

# Austria

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RISK & COMPLIANCE REPORT

DATE: January 2017

## Executive Summary - Austria

<b>Sanctions:</b>	None
<b>FAFT list of AML Deficient Countries</b>	No
<b>Medium Risk Areas:</b>	US Dept of State Money Laundering assessment Compliance with FATF 40 + 9 Recommendations Weakness in Government Legislation to combat Money Laundering Compliance of OECD Global Forum's information exchange standard
<b>Major Investment Areas:</b>  <b>Agriculture-products:</b> grains, potatoes, wine, fruit; dairy products, cattle, pigs, poultry; lumber  <b>Industries:</b> construction, machinery, vehicles and parts, food, metals, chemicals, lumber and wood processing, paper and paperboard, communications equipment, tourism  <b>Exports - commodities:</b> machinery and equipment, motor vehicles and parts, paper and paperboard, metal goods, chemicals, iron and steel, textiles, foodstuffs  <b>Exports - partners:</b> Germany 31.4%, Italy 7%, France 4.7%, Switzerland 4.5%, US4.4% (2012)  <b>Imports - commodities:</b> machinery and equipment, motor vehicles, chemicals, metal goods, oil and oil products; foodstuffs  <b>Imports - partners:</b> Germany 42.1%, Italy 6.6%, Switzerland 5.1% (2012)	
<b>Investment Restrictions:</b>	

There are virtually no restrictions on foreign investment in Austria and foreign investors receive national treatment in general, however, the Austrian government may impose performance requirements when foreign investors seek financial or other assistance from the government

Strict liability regulations and co-existence rules sharply restrict any research, cultivation, marketing, or distribution of biotechnology crops.

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## Section 1 - Background

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 that same year declared the country's "perpetual neutrality" as a condition for Soviet military withdrawal. The Soviet Union's collapse in 1991 and Austria's entry into the European Union in 1995 have altered the meaning of this neutrality. A prosperous, democratic country, Austria entered the EU Economic and Monetary Union in 1999.



## Section 2 - Anti – Money Laundering / Terrorist Financing

### FATF status

Austria is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

### Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Austria was undertaken by the Financial Action Task Force (FATF) in 2016. According to that Evaluation, Austria was deemed Compliant for 12 and Largely Compliant for 14 of the FATF 40 Recommendations.

#### Key Findings

Austria has a mixed understanding of its ML/TF risks. The NRA does not provide a holistic picture of ML/TF risks that are present in the jurisdiction. Each competent authority has its own concept of ML/TF risks based on its practical experience; however, in most cases they do not match with each other and do not provide a complete picture of country's ML/TF risks. Austria did not demonstrate that it had any national AML/CFT policies. Domestic cooperation mechanisms do not result in the development and implementation of policies and activities that would be coordinated in a systematic manner.

A-FIU functions well as a predicate offence and associated ML investigation unit, rather than as a financial intelligence unit. The approach of the FIU with regard to STR analysis is primarily investigative (as opposed to intelligence approach). The FIU conducts only very basic operational analysis and does not conduct any strategic analysis to support the operational needs of competent authorities. The available IT-tools do not enable the A-FIU to cross-match STRs or conduct data-mining to find trends and patterns across STRs. The A-FIU does not conduct any analysis of TF-related STRs. There have been a number of instances (across different types of reporting entities) where customers became aware that an STR was filed in their respect and raised complaints directly against the reporting entity (and in some cases, the person who filed).

Austria's ML offence is generally comprehensive and in line with the Vienna and Palermo Conventions. But Austria does not pursue ML as a priority and in line with its profile as an international financial centre. The need in practice to prove a predicate offence beyond a reasonable doubt in order to demonstrate the illegal origin of funds limits the ability to detect, prosecute, and convict for different types of ML (in particular relating to foreign predicates and stand-alone ML).

Sanctions applied by the courts for ML are not dissuasive, as penalties actually applied are very low (normally probation for a first time offense). As a result of these issues, prosecutors generally do not lay ML charges and instead focus on pursuing the predicate offence.

Austria has a generally comprehensive framework for police powers and provisional and confiscation measures; however Austria does not pursue confiscation in line with its risk profile. A key deficiency is in the step ("sequestration") required to apply to freeze bank accounts which can only be obtained if the prosecutor can prove to the court that there is a specific risk that the assets will disperse without such an order.

The authorities have a good understanding of the TF risks, and Austria exhibits many characteristics of an effective system for investigating and prosecuting those involved in terrorist actions. The legal framework for the investigation and prosecution of terrorist and TF is generally sound and there are specialised authorities for investigation, intelligence and prosecution in these fields. Every counter-terrorism investigation includes an investigation into potential TF. Some convictions on terrorist activities and TF were obtained.

Austria has not undertaken a domestic review and comprehensively looked at potential risks within the NPO sector to identify which subset of NPOs that might be of particular risk of being misused for TF. However police authorities have identified and investigated some NPOs exposed to terrorist and TF risks and also conducted numerous targeted TF-related outreach to associations in the last years. There is insufficient monitoring and supervision of administrative requirements of the large majority of NPOs.

Austrian financial sector supervisors appropriately conduct fit and proper tests and criminal background checks in licensing and registering credit institutions. The FMA also proactively targets unlicensed financial service providers as it considers these types of activities to be a key risk to the sector and has established a dedicated function to address these activities. In general, the FMA has a sound understanding of ML/TF risks present in the institutions it supervises. Based on this understanding, it has developed strategies using supervisory tools to risk rate the institutions it regulates, and its staff is appropriately qualified to perform assigned functions. However, effective implementation of these supervisory strategies is limited by a lack of adequate resources especially related to the supervision of higher risk credit institutions. The lack of adequate supervision regarding passported MVTs providers and e-money institutions is also a significant gap.

Austria demonstrates many characteristics of an effective system for international cooperation. Austria provides assistance to countries who request it, and the Austrian authorities regularly ask their foreign counterparts for information and evidence. Most countries that gave input on the international co-operation of the Austrian authorities (speaking broadly) found it to be generally satisfactory. Conversely, Austria is generally satisfied with the co-operation that it receives.

### **Risks and General Situation**

Austria is one of the most developed countries in the world with a GDP of about EUR 329 296 billion in 2014. Austria has a highly-developed and robust financial market, with assets totalling approximately 355% of GDP. The financial system is dominated by banks that hold 75% of the total financial sector assets. Austria has one of the densest banking and branch networks in Europe and is dominated by the universal banking structure. Austrian banks generally provide the full range of banking services and only a few institutions have highly specialised business models.

Austria's National Risk Assessment on ML/TF (NRA) was coordinated the Ministry of Finance (BMF), was finalised in April 2015, and published in October 2015. The work was conducted in

the framework of a working group (WG NRA) which included representatives of all ministries and authorities responsible for combating money laundering and financing of terrorism. Austria finalised its first NRA in April 2015, and published it in October 2015. While the NRA was an important first step, and used elements of the FATF Guidance on National Money Laundering and Terrorist Financing Risk Assessment published in February 2013, it does not provide a holistic picture of ML/TF risks that are present in the jurisdiction.

Theft, drug trafficking, and fraud are the main predicate crimes in Austria according to conviction and investigation statistics. Human trafficking/migrant smuggling is perceived to be high risk, but the ML-related knowledge is very limited, as there have been no convictions for ML related to these predicate offences so far.

There is considerable ML risk associated with the activities of organised crime groups (originating in Italy or post-Soviet Union countries). Their areas of activity will often include drug trafficking, human trafficking and migrant smuggling, fraud, and tax crimes (especially VAT fraud). The proceeds are laundered through cash-intensive businesses (such as hotels, restaurants, and cafes), usually with straw men acting as directors and shareholders. Sometimes simpler techniques such as money remittance using straw men (or money mules) will be used.

Being an important regional and international financial centre as well as a gateway to Central, Eastern, and Southeastern Europe (CESEE) countries, Austria faces a range of ML and TF risks. Austria is particularly vulnerable to proceeds from a variety of international crimes transiting through Austria such as corruption, embezzlement, etc. Companies established offshore with Austrian bank accounts are vulnerable for these purposes.

TF risks are mainly associated with a considerable migrant population coming from conflict zones, some of whom may be sympathetic to extremist and terrorist organisations, including by providing financial support. The funds originate both from legal (salaries, social benefits) and illegal (theft, fraud, other petty crimes) sources. The movement of funds is usually conducted through money remittance service providers. Sometimes money transfers are performed through third countries. TF risks are influenced by the support of certain communities settled in Austria to conflict zones abroad, particularly in the regions of the north Caucasus and the Kurdistan region, and to Islamist terrorist organizations in countries as Iraq and Syria. Detected activities are mainly related to small cells, self-financed through legal and illegal means and, also, to Austrian residents travelling to conflict zones abroad to help foreign terrorist groups.

#### **US Department of State Money Laundering assessment (INCSR)**

**No longer catergorised a Jurisdiction of Primary Concern however the 2017 Report has not yet been published and, therefore, below is the 2016 report**

Austria was deemed a Jurisdiction of Primary Concern by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

**Perceived Risks:**



Austria is a major regional financial center. Austrian banking groups control significant shares of the banking markets in Central, Eastern, and Southeastern Europe. Money laundering occurs to some extent within the Austrian banking system as well as in non-bank financial institutions and businesses. Money laundered by organized crime groups derives primarily from fraud, smuggling, corruption, narcotics trafficking, and trafficking in persons. Theft, drug trafficking, and fraud are the main predicate crimes in Austria according to conviction and investigation statistics. Austria is not a frequent offshore destination for illicit funds and has no free trade zones.

Casinos and gambling are legal in Austria, but in some provinces slot machines are prohibited, and there are efforts underway to limit certain aspects of sport betting. The laws regulating casinos include AML/CFT provisions. There are migrant workers in Austria who send money home via all available channels, including regular bank transfers and money transmitters, but also informal and illegal remittance systems. No information is available to what extent informal systems are used.

**DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO**

**CRIMINALIZATION OF MONEY LAUNDERING:**

**"All serious crimes" approach or "list" approach to predicate crimes:** Combination approach

**Are legal persons covered: criminally:** YES **civilly:** NO

**KNOW-YOUR-CUSTOMER (KYC) RULES:**

**Enhanced due diligence procedures for PEPs: Foreign:** YES **Domestic:** NO

**KYC covered entities:** Banks and credit institutions; domestic financial institutions authorized to conduct financial leasing, safe custody, portfolio and capital consulting, credit reporting, and mergers and acquisitions services; brokers and securities firms; money transmitters and exchanges; insurance companies and intermediaries; casinos; all goods dealers; auctioneers and real estate agents; lawyers, notaries, certified public accountants, and auditors

**REPORTING REQUIREMENTS:**

**Number of STRs received and time frame:** 1,673 in 2014

**Number of CTRs received and time frame:** Not applicable

**STR covered entities:** Banks and credit institutions; domestic financial institutions authorized to conduct financial leasing, safe custody, portfolio and capital consulting, credit reporting, and mergers and acquisitions services; brokers and securities firms; money transmitters and exchanges; insurance companies and intermediaries; casinos; all goods dealers; auctioneers and real estate agents; lawyers, notaries, certified public accountants, auditors, and customs officials

**MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:**

**Prosecutions:** 426 in 2014

**Convictions:** 46 in 2014

**RECORDS EXCHANGE MECHANISM:**

**With U.S.: MLAT:** YES **Other mechanism:** YES

**With other governments/jurisdictions:** YES

Austria is a member of the FATF. Its most recent mutual evaluation can be found at:

<http://www.fatf-gafi.org/topics/mutualevaluations/documents/mutualevaluationofaustria.html>

**ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:**

Austria has in place comprehensive AML/CFT legislation. In recent years, the government reformed the financial intelligence unit operational procedures and supervisory framework; developed and published regulations and guidelines; and organized a series of outreach events and training to increase the level of awareness of AML/CFT.

Austria has an “all serious crimes” approach to the criminalization of money laundering plus a list of predicate offenses that do not fall under the domestic definition of serious crimes, but which Austria includes to comply with international legal obligations and standards.

Austrian banks have strict legal requirements regarding secrecy. However, the law stipulates that secrecy regulations do not apply with respect to banks’ obligation to report suspicious transactions in connection with money laundering or terrorism financing, or with respect to ongoing criminal court proceedings. Any amendment of these secrecy regulations requires a two-thirds majority approval in Parliament. In 2014, Austria accepted a long-delayed EU law to curtail bank secrecy and tax evasion. The law requires the EU member states to automatically exchange information on accounts held by their citizens abroad. Austria said it needed more time to comply with the agreement and create a new reporting system. Austria was given until 2018 to comply.

The Austrian Financial Market Authority (FMA) regularly updates a regulation issued January 1, 2012, which mandates banks and insurance companies apply additional special due diligence when doing business with designated countries. In 2014 the regulation stipulated increased scrutiny for foreign “politically exposed persons (PEPs),” such as government members, politicians, and prominent public officials.

After a decline in the previous year, the number of filed suspicious transaction reports (STRs), and particularly prosecutions and convictions, rose significantly in 2014. Austrian authorities maintain that the improved legal framework and training contributed to this development. The number of AML convictions in relation to the amount of prosecutions remains quite low.

**Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):**

According to the US State Department, Austria does not conform with regard to the following government legislation: -

**Record Large Transactions** - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

### **EU White list of Equivalent Jurisdictions**

Austria is on the EU White list of Equivalent Jurisdictions

### **World Governance indicators**

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

### **Failed States Index**

[To view Failed States Index Ctrl + Click here](#)

### **Offshore Financial Centre**

Austria is not considered to be an Offshore Financial Centre

### US State Dept Narcotics Report (introduction):

Report not available

### US State Dept Trafficking in Persons Report 2014 (introduction):

Austria is classified a Tier 1 country - is a country whose government fully complies with the Trafficking Victims Protection Act's (TVPA) minimum standards.

Austria is a destination and transit country for men, women, and children subjected to trafficking in persons, specifically sex trafficking and forced labor. The vast majority of identified victims of trafficking are women and girls forced to engage in Austria's sex trade. Victims primarily originate from Romania, Bulgaria, Hungary, the Slovak Republic, the Czech Republic, Ukraine, and, to a lesser extent, China, Nigeria, the Middle East, North Africa, Southeast Asia, and South America. Forced labor also occurs in the agricultural, construction, and catering sectors. Authorities identified trafficking victims among the growing population of unaccompanied minor asylum seekers, including the forced begging of children from Syria, Afghanistan, and North Africa. Physically and mentally disabled persons and Roma children were also victims of forced begging.

The Government of Austria fully complies with the minimum standards for the elimination of trafficking. The toughening of sentencing structures addressed a major concern in Austria's law enforcement response. The government devoted more resources during this reporting period to identifying and assisting men who are victims of forced labor, although authorities did not provide them with housing. Austrian officials also undertook considerable effort to sensitize law enforcement on the state, national, and international levels to trafficking in persons, as well as conducting extensive public outreach. The government continued to identify and refer trafficking victims for victim-centered assistance in partnership with NGOs. The government demonstrated proactive efforts to identify and prevent domestic servitude in diplomatic households. The government's conviction rate for trafficking offenders charged under its trafficking law increased slightly during the reporting period.

### US State Dept Terrorism Report 2015

**Overview:** Austria was vigilant in its counterterrorism efforts, and U.S.-Austrian law enforcement cooperation was generally strong. Austria's Office for State Protection and Counterterrorism (BVT), the key counterterrorism agency within the Ministry of the Interior, reported that while no specific climate for fostering terrorist attacks existed within Austria, radicalization within violent Islamist extremist groups increased in 2015. The country's traditional, broad perception that Austria is safe from terrorist attacks was challenged by the number of foreign terrorist fighters from Austria headed to Syria and Iraq. The BVT charged or monitored those returning from Syria, as well as other potentially violent radicalized individuals. Continued concerns over data privacy protection, amplified by public debate

about suspected U.S. NSA activities in Austria, slowed the implementation of counterterrorism agreements, in some cases.

Austria is a member of the Global Coalition to Counter the Islamic State of Iraq and the Levant (ISIL), as well as the Counter-ISIL Working Groups on Foreign Terrorist Fighters and Stabilization. Throughout the year, the Ministries of Interior, Justice, and Foreign Affairs increased enforcement and engagement to counter incitement of terrorist acts motivated by extremism and combat the problem of foreign terrorist fighters, with law enforcement agencies focusing on intelligence gathering and investigations, and integration officials (within the Ministry of Foreign Affairs) focusing on public outreach and engagement to prevent radicalization to violence.

**Legislation, Law Enforcement, and Border Security:** Austria has a broad legal framework to combat terrorism. Relevant statutes criminalize training in terrorist camps abroad. The Austrian Parliament passed additional counterterrorism legislation in December 2014 (effective January 1, 2015) to enhance existing counterterrorism laws. The counterterrorism legislation amended an existing law on the use of symbols and prohibits the use and distribution of symbols attributable to ISIL, al-Qa'ida, and any organization linked to these groups. Limited exemptions from these restrictions apply to media coverage, films, theater, and exhibits, provided that they do not serve to propagate the ideology of a terrorist organization.

As part of the same legislative package, an amendment to the border control law allowed border authorities to confirm that minors have received parental permission to leave Austria when there is a suspicion that the minors are traveling to participate in fighting activities abroad. Border authorities are empowered to deny departure to a minor and withhold his or her passport until an investigation is complete. An amendment to the Austrian citizenship law allowed authorities to withdraw citizenship from an Austrian who voluntarily and actively participates in fighting in an armed conflict if the individual holds a second citizenship.

In November, Austria's governing coalition parties agreed on a draft State Protection Law to provide enhanced legal tools against terrorist and extremist threats, espionage, cyber-attacks, and the proliferation of weapons of mass destruction, and to provide a firm legal basis for counterterrorism, counter-espionage, and related law enforcement actions by the BVT.

Austrian law enforcement and BVT officials routinely cooperated in investigative areas with U.S. law enforcement, from the informal sharing of preliminary investigative information to joint, multilateral investigative projects and enforcement operations. Border security forces make effective use of security measures, including biographic and biometric screening capabilities at airport ports of entry; Austria does not maintain ports of entry on its land borders as Austria is surrounded by Schengen zone member states; however, Austria has established facilities at several border crossings to manage and assist refugees. Border security forces also share information internally and with other EU countries. Border security officials at ports of entry have discretion when determining those documents and passengers subject to screening on arrival.

Austria has taken a whole-of-government approach to implement UN Security Council Resolutions 2170, 2178, and 2199, as well as the Global Counterterrorism Forum (GCTF)'s Hague-Marrakech Good Practices for a More Effective Response to the Foreign Terrorist Fighters phenomenon. The BVT estimated the number of Austrians fighting in Syria and Iraq at

approximately 260, predominantly of Chechen, Turkish, and Balkan origin. Forty are suspected to have been killed in Syria, while an estimated 70 have returned to Austria. Law enforcement officials have arrested violent extremists and suspected terrorists and prosecuted and sentenced ISIL sympathizers and would-be foreign terrorist fighters. Formal criminal investigations have been launched against 192 suspects, resulting in 50 criminal charges and 27 convictions.

**Countering the Financing of Terrorism:** Austria is an active member of the Financial Action Task Force (FATF) and has developed comprehensive anti-money laundering/combating the financing of terrorism (AML/CFT) legislation, including the enactment of a new Sanctions Act; undertaken reforms of the financial intelligence unit operational procedures and supervisory framework; and developed and published secondary legislation (regulations), thematic and sectorial guidelines, and explanatory notes. Austria's financial intelligence unit (the Bundeskriminalamt) is a member of the Egmont Group.

Financing of terrorism is criminalised in Article 278d of the Austrian Penal Code in line with Article 2 of the Terrorism Financing Convention and other international standards. Austria has successfully prosecuted terrorism financing cases, including sentencing a Chechen terrorism suspect to a four-year prison term in October on charges of terrorism financing and participation in a terrorist organization. The defendant was charged with collecting US \$438,200 for the Caucasus Emirate.

Austria implements the collection of Know Your Customer-data for wire transfers through EU Regulation 1781/2006/EC. This EU Regulation does not include requirements regarding information on the beneficiary of a wire transfer, and there is no respective national law in place.

Austria and the United States implemented the 2014 bilateral agreement on the Foreign Account Tax Compliance Act (FATCA). Under the agreement, Austrian banks require U.S. citizens resident in Austria to waive bank secrecy and allow the exchange of account information with the United States.

**Countering Violent Extremism:** Austria continued efforts to counter violent extremism, largely in response to the foreign terrorist fighter phenomenon. In addition, the Austrian government undertook or continued several other initiatives.

In cooperation with the Islamic Faith Community, the Ministry of Foreign Affairs continued an information campaign in mosques, Islamic organizations, and community centers that included education outreach to the majority population to differentiate between Islam and violent extremism. In an effort to improve integration in the newly arrived refugee population, the Integration Office within the Foreign Ministry has developed an educational program that focuses on German language acquisition and education on Austrian 'values' such as gender equality and democratic principles. The Austrian government maintains a counseling center and a de-radicalization hotline, aimed at friends and family members of potential violent extremists.

The Austrian government passed a new Law on Islam, updating the previous 1912 Law on Islam. This law updated the rights and responsibilities of Islamic communities and further formalized Islam's place within Austria. It contains provisions related to religious education, pastoral care in hospitals and prisons, recognizes Islamic holidays, and formalizes some

Islamic traditions. The law also limits financing of mosques and imams from foreign sources, in an effort to constrain foreign influence.

**International and Regional Cooperation:** Austria is a member of various regional platforms, including the OSCE, the Salzburg Forum, and the Central European Initiative. Austria regularly leads law enforcement training programs with Salzburg Forum countries and the Balkan states. In March, Austria hosted a regional conference on foreign terrorist fighters, entitled "Tackling Jihadism Together: Shaping, Preventing, Reacting." The conference was attended by Albania, Bosnia and Herzegovina, Croatia, Italy, Kosovo, Macedonia, Montenegro, Serbia, and Slovenia, and included discussions on enhanced border security training and increased cooperation among Europol, the EU border protection agency Frontex, and the western Balkan states.

## International Sanctions

None applicable



## Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	75
World Governance Indicator – Control of Corruption	90

## Corruption and Government Transparency - Report by US State Dept

Austria has ratified the United Nations Convention against Corruption (UNCAC), the OECD Anti-Bribery Convention, the Council of Europe's Civil Law Convention on Corruption, and has signed -- but not ratified -- the Criminal Law Convention on Corruption. Austria is a member of the Group of States against Corruption (GRECO) within the Council of Europe. Austria is also a participating member of the OECD Working Group on Bribery. Transparency International's (TI) 2013 Corruption Perceptions Index ranked Austria 26th - down one rank from 2012. U.S. firms have not identified corruption as an impediment to investment in Austria.

Corruption cases are routinely reported in the media. Enforcement, although improving, is still moderate and legal proceedings in corruption cases are slow. A special committee formed by Parliament in fall 2011 to investigate a number of high-profile corruption cases, some involving current or past senior government officials, produced alarming results, but was ended by the governing coalition parties in October 2012. Watchdog groups such as Transparency International are active, but play no formal role.

According to the European Commission's first EU Anti-Corruption Report of 2014, Austria has strengthened its fight against corruption by efforts in prevention and prosecution. In this report, the Commission suggests that Austria makes access to bank account information easier in cases of suspected corruption. Polls by the Commission show that 66% of the Austrians (76% of the Europeans) agree that corruption is widespread in their home country and that 5% of the Austrians (4% of the Europeans) have been asked or expected to pay a bribe in the past year.

Corruption provisions in Austria's Criminal Code cover managers of Austrian public enterprises, civil servants and other officials (with functions in legislation, administration, or justice on behalf of Austria, in a foreign country, or an international organization), representatives of public companies, and domestic members of Parliament, government members, and mayors. The term "corruption" includes the following: active and passive bribery; illicit intervention; abuse of office; and accepting consideration. Corruption can sometimes include a private manager's fraud, embezzlement, breach of trust, or accepting consideration.

Criminal penalties for corruption include imprisonment of up to 10 years for all parties involved. Bribes are not tax deductible for companies making them. A separate law, the Law

on Responsibility of Associations, deals with criminal responsibility for legal entities and partnerships. The law covers all criminal offenses, including corruption, money laundering, and serious tax offenses that are subject to the Tax Offences Act; fines can rise to as much as €1.8 million (\$2.4 million). Austria has a special public prosecutor's office with Austrian-wide authority for corruption cases. The Lobbying Act of 2013 introduced binding rules of conduct for lobbying and requires domestic and foreign organizations to register with the Austrian Ministry of Justice; a law on financing of political parties requires disclosure of donations exceeding €3,500 (\$4,650).

## Section 3 - Economy

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. 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 0.6% in 2012. Unemployment did not rise as steeply in Austria as elsewhere in Europe, partly because the government subsidized reduced working hour schemes to allow companies to retain employees. The 2012 unemployment rate of 4.3% was the lowest within the EU. Stabilization measures, stimulus spending, and an income tax reform pushed the budget deficit to 4.5% in 2010 and 2.6% in 2011, from only about 0.9% in 2008. The international financial crisis of 2008 caused difficulties for Austria's largest banks whose extensive operations in central, eastern, and southeastern Europe faced large losses. The government provided bank support - including in some instances, nationalization - to support aggregate demand and stabilize the banking system. Austria's fiscal position compares favorably with other euro-zone countries, but it faces external risks, such as Austrian banks' continued exposure to Central and Eastern Europe as well as political and economic uncertainties caused by the European sovereign debt crisis. In 2011 the government attempted to pass a constitutional amendment limiting public debt to 60% of GDP by 2020, but it was unable to obtain sufficient support in parliament and instead passed the measure as a simple law. In March 2012, the Austrian parliament approved an austerity package consisting of a mix of expenditure cuts and new revenues that will bring public finances into balance by 2016. In 2012, the budget deficit rose to 3.1% of GDP.

### **Agriculture-products:**

grains, potatoes, wine, fruit; dairy products, cattle, pigs, poultry; lumber

### **Industries:**

construction, machinery, vehicles and parts, food, metals, chemicals, lumber and wood processing, paper and paperboard, communications equipment, tourism

### **Exports - commodities:**

machinery and equipment, motor vehicles and parts, paper and paperboard, metal goods, chemicals, iron and steel, textiles, foodstuffs

### **Exports - partners:**

Germany 31.4%, Italy 7%, France 4.7%, Switzerland 4.5%, USA 4.4% (2012)

### **Imports - commodities:**

machinery and equipment, motor vehicles, chemicals, metal goods, oil and oil products; foodstuffs

## Imports - partners:

Germany 42.1%, Italy 6.6%, Switzerland 5.1% (2012)

## Banking

Austria, with its well-developed market economy and high standard of living, is closely tied to other EU economies, especially Germany's. 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 and global economic downturn in 2008 led to a sharp but brief recession. Austrian GDP contracted 3.9% in 2009 but saw positive growth of about 2% in 2010.

Unemployment has not risen as steeply in Austria as elsewhere in Europe, partly because its government has subsidized reduced working hour schemes to allow companies to retain employees. Stabilization measures, stimulus spending, and an income tax reform pushed the budget deficit to 3.5% of GDP in 2009 and 4.7% in 2010, from only about 1.3% in 2008.

The international financial crisis caused difficulties for Austria's largest banks whose extensive operations in central, eastern, and southeastern Europe faced large losses.

The government provided bank support including in some instances, nationalization to prevent insolvency and possible contagion. In the medium-term all large Austrian banks will need additional capital. Even after the global economic outlook improves, Austria will need to continue restructuring, emphasize knowledge-based sectors of the economy, and encourage greater labor flexibility and labor participation to offset growing unemployment and Austria's aging population and low fertility rate.

## Stock Exchange

After a steep drop in 2008, the Vienna Stock Exchange (VSE) rebounded in 2009 and 2010. Since 2008, VSE activity has languished due to a lack of IPOs and the delisting of several prominent companies, including Bank Austria and Austrian Airlines. In January 2010, the stock exchanges of Budapest, Ljubljana, Prague, and Vienna became subsidiaries of the Vienna-based CEE Stock Exchange Group (CEESEG AG) holding company. CEESEG accounts for about half of total market capitalization and two-thirds of equity trading volume in CESEE, making it the largest stock exchange group in the region.

### Executive Summary

Economic conditions in Austria -- particularly those relevant to foreign investors -- continue to remain favorable. As a small and highly internationalized economy, Austria was affected by the world economic downturn in 2009 and the 2012/2013 recession in the Eurozone, but is recovering and expecting modest economic growth over the next years. Macroeconomic fundamentals are relatively healthy, however, the Austrian government's crisis response and the multi-billion Euro disaster of a major Austrian bank led to a deterioration in public finances.

Austria is a highly developed industrial nation with a huge and dynamic services sector. The country's geopolitical position between Western European industrialized nations and the growth markets in Central, Eastern, and Southeastern Europe (CESEE) has led to a high degree of economic, social, and political integration with the European Union (EU) and non-EU countries in CESEE. Border controls between Austria and all of its eight neighboring countries were lifted under the EU's Schengen agreement. EU enlargements in 2004 and 2007 strengthened Austria's attractiveness as an investment location by increasing access to markets in Eastern Europe, but expansion also bolstered Austria's competitors in that region so that, due to their vicinity, Budapest, Prague, and Bratislava now compete directly with Vienna for foreign investors.

Austria offers many advantages for foreign investors, including political stability, motivation and skill of labor, high productivity and international competitiveness, rule of law, quality of life and personal security. Austria further scores with high-quality health, telecommunications and energy infrastructure. The administrative system is transparent. Labor-management relations are relatively harmonious in Austria, which has a low incidence of industrial unrest.

Austria receives lower marks for the high tax burden (despite an attractive corporate tax model), low innovation dynamics, a huge public sector, and a complex regulatory system with an over-boarding bureaucracy (also for established businesses). Long-term aspects that the Austrian government needs to address are shortcomings in the education system and the lack of structural reforms, including of the health and pension systems and of the state to reform the costly federalism and reorganize competencies among the various levels of government.

Some 340 U.S. companies have invested in Austria; many have expanded their original investment over time.

Altogether, Austria continues to offer a stable, advantageous and attractive climate for foreign investors, albeit one with some challenges.

### 1. Openness To, and Restrictions Upon, Foreign Investment

#### *Attitude Toward Foreign Direct Investment*

Observers do not expect Austria's openness to foreign direct investment to change under the current coalition government between the center-left Social Democratic Party (SPÖ) and the center-right People's Party (ÖVP), which took office December 16, 2013 for a five-year term.

Austria welcomes foreign direct investment that avoids a negative impact on the environment, creates new jobs in high technology fields, promotes capital-intensive industries, and has links to R&D activities, for which special tax incentives are available. Austria is a high-tax country overall with a heavy personal income tax burden. However, due to a relatively low 25% corporate tax rate, it is attractive as a business headquarters location. Because of tax base adjustments, experts estimate the effective corporate tax burden at no more than 22%.

The corporate tax regime also offers a highly favorable framework for group taxation, unique in Europe, which allows business to offset profits and losses of group operations (requiring direct or indirect participation of more than 50%, but no other financial, economic or organizational integration) in Austria and abroad. This group taxation system offers interesting opportunities for U.S. investors, in particular joint-venture structures, M&A transactions and headquarters.

Effective March 1, 2014, the eligibility for foreign tax group members was restricted to those resident in the EU or in a country which has concluded a comprehensive administrative assistance agreement regarding the exchange of information with Austria (Note: the United States and Austria have such an agreement). Deductibility of losses of foreign group members from the Austrian group's tax base was limited to 75%, the amortization of goodwill for share deals was abolished. All companies active in Austria are affected by a new regulation limiting tax-deductibility of expenses for high salaries (cash and non-cash benefits) paid to top-level employees to €500,000 (about US\$ 664,000) per year. Austria has no wealth tax, trade tax, or inheritance/gift tax, but the senior coalition partner SPÖ regularly presses for wealth and inheritance taxes.

Austria's macroeconomic fundamentals are relatively healthy; however, post-crisis fiscal pressure persists. The economic climate, affecting national and international investors, in coming years will be characterized by modest economic growth averaging an annual rate of 1.7% until 2017; the unemployment rate of around 5% will remain to be one of the lowest within the EU-28. However, all forecasts are currently beset by high risks from the fallout of the Ukraine/Russian crisis, potential additional sanctions, and related geopolitical risks. Fiscal consolidation will be the dominating issue in coming years. Many observers believe that the government coalition pact falls short in enacting the structural reforms needed to revitalize the Austrian economy, balance the budget by 2016 and significantly reduce the debt level from currently around 80% of GDP. The structural reforms which the government needs to implement include reforms of the pension and health systems, school and university education, and the federal structure in order to reorganize inter-governmental fiscal relations, eliminate overlap among the various levels of government, and reduce Austria's large bureaucracy. The current high tax quota of more than 45% of GDP is unlikely to decrease significantly any time soon, particularly absent plans for expenditure reforms and reductions in the subsidies and benefits.

There are no sectoral or geographic restrictions on foreign investment. In some regions, the government offers special facilities and services ("cluster packages") to foreign investors. For example, these can include incentives for automotive producers, and manufacturers of high-tech products, or environmental technologies.

Resistance to investment in the industrial sector may arise from environmental concerns. Potential U.S. investors need to factor Austria's strict environmental regulations and environmental impact assessments into their decision-making process. Heavy industries also

fall under the EU greenhouse-gas Emissions Trading System – part of the EU's policy to combat climate change. Strict liability regulations and co-existence rules sharply restrict any research, cultivation, marketing or distribution of biotechnology crops.

The Austrian judicial system upholds the sanctity of contracts.

### ***Limits on Foreign Control***

There is no discrimination against foreign investors, but businesses are required to follow numerous regulations. Although there is no requirement for participation by Austrian citizens in ownership or management, at least one manager must meet residence and other legal requirements. Non-residents must appoint a representative in Austria. Expatriates are allowed to deduct certain expenses (costs associated with moving, maintaining a double residence, education of children) from Austrian-earned income. Austrian immigration law requires those applying for resident permits to take German language courses, but exempts those expatriates who hold a university degree.

### ***Privatization Program***

The government has not privatized any public enterprises since 2007. Austrian public opinion remains skeptical towards further privatization. The senior coalition partner SPÖ is on record opposing additional privatizations. The current government program does not identify any public enterprises for privatization, but the government may reduce some of its shareholdings, while retaining a blocking minority share. In past privatizations, foreign and domestic investors received equal treatment. Despite a historical government preference for having domestic shareholders retain a blocking minority, foreign investors have successfully gained full control of enterprises in several strategic sectors of the Austrian economy, including telecoms, banking, power generation, and infrastructure.

### ***Screening of FDI***

Only those foreign investments with financial assistance from the Austrian government are subject to government review. Screening ensures compliance with EU regulations limiting such assistance to disadvantaged regions.

### ***Competition Law***

Austria's Anti-Trust Act is in line with European Union anti-trust regulations, which take precedence over national regulations in cases spanning Austria and other EU member states. The Austrian Anti-Trust Act prohibits cartels, any competitive restrictions, and abuse of a dominant market position. The independent Federal Competition Authority (FCA) and the Federal Cartel Prosecutor (FCP) are responsible for administering anti-trust laws. Amendments to the Competition Act and the Anti-Trust Act in 2013 strengthened FCA's position in investigations and authority to request information from firms, and it strengthened enforcement by entitling private parties to file damage claims based on an infringement of Austrian and European anti-trust rules.

Companies must inform the FCA about mergers and acquisitions (M&A). Special M&A regulations apply to media enterprises. The cartel court is competent to decide M&A notifications from the FCA or the FCP. For violations of anti-trust regulations, the cartel court can impose fines of up to the equivalent of 10% of a company's annual worldwide sales. An

independent energy regulator separately examines antitrust concerns in the energy sector, but must also submit cases to the cartel court.

Austria's Takeover Law applies to friendly and hostile takeovers of corporations headquartered in Austria and listed on the Vienna Stock Exchange. The law protects investors against unfair practices, since any shareholder obtaining a controlling stake in a corporation (30% or more in direct or indirect control of a company's voting shares) must offer to buy out smaller shareholders at a defined "fair market" price. The law also includes provisions for shareholders who passively obtain a controlling stake in a company, i.e., not by buying additional shares, but because another large shareholder has reduced his/her shareholding. The law prohibits defensive action to frustrate bids. Austria has not implemented the breakthrough regulations of the EU's Takeover Directive's, but does allow individual companies to address these in company bylaws. The Shareholder Exclusion Act allows a primary shareholder with at least 90% of capital stock to "squeeze out" minority shareholders. An independent takeover commission at the Vienna Stock Exchange oversees compliance with these laws.

**Investment Trends**

Investor surveys and international rankings consistently award Austria high marks for political stability, quality of life (Mercer's 2014 Quality of Living Index ranks Vienna as the top location to reside in the world), high-quality healthcare, infrastructure, personal security (overall, crime, particularly violent crime, is low in Austria and Vienna specifically, but the incidence of residential burglaries is high), skill and motivation of labor, productivity, rule of law, and social factors. Austria receives low marks for economic growth, high tax burden, high cost of living, shortage of risk capital, low innovation dynamics, size of the public sector, and regulatory red tape. The Swiss Economic Institute's (KOF) 2013 Index of Globalization ranks Austria fourth out of 207 countries, reflecting Austria's high degree of economic, social, and political integration.

**TABLE 1:** The following chart summarizes several well-regarded indices and rankings.

Measure	Year	Rank or value	Website Address
TI Corruption Perceptions index	2013	26 of 177	<a href="http://cpi.transparency.org/cpi2013/results/">http://cpi.transparency.org/cpi2013/results/</a>
Heritage Foundation's Economic Freedom index	2014	24 of 178	<a href="http://www.heritage.org/index/ranking">http://www.heritage.org/index/ranking</a>
World Bank's Doing Business	2013	30 of 189	<a href="http://doingbusiness.org/rankings">http://doingbusiness.org/rankings</a>



Report "Ease of Doing Business"			
Global Innovation Index	201 3	23 of 142	<a href="http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener">http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener</a>
World Bank GNI per capita	201 2	US\$47,66 0	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">http://data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

## 2. Conversion and Transfer Policies

Austria has no restrictions on cross-border capital transactions, including the repatriation of profits and proceeds from the sale of an investment, for non-residents and residents. The Euro, a freely convertible currency and the only legal tender in Austria and 17 other Euro-zone member countries, shields investors from exchange rate risks within the Euro-zone.

## 3. Expropriation and Compensation

Expropriation of private property in Austria is rare and may proceed only on the basis of special legal authorization. The government can initiate it only in the absence of any other alternative to satisfy the public interest; when the action is exclusively in the public interest; and when the owner receives just compensation. The expropriation process is fully transparent and non-discriminatory toward foreign firms.

## 4. Dispute Settlement

The Austrian legal system provides an effective means for protecting property and contractual rights of nationals and foreigners. Austria's civil courts enforce property and contractual rights and do not discriminate against foreign investors. Commercial matters fall within the competence of ordinary regional courts, only Vienna has a specialized Commercial Court, which has also Austrian-wide competence for trademark, design, model and patent matters.

Austria is a member of the International Center for the Settlement of Investment Disputes. The 1958 New York Convention (UNCITRAL) also grants enforcement of foreign arbitration awards in Austria.

The Austrian Insolvency Act contains provisions for business reorganization and bankruptcy proceedings. Reorganization requires a restructuring plan from the still solvent debtor. The plan must offer a quota of at least 20% of the debtor's obligation and be adopted by a majority of all creditors and a majority of creditors holding at least 50% of all claims. Bankruptcy proceedings are in court and opened upon application of the debtor or a creditor; the court appoints a receiver for winding down the business and distributes proceeds to the creditors. In the World Bank's 2014 Doing Business Report, Austria ranks 14<sup>th</sup> for ease of "resolving insolvency."

## 5. Performance Requirements and Investment Incentives

## **WTO/TRIMS**

The Austrian government has not notified the WTO of any domestic measures inconsistent with Trade Related Investment Measures (TRIMS) requirements. Embassy has not been notified/not registered any complaints/reports regarding any measures that are alleged to violate the WTO's TRIMS obligations.

## **Investment Incentives**

Austria offers financial and tax incentives (within EU competition policy limits) to firms undertaking projects in economically underdeveloped areas. In most of these areas, eligibility for co-financing subsidies under EU regional and cross-border programs has gradually declined under the EU's financial frameworks, but might still account for around €200 million per year within the new EU "Common Strategic Framework" for the period 2014 to 2020. Financial incentives provided by Austrian federal, state, and local governments to promote investments are equally available to domestic and foreign investors and include tax incentives, preferential loans, loan guarantees, and grants. Most of these incentives are available only if the investment meets specified criteria including employment creation and use of high technology. Tax allowances for advanced employee training and R&D expenditures are also available.

Austria Wirtschaftsservice is the government's institution that provides financial incentives; further information on targeted investment incentives (German language only) is available at <http://www.awsg.at>. Information on investment incentives in English language is available on the website of the Austrian Business Agency (ABA-Invest in Austria), the national investment promotion company, at <http://aba.gv.at/EN/Home/ABA-Invest+in+Austria.aspx>.

There are virtually no restrictions on foreign investment in Austria and foreign investors receive national treatment. The Austrian government may impose performance requirements when foreign investors seek financial or other assistance from the government, although there are no performance requirements to gain access to tax incentives. There is no requirement that nationals hold shares in foreign investments or for technology transfer, and no requirement for foreign investors to use domestic content in goods or technology. Data storage -- for six months -- is only required for providers of publicly available telecommunication and internet services.

Austria offers an attractive incentive system for research and development (R&D) activities -- including those undertaken by foreign-owned enterprises -- with pre-seed and seed financing options for start-ups and cash grants up to 80% for later-stage companies.

The United States and Austria are signatories to a 1931 bilateral Treaty of Friendship, Commerce, and Consular Rights. Several non-immigrant business visa classifications exist, including intra-company transfers/rotational workers, and employees on temporary duty. Recruitment of long-term overseas specialists or those with managerial duties is governed by a points based immigration scheme to attract skilled workers and specialists in individual sectors (points are available for qualification, education, age, and language skills). The Red-White-Red (RWR) model has been designed to react flexibly to rising demand in different occupations and is available to highly qualified individuals, qualified specialists/craftsmen in certain understaffed professions (qualified labor and registered nurse jobs), and key personnel/professionals. Applicants must have an offer of employment to apply for the RWR.

In the past, highly qualified individuals were required by law to apply locally in Austria, but since 2013 they may also find a potential employer from abroad and have the company apply in Austria on their behalf. Once the application is approved, the visa office authorizes the Austrian embassy or consulate to issue the visa to enter Austria and pick up the RWR card. While principal applicants are exempt from any language requirement, family members must submit proof of basic language proficiency when first applying for residence permits. Austrian immigration law requires those applying for resident permits to take German language courses, but exempts university-degree holders. Family members of highly qualified individuals are also exempted.

## **6. Right to Private Ownership and Establishment**

Foreign and domestic private enterprises are free to establish, acquire, and dispose of interests in business enterprises, except for some infrastructure and utilities. A law requires all third-country nationals or companies with their seat in a third country (not a member state of the EU, or from Iceland, Norway, Liechtenstein or Switzerland) to obtain approval by the Federal Minister of Science, Research, and Economy for any investment of 25% or more in a company that is headquartered in Austria and active in sectors relevant for domestic and foreign security, public order, or crisis precaution. This affects investment in defense equipment producers, security services, hospitals, fire brigades, disaster control and rescue services, electricity, gas and water providers, telecom companies, railroads, air and ship transportation, federal roads, universities, schools and child care facilities.

Licensing requirements, such as those in the banking and insurance sectors, apply equally to domestic and foreign investors. In most business activities, the law permits 100% foreign ownership. An exemption is that by law, federal and state governments maintain at least a 51% share in all electricity providers. Entrenched political interests may make it more difficult to challenge quasi-monopolies in some sectors where they still exist. However, U.S. investors have had some success, especially when they have used local partners and contacted the U.S. Embassy at an early stage.

## **7. Protection of Property Rights**

### ***Real Property***

The Austrian legal system protects secured interests in property. For any real estate agreement to be effective, owners must register with the – electronic – land registry. In case of rededication of land, approval of the land transfer commission or the office of the state governor is required. The land registry, overhauled in 2012 to speed up registration procedures and reduce costs, is a reliable system for recording interests in property, and access to the registry is public.

### ***Intellectual Property Rights***

Austria has effective laws to protect intellectual property rights, including patent and trademark laws, a law protecting industrial designs and models, and a copyright law. Austria is a party to the World Intellectual Property Organization (WIPO) and several international property conventions, including the European Patent Convention, and the Universal Copyright Convention. Since both the United States and Austria are members of the "Paris Union" International Convention for the Protection of Industrial Property, American investors

are entitled to the same protection under Austrian patent legislation as are Austrian nationals.

Austria's Copyright Act is in conformity with EU directives on intellectual property rights and grants authors the exclusive rights to publish, distribute, copy, adapt, translate, and broadcast his/her work. The law also regulates copyrights of digital media (restrictions on private copies), works on the Internet, protection of computer programs, and related damage compensation. Infringement proceedings, however, can be time-consuming and costly. Film and music industry representatives are in a legal dispute with Internet providers to block access to pirated audiovisual products over the Internet: In March 2014, the European Court of Justice (ECJ) decided that the Austria-based Internet provider UPC must prevent access to illegal streaming platforms once made aware of a copyright violation. In line with EU requirements, Austria also has a law against trade in counterfeit articles. In 2013, Austrian customs authorities confiscated pirated goods worth €5.7 million (US\$7.6 million).

Since 2010, a "Patent Prosecution Highway" (PPH) agreement between the United States and Austria is in force. PPH allows filing of streamlined applications for inventions determined to be patentable in other participating countries and is expected to reduce the average processing time. The program, which is based on information sharing between national patent offices and standardized application and examination procedures, should reduce costs and encourage greater utilization of the patent system.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

#### **Contact Point at Post for IP Issues**

- Eric K. Lundberg, Economic Political Counselor
- Embassy of the United States
- Boltzmanngasse 16
- 1090 Vienna, Austria
  
- Phone: +43-(0)1-313 39 – 2299
- E-Mail: [lundberge@state.gov](mailto:lundberge@state.gov)

#### **Country-specific resources:**

- American Chamber of Commerce in Austria
- Porzellangasse 39/7
- 1090 Vienna
  
- Phone: +43-(0)1-319 57 51
- E-Mail: [office@amcham.at](mailto:office@amcham.at)

**Link to Post's list of local lawyers:** <http://austria.usembassy.gov/attorney.html>

## **8. Transparency of the Regulatory System**

Austria's legal, regulatory, and accounting systems are transparent and consistent with international norms. Ministries generally publish draft laws and regulations for expert comment prior to their adoption by Austria's cabinet (Ministerrat) and/or Parliament.

The government has made progress in streamlining its complex and cumbersome requirements for business licenses and permits. It claims to have reduced the processing time for permits to less than three months, except for large projects requiring an environmental impact assessment. The government's "one-stop shop" for business permits does not include plant and building permits. All licensed businesses in Austria (including foreign-owned enterprises) must be members of Austria's Economic Chamber and pay compulsory dues; the Chamber plays an administrative role in some areas (including retailing, tourism, and certification of skilled labor).

The government does not influence the allocation of investments among sectors. It uniformly applies tax and labor laws as well as health and safety standards. Austrian regulations governing accounting provide U.S. investors with internationally standardized financial information. In line with pertinent EU regulations, listed companies must prepare their consolidated financial statements according to the International Financial Reporting Standards (IAS/IFRS) system.

## **9. Efficient Capital Markets and Portfolio Investment**

Austria has modern and sophisticated financial markets, to which foreign investors have access without restrictions. All financial instruments are available. Credit is available at market-determined rates. There are no signs of a credit crunch, although a tightening of credit standards for loans is notable as banks work to improve the quality of their loan portfolios.

Austria's venture capital market is small and underdeveloped. In 2012, funds raised dropped 31% to €173 million (\$230 million). The volume of private equity and venture capital raised in Austria during 2003-2012 was €2.4 billion (\$3.1 billion).

### ***Money and Banking System***

Austria has a highly developed banking system with worldwide correspondent banks, and representative offices and branches in the United States and other major financial centers. Large Austrian banks also have extensive networks in Central and Southeast European (CESEE) countries and the Commonwealth of Independent States (CIS, the countries of the former Soviet Union).

Due to U.S. reporting requirements, some private banks do not accept personal accounts from U.S. citizens, though locally incorporated businesses belonging to U.S. investors have not reported problems in this regard. Austria's five largest banking groups (Erste Group, UniCredit Bank Austria, Raiffeisen Zentralbank with Raiffeisen Bank International, Raiffeisen-Landesbank Oberoesterreich, and BAWAG P.S.K. Bank) comprise 66% of Austria's total banking sector assets; all five are considered "too big to fail." Several Austrian banks are currently restructuring and downsizing.

Regulators and criminal investigators have dealt with several major financial sector fraud and mismanagement cases in the past five years, the largest of which resulted in the

nationalization of Kommunalkredit bank in 2008 and Hypo Alpe Adria (HAA) banking group in 2009, and partial nationalization of Volksbanken AG in 2012. HAA's problems, the result of political interference paired with criminal energy and a lack of control, have developed into a fiscal nightmare for the Austrian government, which in March 2014 decided to establish a bad bank for HAA and wind it down. However, aside from billion Euro equity injections in past years, the HAA bad bank will have to assume up to €18 billion (USD 24 billion) in toxic assets, which will drive up Austria's total public sector debt to around 80% of GDP.

Austria's current bank supervision system provides for a dual-oversight system with supervisory roles for both the Austrian National Bank (OeNB) and the Financial Market Authority (FMA), which are also responsible for policing irregularities on the stock exchange and for supervising insurance companies, securities markets, and pension funds. To ensure the safety and soundness of the European banking system, the Euro-zone's new single supervisory mechanism (SSM), headed by the European Central Bank (ECB) in cooperation with the national competent authorities FMA and OeNB, will start operating November 2014. Six Austrian banks with assets in excess of the €30 billion (\$40 billion) will be subject to the SSM.

Austria's Anti-Money Laundering/Combating Terrorist Financing (AML/CTF) regime is in line with Financial Action Task Force (FATF) standards. At its Plenary in Paris, February 2014, the FATF recognized that Austria has addressed the deficiencies identified in the 2009 Mutual Evaluation Report and developed comprehensive AML/CFT legislation. Criminal penalties apply to insider trading, money laundering (including self-laundering), and terrorist financing. Bearer shares are not allowed except for companies listed on a recognized stock exchange.

## **10. Competition from State-Owned Enterprises**

Private enterprises in Austria can compete with public enterprises under the same terms and conditions with respect to access to markets, credit, and other business operations, such as licenses and supplies. After many successful privatizations primarily in 2000/2006, public enterprises are mainly active in the area of state monopolies (e.g., gambling) and in utilities, hospitals, social insurance, infrastructure, and related sectors. In many of these sectors (e.g., hospitals, utilities) private companies compete successfully; however, public enterprises occasionally use political ties to prolong dispute resolution and appeal procedures and/or delay implementation of remedies, which in some markets can lead to significant uncertainties. While most state-owned enterprises (SOEs) must finance themselves under terms similar to private enterprises, the largest SOEs (such as the Federal Railways) do not have a hard budget constraint and some benefit from state-subsidized pension systems.

Since many public enterprises are outsourced and organized as stock corporations, senior management usually does not report directly to a minister but to a board. However, the government often appoints management and board members, who usually have strong political affiliations.

Austria does not have a sovereign wealth fund.

## **11. Corporate Social Responsibility**

In past years, awareness of corporate social responsibility (CSR) has risen among Austrian producers and consumers. Major Austrian companies follow generally accepted CSR principles and publish a CSR chapter in their annual reports; many also provide information on their health, safety, security, and environmental activities. CSR Europe (the leading

European business network for CSR) has a local partner organization respACT (short for "responsible action"). Austria adheres to the OECD Guidelines for Multinational Enterprises; the Austrian national contact point has an office in the Federal Ministry of Science, Research and Economy and regularly distributed of the Guidelines to companies, universities and other stakeholders. The Austrian Kontrollbank, the Austrian export credit agency, is promoting information on CSR issues, principles and standards, including the Guidelines, on its website (<http://www.oekb.at/en/about-oekb/sustainability/Pages/Sustainability.aspx>).

## **12. Political Violence**

There have been no incidents of politically motivated damage to foreign businesses. Civil disturbances are extremely rare.

## **13. Corruption**

Austria has ratified the United Nations Convention against Corruption (UNCAC), the OECD Anti-Bribery Convention, the Council of Europe's Civil Law Convention on Corruption, and has signed -- but not ratified -- the Criminal Law Convention on Corruption. Austria is a member of the Group of States against Corruption (GRECO) within the Council of Europe. Austria is also a participating member of the OECD Working Group on Bribery. Transparency International's (TI) 2013 Corruption Perceptions Index ranked Austria 26th - down one rank from 2012. U.S. firms have not identified corruption as an impediment to investment in Austria.

Corruption cases are routinely reported in the media. Enforcement, although improving, is still moderate and legal proceedings in corruption cases are slow. A special committee formed by Parliament in fall 2011 to investigate a number of high-profile corruption cases, some involving current or past senior government officials, produced alarming results, but was ended by the governing coalition parties in October 2012. Watchdog groups such as Transparency International are active, but play no formal role.

According to the European Commission's first EU Anti-Corruption Report of 2014, Austria has strengthened its fight against corruption by efforts in prevention and prosecution. In this report, the Commission suggests that Austria makes access to bank account information easier in cases of suspected corruption. Polls by the Commission show that 66% of the Austrians (76% of the Europeans) agree that corruption is widespread in their home country and that 5% of the Austrians (4% of the Europeans) have been asked or expected to pay a bribe in the past year.

Corruption provisions in Austria's Criminal Code cover managers of Austrian public enterprises, civil servants and other officials (with functions in legislation, administration, or justice on behalf of Austria, in a foreign country, or an international organization), representatives of public companies, and domestic members of Parliament, government members, and mayors. The term "corruption" includes the following: active and passive bribery; illicit intervention; abuse of office; and accepting consideration. Corruption can sometimes include a private manager's fraud, embezzlement, breach of trust, or accepting consideration.

Criminal penalties for corruption include imprisonment of up to 10 years for all parties involved. Bribes are not tax deductible for companies making them. A separate law, the Law on Responsibility of Associations, deals with criminal responsibility for legal entities and partnerships. The law covers all criminal offenses, including corruption, money laundering,

and serious tax offenses that are subject to the Tax Offences Act; fines can rise to as much as €1.8 million (\$2.4 million). Austria has a special public prosecutor's office with Austrian-wide authority for corruption cases. The Lobbying Act of 2013 introduced binding rules of conduct for lobbying and requires domestic and foreign organizations to register with the Austrian Ministry of Justice; a law on financing of political parties requires disclosure of donations exceeding €3,500 (\$4,650).

#### **14. Bilateral Investment Agreements**

Austria has bilateral investment agreements in force with Albania, Algeria, Argentina, Armenia, Azerbaijan, Bangladesh, Belarus, Belize, Bolivia, Bosnia-Herzegovina, Bulgaria, Cape Verde, Chile, China, Croatia, Cuba, Egypt, Estonia, Ethiopia, Georgia, Guatemala, Hong Kong, Hungary, India, Iran, Jordan, Kazakhstan, Kosovo, Kuwait, Latvia, Lebanon, Libya, Lithuania, Macedonia, Malaysia, Malta, Mexico, Moldova, Mongolia, Montenegro, Morocco, Namibia, Oman, Paraguay, Philippines, Poland, Romania, Saudi Arabia, Serbia, Slovenia, South Korea, South Africa, Tajikistan, Tunisia, Turkey, Ukraine, United Arab Emirates, Uzbekistan, Vietnam, and Yemen.

Austria has signed an agreement with Nigeria, and signed and ratified agreements with Cambodia and Zimbabwe, but those agreements are still pending ratification by those countries and have not yet entered into effect. Negotiations with Bahrain, Kirgizstan and Turkmenistan are ongoing. An agreement with North Korea was initialed in 2001, but has not been signed. Until new agreements take effect, prior agreements with the former Czechoslovakia continue to apply to the Czech Republic and Slovakia, and that with the former Soviet Union to Russia. Austria and Russia are negotiating a new agreement. Under all these agreements, if parties cannot amicably settle investment disputes, a claimant submits the dispute to the International Center for Settlement of Investment Disputes or an arbitration court according to the UNCITRAL arbitration regulations.

#### ***Bilateral Taxation Treaties***

Austria and the U.S. do not have a bilateral investment treaty. The U.S. and Austria are parties to a bilateral double taxation convention covering income and corporate taxes, which went into effect on February 1, 1998. Another bilateral double taxation convention (covering estates, inheritances, gifts and generation-skipping transfers) has been in effect since 1982. Austria and the United States signed the Foreign Account Tax Compliance Act (FATCA) Agreement on April 29, 2014, covering U.S. citizen account holders in Austria.

#### **15. OPIC and Other Investment Insurance Programs**

OPIC programs are not available for Austria. Austria is a member of the Multilateral Investment Guarantee Agency (MIGA).

#### **16. Labor**

Austria has a highly-educated, disciplined and productive labor force of about 4.4 million, of whom 3.8 million are employees and 600,000 are self-employed or farmers. Austria's labor market is more rigid than that of the United States, but more flexible than in some other European countries. In line with EU regulations, free movement of labor from all member states is allowed, excepting Croatia, which joined the EU in July 2013 and will be subject to a transition period until 2020.



Austria's labor market policy has for many years maintained unemployment to among the lowest levels in the EU. The unemployment rate of between 4.2–4.9% in 2010/2013 (in all four years the lowest in the EU-28) may increase to around 5% in 2014 and 2015, because of moderate economic growth and a growing labor force. Youth unemployment is much less a problem in Austria than other EU member states, large due to Austria's successful "dual-education" apprenticeship system, which combines on-the-job training with classroom instruction in vocational schools and includes guaranteed placement by the Public Employment Service for those 15-24 year olds who cannot find an apprenticeship place.

In general, skilled labor is available in sufficient numbers. However, regional shortages of highly specialized laborers may occur in such careers as engineers, technicians, natural and physical scientists, and – in specific sectors – systems administration, metalworking, healthcare, and tourism. Additional labor supply -- due to the opening of the labor market to new EU member states, additional immigration, measures to curb early retirement and rising labor market participation of women -- should offset the demographic factor of a declining number of youth labor market entrants. A medium-term problem is the growing number of under-qualified school drop-outs: 15% of the 15-year olds leave school with only a lower secondary education, and a high share of these (more than 20%) has low reading literacy performance and other deficits.

Compulsory Austrian social insurance is comprised of health insurance, old-age pension insurance, unemployment insurance, and accident insurance. Employers and employees contribute a percentage of total monthly earnings to a compulsory social insurance fund. Austrian laws closely regulate terms of employment including working hours, minimum vacation time, holidays, maternity leave, statutory separation notice, severance pay, protection against dismissal, and an option for part-time work for parents with children under the age of seven. Problem areas include increased deficits in the pension and health insurance systems, the shortage of personnel to care for the increasing number of elderly, and escalating costs for long-term care. Because of the employer share to the social insurance for employees, paid leave, paid sick leave, fringe benefits, etc., additional wage costs in Austria add up to about 70% of the gross pay.

Labor-management relations are relatively harmonious in Austria, which has a low incidence of industrial unrest. No major work stoppages have occurred since 2005. Approximately 32% of the work force belongs to a union.

Collective bargaining revolves mainly around wages and fringe benefits. Approximately 80% of the labor force works under a collective bargaining agreement. All collective bargaining agreements now provide for a minimum wage of €1,000 (\$1,3281) per month. Austrian law stipulates a maximum workweek of 40 hours, but collective agreements also provide for a workweek of 38 or 38.5 hours per week for more than half of all employees. Flexible work hour regulations allow firms to increase the maximum regular time hours from 40 to 50 per week in special cases (for a limited period even to 60 hours). Responsibility for agreements on flextime or reduced workweeks is at the company level. The government has plans to implement more flexible regulations. Austrian employees are generally entitled to five weeks of paid vacation (and an additional week after 25 years in the workforce); the rate of absence due to illness/injury averages 13 workdays annually.

## **17. Foreign Trade Zones/Free Ports**

Austria has no foreign trade zones.

## 18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

**TABLE 2: Key Macroeconomic data, U.S. FDI in Austria**

	Host Country Statistical source 1)		USG or international statistical source		USG or international Source of data (Source of Data: Worldbank)
<b>Economic Data</b>	Year	Amount	Year	Amount	
Austrian Gross Domestic Product (GDP) (Millions U.S. Dollars)	2013	416.0	2012	394.7	Worldbank: <a href="http://data.worldbank.org/country/austria">http://data.worldbank.org/country/austria</a>
<b>Foreign Direct Investment</b>	Host Country Statistical source 2)		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in Austria (Millions U.S. Dollars, stock positions)	2012	18,366	2012	15,591	Bureau of Economic Analysis
Austria's FDI in the United States (Millions U.S. Dollars, stock positions)	2012	6,965	2012	5,421	Bureau of Economic Analysis
Total inbound stock of FDI as % host GDP	2012	40.5	2012	69.0	IMF

1. Statistics Austria:

[http://www.statistik.at/web\\_de/statistiken/volkswirtschaftliche\\_gesamtrechnungen/index.html](http://www.statistik.at/web_de/statistiken/volkswirtschaftliche_gesamtrechnungen/index.html)

2. Austrian National Bank: <http://www.oenb.at/isaweb/report.do?lang=DE&report=950.7>

<http://www.oenb.at/isaweb/report.do?lang=DE&report=950.3>

Note: Host country statistical figures for 2013 converted at the 2013 annual average exchange rate of US\$1.00 = €0.75 and for 2012 at the 2012 annual average exchange rate of US\$1.00 = €0.78.

**TABLE 3: Sources and Destination of FDI**

Austria, 2012

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	264,754	100%	Total Outward	325,643	100%
Germany	47,289	18%	Germany	28,384	9%
Netherlands	25,314	10%	Czech Republic	16,537	5%
Italy	21,917	8%	Romania	11,637	4%
Luxembourg	12,254	5%	Russian Federation	11,207	3%
Switzerland	10,301	4%	Hungary	10,002	3%
"0" reflects amounts rounded to +/- US\$ 500,000.					

Source: IMF: <http://cds.imf.org>

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	160,053	100%	Total Outward	206,754	100%
Germany	44,222	28%	Germany	27,640	13%
Italy	22,173	14%	Czech Republic	16,104	8%
United States	18,366	11%	Romania	11,332	5%
Switzerland	9,880	6%	Russian Federation	10,913	5%
Russian Federation	8,396	5%	Hungary	9,740	5%
"0" reflects amounts rounded to +/- US\$ 500,000.					

Source: Austrian National Bank (OeNB)

<http://www.oenb.at/isaweb/report.do?lang=DE&report=950.7>

<http://www.oenb.at/isaweb/report.do?lang=DE&report=950.3>

Note: Figures converted at the 2012 annual average exchange rate of US\$1.00 = €0.78. The discrepancy between the IMF figures and that from the Austrian National Bank (ÖNB) mainly stems from the fact that the ÖNB excludes assets of so-called special purpose entities (SPEs). SPEs are fully foreign-owned but have only limited business activity in Austria and their assets consist mostly of equity investment in direct investment enterprises abroad; a few SPEs that have virtually no employees in Austria and do not actively pursue business activities in Austria have a corporate value of about US\$94 billion. Likewise, Austrian SPEs with a total value of about US\$105 billion are excluded from the outward direct investment statistics. Moreover, IMF statistics classify FDI by the immediate origin country of the investor, while ÖNB statistics use the home country of origin of the ultimate investor (i.e., the location of the parent company).

**TABLE 4: Sources of Portfolio Investment**

**Austria, 2012**

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	333,844	100%	All Countries	86,943	100%	All Countries	246,901	100%
Germany	66,124	20%	Luxembourg	24,921	29%	Germany	44,275	18%
Luxembourg	32,569	10%	Germany	21,849	25%	France	25,842	10%
France	30,015	9%	United States	7,511	9%	Italy	23,240	9%
United States	25,581	8%	Ireland	5,146	6%	Netherlands	21,203	9%
Italy	23,909	7%	France	4,173	5%	United States	18,069	7%

Source: IMF: <http://cpis.imf.org>

## Section 5 - Government

### Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

### Legal system:

civil law system; judicial review of legislative acts by the Constitutional Court

### International organization participation:

ADB (nonregional member), AfDB (nonregional member), Australia Group, BIS, BSEC (observer), CD, CE, CEI, CERN, EAPC, EBRD, ECB, EIB, EMU, ESA, EU, FAO, FATF, G-9, IADB, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFAD, IFC, IFRCs, IGAD (partners), ILO, IMF, IMO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, MINURSO, NEA, NSG, OAS (observer), OECD, OIF (observer), OPCW, OSCE, Paris Club, PCA, PFP, Schengen Convention, SELEC (observer), UN, UNCTAD, UNDOF, UNESCO, UNFICYP, UNHCR, UNIFIL, UNTSO, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO, ZC


























## Section 6 - Tax

### Exchange control

Most exchange controls have been abolished in recent years. There are hardly any restrictions on the transfer of capital and currency transactions.

### Treaty and non-treaty withholding tax rates

Austria has signed **92 agreements (87 DTC and 5 TIEA agreements)** providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Albania	DTC	14 Dec 2007	1 Sep 2008	No	No	
Algeria	DTC	17 Jun 2003	1 Dec 2006	No	No	
Andorra	TIEA	17 Sep 2009	10 Dec 2010	Yes	Yes	
Armenia	DTC	27 Feb 2002	1 Mar 2004	No	No	
Australia	DTC	8 Jul 1986	1 Sep 1988	No	No	
Azerbaijan	DTC	4 Jul 2000	23 Feb 2001	No	No	
Bahrain	DTC	2 Jul 2009	1 Feb 2011	Yes	Yes	
Barbados	DTC	27 Feb 2006	1 Apr 2007	No	No	
Belarus	DTC	16 May 2001	9 Mar 2002	No	No	
Belgium	DTC	29 Dec 1971	28 Jun 1973	Yes	No	
Belgium	DTC Protocol	10 Sep 2009	not yet in force	Yes	Yes	
Belize	DTC	8 May 2002	1 Dec 2003	No	No	
Bosnia and Herzegovina	DTC	16 Dec 2010	1 Jan 2012	No	Yes	
Brazil	DTC	24 May 1975	1 Jul 1976	No	No	
Bulgaria	DTC	20 Jul 2010	3 Feb 2011	No	Yes	
Canada	DTC	9 Dec 1976	17 Feb 1981	No	No	
Canada	DTC Protocol	9 Mar 2012	not yet in force	Yes	Yes	
Chile	DTC	6 Dec 2012	not yet in force	Yes	Yes	
China	DTC	10 Apr 1991	1 Nov 1992	No	No	
Croatia	DTC	21 Sep 2000	27 Jun 2001	No	No	
Cuba	DTC	26 Jun 2003	12 Sep 2006	No	No	
Cyprus	DTC	20 Mar 1990	1 Jan 1991	Yes	Yes	
Czech Republic	DTC	8 Jun 2006	22 Mar 2007	Yes	Yes	
Denmark	DTC	25 May 2007	28 Mar 2008	Yes	Yes	
Egypt	DTC	16 Oct 1962	28 Oct 1963	No	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Estonia	DTC	5 Apr 2001	12 Nov 2002	Yes	No	
Finland	DTC	26 Jul 2000	1 Apr 2001	Yes	Yes	
Former Yugoslav Republic of Macedonia	DTC	10 Sep 2007	20 Jan 2008	No	No	
France	DTC	26 Mar 1993	1 Sep 1994	Yes	Yes	
Georgia	DTC	11 Apr 2005	1 Mar 2006	No	No	
Georgia	DTC Protocol	4 Jun 2012	not yet in force	Yes	Yes	
Germany	DTC	24 Aug 2000	18 Aug 2002	Yes	Yes	
Gibraltar	TIEA	17 Sep 2009	1 May 2010	Yes	Yes	
Greece	DTC	18 Jul 2007	1 Apr 2009	Yes	No	
Hong Kong, China	DTC	25 May 2010	1 Jan 2011	Yes	Yes	
Hungary	DTC	25 Feb 1975	9 Feb 1976	Yes	No	
India	DTC	8 Nov 1999	5 Sep 2001	No	No	
Indonesia	DTC	24 Jul 1986	1 Oct 1988	No	No	
Iran	DTC	11 Mar 2002	11 Jul 2004	No	No	
Ireland	DTC	24 May 1966	5 Jan 1968	Yes	Yes	
Israel	DTC	29 Jan 1970	26 Jan 1971	No	No	
Italy	DTC	29 Jun 1981	6 Apr 1985	Yes	No	
Japan	DTC	20 Dec 1961	4 Apr 1963	No	No	
Jersey	TIEA	7 Sep 2012	1 Jun 2013	Yes	Yes	
Kazakhstan	DTC	10 Sep 2004	1 Mar 2006	No	No	
Korea, Republic of	DTC	8 Jan 1985	1 Dec 1987	No	No	
Kuwait	DTC	13 Jun 2002	1 Mar 2004	No	No	
Kyrgyzstan	DTC	18 Sep 2001	1 May 2003	No	No	
Latvia	DTC	14 Dec 2005	16 May 2007	Unreviewed	No	
Libya	DTC	16 Sep 2010	not yet in force	Unreviewed	Yes	
Liechtenstein	DTC	5 Nov 1969	7 Dec 1970	No	No	
Liechtenstein	DTC Protocol	29 Jan 2013	not yet in force	Yes	Yes	
Lithuania	DTC	6 Apr 2005	17 Nov 2005	Yes	No	
Luxembourg	DTC	18 Oct 1962	7 Feb 1964	Yes	Yes	
Malaysia	DTC	20 Sep 1989	1 Dec 1990	No	No	
Malta	DTC	29 May 1978	13 Jul 1979	Yes	No	
Mexico	DTC	13 Apr 2004	1 Jan 2005	No	Yes	
Moldova, Republic of	DTC	29 Apr 2004	1 Jan 2005	No	No	
Monaco	TIEA	15 Sep 2009	1 Aug 2010	Yes	Yes	
Mongolia	DTC	3 Jul 2003	1 Oct 2004	No	No	
Morocco	DTC	27 Feb 2002	12 Nov 2006	No	No	
Nepal	DTC	15 Dec 2000	1 Jan 2002	No	No	
Netherlands	DTC	1 Sep 1970	21 Apr 1971	Yes	Yes	
New Zealand	DTC	21 Sep 2006	1 Dec 2007	No	No	
Norway	DTC	28 Nov 1995	1 Dec 1996	Yes	Yes	
Pakistan	DTC	4 Aug 2005	1 Jun 2007	No	No	
Philippines	DTC	9 Apr 1981	1 Apr 1982	No	No	
Poland	DTC	13 Jan 2004	1 Apr 2005	Yes	No	
Portugal	DTC	29 Dec 1970	27 Feb 1972	Yes	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Qatar	DTC	30 Dec 2010	7 Mar 2012	No	Yes	
Romania	DTC	30 Mar 2005	1 Feb 2006	Unreviewed	No	
Romania	DTC Protocol	1 Oct 2012	not yet in force	Unreviewed	Yes	
Russian Federation	DTC	13 Apr 2000	30 Dec 2002	No	No	
Saint Vincent and the Grenadines	TIEA	14 Sep 2009	1 Jan 2012	Yes	Yes	
San Marino	DTC	24 Nov 2004	1 Dec 2005	Yes	Yes	
Saudi Arabia	DTC	19 Mar 2006	1 Jun 2007	No	No	
Serbia	DTC	7 May 2010	17 Dec 2010	Unreviewed	Yes	
Singapore	DTC	30 Nov 2001	22 Oct 2002	Yes	Yes	
Slovakia	DTC	7 Mar 1978	12 Feb 1979	Yes	No	
Slovenia	DTC	1 Oct 1997	1 Feb 1999	Yes	No	
Slovenia	DTC Protocol	28 Nov 2011	not yet in force	Yes	Yes	
South Africa	DTC	4 Mar 1996	6 Feb 1997	Yes	Yes	
Spain	DTC	20 Dec 1966	1 Jan 1968	Yes	No	
Sweden	DTC	14 Oct 1959	29 Dec 1959	Yes	Yes	
Switzerland	DTC	30 Jan 1974	4 Dec 1974	Yes	Yes	
Syrian Arab Republic	DTC	3 Mar 2009	not yet in force	No	No	
Tajikistan	DTC	7 Jun 2011	1 Jul 2012	No	Yes	
Thailand	DTC	8 May 1985	1 Jul 1986	No	No	
Tunisia	DTC	23 Jun 1977	4 Sep 1978	No	No	
Turkey	DTC	28 Mar 2008	1 Oct 2009	No	No	
Turkmenistan	DTC	10 Apr 1981	1 Oct 1982	No	No	
Ukraine	DTC	16 Oct 1997	20 May 1999	No	No	
United Arab Emirates	DTC	22 Sep 2003	1 Sep 2004	No	No	
United Kingdom	DTC	30 Apr 1969	13 Nov 1970	Yes	Yes	
United States	DTC	31 May 1996	1 Feb 1998	No	No	
Uzbekistan	DTC	14 Jun 2000	1 Aug 2001	No	No	
Venezuela	DTC	12 May 2006	17 Mar 2007	No	No	
Viet nam	DTC	2 Jun 2008	1 Jan 2010	No	No	



## Methodology and Sources

### Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

### Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
<a href="#">FATF List of Countries identified with strategic AML deficiencies</a>	Not Listed	AML Deficient but Committed	High Risk
<a href="#">Compliance with FATF 40 + 9 recommendations</a>	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
<a href="#">US Dept of State Money Laundering assessment (INCSR)</a>	Monitored	Concern	Primary Concern
<a href="#">INCSR - Weakness in Government Legislation</a>	<2	2-4	5-20
<a href="#">US Sec of State supporter of / Safe Haven for International Terrorism</a>	No	Safe Haven for Terrorism	State Supporter of Terrorism
<a href="#">EU White list equivalent jurisdictions</a>	Yes		No
International Sanctions <a href="#">UN Sanctions</a> / <a href="#">US Sanctions</a> / <a href="#">EU Sanctions</a>	None	Arab League / Other	UN , EU or US
<a href="#">Corruption Index (Transparency International)</a> <a href="#">Control of corruption (WGI)</a> <a href="#">Global Advice Network</a>	>69%	35 – 69%	<35%
<a href="#">World government Indicators (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Failed States Index (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Offshore Finance Centre</a>	No		Yes

### **Section 3 - Economy**

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

### **Section 4 - Foreign Investment**

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

### **Section 5 - Government**

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

### **Section 6 - Tax**

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD](#) [PKF International](#))

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