

## INDIA-AUSTRIA BILATERAL TRADE

### The Austrian Economy

Austria, with its well-developed market economy and high standard of living, is closely tied to other EU economies, especially Germany's. Its economy features a large service sector, a sound industrial sector, and a small, but highly developed agricultural sector.

After several years of steady foreign demand for Austrian exports and record employment growth, the international financial crisis and the global economic downturn in 2008 led to a sharp but brief recession. The Austrian GDP contracted 3.9% in 2009 but saw a positive growth of about 2% in 2010. Unemployment has not risen as steeply in Austria as elsewhere in Europe, partly because its government has subsidized/reduced working hour schemes to allow companies to retain employees. Stabilization measures, stimulus spending, and an income tax reform pushed the budget deficit to 3.5% of GDP in 2009 and 4.7% in 2010, from only about 1.3% in 2008.

The international financial crisis caused difficulties for Austria's largest banks whose extensive operations in central, eastern, and southeastern Europe faced large losses. The government provided support to banks - including nationalization in some instances, to prevent insolvency and possible contagion.

### Key Economic Indicators

	2009(est.)	2010(est.)
<b>GDP(PPP)</b>	US\$ 325.6 billion	US\$ 332 billion
<b>GDP- real growth rate</b>	-3.9%	2%
<b>Unemployment Rate</b>	4.8%	4.4%
<b>Public Debt</b>	67.7% of GDP	71% of GDP
<b>Inflation Rate (consumer prices)</b>	0.4%	1.7%
<b>Exports</b>	US\$ 135.3 billion	US\$ 172.3 billion
<b>Imports</b>	US\$ 138.6 billion	US\$ 173 billion

*Source: CIA World*

*Factbook*

## INDIA-AUSTRIA ECONOMIC RELATIONS

India cherishes its relationship with Austria, the foundation of which was laid by the first Prime Minister of India, Jawaharlal Nehru and the Austrian Chancellor, Leopold Figl in May 1949, when diplomatic relations were established. Ever since, the two nations have maintained a cordial friendship through regular visits and cultural exchanges.

Austria, a member of the European Union since 1995, is an important link for India in its relationship with the countries of central and Eastern Europe.

There have been a large number of collaborations, **technology transfers and joint ventures** in the fields of **steel, manufacturing technology, railway and transport, equipment, metallurgy and so on.**

### Bilateral Trade

After showing stable advance during the crisis year, India's exports to Austria remained on a constant growth track and registered an increase by approximately **10% y-o-y in 2010** with the total export volumes amounting **€ 483.1 million**. This marked an increase by **55%** over the **2006** export volume to Austria and an average exports growth by **12% y-o-y**.

As far as India's imports from Austria are concerned, after registering an **-8%** decrease in **2009**, trade has gone back on track and registered an upturn by **16.9%**, which represents a **7.6%** growth based on pre-crisis levels. 2010's imports from Austria amounted to **€654.9 million**. After a great jump by **41.8% in 2007**, trade results indicated an average growth of imports by **16.5%**.

The trade volume for the period **January-May 2011** has shown positive results for both exports and imports. India's exports to Austria increased by **20.6%** to **€ 240.04 million** during this period. As far as India's imports from Austria are concerned, the trade increased by **37.3%** to **€309.45 million** during this period.

YEAR	2006	2007	2008	2009	2010	2011 (Jan-May)
India's exports to Austria	310.5	337.9	415.1	439.4	483.1	240.04
India's imports from Austria	372.4	527.9	608.9	560.4	654.9	309.45
<b>TOTAL TRADE</b>	682.9	865.8	1024	999.8	1138	549.49

*Source: Indian Embassy in Austria*

*Amount in € million*

## **Trade Basket**

### **India's Exports to Austria**

Key Export Commodities: Manufactured Goods, Machinery and Transport Equipment, Textiles and Yarns as well as Chemicals.

### **India's Imports from Austria**

Different types of machinery, Iron and Steel, Chemicals, Machinery and Equipment.

## **Investments**

### **Austrian investments in India**

Austria ranks 31<sup>st</sup> in terms of cumulative inflows into India. During the period April 2000 to April 2011 FDIs amounting to **US\$ 128.98 mn** accounting for 0.10% of total FDI inflows were received. These included inflows received through FIPB/SIA route RBI's automatic route & acquisition of existing shares.

Top sectors that attracted FDI equity inflows are: Automobile Industry (**10%**), Industrial Machinery (**10%**), Construction Activities (**7%**), Mining (**6%**), and Rubber Goods (**5%**)

### **The main contributors to this are the following Austrian companies:**

- WIENERBERGER A.G.
- F. HOLDING GMBH
- WIENERBERGER
- AUSTRIA PUMA DASSLER GESSELLSCHAFT MBH
- TYSA HOLDING SA

### **Austrian companies in India:**

Plasser & Theurer, AVL, Hovis, Doka, Koch-Glitsch, Rosendahl Maschinen, AT&S, Biochemie Kundl, Semperit AG Holding, Jungfer AG, Swarovski

### **Indian companies doing business in Austria:**

Indian yarn maker Oswal Group , VA Tech Wabag Ltd.- an ICICI Ventures company, Shilpa Medicare, Club Mahindra, Wipro Technologies, Amalgated Bean company's 'Café' Coffee Day in Vienna, L&T, Rabmer Bau Holding & Delhi Jal Board's JV company.

### **Sectors of Cooperation:**

Environment, Agriculture, Infrastructure, Steel, Railways, IT, Knowledge sector, SMEs