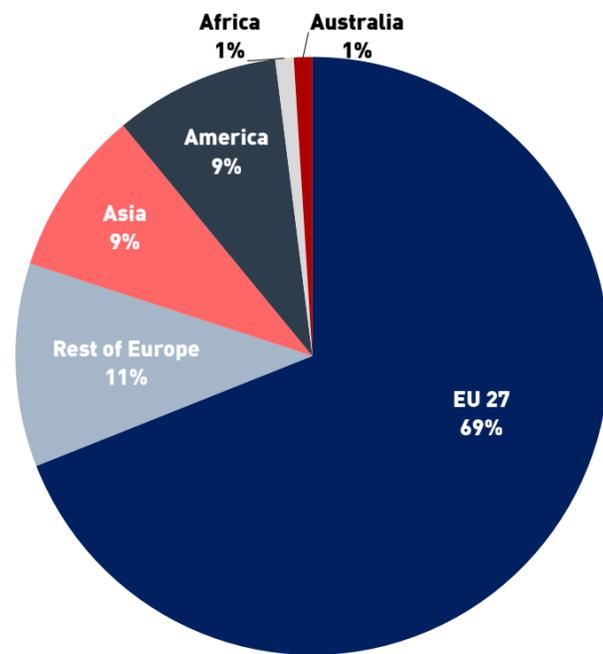


Today as much as **70 percent of Austria's foreign trade is conducted with EU Member States**. The reduction of non-tariff barriers to trade initiated an export boom and it continues today: the **export ratio has increased from 34,8% (1995) to 57,4% (2013)**¹². This means that **6 out of 10 euros of our wealth is generated abroad** and 5 out of 10 euros within the European Union.

Austrian worldwide exports

(in %, 2014)



CONCLUSION

Twenty years after Austria's accession to the European Union, there is substantial proof that the country profits significantly from its involvement in the EU integration process. There are not only significant savings for the economy, but welfare gains for the entire population: **real GDP per capita has increased cumulatively by 28%, 18.000 additional jobs have been created each year and the inflation rate has shifted downwards by 0,2% per year**¹³. Despite setbacks such as the euro crises, Austria is without any doubt far better off than it would be without the European Union.

12 Statistik Austria, May 2015
13 WIFO Working Papers, A Prototype Model of European Integration/The Case of Austria, Fritz Breuss, 2014

20 Years Austrian EU Membership

20 years ago, on 1st of January 1995, Austria joined the European Union. Half a year before the accession was put to a referendum where an overwhelming majority of **two thirds of the Austrian population voted in favour of EU membership**.

Today EUphoria has subsided, the Austrian population is more critical about the European Union. Nonetheless, only a small minority would vote in favour of leaving the Union, with an average of 71 percent of the population being in favour of EU-membership¹.

EFFECTS OF EU-ACCESSION

For the vast majority of Austrians the benefits exceed the disadvantages and **there is no doubt that in economic terms EU membership has been a success story: Today Austria shows one of the highest GDP per capita and had for a long time the lowest unemployment rate within the European Union**.

In 1995, the most direct impact for our economy was the entry into the customs union. The abolition of customs frontiers and formalities, border controls, bureaucratic procedures and long waiting times has brought competitive advantages to Austrian companies and lowered trade costs. Today being member of the European Union **saves the economy € 1,7 to 4,3 billion each year**².

Austrian industry was also one of the major beneficiaries of EU enlargement. In particular, company groups with business locations in several Member States benefited from the free movement of goods, capital and persons. Many small and medium sized companies took the opportunity as well and expanded abroad – especially those that have already been in competition with other European companies. The biggest beneficiaries, however, were those companies that adapted flexibly to the new competition and specialised in specific, innovative products and niches.

On the other hand, companies operating in protected sectors (agriculture and food industry) had difficulties adapting to the new competitive situation. Some were not able to compensate their losses within the new framework and disappeared completely.

Effects of Austria's participation in all steps of EU integration since 1989

GDP, volume, percentage changes from previous year (moving 6-year averages)

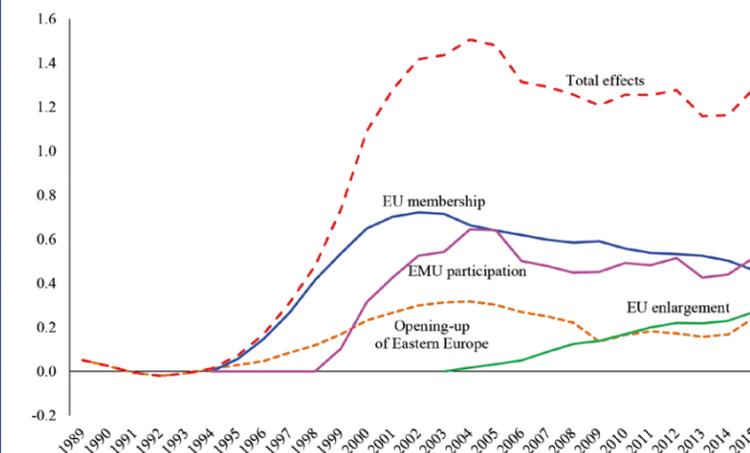


Table „WIFO Working Papers: A Prototype Model of European Integration, The Case of Austria“, Fritz Breuss, 2014

1 Austrian Society for European Politics
2 Cecchini Report, European Commission

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Despite losses in individual sectors, overall the Austrian economy has benefited greatly from all stages of EU integration (opening-up of Eastern Europe, EU membership, Euro, EU enlargement): **growth of real GDP has accelerated by almost 1% per year**³.

Unfortunately, the growth effects of our membership and Eurozone participation have abated in the wake of the recession of 2009 and the euro area crisis. Even so, our **welfare has cumulatively increased by 28% or € 63 billion or € 7.000 for each Austrian**⁴.

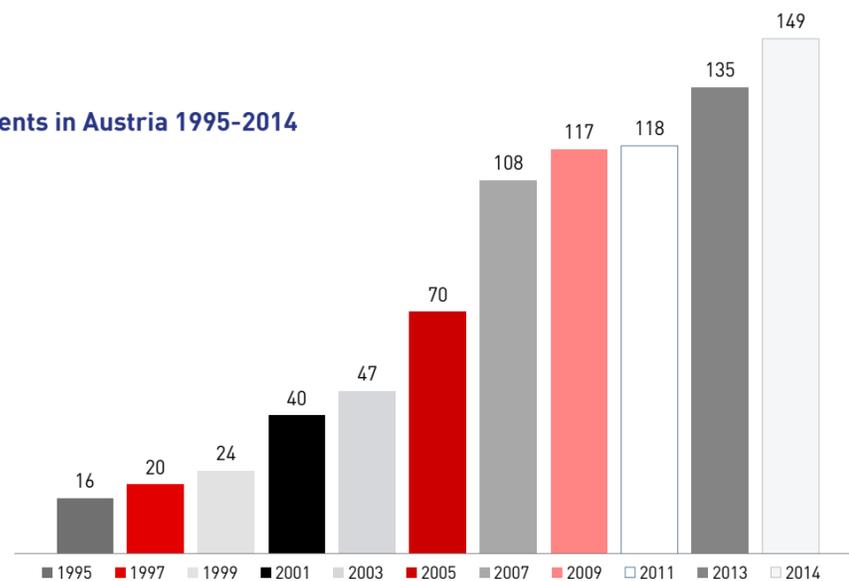
EU membership, however, is not only defined by the level and growth of GDP per capita: it also includes the increase in the variety of goods and services supplied and in options for individual action (free movement and the Schengen Agreement facilitate labour mobility and travel, the latter also benefiting from the common currency), as well as the modernisation of political systems by introducing the European dimension⁵.

ATTRACTIVE INVESTMENT LOCATION

Austria as a business location has been strengthened since 1995 and even more so after the EU enlargement round in 2004. Many new investors have been attracted and foreign direct investment has increased from a total stock of **€ 16 billion (1995) to € 70 billion (2005) and to € 136 billion (2013)**. The biggest investors come from Germany, Italy, the Netherlands and Switzerland⁶.

Foreign Direct Investments in Austria 1995-2014

(in billion euros)

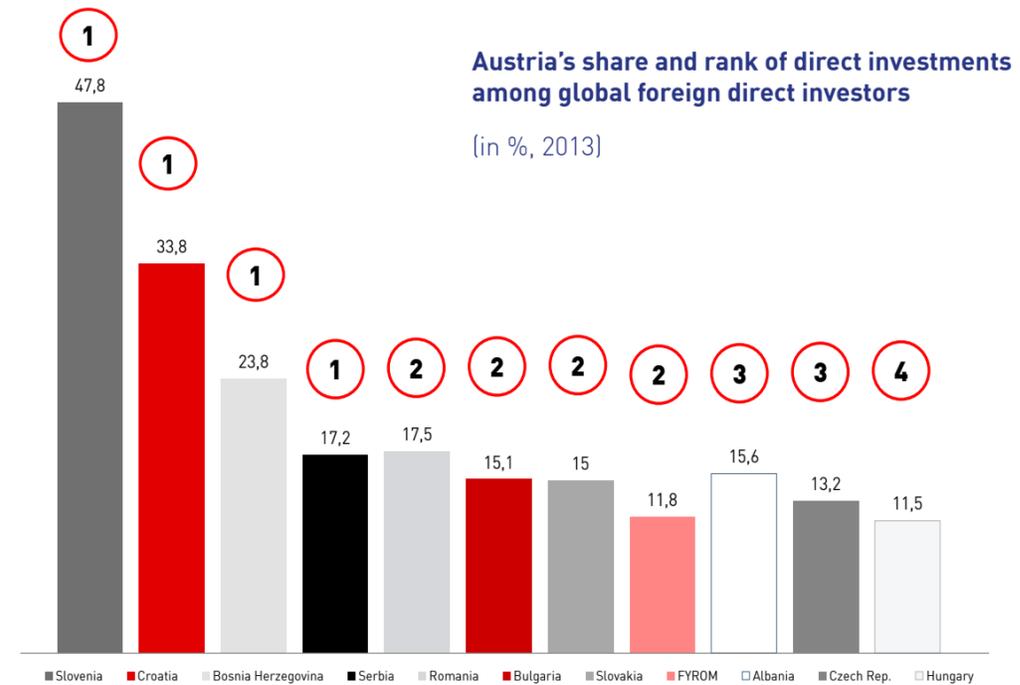


ADDITIONAL BOOST BY EU-ENLARGEMENT

Our country is clearly the EU Member State that has benefited most from the opening of the East and EU enlargement. With the round of EU enlargement in 2004 (and later in 2007 and 2013) Austria has moved into the centre of the European Union and has become even more attractive for international companies. Many of them established branch offices in Austria in order to start activities in Central and Eastern Europe. Through Austria's role as a vanguard and the rapid development of the region, EU enlargement brings us today an **additional € 610 million growth impulse every year**⁷.

Between 2004 and 2013 Austrian investments in the new Member States have almost tripled. Our companies are the largest investors in Slovenia, Croatia, Bosnia-Herzegovina and Serbia.

About one third is invested in „new“ Member States, one third in „old“ Member States and one third in the rest of the world⁸. Altogether, today **our Austrian companies invest € 184 billion abroad**⁹.



Thanks to the dynamic development in the region, Austrian exports have also been boosted substantially during these past few years. Growing external trade with the new Member States started already before their EU accession: the EU membership perspective as such led to an increased exchange of goods with future EU Member States. Since 2003 exports from Austria to the twelve new Member States (2007/2004) have increased from € 11,3 billion to € 20,7 billion in 2014¹⁰.



THE EU – AUSTRIA'S LARGEST TRADING PARTNER

As a small economy Austria depends much more on access to foreign markets than larger economies. Similar to what was seen with investments, Austria's trade has profited significantly from the advantages of the Single European Market: trade relations with other EU Member States have intensified and, as outlined before, the opening of Central and Eastern European countries in particular had an enormous impact on our economy. This new impetus and dynamism to the European and Austrian economy led to a strong export growth in Austria. **In 2006, for the first time, Austrian global overall exports made up more than € 100 billion**. The two most important trade partners then, as now, are Germany (import: € 48,54 billion, export: € 38,05 billion) and Italy (import: € 8 billion, export: € 8,22 billion)¹¹.

3 | 4 | 5 WIFO Working Papers, A Prototype Model of European Integration/The Case of Austria, Fritz Breuss, 2014

6 OeNB, August 2014

7 WIFO Working Papers, Fritz Breuss, 2012

8 OeNB, March 2015

9 OeNB, 2014 (provisional data)

10 | 11 Statistik Austria, 2014