524
Professional, scientific and technical services	2,292	9,295
Administrative and support services	911	3,467
Public and other services	104	1,044

Source: OeNB, 2010, zip file Stand/Beschäftigte der österreichischen/ausländischen Direktinvestitionen nach Branchen – NACE 2003 von 1990 bis 2008, available at: www.oenb.at.

Annex table 4. Austria: geographical distribution of outward FDI stock, 2000, 2007

(US$ million)

Region/economy	2000	2007
World	24,821	151,014
Developed economies	21,909	113,643
Europe	19,380	106,607
European Union	17,690	98,124
Germany	4,718	21,671
North America	2,194	5,280
Canada	185	816
United States	2,010	4,465
Other developed countries	335	1,756
Australia	308	1,351
Japan	5	94
Developing economies	2,178	11,733
Africa	19	125
Asia and Oceania	646	8,905
Latin America and Caribbean	1,513	2,710
South East Europe and the CIS	733	25,625
Croatia	451	10,206

Source: OeNB, "Direct Investment 2007," Statistiken, Special Issue, (Vienna, September 2009), available at: www.oenb.at.

Annex table 5. Austria: principal foreign investors, 2008

(US$ million)

Rank	Name	Industry	Foreign assets
1	Wienerberger	Building material	n.a.
2	Erste Group Bank	Banking	n.a.
3	OMV	Energy	n.a.
4	Swarovski	Crystal cutting	n.a.
5	Raiffeisen Zentralbank	Banking	n.a.
6	AGRANA Zucker	Food	n.a.
7	Strabag	Banking	n.a.
8	Verbund	Electricity	n.a.
9	Wiener Städtische	Insurance	n.a.
10	Telekom Austria	Telecommunications	n.a.
11	Baumax Essl	Retail	n.a.
12	Immoeast	Real estate	n.a.

Source: authors calculations.
n.a.: not available.

Annex table 6. Austria: main M&A deals, by outward investing firm, 2007-2009

(US$ million)

Year	Acquiring company	Target company	Target industry	Target economy	Shares acquired (%)	Estimated / announced transaction value
2009	Investor Group	Colonia RE AG-RE Portfolio	Operators of apartment buildings	Germany	100.0	95.6
2009	bwin Interactive Ent AG	Gioco Digitale SpA	Amusement and recreation services	Italy	100.0	164.0
2009	UNIQA Versicherungen AG	Claris Assicurazioni SpA	Life insurance	Italy	90.0	106.1
2009	Verbund	E ON AG-Hydro Power Plants	Electric services	Germany	100.0	1,931.6
2009	Verbund	Poweo SA	Electric services	France	13.4	63.2
2009	Asamer Holding AG	Libyan Cement Mnfg JV Co	Cement, hydraulic	Libya	56.0	145.2
2009	DCM DECOmetal Intl Trading	Australian Zircon NL	Miscellaneous metal ores, nec	Australia	70.5	27.2
2009	Erste Donau-Dampfschiffahrts-gesellschaft	AD Jugoslovensko Recno	Water transportation of freight, nec	Yugoslavia	67.0	31.7
2009	Investor Group	Baskent Elektrik Dagitim AS	Electric services	Turkey	100.0	1,220.0
2009	Kapsch TrafficCom AG	Q-Free ASA	Electronic parts and equipment, nec	Norway	20.5	16.0
2008	VIG	BCR Asigurari SA	Accidental and health insurance	Romania	88.5	345.0
2008	Polytec Holding AG	Peguform GmbH	Automotive parts, supplies	Germany	100.0	280.5
2008	Raishop Holding	Poslovni sistem Mercator dd	Grocery stores	Slovenia	23.0	405.3
2008	Intercell AG	Iomai Corp	Pharmaceutical preparations	United States	100.0	176.6
2008	Strabag SE	Strabag AG	Residential construction, nec	Germany	21.1	343.9
2008	Labelux Group	Bally International AG	Women's footwear, except athletic	Switzerland	100.0	600.0
2008	Raiffeisen PPP Infrastruktur	Allami Autopalya Kezelo	Bridge, tunnel, and elevated highway construction	Hungary	n.a.	169.0
2008	CA Immobilien Anlagen AG	Vivico Real Estate GmbH	Real estate investment trusts	Germany	100.0	1,520.8

2008	Rail Cargo Austria AG	MAV Cargo Zrt	Railroads, line-haul operating	Hungary	100.0	590.00
2008	Bank Austria Creditanstalt AG	OJSC Ukrsotsbank	Banks	Ukraine	94.2	2,231.2
2007	Telekom Austria AG	Mobile Digital Communications	Telephone communications, except radiotelephone	Belarus	70.0	1,033.3
2007	Sparkassen Immobilien AG	Citec Immobilien-Residential	Operators of apartment buildings	Germany	100.0	251.6
2007	Immofinanz Immobilien Anlagen	Undisclosed logistics centres	Land subdividers and developers, except cemeteries	Germany	100.0	372.1
2007	OMV AG	MOL Group	Crude petroleum and natural gas	Hungary	8.6	1,346.4
2007	Bank Austria Creditanstalt AG	ATF Bank JSC	Banks	Kazakhstan	95.6	1,661.0
2007	Bank Austria Creditanstalt AG	International Moscow Bank	Banks	Russia	10.0	229.4
2007	Conwert Immobilien Invest SE	Undisclosed real estate	Real estate agents and managers	Germany	100.0	213.7
2007	Verbund	EnerjiSA	Electric services	Turkey	49.99	326.2
2007	Bank Austria Creditanstalt AG	Aton Institutional Business	Security brokers, dealers, and flotation companies	Russia	100.0	424.0
2007	CA Immobilien Anlagen AG	Hessen-Property Portfolio	Land subdividers and developers, except cemeteries	Germany	100.0	986.6

Source: Thomson ONE Banker. Thomson Reuters.

Annex table 7. Austria: main greenfield projects, by outward investing firm, 2007-2009

(US$ million)

Year	Investing company	Industry	Source economy	Estimated / announced investment value
2009	OMV	Coal, oil and natural gas	Romania	716.6
2009	Immofinanz	Real estate	Russia	281.7
2009	OMV	Coal, oil and natural gas	Kazakhstan	250.6
2009	OMV	Coal, oil and natural gas	Germany	211.6
2009	OMV	Coal, oil and natural gas	Turkey	663.2
2009	OMV	Coal, oil and natural gas	Romania	472.9
2009	OMV	Alternative / renewable energy	Romania	570.6
2009	Kapsch Group	Communications	Belarus	675.0
2009	Egger Group	Alternative / renewable energy	Romania	598.2
2009	Spinelli Euro Freight	Transportation	Russia	218.9
2008	OMV	Coal, oil and natural gas	Germany	870.9
2008	Supernova	Real estate	Croatia	720.3
2008	OMV	Coal, oil and natural gas	Turkey	740.0
2008	A-Tec Industries	Industrial machinery, equipment and tools	United Kingdom	645.2
2008	Asamer	Real estate	Ukraine	941.2
2008	intico solar	Electronic components	Germany	954.5
2008	OMV	Coal, oil and natural gas	Turkey	781.0
2008	Immofinanz	Real estate	Russia	715.1
2008	Kolm Pfluger	Food and tobacco	Serbia	776.3
2008	Kelag	Alternative / renewable energy	Romania	621.2
2007	Kronospan	Wood products	Russia	440.4
2007	Bau Holding Strabag	Building and construction materials	Hungary	286.7
2007	Bau Holding Strabag	Metals	Russia	254.1
2007	Meinl Bank	Coal, oil and natural gas	Hungary	222.2
2007	EVN	Alternative / renewable energy	Albania	1,500.0

2007	Immofinanz	Real estate	Romania	404.3
2007	Meinl Bank	Real estate	Russia	406.1
2007	Erste Bank	Real estate	Slovakia	243.0
2007	Erste Bank	Real estate	Hungary	394.1
2007	Erste Bank	Real estate	Bulgaria	283.3

Source: fDi Intelligence, a service from the Financial Times Ltd.