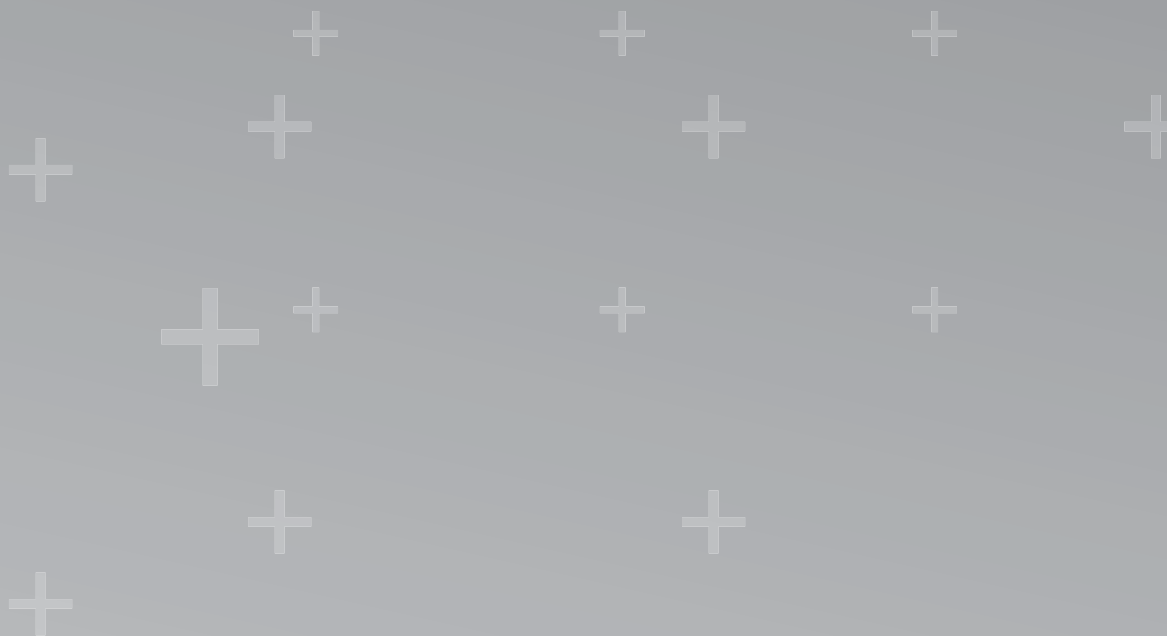




THE FUTURE FOR BUSINESS

MASTERING THE CHALLENGES - ACHIEVING SUSTAINED GROWTH



Economic Policy Agenda 2010–2015
Making Austria an attractive and promising business location

The economic policy strategy of the Austrian Federal Economic Chamber

Forward



We live in economically challenging times. The past years will be remembered in economic history – as will the role the European Internal Market and the European Monetary Union played in shaping this period. We owe it to a unified Europe and its approach to the crisis, that our economic perspective offers a positive outlook for the future.

The Austrian economy is closely integrated into the European and global economic network and its success over the past decades is indeed impressive. Austrian export oriented businesses have become global players in a competition for creative ideas and innovative products. The recipe for success has been an economic and regulatory framework focused on international competitiveness.



Like any other country in Europe or the rest of the world, Austria faces major challenges today, including the need to consolidate the federal budget, to cope with demographic change, to protect the environment and to ensure the energy supply. However, mastering these tasks brings with it enormous potential for qualitative growth. Therefore, every effort must be made to adapt economic framework conditions to changing times and to create conditions that allow the economy to remain a leading global player in the future.

Our motto for Austria is: **Mastering the Challenges – Achieving sustainable Growth.** Open and dynamic markets will be the driving forces for growth, employment, and prosperity.

This work program serves as a strategy for Austria's location attractiveness and reflects the priorities of entrepreneurs as sole proprietors, small and medium enterprises, as well as large companies. It contains a series of suggestions and measures aimed at strengthening Austria's competitive advantages and entrepreneurship as well as the entrepreneurial drive of Austrian firms in the international economy. Also, sustainability and efficiency of the public sector is to be enhanced with systematic structural reform. And, the suggestions made herein seek to focus public expenditure on investments that create qualitative economic growth based on innovative change in the future.

This program is directed at political decision makers in Austria and Europe. We call on them to face the challenges by taking up our medium-term goals and measures and implementing them as soon as possible. This will generate prosperity in Austria.

Dr. Christoph Leitl
President

Mag. Anna Maria Hochhauser
Secretary General

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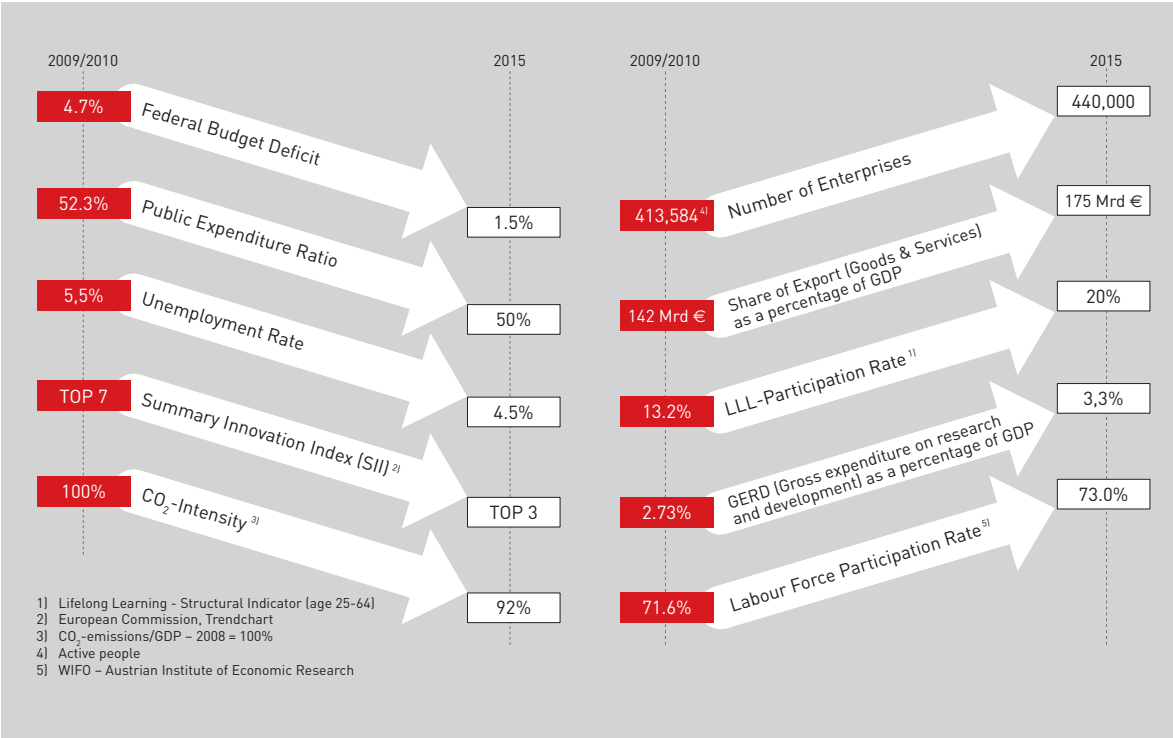
Portfolio for Austria's Future

CHANGE OF PARADIGM TO CREATE AN ECONOMY WITH A PROMISING FUTURE

Our society is confronted with many parallel challenges such as limited public finances, the need to reform the public sector, increasing environmental and climatic strains, energy scarcity, the shortage of skilled workers and demographic change.

If Austria is to be an attractive location for business and employment with a promising future, then the country must attain top results in critical factors of international rankings. It must be respected as a strong player in research, technology & innovation; have low energy intensity and a high share of low-carbon energy sources as part of a secure energy supply; support a modern and efficient public sector; ensure an efficient and effective education system; provide equal opportunities for all citizens; and, offer a culture of intellectual, geographic, and social mobility, as well as a high degree of social peace. Achieving all this will help to create new qualitative growth.

Entrepreneurship, systemic reform, and growth are the three main pillars of our location strategy. Together they build the basis for our efforts to attain the goals identified in Austria's "Future Portfolio 2010-2015".



1 Internationalisation & European Union



Due to the global economic and financial crisis, domestic exports decreased dramatically. The challenge is to make up lost ground and regain the successful dynamics of the Austrian export economy in an increasingly competitive global world. The key will be a strong export orientation and the continued development in a global economic framework based on European values, as well as in a strong European Union.

PROMOTE THE INTERNATIONALISATION OF THE AUSTRIAN ECONOMY

Austria's prosperity depends largely on its ability to succeed in global markets with quality, flexibility and creativity. This success story should continue in the future.

- Continue the current "Internationalisation Offensive"
- Combine development cooperation with the interests of business
- Continuously adapt the export guarantee and export financing system
- Use synergies that arise from international partnerships
- Negotiate further double taxation treaties

IMPROVE ACCESS TO NON-EU MARKETS

In order to improve access of Austrian companies to non-EU markets, especially in industrialized and emerging markets, the current round of WTO negotiations must be finalized, while regional as well as bilateral trade agreements must be concluded with important trade partners.

- Eliminate excessive tariffs
- Open global markets for services
- Secure access to raw materials
- Protect intellectual property rights
- Establish clear international rules against protectionism
- Avoid a discriminating application of standards
- Prevent cross-border cartels and monopolies
- Eliminate barriers to travel

IMPLEMENT EUROPEAN ECONOMIC POLICIES FOR GROWTH AND JOBS

As the largest economy in the world, the EU should actively shape globalisation as well as improve its ability to act within its own borders. This requires increased economic cooperation and the rapid completion of the internal market.

- Fully implement the Europe 2020 strategy
- Strengthen the Monetary Union
- Strengthen the European social partnership
- Create a new source of EU financial resources
- Further develop the European internal market
- Evaluate the Services Directive
- Develop European Neighbourhood Policy
- Better communicate Europe and its benefits

2 Competition & Business Law



The competitiveness of Austrian businesses is constantly tested in the highly integrated European internal market. The regulatory framework determines all phases of the business life cycle, from start-up to reorganisation, transfer, inheritance or even insolvency. The policymakers should adapt the legal system to strengthen entrepreneurship, increase competitiveness and encourage corporate responsibility.

SIMPLIFY BUSINESS START-UP & ENCOURAGE ENTREPRENEURIAL INITIATIVE

At the beginning of their endeavours entrepreneurs must be able to focus on their core business and should not be constrained by bureaucratic burdens.

- Facilitate the establishment of interdisciplinary business structures
- Further advance reforms of limited liability company legislation
- Less regulation in the liberal professions
- Promote entrepreneurial qualifications for all start-ups
- Continue privatisation efforts, especially in the utilities sector
- Apply private sector rules for marketable services provided internally in the public services sector

PROMOTE ENTREPRENEURIAL FREEDOM

The regulatory framework must ensure the entrepreneurial freedom to maximise utility for the economy and the society as a whole.

- Implement the "Think small first" principle for consumer protection regulations
- Modernise the Austrian cartel legislation and merge it with the Austrian competition legislation
- Improve SME participation in public procurement
- Abolish mandatory publishing of business information in the official Austrian newspaper, the "Wiener Zeitung"
- Create a level playing field for public and private enterprise
- Expand the field of activities of accountants
- Create a national framework for the construction of shopping centres

MODERNIZE AUSTRIAN TRADE AND CRAFTS LEGISLATION

To encourage entrepreneurial activity and secure the quality of vocational training, the Austrian Trade and Crafts Legislation must be adapted to fit continuously changing times.

- Create partial service business permits
- Create new qualification profiles and professions
- Create additional groups of ancillary services for business permits
- Harmonise legal definitions

SECURE CONTINUITY, DEVELOPMENT, AND EQUITY IN BUSINESS TRANSFERS

Business transition and reorganisation should not burden operational commercial activities. If a business is forced to withdraw from the market as a result of adverse economic developments, it should be possible for it to return to the economic process at a later stage.

- Simplify reorganisation of businesses
- Improve the legal framework for the inheritance of businesses
- Remove restrictions in the legislation on the transfer of physical installations to simplify transfers of ownership



3 Energy and Environment



The EU adopted an ambitious climate and energy package with the aim of reducing greenhouse gas emissions by 20 percent, increasing the share of renewable resources by 20 percent and improving energy efficiency by 20 percent. These efforts for a more environmentally conscious economy must not be pursued to the detriment of the overall goal of striving for greater economic competitiveness in Austria and Europe.

CONTINUE DECOUPLING CO₂ EMISSIONS FROM ECONOMIC GROWTH

A sustainable energy system should be achieved without unduly or unjustly burdening business to the detriment of socio-economic development. The ultimate goal must be the establishment of framework conditions that secure energy supply at affordable cost, while simultaneously creating new market potential for entrepreneurial activity.

- Coordinated implementation of the energy strategy presented by the Austrian government
- Expand energy infrastructure and remove market entry barriers
- Adapt the legal framework for infrastructure development
- Further develop energy markets and stimulate competition
- Promote an “Austrian internal energy market”
- Provide the regulatory authority with necessary competences
- Support the development of energy services companies
- Lower taxes on self-produced electrical energy
- Advance energy efficiency of buildings
- Shorten delays in receiving environmental subsidies

CREATE EFFICIENT AND SME-FRIENDLY ENVIRONMENTAL LEGISLATION

The continuing trend toward more regulation overburdens businesses, especially small and medium-sized enterprises, and leads to an increasing strain on their already scarce productive resources. This burden must be reduced by adapting legislation and simplifying reporting procedures.

- Simplify environmental legislation
- Conclude agreements to reduce administrative costs
- Install an easy-to-use internet application for communication with authorities
- Realise the principle “one facility – one contact point – one notification”
- Establish monitoring to control the duration of the official application procedures

OPTIMIZE THE POTENTIAL OF SUSTAINABILITY AND THE GREEN ECONOMY

The decoupling of economic growth and environmental pollution is a key driver of the rise of the green economy, as well as of high growth rates and rapid innovation by businesses active in the environmental technologies. The realisation of socio-economic responsibility has become a competitive advantage and an engine for corporate and market development.

- Strengthen consciousness for sustainability and a green economy
- Strengthen domestic demand for and export of environmental technologies
- Create preferential conditions for specialized technologies
- Continue financial support programs for energy consciousness in SMEs (such as the existing “SME check”) until 2015
- Implement a master plan for the diffusion of electro-mobility
- Promote sustainable entrepreneurship
- Create incentives at the firm level

SECURE SUPPLY OF RAW MATERIALS

The demand for consumer products is growing due to a rise in the global population and a desire for higher living standard. The EU and its member states must draw the necessary conclusions and develop the rational use of supplies as well as consider the natural resource aspects of a modern foreign policy orientation.

- Develop and implement a European raw materials strategy
- Change the legislative framework to ensure efficient use of raw materials
- Secure production of domestic raw materials
- Use recycling materials instead of non-renewable raw materials as energy sources
- Coordinate an action plan for resource efficiency with the business sector

AVOID HANDICAPS FOR THE BUSINESS LOCATION

Environmental problems often transcend national borders; some are even of a global nature. In these cases, national approaches are insufficient and problematic for Austria’s competitiveness as a business location. This is especially true for climate and air pollution policies.

- Coordinate efforts to combat climate change at the global level
- Air pollution control: prevent discrimination against Austrian businesses
- Use synergies between climate and energy policies
- Avoid „golden plating“ of EU legislation at national level



4 Budget, Taxation & Capital



The financial and economic crisis has severely strained public finances. Declining fiscal revenues face an increasing need for greater expenditure to stabilise the economy. High interest payments due on steeply rising public debt divert scarce public finances from critical future investments. Therefore, every effort must be made for consolidation to regain the necessary leeway for fiscal policy.

CONSOLIDATE THE FISCAL BUDGET BALANCE BY REDUCING PUBLIC EXPENDITURE

The consolidation of the government budget must primarily be achieved by decreasing expenditures, which necessitates long overdue systematic reforms. New taxes must be avoided under any circumstance.

- Cut costs in public administration
- Make education, healthcare and pension systems more efficient
- Improve eligibility criteria and selectivity of transfer payments
- Focus public funds on future-based investments

REFORM TAX REVENUE REDISTRIBUTION ARRANGEMENTS BETWEEN THE FEDERAL, REGIONAL AND LOCAL LEVELS

For decades, Austria's federal financial equalization system – as well as other transfers from the federal government to provinces and community level – has become too complex, inefficient and inequitable. Administering these transfers consumes 10 percent of the total amount transferred. This amounts to as much as 1.8 billion Euros per year.

- Merge the responsibility for revenues, expenses and tasks at the respective government level
- Optimise transfers between administrative bodies
- Reform budgetary systems of provinces and communities
- Introduce a “debt brake” with the involvement of the provinces, as in Germany
- Make Risk management for all administrative bodies mandatory
- Mandatory tax revenue redistribution among municipalities

SIMPLIFY THE TAX SYSTEM AND ITS ADMINISTRATION

The administrative burden as a result of Austrian tax law must be reduced dramatically. The costs of complying with legislation are disproportionately higher for small enterprises. Furthermore, tax legislation must take greater account of economic processes.

- Simplify procedures by introducing lump sum payments for the self-employed
- Raise the limit for an immediate write-off of low-value assets
- Introduce the declining-balance method of depreciation of fixed assets
- Allow the deduction of the costs for home offices from taxable income
- Simplify payroll accounting and harmonise employers' contributions to social security
- Only one central authority should perform tax inspection
- Reduce exemptions and exceptions

CREATE CLEAR INCENTIVES FOR PERFORMANCE AND INVESTMENTS

Austrian tax law must be improved to achieve broader equality in taxation. Also, incentives for future-oriented investments must be introduced and company taxation improved to ensure equality amongst the different legal forms of business.

- Introduce the “craftsman bonus” as a tax break, as was done in Germany
- Reintroduce an investment subsidy for increases in intelligent capital investments
- Implement a taxation system which ensures equality among all legal forms of enterprise
- Abolish taxes that generate only marginal revenues

STRENGTHEN CORPORATE FINANCE

Ensuring corporate access to finance is a precondition for growth and innovation. It is necessary to facilitate access to equity and other forms of external business financing. Austria's competitiveness as a financial centre must remain a central focus.

- Facilitate equity financing as well as alternatives to credit financing
- Introduce a tax allowance for equity shares of private investors (business angles)
- Avoid adverse effects on business financing caused by new capital requirements of banks (Basel III)
- Strengthen the traditional credit business

REFORM THE GLOBAL FINANCIAL MARKET

The recent economic and financial crisis showed where the weaknesses of the financial system lie. The suggestions agreed to by the Austrian social partner organisations should be implemented to increase the effectiveness of financial market regulation and reduce the threat of new crises.

- Coordinate regulation of the financial markets at European and international levels
- European supervisory arrangements should minimise financial market risks
- International accounting standards should become less pro-cyclical and more long-term oriented
- Involve stakeholders at the European and international levels in any reforms
- Make off-balance sheet transactions and structured products more transparent
- Regulate hedge funds and private equity, but avoid making equity finance less attractive
- Increase transparency in the derivative market
- Introduce international, or at least European, financial transaction tax to curb excessive speculative activities
- Establish a European rating agency
- Make managerial salaries (esp. bonus payments) in the financial sector more long-term oriented and transparent



5 Constitution & Public Administration



An inefficient public administration causes decreasing macroeconomic productivity as well as raising tax and fee burdens for both employers and employees. By modernising government structures and the whole range of public services, a considerable potential for rationalisation and increased efficiency can be unlocked.

COMPREHENSIVE CONSTITUTIONAL AND ADMINISTRATIVE REFORM

The Austrian constitution must be reformed in a way that creates the basis for an efficient public administration. A constitutional reform should eliminate duplication in legislation and administration at all levels of government and allow for meaningful cooperation.

- Restructure the allocation of competences with constitutional reform
- Implement a lean administration of the school system
- Increase cooperation among authorities

EFFICIENT AND CUSTOMER ORIENTED ADMINISTRATION

The state must see itself as a service provider and, fulfil its tasks efficiently and as close as possible to the citizens. This includes the use of modern technologies that allow official formalities to be conducted comfortably and independently of opening hours.

- Expand the “one-stop shop” concept
- Remove duplications in public administration
- Speed up administrative processes and procedures
- Reform the administration of special purpose financing institutions at national and state level
- Simplify financial support for SMEs
- Accelerate public liability coverage with all inclusive permits

SIMPLIFY THE LEGAL FRAMEWORK FOR BUSINESSES

The regulatory framework plays a crucial role for businesses with regard to competitiveness, growth and employment. Legislative and administrative burden particularly SMEs because their limited resources make it difficult to manage the mass of complex rules and regulations.

- Introduce comprehensive impact assessments of any future legislation or law
- Simplify existing legislation
- Implement the Small Business Act at the national level
- Consult representative trade associations

REDUCE ADMINISTRATIVE BURDENS FOR ENTERPRISES

Costs incurred by unnecessary or excessive reporting and information obligations must be reduced. The Austrian initiative “Reducing the Administrative Burdens for Businesses” sets sensible goals for reducing these burdens at the national level. An action programme has also been initiated at EU level. These measures must be implemented quickly.

- Lower national administrative burdens by 25 percent
- Reduce administrative burdens at EU level
- Reduce burdens resulting from legal provisions
- Only adopt new norms or standards in cases of macroeconomic relevance

6 Social Security Systems



Numerous factors are threatening the financial sustainability of the social security systems. The challenge is to secure high quality social security standards reforming and rationalizing the system and setting the right incentives. At the same time all efforts must be made to simplify the administration of legal requirements and to lower the non-wage labour costs in order to reduce the cost of labour and promote competitiveness.

SIMPLIFY TAXATION AND SOCIAL SECURITY LEGISLATION

A comprehensive simplification of taxation and social security legislation should minimize the administration of all wage-dependent fees and contributions for businesses and facilitate a reduction of non-wage labour costs.

- Introduction of single lump-sum employer contributions instead of multiple social security fees paid by the enterprises for the employees
- Align social security and taxation legislation
- Do not raise non-wage labour costs

A MORE EFFICIENT, TARGETTED AND FAIRER SOCIAL SECURITY SYSTEM

In Austria, social transfers are paid out by many different institutions, such as tax offices, social security agencies, provinces and local authorities, and the Public Employment Service (AMS). There is a lack of coordination between these institutions. As a consequence, government transfers are often inappropriate and unfairly distributed.

- Create a social transfer database
- Targeting social transfers rather than indifferent allocation
- Promote non-cash benefits
- Increase the efficiency of social security institutions

SECURE THE PENSION SYSTEM FOR FUTURE GENERATIONS

The pension system currently causes massive income redistribution from the younger to the older generation. It also excessively burdens labour costs and the government budget, of alone up to eight billion Euros each year. This unjust redistribution must be resolved, the actual retirement age raised and the “escape” into retirement closed.

- Introduce the automatic sustainability adjustment: an increase in life expectancy should automatically be accompanied by a rise in the statutory retirement age
- Abolish privileges for long-term-insured workers (“Hacklerregelung”)
- Raise the actual retirement age
- Reduce use of the disability pension by encouraging rehabilitation not retirement
- Abolish special pension rules for formerly heavy duty labourers

REFORM THE HEALTHCARE SYSTEM AND ITS FINANCING

Interface and efficiency problems in the healthcare system can only be resolved once the complexity and uncoordinated parallels in both service provision and financial flows are overcome. This is only possible if service provision and financing are organisationally separated from one another.

- Create a healthcare master plan
- Implement the secure financing proposal for healthcare
- Introduce financing from only a single source
- Focus on patients, not on facilities
- Restructure the system of cost sharing
- Strengthen back-office cooperation
- Emphasise prevention

7 Labour Market



The Austrian economy and its enterprises are faced with insufficient skilled labour in spite of rising unemployment. This problem will intensify as a result of demographic developments. The growing labour market mismatch has structural causes and must be tackled from various different angles.

CREATE A FAIR FRAMEWORK FOR SELF-EMPLOYED IN SOCIAL SECURITY LEGISLATION

Small businesses create many jobs; however, they are heavily burdened by disproportionately high social security costs. These burdens must be reduced to guarantee equal and fair framework conditions in social security legislation.

- Maternity allowance for female entrepreneurs
- Opt-out for working pensioners
- Lower minimum contributions to the public pension scheme
- More legal certainty for the status of 'self-employed'

POSITION AUSTRIA AS THE NUMBER 1 EUROPEAN COUNTRY IN HEALTHCARE

The healthcare market creates vast opportunities for economic growth and employment. This potential must be harnessed in order to make Austria the top nation in healthcare in Europe.

- E-Health as the key to developing future healthcare
- Balance framework conditions for services provision
- Improve education and training for healthcare professions
- Launch new healthcare clusters and expand existing ones

MORE FLEXIBILITY IN THE REGULATORY FRAMEWORK OF LABOUR LAWS AND LEGISLATION

If employing someone becomes less costly and burdensome many more jobs will be created more rapidly. The regulatory framework of labour legislation must be revised in a way that increases rather than decreases the options open for employers' actions.

- Adapt the framework of dismissal protection
- Make working time more flexible
- Simplify the definition of 'employee'
- Modernise legal provisions for holidays and leave from work
- Allow for a diversity of different models for employment

MOBILISE THE WORKFORCE WITH AN ACTIVE LABOUR MARKET POLICY

The school system frequently inadequately prepares the young for the job market and professional life. As a consequence, the labour market must do more to motivate the unemployed to realize professional and spatial mobility as well as to activate those furthest away from the labour market.

- Use resources in the active labour market policy more efficiently
- Better qualify the young
- Increase efficiency of measures aimed at improving qualification
- Improve professional and geographic mobility
- Use a guaranteed minimum income system as entry to active labour market participation
- Introduce advance placement as in Germany

INTRODUCE A TRANSPARENT, CRITERIA-BASED IMMIGRATION SYSTEM

Many highly-qualified and highly-skilled persons do not migrate to Austria and Europe. In order for them to perceive Austria as an attractive country to work and live in, it is necessary to align the migration and integration policy with best practice examples such as in Canada or Australia.

- Create and introduce a transparent, criteria-based immigration model
- Attract highly-qualified and highly-skilled persons
- Secure large enough allotments for seasonal worker permits



8 Education and Training



In comparison with other countries, Austrian public expenditures for education are high. Yet one fifth of the children that complete mandatory education (9 school years) have only rudimentary skills in reading, writing and mathematics. This is one of the reasons for the hesitation of many companies to train apprentices. Also, structural changes in the economy and the necessity for innovation increase the demand for higher qualifications, especially in technical and scientific fields.

BENEFIT FROM THE POTENTIAL OF PERSONS WITH IMMIGRATION BACKGROUND

A comprehensive and new integration strategy is necessary to benefit in full from the potential of persons who live in Austria with a migration background. Serious deficiencies in the education system have a permanent adverse effect on the labour market.

- Develop integration indicators
- Create a new target group in the Public Employment Service (AMS)
- Attract migrants for healthcare jobs
- Promote language skills as early as in kindergarten
- Improve career opportunities

FACILITATE THE COMBINATION OF CAREER AND FAMILY

Increasing the female employment rate bears great potential for the improvement of the overall employment rate. Serious efforts are urgently needed to create more childcare facilities as well as to make them affordable and flexible in accordance with demand.

- Grant tax exemptions for childcare and domestic services
- Expand childcare facilities
- Allow more flexible opening hours and flexible forms of child care

IMPLEMENT A STRATEGY OF LIFELONG LEARNING (LLL)

Mandatory, professional, higher and adult education is insufficiently coordinated. Greater transparency between qualifications and more permeability between different segments of the education system are central concerns of business. These are also prerequisites to strengthen and expand the lifelong learning of young people and adults.

- Develop and implement a LLL strategy
- Establish an integrated European and national qualifications framework

REFORM THE SCHOOL SYSTEM AND DEVELOP BINDING EDUCATION TARGETS

In Austria, the cumulative expenditure per student until the end of ninth grade is 30% higher than in comparable countries. This low effectiveness and efficiency is rooted in the unfavourable governance of Austrian schools.

- Comprehensive reform school administration is essential
- Develop structure and content of an overall concept for “new schools”
- Define comprehensive schooling for all 10 to 14 year olds as a target
- Create new and alternative paths to the teaching profession
- Expand and strengthen educational and career counselling in schools
- Reform the 9th grade education level

STRENGTHEN THE DUAL EDUCATION SYSTEM (SCHOOL AND PROFESSIONAL EDUCATION)

The dual apprenticeship training is one essential the key to Austria’s socio-economic success and its attractiveness as a business location. Completing an apprenticeship lays the foundation for entrepreneurship and a successful career in business. This dual principle is a recipe for success and must be continuously refined and further developed.

- Recognise the value of dual education
- Introduce quality management and financial incentives to support and encourage companies that take on apprentices
- Further advance modularisation of the dual training programs



9 Research, Innovation & Creativity



In a global economy based on the division of labour, Austrian businesses are integrated in international supply chains. They are confronted with ever-increasing competition domestically and internationally; not just in the price sensitive low- and medium-tech area, but also in many high-tech areas important to Austria. It is necessary for Austria to convert from “innovation follower” to “innovation leader.”

SECURE AND FURTHER ADVANCE PROFESSIONAL AND HIGHER EDUCATION IN ACCORDANCE TO THE NEEDS OF THE LABOUR MARKET

Increasing the share of higher education graduates through a simple “more of the same” does no justice to the demands of business or to the job prospects of young people. The necessity for high-level qualification is a reflection of business, technical, craft and other professional qualifications.

- Promote qualifications in engineering and natural sciences
- Strengthen vocational education and training at the tertiary level
- Plan a higher education policy
- Introduce tuition fees and admission requirements at universities
- Treat all tertiary education equally
- Strengthen international dimension in the education system

STRENGTHEN AND EXPAND CONTINUED VOCATIONAL EDUCATION AND TRAINING

The share of adults that take part in continued vocational education and training must be increased, especially among the working population. The current allocation of public funds almost exclusively for mandatory education is not state-of-the-art. The goal of lifelong learning must also be reflected in new forms of educational funding.

- Introduce a tax allowance for the financing of training also for entrepreneurs
- Ensure consistent financing principles
- Establish individual education accounts
- Provide career counselling for adults

RAISE GROSS EXPENDITURE ON R&D TO 3.3 PERCENT OF GDP BY 2015

While research and development (R&D) efforts of Austrian businesses and academia have improved considerably in the last ten years, the transition from the process of catching up, which took place for the past decades, to becoming an innovation leader is only partially complete.

- Raise direct funding for R&D by 8 percent annually
- Improve the long-term government funding commitment and administration of public research funding
- Raise the R&D subsidy to 12 percent
- Abolish the cap on tax benefits for contract research
- Improve financing conditions for the R&D projects of businesses
- Simplify access to venture capital

STRENGTHEN THE INNOVATIVE CAPACITY OF DOMESTIC BUSINESSES

A high level of expertise, the use of all possibilities offered by science and technology, and an efficient management of innovation processes are preconditions for the success of innovative businesses.

- Improve cooperation between industry and science
- Expand services that support innovation
- Expand R&D infrastructure
- Exploit research know-how more effectively

FACILITATE ACCESS TO INTERNATIONAL KNOW-HOW

The domestic R&D activities must be integrated into international R&D activities and programmes to a greater degree than is currently the case.

- Support international research cooperation
- Account more accurately and realistically for Austria’s strengths in R&D policy
- Position Austria as an attractive R&D location
- Increase the acceptance of research and technology

IMPROVE PROTECTION OF INTELLECTUAL PROPERTY

The protection of intellectual property rights is a major incentive for the development and implementation of innovative ideas. In order to strengthen the innovative capacity in Europe vis-à-vis global competitors, further measures to protect intellectual property are necessary.

- Finally realise the European patent
- Expand information and consultation services

STRENGTHEN THE CONTRIBUTION OF CREATIVE INDUSTRIES TO INNOVATION

Creative industries have proven to be a booming economic sector. A rapid establishment of businesses and an above-average innovation capacity is observable. Using targeted measures can increase the contribution of creative industries to the economy as a whole.

- Raise innovation potential by promoting creative industries
- Introduce a tax allowance for expenses on creative services
- Broaden the definition of innovation in policy and legislation



10 Transport and ICT



Traffic volume has constantly increased in Austria, particularly due to the fall of the Iron Curtain and EU enlargement toward central and east Europe. The European dimension of infrastructure, such as the connection of the national infrastructure to the Trans-European Networks, has not yet been sufficiently acknowledged. Also, the potential and possibilities of the Danube waterway have not been exploited adequately.

REMOVE INFRASTRUCTURE DEFICITS TO COPE WITH GREATER TRAFFIC VOLUME

A well-developed infrastructure is an important location factor and it also has an enormous effect on economic value added, growth and employment. It is necessary to remove bottlenecks for all transport modes by well-timed expansion of infrastructure.

- Develop a coordinated and integrated infrastructure policy
- Implement infrastructure projects more rapidly
- Increase resources to finance infrastructure
- Expand funding for connecting train lines
- Evaluate funding programmes for intermodal freight transport
- Optimise the network of terminals to improve intermodal transport
- Develop a roadmap for aviation
- Develop comprehensive regional planning for infrastructure corridors
- Raise awareness for transport

EASE BURDENS ON THE TRANSPORT INDUSTRY

The vehicle-related tax burden in Austria is among the highest in Europe and leads to a decisive competitive disadvantage for the national transport industry. Due to this continuous “flagging out” (businesses emigrate abroad) Austria’s entire economy suffers.

- Create a level playing field for all competing countries
- Infrastructure Charging Directive: no one-sided charges
- Do not raise toll charges for trucks and busses
- Make ‘greening’ of tolls compatible with the needs of business
- Do not discriminate against private providers of transport services

DEREGULATE TRANSPORT LEGISLATION

In Austria, regulations are generally implemented too restrictively. This tendency toward over-regulation leads to a distortion of competition and burdens economic growth as well as employment.

- Use infrastructure more efficiently
- Improve international competitiveness
- Adapt national laws to EU regulations more quickly
- Security: economic conditions must be taken into account
- Find an even balance when legislating passenger rights
- No new Technical Specifications for Interoperability (TSI) for railway transport

OFFER MORE INCENTIVES TO PROMOTE “SOFT MOBILITY”

The promotion of “soft mobility” should not be enforced with legal provisions or too much regulation. Instead, it must be promoted by offering incentives.

- Promote environmentally-friendly transport technologies
- Create alternatives to private transport
- Support investments to modernise shipping fleets

ADAPT LABOUR AND SOCIAL PROVISIONS

The transport industry already faces significant financial and administrative burdens due to a multitude of labour market regulations. It is virtually impossible to keep track of and administer the entire subject matter.

- Simplify EU social provisions related to road traffic across the board
- Deregulation using EU recording equipment as an example
- Do not expand the EU Working Time Directive to “real” self-employed persons

MODERNISE AND EXPAND INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

Austria continues to drop in the international ICT rankings every year. To make Austria fit for the future, better framework conditions are necessary and the building and expanding of infrastructure must be promoted in a targeted manner.

- Coordinate and pool ICT
- Promote fibre-optic networks and “Next Generation Network/Access”
- Close gaps in broadband
- Play a leading role in implementing new technologies
- Promote ICT education and training
- Use ICT to create intelligent infrastructure



THE FUTURE FOR BUSINESS

2015



WIRTSCHAFTSKAMMER ÖSTERREICH

Imprint

Owner and publisher:
Austrian Federal Economic Chamber
Wiedner Hauptstrasse 63
1045 Vienna, Austria

wko.at