

**Austria – a brief overview**

Once the center of power for the large Austro-Hungarian Empire, Austria was reduced to a small republic after its defeat in World War I. Following annexation by Nazi Germany in 1938 and subsequent occupation by the victorious Allies in 1945, Austria's status remained unclear for a decade. A State Treaty signed in 1955 ended the occupation, recognized Austria's independence, and forbade unification with Germany. A constitutional law declared the country's "perpetual neutrality" as a condition for Soviet military withdrawal which became meaningless after the Soviet Union's collapse in 1991 and Austria's entry into the European Union in 1995. A prosperous, democratic country, Austria entered the EU Economic and Monetary Union in 1999 and ratified the EU Lisbon Treaty in 2008.

**Economy of Austria**

Austria, with its well-developed market economy, skilled labor force, and high standard of living, is closely tied to other EU economies, especially Germany's. It has a population of 8.5 million. Its economy features a large service sector, a sound industrial sector, and a small, but highly developed agricultural sector. Following several years of solid foreign demand for Austrian exports and record employment growth, the international financial crisis of 2008 and subsequent global economic downturn led to a sharp but brief recession. Austrian GDP contracted 3.8% in 2009 but saw positive growth of about 2% in 2010 and 2.7% in 2011. Growth fell to 0.9% in 2012 and 0.4% in 2013. Unemployment did not rise as steeply in Austria partly because the government subsidized reduced working hour schemes to allow companies to retain employees. In March 2012, the Austrian parliament approved an austerity package consisting of a mix of expenditure cuts and new revenues that would bring public finances into balance by 2016. In 2013, the budget deficit remained at 1.7% of GDP.

**Key Industries of Austria**

Key industries include construction, machinery, vehicles and parts, food, metals, chemicals, lumber and wood processing, paper and paperboard, communications equipment and tourism. Main agricultural products are grains, potatoes, wine, fruit, dairy products, cattle, pigs, poultry and lumber.

**Austria's major trading commodities and partners**

Austria's major exports are grains, potatoes, wine, fruit, dairy products, cattle, pigs, poultry and lumber to major export partners Germany, Italy, Switzerland, US and France. Its main imports are machinery and equipment, motor vehicles, chemicals, metal goods, oil and oil products, foodstuffs from major import partners Germany, Italy and Switzerland.

**Trading Commodities between Pakistan and Austria**

Pakistan exports textile and clothing articles, carpets and items of leather to Austria. On the other hand, it mostly imports electrical equipment, machinery, staple fibers, paper and board, steel and pharmaceutical items from Austria.

**Bilateral Economic and Trade Relations between Pakistan and Austria**

Several contractual agreements in form of treaty and intergovernmental agreements exist between both countries. Additionally, there are multiple Memorandum of Understanding – MoU for enhancing cooperation under which the Higher Education Commission of Pakistan has sent Pakistani scholars to Austria for doctoral and/or post-doctoral level studies. However, the quantum of trade between the two countries has been very low. During Fiscal Year 2013, Pakistan's exports to Austria amounted to \$ 30.90Mn while imports from Austria aggregated to \$ 105.10Mn. A Joint Working Group on Trade and Economic Cooperation was established in 1994 under which sessions take place alternatively in Islamabad and Vienna every three to four years. Pakistan also has a Double Tax Avoidance Agreement with Austria. OMV of Austria is a major oil and gas exploration company working in Pakistan.

**Potential for enhancing bilateral trade relations between Austria and Pakistan**

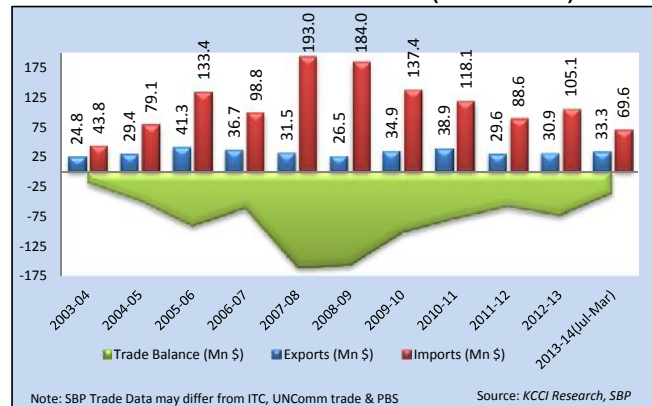
- Pakistan and Austria should find new areas for mutual co-operation and try to further boost trade and economic ties.
- There is huge potential for business promotion, joint ventures and investment in the areas of green technologies, eco-innovation, traditional goods as well as knowledge-based services. Pakistan has abundant both skilled and unskilled human resource available at low cost which can be utilized for business development.
- Pakistan is an open economy with no restrictions where Austrian firms can benefit from establishing businesses for tapping the region.

**Economic Indicators**

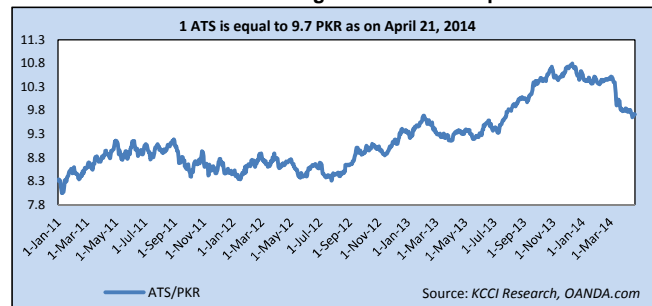
Indicators	Unit	2012	2013	Change
GDP (PPP)	\$ Bn	359.60	361.00	0.39%
GDP per Capita	\$	42,500	42,600	0.24%
GDP growth	%	0.9	0.4	-0.50%
Forex Reserves	\$ Bn	27.21	NA	-
External Debt	\$ Bn	812.00	NA	-
Exports	\$ Bn	160.10	165.60	3.44%
Imports	\$ Bn	163.20	167.90	2.88%
Trade Balance	\$ Bn	-3.10	-2.30	25.81%
Current Account	\$ Bn	7.09	10.60	49.61%
CPI	%	2.6	2.1	-0.50%
Unemployment	%	4.4	4.9	0.50%
Discount Rate	%	0.8	0.0	-0.79%

Sources: KCCI Research, CIA Factbook

**Trade between Pakistan & Austria (FY04 - Mar'14)**



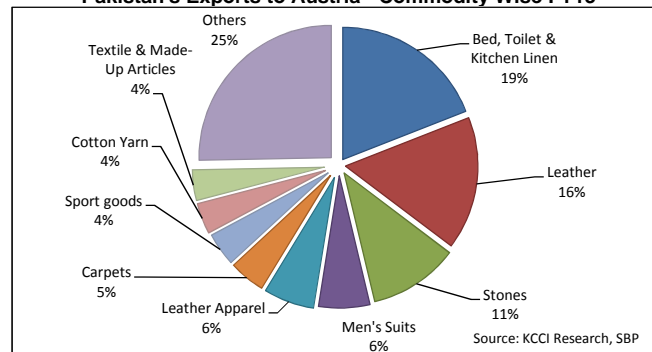
**Austrian Schilling Vs. Pakistani Rupee**



**Key Memberships**

Austria has membership in various international organizations which include ADB, AfDB, BIS, ILO, IMF, IMO, OECD, Paris Club, WCO, WHO, WIPO, WMO, WTO

**Pakistan's Exports to Austria - Commodity Wise FY13**



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