Austrian outward FDI by selected countries and industries

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Sources of outward FDI data

- OeNB, LOCOMONITOR, BMWA, UNCTAD
- Financial and operating data on Austrian subsidiaries – enterprise survey of OeNB
- Indicators of subsidiaries: number, equity capital, employment, turnover, profit-loss, exports and imports
- Equity capital of subsidiaries = 95% of FDI stock
- Equity capital doubled in 2000–2005
- Data by 15 territories and 21 economic activities
FDI and export intensities, 2007, %

- FDI outward stock/GDP
- FDI inward Stock/GDP
- Exports per GDP

Countries included:
- Switzerland
- Belgium
- Netherlands
- Sweden
- EU-27
- Norway
- Portugal
- Austria
- Hungary
- Greece
Number of Austrian investors and subsidiaries by host country 2005

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Number of Austrian investors 2000 and 2005 by country or region
Equity capital of Austrian subsidiaries by host 2000 and 2005

- RoW
- Asia
- CIS
- WestBalkan
- RestDeveloped
- RestEU15
- RO+BU
- Baltics
- CH
- SI
- SK
- PL
- CZ
- HU
- DE
New Austrian projects, number by destination
LOCOMONITOR, April 2005 – May 2007
Characteristics of Austrian outward FDI: Geography

- Slow increase in number of investing companies: 917 in 2000; 1,048 in 2005;
- Faster increase in number of subsidiaries: 2,300 in 2000 to 3,100 in 2005;
- Highest number in DE, increasing, also in HU, CZ (400);
- Low numbers in Asia, CIS, RoW (below 100);
- Equity capital share increase in RO, BG, PL, CH, W-Balkans;
- Shift to the East in Europe: conforms to regional trend;
- Decline of share in other developed countries, Asia, and RoW: against global trend;
- FDI intensity in concentric circles, with East and West segments.
- OCO-Monitor 2005-2007: of new projects 71% in CEECs, 82% of pledged capital; highest in Hungary and Romania.
Characteristics of Austrian outward FDI: Size matters

- More investors, more SMEs in neighbouring countries;
- Investors with less than 100 employees: 55%, but more in DE, HU, CZ, less in W-Balkans, Asia;
- In Central Europe more, investors, smaller companies, diverse activities;
- In East and Southeast Europe larger investors, less numerous, concentration of activity in finance, construction and real estate.
- Of 1048 investors only 123 with more than 500 employees.
- Lack of large multinationals, main difference to CH, NL
- Investors should grow in capital and competence;
- Policy may:
  - help more SMEs to invest abroad,
  - support growth in internationalizing companies.
The Myth of SMEs

- Half of SMEs (below 100 empl.) have no employees;
- 11% of SMEs are holdings;
- Holdings have half of the SME-invested capital,
- 27% of the total FDI stock of EUR 55 billion in 2005
- Holdings are large investors;
- SMEs without holdings: 35% of FDI
- Large investors incl. holdings: 50% of FDI
- Small investors in low-tech and trade,
- Large investors in financial services, medium and high-tech.
Profitability of Austrian subsidiaries

- Increased from 2000 to 2005;
- Low in EU-15, especially DE;
- High in CZ, PL, West-Balkans: attracts more capital;
- In 2000 larger difference between activities than in 2005
- Highest in
  - energy,
  - hotels,
  - transport and telecommunication
- Lowest in trade, financial and manufacturing
Equity capital by activity, EUR million, 2000 and 2005

- AB Agriculture
- C Mining
- D Manufacturing
- E Energy
- F Construction
- G Trade
- H Hotels
- I Transport
- J Finance
- K Real estate
- LQ Rest

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Equity capital in manufacturing by industry, EUR million, 2000 and 2005

- DA Food
- DB Textile
- DD Wood
- DE Paper
- DG Chemicals
- DI Non-metallic
- DJ Metal
- DK Machinery
- DL Electrical equip.
- DM Vehicles
- DN Furniture n.e.c.
New projects, number by activity

LOCOMONITOR, April 2005 – May 2007
Conclusions 1.

- Austrian outward FDI expands geographically in concentric circles
- It has a Western and Eastern segment
- 2000-2005 fast expansion in Ro+Bu, Western Balkans, CIS
- It hardly reaches outside Europe; China and rest of Asia marginal
- Concentrated in few activities:
  - financial sector, real estate and trade dominate
  - in manufacturing only the chemical industry expands
  - little activity in electronics
- Profitability correlates with new FDI, productivity does not
- Standard technology, market-seeking
- New projects in old destinations, plus Russia and India
Conclusions 2.

- FDI per GDP not high, number of investing firms low
- Successful investors small, due to size vulnerable for foreign takeover
- Problems of Austrian outward FDI:
  - companies too small, few large multinationals
  - lack of venture capital to support expansion
  - public policy stimulates exports, seemingly less the FDI
  - CEEC know-how not applicable elsewhere
  - but still room for expansion in the neighbourhood