

Upper Austria

April 2021

1. Economic Overview

Upper Austria is one of nine states of Austria and its capital is Linz. Upper Austria borders Germany, the Czech Republic, as well as other Austrian states of Lower Austria, Styria, and Salzburg. With an area of 11,980 km² and 1,465,045 inhabitants, Upper Austria is the 4th largest Austrian state by land area and 3rd largest by population. In 2018, Upper Austria's regional GDP (gross domestic product) was estimated at €65.8bn, which accounted for about 17.1% of Austria's GDP, making the region the second-largest contributor to Austria's GDP, behind Vienna. (Eurostat, 2020).



GENERAL INFORMATION	
Capital	Linz
Governor (Since 2017)	Thomas Stelzer
Population	1 465 045
Area	11,982km ²
GDP nominal (2018)	€65.8bn
GDP per capita	€39,500
GDP growth	1.5%
Unemployment (2019)	2.9%
Exports (2019)	€40.11bn
Imports (2019)	€29.9bn

Source: Eurostat, 2021, Invest in Austria, 2021

According to the European Commission, Upper Austria's enterprises are among the most innovative in Europe and are highly competitive in several global niche markets. Upper Austria has several lightweight technology and production enterprises, and R&D institutions covering broad material domains such as steel, aluminium, and composites. There are several intermediaries that promote further development of innovation competencies and science–industry collaboration in an effort to stimulate absorption of new knowledge and technology. These initiatives include Industry 4.0, and the Austrian Advanced Lightweight Technology.

Highlights of key sectors in Upper Austria are provided below:

Automotive: Upper Austria is one of Europe's leading regions for lightweight construction, and metal composites. In an effort to remain competent and accelerate growth in the sector, Upper Austria established an Automobile Cluster which concentrates on future-orientated lightweight construction. The cluster is home to major corporate companies like BMW's engines plant, Steyr Motors, MAN's centre of expertise and development, voestalpine, AMAG, KTM, Rosenbauer, Fronius International, Alois Pöttinger Maschinenfabrik, BRP-Rotas and Polytec Group (Source: Invest in Austria, 2016).

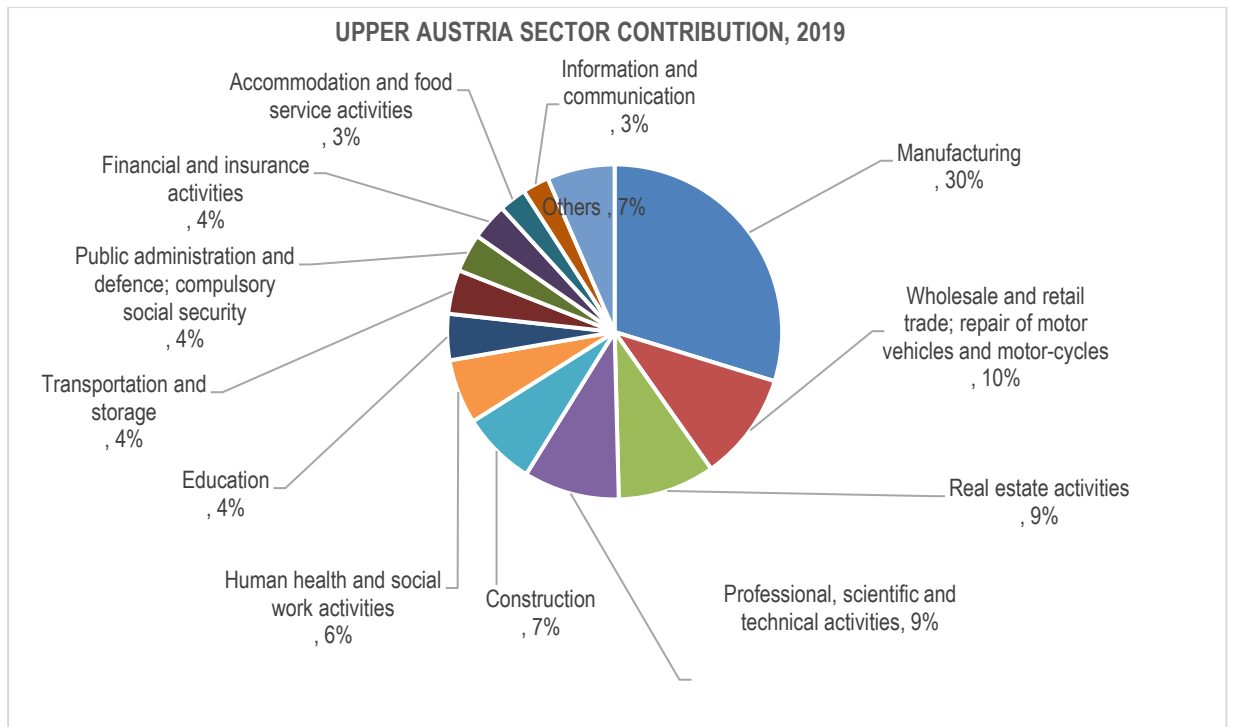
Mechatronics: Upper Austria's mechatronics (comprising industrial and plant engineering) sector is one of the region's leading industries. The Mechatronics Cluster Upper Austria alone encompasses 314 companies with 59,400 employees, generating revenue of more than €12 billion. Major facilities of international companies include Siemens VAI, Engel, Rosenbauer, SKF, Stiwa Holding, B&R, Peneder, Pöttinger, SBM, Kremsmüller, Ebner Industrieofenbau, Trumpf, Keba and TGW (Source: Invest in Austria, 2016).

Plastics: Austria's plastics processing sector's annual turnover amounts to €13bn, of which more than half are earned by Upper Austria's companies. There are 220 plastic processing companies in Upper Austria. Major facilities include Borealis, Greiner, Engel, FACC, Trodat, Poloplast, SML, Haidmair and IFW (Source: Invest in Austria, 2016).

Eco-Energy: The green energy sector is a strongly growing industrial sector. Each year, some €115m is invested in eco-energy installations, achieving a turnover of €790m in the process. Among the partners of the GEC are Europe's leading manufacturers of boilers for biomass processing and solar collectors, with the manufacturers based in Upper Austria (Source: Invest in Austria, 2016).

Environmental Technologies: Environmental technologies are by far Austria's fastest growing sector. The turnover achieved by Austria's sector has grown to EUR6bn over the last 14 years. Of the 375 environmental technologies companies in Austria, about 100 are from Upper Austria (Source: Invest in Austria, 2016).

In 2019, the manufacturing sector was the largest contributor towards Upper Austria's GDP, accounting for 30% of output, followed by wholesale and retail, repair of motor vehicles and motorcycles sector accounting for 10%.



Source: Statistics Austria, 2019

2. Trade

In 2019, Upper Austria was the largest exporter region in Austria with exports of €40.11bn, representing 26.09% of the total national exports (Statistics Austria, 2020). Moreover, Upper Austria was one of the five regions that recorded a positive balance of trade since its imports reached €29.9bn representing 18.73% of the total national imports (ranking the region as the second-largest importer regions in Austria). Around 29% of exports from Upper Austria consist of goods from the machinery and mechanical sectors, while 11% are represented by the automotive sector (Statistics Austria, 2020).

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3. Investment

In 2020, the investment promotion consultancy Business Upper Austria successfully supported 137 business location and expansion projects in Upper Austria. In turn, these projects triggered investments of close to €690 million and created more than 2,100 new jobs (Invest in Austria, 2021).

Turning to investments between Austria and South Africa. In November 2018, Polytec Holding AG, a Horsching, an Austria-based industrial and automotive plastic components manufacturer opened an industrial and automotive plastic component manufacturing facility in East London, South Africa. The facility represented an investment value of EUR10million. The facility is located at the East London Industrial Development Zone and is set to be completed before the end of 2021. The motive for the investment is domestic market potential.

The project rationale

"This step reflects the systematic pursuit of the POLYTEC strategy of supporting our key accounts with production facilities in growth regions, in order that we can supply them with our innovative components and customised modular systems on the spot."- Mr Markus Huemer, POLYTEC Holding AG CEO.

UPPER AUSTRIA'S FDI TO SOUTH AFRICA, JAN 2003-DEC 2020						
Date	Investing Company	Destination State	Industry Sector	Activity	Capex (Eurom)	Jobs
27/11/2018	Polytec Holding Ag	Eastern Cape, East London	Manufacturing	Chemicals, Petroleum, Rubber & Plastic / Plastics	10,0	698

Source: BvD, 2021

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