

# **Economic Relations between Austria and China**

Wirtschaftsagentur Wien, 18 05 2010

By Waltraut Urban

The Vienna Institute for International Economic Studies (wiiw)

**Part 1: Trade**

**Part 2 : Foreign direct investment**

**Part 3: Tourism**

- **Austrian trade relations with China**

## Austria's main trading partners, 2009

	Exports + Imports, EUR billion	In % of total (% of extra-EU)
<b>Total trade</b>	<b>191.994</b>	<b>100</b>
<b>EU-27</b>	<b>138.522</b>	<b>72.1</b>
<b>Extra EU-27</b>	<b>53.471</b>	<b>27.9</b>
<b>1 Germany</b>	<b>69.071</b>	<b>36.0</b>
<b>2 Italy</b>	<b>14.334</b>	<b>7.5</b>
<b>3 Switzerland</b>	<b>9.961</b>	<b>5.2 (18.6)</b>
<b>4 Czech Rep.</b>	<b>6.809</b>	<b>3.5</b>
<b>5 France</b>	<b>6.777</b>	<b>3.5</b>
<b>6 USA</b>	<b>6.592</b>	<b>3.4 (12.3)</b>
<b>7 China PR</b>	<b>6.482</b>	<b>3.4 (12.1)</b>
<b>8 Hungary</b>	<b>5.236</b>	<b>2.7</b>
<b>9 UK</b>	<b>4.661</b>	<b>2.4</b>
<b>10 Netherlands</b>	<b>4.420</b>	<b>2.3</b>
<b>17 Japan</b>	<b>2.282</b>	<b>1.2 (4.3)</b>

Source: Statistik Austria.

## Austria's main sources of imports, 2009

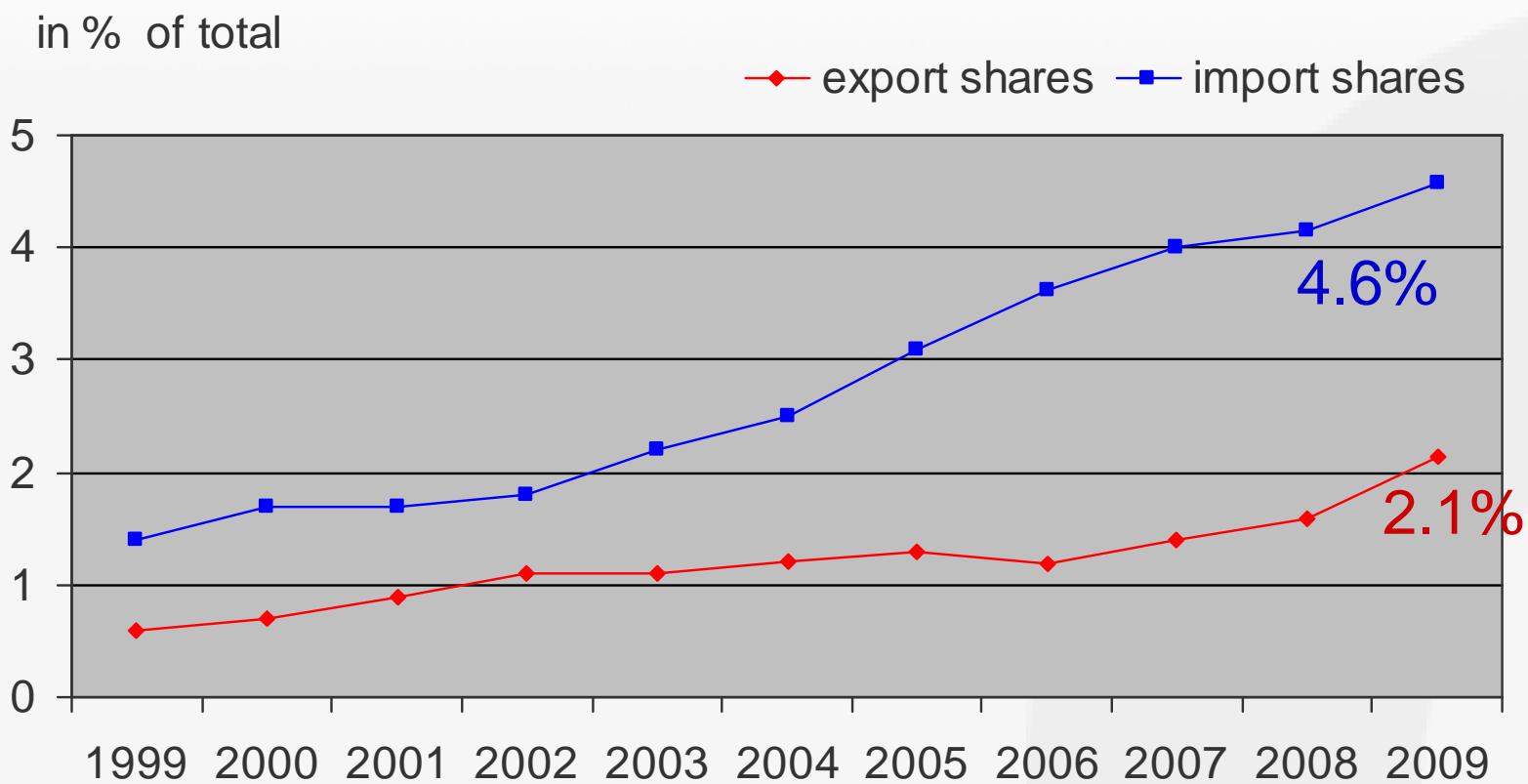
	Imports, EUR billion	In % of total (of extra-EU)
<b>Total imports</b>	<b>97.826</b>	
<b>EU-27</b>	<b>71.556</b>	<b>73.1</b>
<b>Extra EU-27</b>	<b>26.270</b>	<b>26.9</b>
<b>1 Germany</b>	<b>39.829</b>	<b>40.7</b>
<b>2 Italy</b>	<b>6.578</b>	<b>6.7</b>
<b>3 Switzerland</b>	<b>5.617</b>	<b>5.7 (21.4)</b>
<b>4 China</b>	<b>4.472</b>	<b>4.6 (17.0)</b>
<b>5 Czech Rep.</b>	<b>3.380</b>	<b>3.5</b>
<b>6 France</b>	<b>3.037</b>	<b>3.1</b>
<b>7 Netherlands</b>	<b>2.796</b>	<b>2.9</b>
<b>8 USA</b>	<b>2.557</b>	<b>2.6</b>
<b>9 Hungary</b>	<b>2.342</b>	<b>2.4</b>
<b>10 Slovakia</b>	<b>1.948</b>	<b>2.0</b>
<b>16 Japan</b>	<b>1.509</b>	<b>1.5 (5.3)</b>

Source: Statistik Austria.

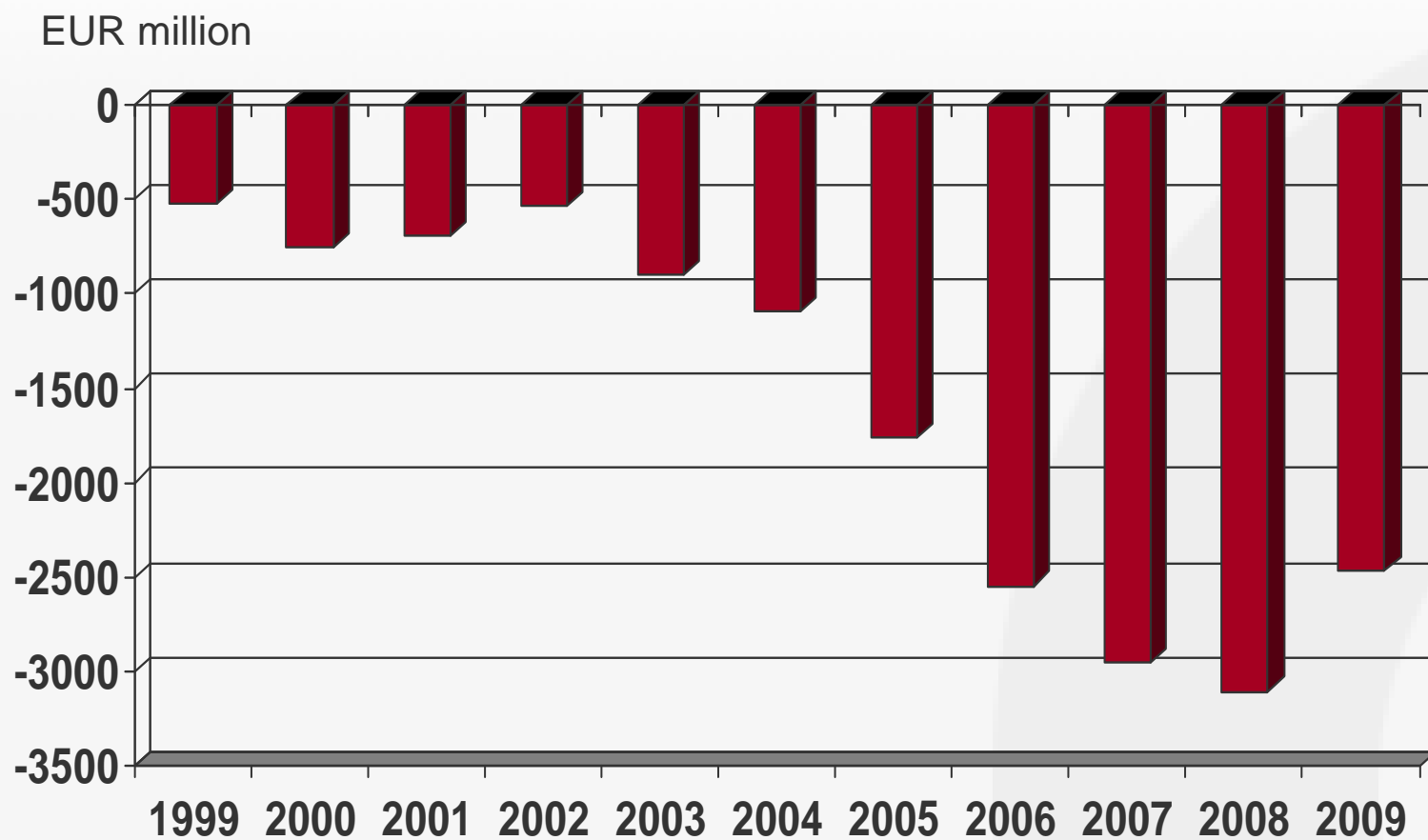
## Austria's main export markets and bilateral trade balances, 2009

	Exports in bn euro	In % of total (extra-EU)	Trade balance in bn €
Total exports	94.168	100	-3.658
EU-27	66.966	71.1	-4.590
Extra EU-27	27.202	28.9	0.931
1 Germany	29.242	31.1	-10.588
2 Italy	7.755	8.2	1.177
3 Switzerland	4.344	4.6 (16.0)	-1.272
4 USA	4.035	4.3 (14.8)	1477.8
5 France	3.739	4.0	0.702
6 Czech Rep.	3.429	3.6	0.049
7 UK	2.962	3.1	1.263
8 Hungary	2.893	3.1	0.551
9 Poland	2.470	2.6	0.913
10 Russia	2.096	2.2 (7.7)	0.377
11 Slovenia	2.054	2.2	1.058
12 China	2.010	2.1 (7.4)	-2.462

# China's shares in Austrian trade, 1999-2009



# Austria's trade balance with China, 1999-2009



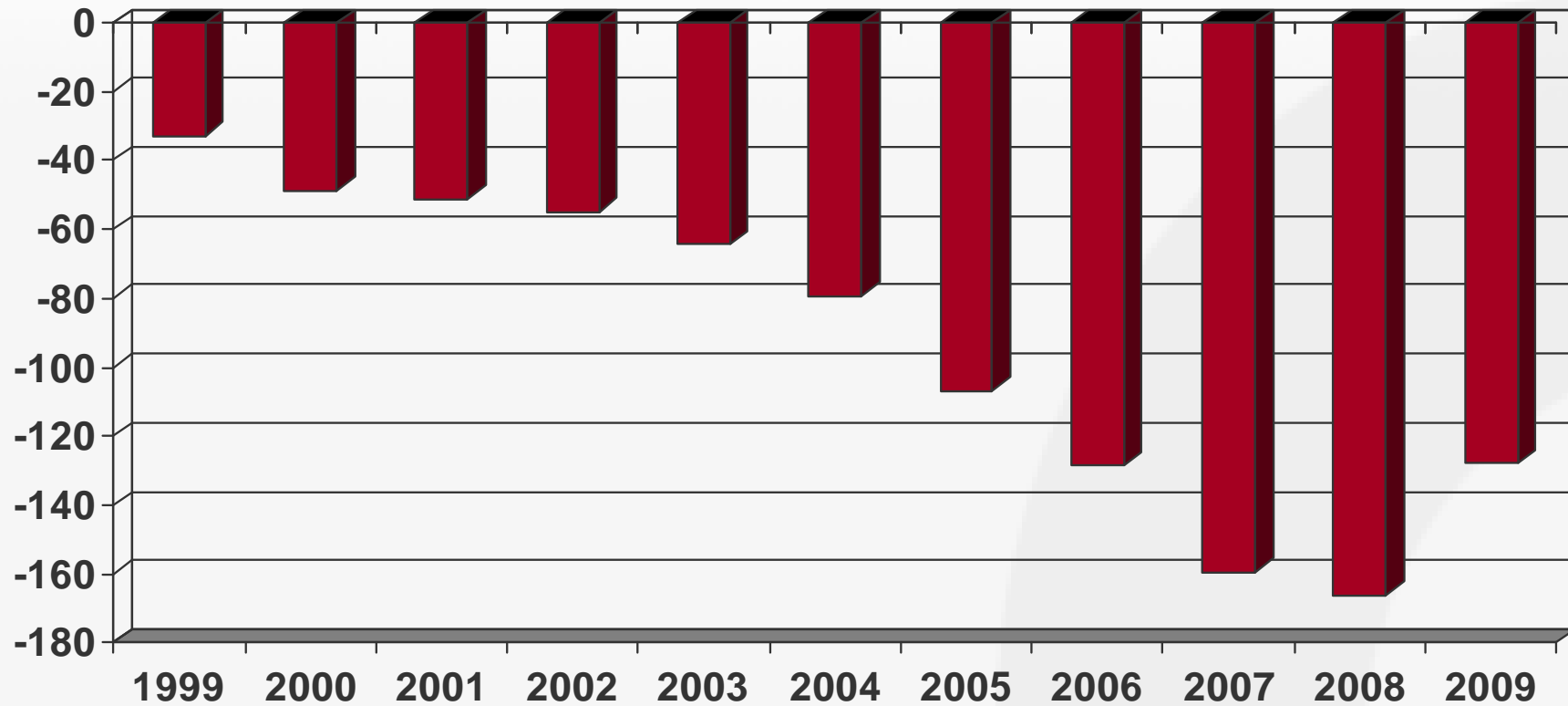


# EU trade balance with China

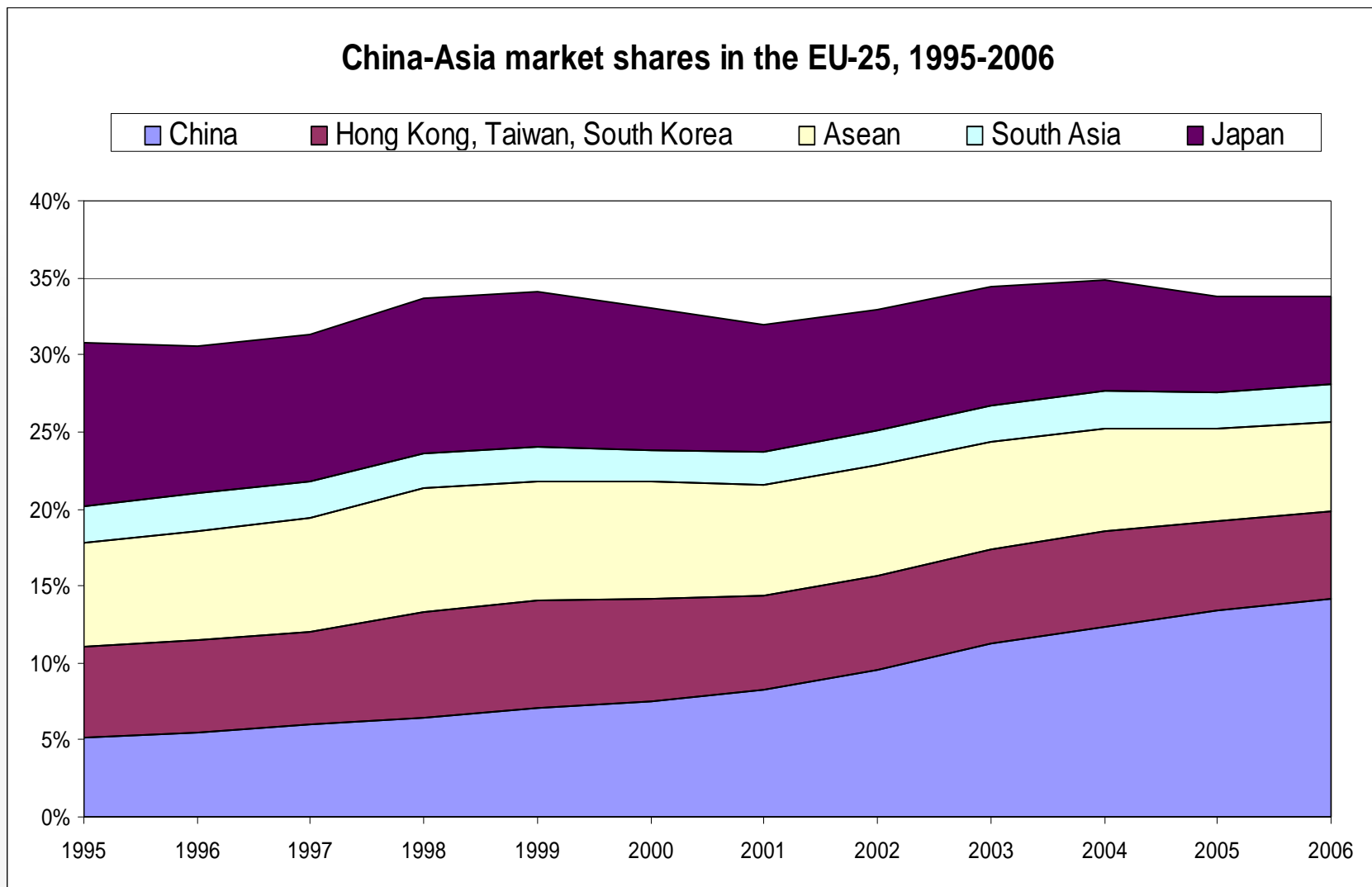
1999-2007: EU-25, 2008-09: EU-27

2009: -128 EUR bn  
(US: - 227 USD bn  
= 161 EUR bn)

EUR billion

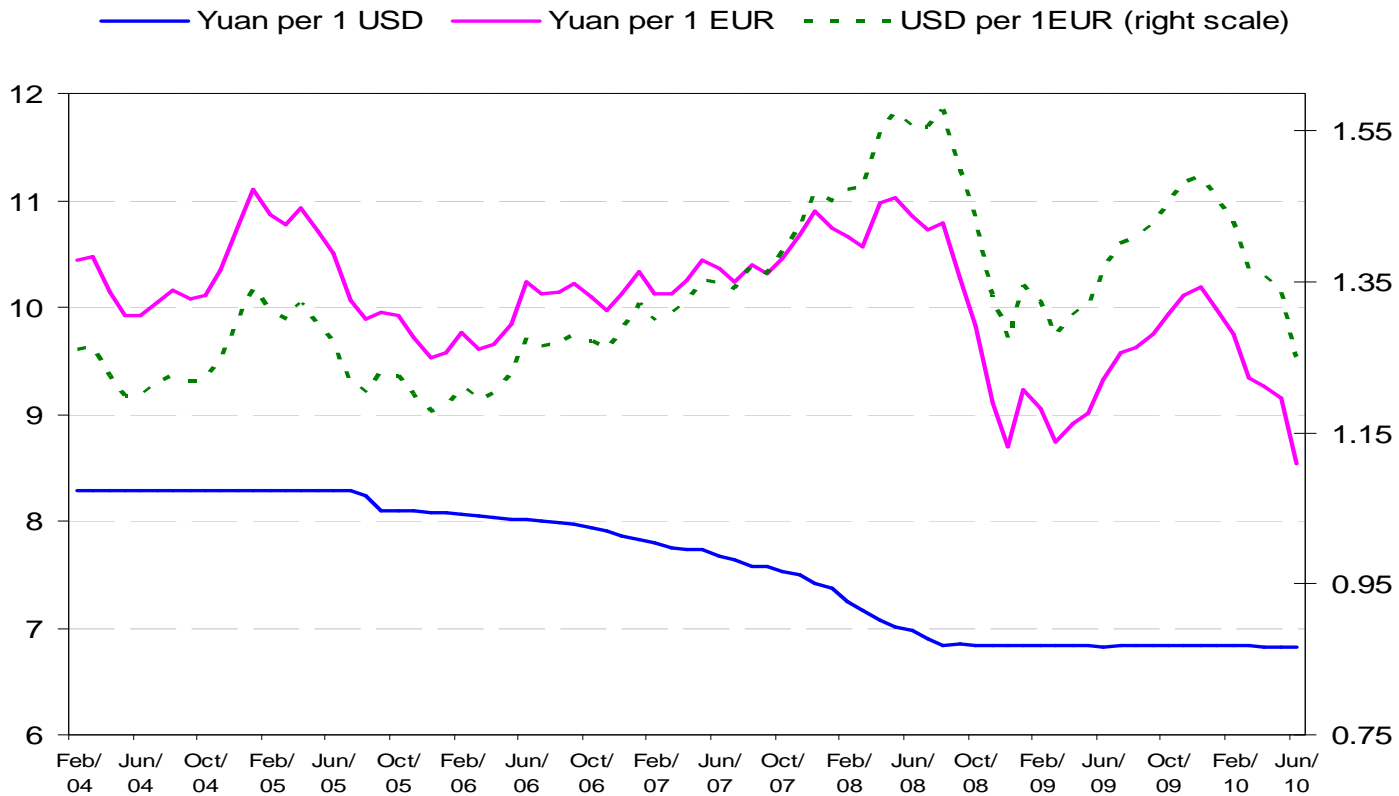


Source: Eurostat.



Source: EU Commission, DG Trade.

# Exchange rate yuan – US dollar – euro



Source: ECB, People's Bank of China.

## Commodity structure of Austrian and of EU trade with China, 2008

SITC sections	Shares in exports to China in %		Shares in imports from China in %	
	EU-27	Austria	EU-27	Austria
<b>0 Food and live animals</b>	<b>1.0</b>	<b>0.2</b>	<b>1.4</b>	<b>1.3</b>
<b>1 Beverages and tobacco</b>	<b>0.5</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>
<b>2 Crude materials inedible, exc. fuel</b>	<b>6.7</b>	<b>4.2</b>	<b>1.2</b>	<b>1.9</b>
<b>3 Mineral fuels</b>	<b>0.2</b>	<b>0.0</b>	<b>0.4</b>	<b>0.0</b>
<b>5 Chemicals</b>	<b>10.6</b>	<b>6.9</b>	<b>3.7</b>	<b>6.1</b>
<b>6 Manuf. goods classif. chiefly by material</b>	<b>11.6</b>	<b>12.9</b>	<b>14.7</b>	<b>11.8</b>
<b>7 Machinery and transport equipment</b>	<b>59.4</b>	<b>67.2</b>	<b>46.3</b>	<b>40.1</b>
<b>8 Misc. manuf. articles</b>	<b>6.5</b>	<b>8.4</b>	<b>31.5</b>	<b>38.6</b>

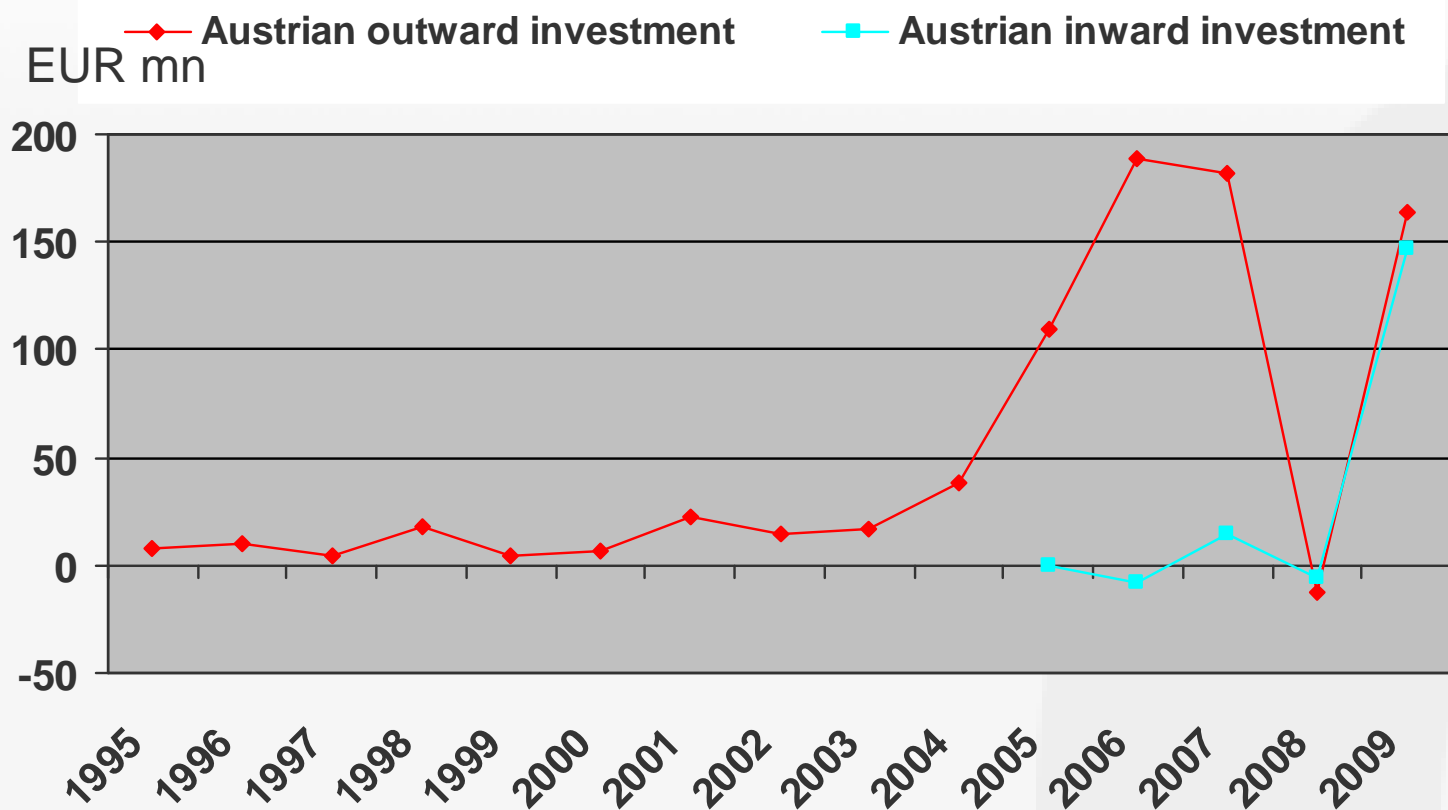
Source: Eurostat and Statistik Austria, Serie 2.

# Austrian companies in China

- 300-600 Austrian companies involved in business with China
- > 70 have production facilities in China
- High-tech, specialized products for:
  - Automotive industry
  - Infrastructure, e.g. water supply
  - Environmental protection (waste treatment, water purification,
  - Energy efficiency
- Deficit in branded consumer goods:
  - important exception: Swarovski, Red Bull
  - Potential: ski equipment

- **Foreign direct investment between Austria and China**

# Direct investment between Austria and China, 1995-2009



Source: Austrian National Bank (OeNB).

## Austrian direct investment – target countries, 2007

	FDI stocks in EUR million	Shares in total in %
<b>World</b>	<b>102,584</b>	<b>100</b>
<b>Europe</b>	<b>92,510</b>	<b>90.2</b>
<b>Central and eastern Europe</b>	<b>51,113</b>	<b>49.8</b>
<b>America</b>	<b>5,428</b>	<b>5.3</b>
<b>USA</b>	<b>3,033</b>	<b>3.0</b>
<b>Africa</b>	<b>85</b>	<b>0.1</b>
<b>Oceania</b>	<b>1,119</b>	<b>1.1</b>
<b>Asien</b>	<b>3,438</b>	<b>3.4</b>
<b>China (incl. Hong Kong)</b>	<b>606 (743)</b>	<b>0.6 (0.7)</b>

Source: Austrian National Bank (OeNB).



## Austrian investors in China

- Largest investor: AT&S (HDI-Microvia printed circuit boards); USD 500 million investment, 3300 employees
- Pioneers: AVL List (power-train systems, test-systems, R&D support), Doppelmayr (rope driven transport systems, e.g. chair lifts), Voith Paper (paper machines), Rosenbauer (fire fighting vehicles), Andritz (plants and equipment for steel industry; turbines, environment and processing equipment), Raiffeisen (bank), Schenker (logistics)
- Various SMEs in the field of extrusion technology, furnace engineering, parts and components

# Focus on environmental technology

- Austria holds a good position in international sustainability ranking
- Environmental industries: 4.2% of GDP; exports to China worth around EUR 100 million\*
- Since 2006: cooperation agreement between Austria and China
  - China: particularly interested in energy efficiency of buildings and environmentally friendly technologies in industry; waste treatment
  - Austria interested e.g. in photovoltaic technologies from China
- Other important fields: water supply and treatment, recycling for plastic and construction materials, filter technology, biomass, car bodies made from synthetic materials (Senoplat Klepsch & Co GmbH)

\* According to Michael Müller, head of the Advantage Austria Bureau, in charge of environmental technologies; [guangzhou@advantageaustria.org](mailto:guangzhou@advantageaustria.org).

## Chinese investors in Austria

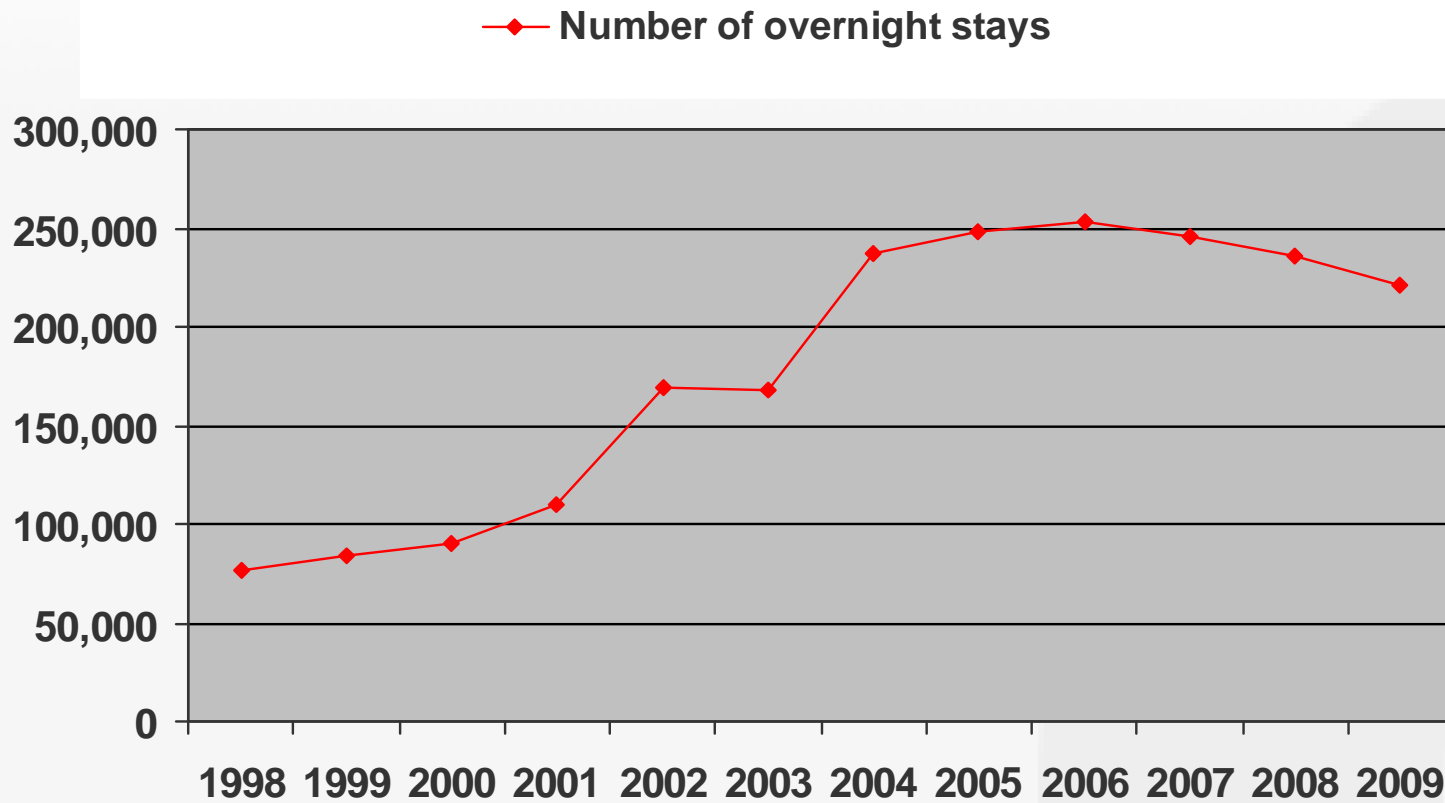
- Huawei Technologies Austria (telecommunication networks solutions)
- Xi'an Aircraft Industry (group) Co. has recently bought 92% of Austrian FACC (small but fine supplier to the aerospace industry, e.g. Boeing)
- Many restaurants, shops etc.

# ■ **Tourism**

- **China Tourism Academy estimates that 54 million Chinese tourists will go abroad this year, up from 47 million in 2009**
- **According to the United Nations World Tourism Organization, China will be the world's fourth largest source of outbound tourists by 2020, with 100 million overseas visits**

Quoted from *China Daily*, 29 March 2010.

# Chinese tourists in Austria - untapped potential



Source: Österreich Werbung.

## ■ Possible problems

- EU – visa: problems for individual travellers
- Language difficulties
- Relatively high prices (in comparison to Asia)
- Different service mentality (in comparison to Asia)
- Skiing: fierce competition from Asia, North America

## ■ Existing potential

- Single visa more easily available than in other EU countries
- Cultural attractions
- Clean environment
- Service adjustment ‘learning by doing’
- Various kinds of activities, such as hiking, rafting etc.

**Thank you for your attention!**