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Exporter Guide

Annual

2005

Approved by:
Sarah Hanson
U.S. Embassy

Prepared by:
Dr. Roswitha Krautgartner

Report Highlights:
In 2004, the Austrian economy grew faster than the Eurozone average and Germany with annual economic growth reaching 2.4%. Current low interest rates and income and corporate tax cuts support private spending growth. The food sector grew by 19.5 % from 2000 to 2005 to total 11.6 billion Euro ($ 14.2 billion). History, consumer acceptance, and governmental support have transformed Austria's organic foods sector from a niche market to a market segment of considerable importance. The trend towards convenience food and ready-to-eat meals will continue. Seafood, dried fruits, nuts, organics, wine, and gourmet foods offer the best U.S. export opportunities.

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I. Market Overview

Economic situation and how it affects consumer spending and sales of U.S. products

In 2004, the Austrian economy grew faster than the average of the Eurozone and its main trading partner, Germany. After three years of annual economic growth of roughly only 1%, Austria's economic growth in 2004 finally came close to the economy's potential growth rate, at 2.4%. The economic upturn slowed in the final quarter of 2004 and in the first quarter of 2005. Exports weakened sharply in late 2004 and even more so in the first three months of 2005. The resulting negative growth of net exports could only be limited to a small extent by a concurrent slowdown of imports.

Nevertheless, low interest rates and the January 2005 income and corporate tax cuts have supported growth in private spending. At the start of 2005, the tax reform decided in May 2004 was enacted. The reform resulted in Euro 2.2 billion ($ 2.7 billion) in income-tax relief for households and Euro 1.1 billion ($ 1.35 billion) in corporate-tax relief for businesses. Consumer prices declined, which dampened the annual rate of inflation to 2.3%.

The Euro has recovered to trade as high as $ 1.26 in early September 2005, after trending down to a 13-month low of $ 1.187 in early July from its December 2004 all time high of $ 1.367.

The Austrian unemployment rate remained on an upward trend, showing 5.2 % in August 2005 on the EU-harmonized measure. In contrast with this tendency toward worsening of overall unemployment in recent months, the number of long-term unemployed fell further thanks to governmental programs.

Food Expenditures

In 2003 (latest available statistics), total household expenditures for food and non-alcoholic beverages amounted to Euro 16.1 billion ($ 18.18 billion). This was up 1.90 % compared to 2002. In the same period, total expenditures for alcoholic beverages and tobacco rose by 2.78 % to Euro 3.7 billion ($ 4.18 billion).

Annual household expenditures for food and non-alcoholic beverages rose to 3,875 Euro ($ 3,914) in 2002. Annual alcoholic beverages and tobacco products expenditures amounted to Euro 797 ($ 805) per household, which corresponded to 2.7% of total household expenditures.

Key demographic developments and their impact on consumer buying habits

Austria has a population of 8.2 million. The number of single households and childless double-working-partnerships is rising. While at the beginning of the sixties there were not even a half million single households in Austria, in 2004 there were 1.16 million which corresponds to 34 % of all households. The number of larger households has not risen as strongly. 2.36 people belonged to an average household in 2004.

The rise in single households boosts demand for convenience products and for food eaten outside the home. Singles are not only young urban working people but also retired persons. The rising number of elderly people, many of whom have significant disposable income, creates additional demand for health and dietetic foods. In 2004, 21.9 % of the total population was over 60 years old.

When responding to polls, consumers usually express a preference for high quality foods; however, when it comes to actually buying, price appears to be the major purchasing factor for a majority of the population. However, for special events most people, even those on a low income, are willing to spend more for “exclusive” products. In addition, the higher income and gourmet market (which regularly buy high priced foods) groups are growing.

The traditional Austrian diet is based on pork, flour, and vegetables. Cakes and bakery products are also important parts of the diet. Austrian dishes are rich in cholesterol and fat, and the most important ingredient is meat, either pork or beef. The increasing interest in wellness, especially among younger people, who are more concerned about their health, makes low-fat food more and more popular.

Because of environmental concerns, increasing health awareness, a very negative perspective of Austrian consumers towards biotech products, organically produced food is expected to grow steadily. Within the last three years, the organic market share in retailing increased from 3 % to 5 % in 2005. Among EU member countries, Austria has the highest percentage of organic farms.

Due to the increasing number of single households and the rising number of older people seeking companionship, the number of pets should continue its upward trend. This should stimulate demand for pet food.

Size and growth rate for the consumer foods and edible fishery product markets

General

The food sector grew by 19.5 % in the 2000 to 2005 period to Euro 11,595 million ($ 14,244 million), mainly due to the expansion of discounters like Hofer, Mondo and Lidl. The grocery sector is the biggest outlet type in the retail sector and is expected to show a revenue growth of 10.3% in the 2003 to 2008 period.

Table 1: Food Retail Sales

Market sizes - retail value - € million - current prices						
	2000	2001	2002	2003	2004	2005
Austria						
Food retail sales	9,701.9	9,952.5	10,274.5	10,568.3	11,087.2	11,595.3

Source: Euromonitor, 2004 estimate, 2005 forecast

Table 2: Food Retail Sales per Capita

Market sizes - retail value - € per capita - current prices						
	2000	2001	2002	2003	2004	2005
Austria						
Food retail sales	1,211.0	1,239.2	1,275.8	1,308.2	1,368.0	1,426.0

Source: Euromonitor, 2004 estimate, 2005 forecast

Fresh food is still regarded as a necessity by Austrian consumers and the demand for fresh food is fairly stable at about 800 thousand MT. Significant growth could be seen in the packaged sector. From 2000 to 2005, the packaged food sector increased by 15.4% to reach a value of Euro 6,493.1million ($ 7,976.7 million).

Table 3: Fresh/Unpackaged Food Consumption

Fresh/Unpackaged Food Consumption 1999-2004 - 1000 tonnes						
	1999	2000	2001	2002	2003	2004
Meat	799.6	799.9	768.9	788.1	795.3	803.6
Fruits	625	706.3	701.8	758.2	755.5	747.6
Vegetables	702.2	639.9	682.5	675.5	663.9	654.9
Starchy roots	488.4	499.1	501.8	493.7	500.4	507.4
Fish and seafood	100.5	100.5	100.5	105.8	107	108.5
Pulses	2.5	2.2	2.3	2.3	2.3	2.3

Source: Euromonitor

Organic Food

History, consumer acceptance, and government support have worked together to transform organic foods in Austria from a niche market to a market segment of considerable importance. Production, imports, and exports are still growing, and the Austrian government is supporting programs designed to increase organic consumption. Supermarket chains, all of which have their own organic labels, dominate the Austrian market for organic products. In 1994, the REWE Group Austria started with the organic brand name "ja natuerlich". Several supermarket chains followed this example. Perhaps unique to Austria, food retailers focus their marketing resources on organic foods in an effort to shape the overall image of the store. Organic foods are promoted in an effort to build consumer confidence in all of the food products sold by the chain.

The importance of organic food continued to increase in 2004. Sales of organic food experienced a boost in 2002 as discounter Hofer launched “Natur Aktiv”. “Natur Aktiv” continues a trend of private label ranges being the main movers of the organic market in Austria. According to “Bio Austria”, which is by far the largest association representing organic farmers, some 60% of its production is sold via private labels, some 20% is sold directly at the farm and 20% is exported. In 2004, total sales of organic fresh produce in Austria were estimated at some Euro 159.8 million ($ 196.3 million). Organic food sales correspond to about 5% of total food sales.

There are especially good market opportunities for U.S. organic dried fruits and nuts.

Packaged Food

Sales of packaged food are expected to amount to more than Euro 6 billion ($7.4 billion) in 2004, an increase of less than 2% in current value terms on 2003. Compared to 2003, growth rates slowed down in much packaged food. However, in 2003 growth rates decreased in most areas.

In 2004, current value sales of packaged food in Austria are expected to increase by just below 2%. As in 2003, the only packaged food with negative growth is meal replacement products, while dairy products, oils and fats and canned food posted growth of less than half a percentage point. In volume terms, meal replacement products and canned food declined in 2004, while bakery products and oils and fats stagnated with growth of less than half a percentage point.

The only packaged food enjoying double-digit growth was once again noodles, although from a very low level, while ready meals fell just short of double-digit growth with volume sales up by more than 9% and current value sales up by some 7% over the previous year. As a result, ready meals saw the second-largest increase in current value sales in absolute terms.

Given the diversity of packaged food, it is not easy to single out all-encompassing trends that drive sales across many areas. Also, consumer demand is diversifying, and many opposing trends exist simultaneously. For example, private label products thrive alongside premium products and wellness-oriented products thrive alongside enjoyment-oriented products.

However, developments that can be found in many products include greater demand for healthy food, a greater diversification and internationalization of consumer tastes and strong demand for as much convenience as possible. Variety is, of course, another strong sales driver and packaged food is seeing a continued attempt by manufacturers to increase variety not just with “regular” product launches but also many limited editions and seasonal products, available only for short periods of time.

As eating habits change, the launch of smaller portions and snack-size products continued to be one of the major developments in packaged food, both in 2004 and 2003. Health consciousness is one factor behind this but another is simply greater choice, as smaller packaging sizes allow consumers to sample a greater variety of products.

Table 4: Packaged Food Sales

Retail Sales of Packaged Food by Sector: Value 1999-2004 - Euro Million						
	1999	2000	2001	2002	2003	2004
Confectionery	611.6	622.7	646.3	664.9	685.6	699.4
Bakery products	1,462.60	1,470.30	1,497.70	1,547.60	1,590.80	1,620.90
Ice cream	297.4	290.4	288.5	292.8	332.9	339.4
Dairy products	1,288.30	1,294.40	1,389.50	1,437.10	1,450.50	1,455.20
Sweet and savoury snacks	113	113.2	114.5	116.5	118.4	120
Snack bars	15.5	16.9	17.4	18.4	19.4	20.5
Meal replacement products	0.6	0.6	0.6	0.6	0.6	0.5
Ready meals	139.2	140.4	148.3	159.1	169.7	181.7
Soup	50.4	50.7	52.2	54.6	56.3	58.4
Pasta	61.7	62.2	63.6	65.6	67	68.8
Noodles	0.2	0.4	0.7	1.1	1.7	2.5
Canned/preserved food	133.3	131.6	131.4	131.7	132.3	132.8
Frozen processed food	369.9	362	369.9	380	389	400.6
Dried processed food	145.3	147.2	151.4	157	161.6	167.1
Chilled processed food	335.7	343	353.1	369.3	384.3	399.2
Oils and fats	273.1	274.8	279.6	286.7	287.5	288.3
Sauces, dressings and condiments	216	221.4	214.5	223.4	231.5	239.7
Baby food	74.8	75.9	78.5	80.7	82.8	84.7
Spreads	70.5	69.8	71.3	74	78.2	81
Packaged food	5,407.60	5,434.10	5,604.20	5,780.70	5,945.50	6,049.90

Source: Euromonitor

Ready Meals

Sales of ready meals saw a healthy growth of almost 7 % in current value and of over 9 % in volume terms in 2004 over the previous year. With volume sales seeing a faster growth than value, unit prices for ready meals slightly went down to reach around Euro 5. This development is due to the increasing penetration of private label products in ready meals.

Ready meals are becoming more popular, as the number of single-households increases and a higher variety of products are offered.

Frozen and chilled ready meals benefit from their popularity and a good reputation when it comes to freshness. Canned ready meals, on the other hand, do not seem to match consumers' wishes, as they are regarded as less fresh and saw a decline of almost 3% in current value and over 2% in volume terms in 2004.

Hardly any Austrians, especially single consumers, can spare the time for the preparation of an extended meal. Therefore, ready meals are an easy solution for the problem of increasingly hectic lifestyles. Short preparation time, long storage life, and a high degree of convenience were the advantages of ready meals named by Austrian consumers during a survey of the Gallup Institute. However, ready meals are also viewed as unhealthy and to contain unhealthy preservatives. Also, consumers stated that ready meals are too expensive for households with more than one or two people.

Taste is reportedly the most important factor for repurchase. The closer the quality of ready meals to home-cooked meals, the higher the likelihood for a repurchase.

Table 5: Retail Sales of Ready Meals

Retail Sales of Ready Meals by Subsector: Value 1999-2004 - Euro Million						
	1999	2000	2001	2002	2003	2004
Canned/preserved ready meals	11.5	10.9	10.4	10	9.8	9.5
Frozen ready meals	48	49.4	55	61.9	68.2	75.8
Dried ready meals	1.8	1.8	1.8	1.8	1.8	1.8
Chilled ready meals	25.1	27.9	31.2	34.6	37.8	41.7
Dinner mixes	-	-	-	-	0.3	0.3
Frozen pizza	51.8	49.2	48.5	49.2	50	50.6
Chilled pizza	1	1.2	1.4	1.5	1.7	1.9
Ready meals	139.2	140.4	148.3	159.1	169.7	181.7

Source: Euromonitor

Sweet and Savory Snacks

Value sales of sweet and savory snacks are likely to see healthy growth of 1.4% in value and of 1.3% in volume terms in 2004. Nevertheless, this development is moderate compared to 2003 growth rates of 1.6% in value and 1.5% in volume terms. Although there were some major innovations in 2004, the snacks industry is very mature and stable, with long-established key players and the impact of innovations or other major changes takes time to make an impact.

The leading companies in sweet and savory snacks focus on strengthening brand awareness. They try to guarantee continual innovation and ensure that quality remains consistently high. Industry sources outlined that the growing brand awareness of consumers makes the gap between leading brands and private label products larger. In snacks, quality plays a more important role than low prices and consumers are willing to pay more for trusted and tasty brands.

Growth has also been slower in sweet and savory snacks because consumers have become more aware of healthier nutrition. In Austria, many people suffer from obesity and high cholesterol levels and have to monitor their intake of chips and crisps. It is therefore expected that key players will react by creating new healthy alternatives in the future.

Stand-alone party packages and single-sizes clearly demonstrate the trend towards more convenient products and a particular focus on packaging formats. Innovations are targeted at all consumer groups particularly with regard to meeting the demand for singles. The growing number of single-households has a positive impact on packaged food and it is likely that single-sized formats will be introduced in the future.

Another effect of the convenience trend is the growing sales of snacks via the convenience channels. In Austria, petrol stations are a very important channel, as they provide the only channel for Austrians to shop 24 hours a day, seven days a week. Snacks, therefore, are offered in smaller packages and are usually bought along with staple food at weekends when people go to petrol stations to buy fresh milk or bread.

Table 6: Retail Sales of Sweet and Savory Snacks

Retail Sales of Sweet and Savoury Snacks by Subsector: Value 1999-2004 - Euro Million						
	1999	2000	2001	2002	2003	2004
Chips/crisps	30.6	31.7	33.1	34.7	35.8	36.7
Extruded snacks	30.1	28.9	28.5	28.2	28.4	28.5
Popcorn	9.6	9.7	9.8	9.8	10	10.1
Pretzels	22	21.6	21.3	21.2	21	20.8
Nuts	20.7	21.2	21.8	22.5	23.2	23.9
Sweet and savoury snacks	113	113.2	114.5	116.5	118.4	120

Source: Euromonitor

Alcoholic Beverages

In 2004, volume sales of alcoholic drinks are expected to decline, following two consecutive years of growth. This growth was brought about by growing sales for beer and flavored alcoholic beverages (FABs). In 2004, a cooler summer could mean beer sales will fall back to their long-term consumption pattern of decline, while sales of spirits-based FABs are to have peaked in 2003, and will suffer a substantial decline in 2004. By contrast, beer-based FABs could see another small sales increase driven by new product launches and heavy promotional support. As in 2003, overall sales of wine will be down slightly. Although sales through retail outlets will benefit from retailer activities at supermarkets/hypermarkets, this will not be enough to offset the decline in direct sales. Spirits sales are expected to see a small increase as premixes are, once again, replaced with on-site mixing, benefiting imported rum, vodka, but also liqueurs. At the same time, after years of heavy decline, brandy will not decline as fast as in 2003, and therefore have a less negative impact on overall spirits sales.

Table 7: Sales of Alcoholic Beverages

Sales of Alcoholic Drinks by Sector: Total Value 1999-2004 - Euro Million						
	1999	2000	2001	2002	2003	2004
Beer	2,346.40	2,340.50	2,351.20	2,436.00	2,505.20	2,501.10
FABs (flavoured alcoholic bevarages)	46.9	60.4	72.6	160.4	188.7	147.5
Wine	2,561.90	2,567.20	2,596.70	2,580.20	2,573.80	2,553.90
Spirits	1,006.60	1,012.60	1,051.80	1,069.70	1,085.40	1,109.00
Alcoholic drinks	5,961.80	5,980.70	6,072.20	6,246.30	6,353.10	6,311.40

Source: Euromonitor

Value sales will grow in line with volume sales in retail, but ahead of volume sales in the on-trade channel, as restaurant and bar owners always tend to increase prices quicker.

With a per capita consumption of more than 100 liters, beer is by far the most popular alcoholic drink, followed by wine at around 32 liters, with FABs and spirits distant third and fourth with almost four liters and three liters respectively. Within FABs, beer mixes containing lemonade account for more than 80% of volume sales.

Retail consumer expenditures on alcoholic drinks in Austria will amount to Euro 1,340 million ($ 1,646 million) in 2004. Beer and wine accounted for the majority of consumer expenditure on alcoholic drinks.

Over the review period, per capita consumption declined for beer (despite growth in 2002 and 2003) and spirits, while it stagnated for wine. It increased significantly for FABs, but FABs represent only a small portion of overall expenditure. Despite this decrease in alcohol consumption, however, consumer expenditures on alcoholic drinks increased over the review period. This was due to higher prices resulting from a trend towards premium products, especially in the case of spirits. Lower volumes in the on-trade channel also were offset by higher prices there.

Table 8: Retail Consumer Expenditure on Alcoholic Dinks

Retail Consumer Expenditure on Alcoholic Drinks 1999-2004 - Euro million						
	1999	2000	2001	2002	2003	2004
Total	1,146.00	1,188.00	1,190.00	1,246.00	1,282.00	1,340.40

Source: Euromonitor

After the reduction, the current rate of beer tax is Euro 24 ($ 29.5) per hectoliter (hl), levied only on breweries with a production of more than 50,000hl. Taken together with a VAT of 20%, almost 50% of the price paid by consumers for a bottle of beer is comprised of tax. The tax burden on beer in Austria is, therefore, higher than in neighboring Germany. Beer prices are also lower in other neighboring countries such as the Czech Republic or Hungary, resulting in car-boot imports in border regions. Non-EU beer is exempt from this tax. The share of total sales accounted for by such beer is negligible, however.

Wine has the most enviable position amongst all alcoholic drinks as there is no other tax on wine apart from VAT. Fortified wine is taxed as wine, with only VAT being levied.

The sparkling wine tax at Euro 1.44 ($ 1.77) per liter (equivalent to EUR1.08 per 0.75 liter bottle) was abolished in April 2005.

Since September 2000, the rate of tax for spirits has stood at Euro 10 ($ 12.29) per liter of 100 % pure alcohol. In addition to this, VAT is added at the usual rate of 20 %.

Pet Food

Austria's pet population grows by an average of 2 % per year, amounting to an increase of 10 % over the five year review period. The increase was mainly driven by a greater number of dogs, small mammals and fish. Industry sources link the increase in the number of dogs with demographic factors, such as the greater number of retired people, in particular.

In contrast, the cat population changed little. However, with a population of just under two million, it is already very high, more than twice that of dogs, as, traditionally, Austrians tend to prefer cats to dogs.

In 2004, sales of pet food and pet care products are expected to reach a value of Euro 326 million ($ 400.5 million), almost unchanged from 2003. Sales stagnated similarly in 2003. Although prepared food only accounts for 41% and 28% of total consumption of cat food and dog food, respectively, in 2004, consumption did not increase significantly, with volume sales up only in the very low single digits on 2003. This is because the majority of consumers in Austria continue to feed their pets leftovers.

Table 9: Retail Sales of Pet Food and Pet Care Products

Retail Sales of Pet Food and Pet Care Products by Sector: Value 1999-2004 - Euro Million						
	1999	2000	2001	2002	2003	2004
Dog and cat food	218.3	227.9	235.2	236.3	236	236.4
Other pet food	17.9	18.3	18.8	19.1	19.2	19.3
Pet care products	66.3	68	69.3	70.1	70.5	70.6
Pet food and pet care products	302.5	314.3	323.2	325.4	325.7	326.3

Source: Euromonitor

Seafood

Sales of frozen and chilled fish and seafood products are predicted to see growth rates of over 3% in both value and volume and to further become a part of Austrians' daily eating habits. It is widely known that fish is a very healthy alternative to meat, as it contains important vitamins and has a low content of fat and cholesterol. As more Austrians have to battle with their weight and increased cholesterol levels, fish and other low-fat food will benefit from this trend toward healthier nutrition.

It is expected that seafood consumption will continue its overall upward trend in the coming years. The reason for this trend is the rising standard of living, health awareness, the rising number of restaurants serving seafood, and the fact that tourism to coastal countries has acquainted the population with seafood. Most fresh/frozen whole fish is consumed in restaurants, whereas housewives still prefer natural or breaded frozen filets or sticks of cod, hake and flatfish. Among canned fish, tuna and herring are the most popular.

Advantages and Challenges for U.S. Suppliers on the Austrian Market

Advantages	Challenges
An aging population	Reservation towards foods containing or made from biotech products
Urban population growing	Reservations towards products with chemical food additives
High quality of U.S. products	Average tariff levels are high
Good reputation of certain U.S. products	Large distance to this market keeps shipping costs high
Promotion can possibly be carried out in cooperation with Embassy marketing efforts of U.S. products	High promotion costs to increase consumer awareness
Interest in organic U.S. products by traders	Highly concentrated food retail market
Good infrastructure, efficient distribution system, most importers speak English	Difficult to acquire shelf space in large supermarket chains
Interest in new food articles	Usually relatively small quantities are imported.
Marginal domestic seafood production	Unawareness of high U.S. quality by consumers
Certain fruits, vegetables not produced by domestic agriculture	
Undeveloped niche market for certain game meats	
Growing interest in ethnic foods and sea foods due to rising vacations in distant and costal areas	
Growing pet food market	

II. Exporter Business Tips

Local business Customs

In general, food retailers buy domestic and imported products from Austrian and/or German wholesalers. The large supermarket chains have their own purchasing sections, which buy and store foodstuffs centrally for their own retail stores. The central purchasing sections also carry out imports. However, some items are purchased through wholesale importers (e.g. almonds). Due to the strong concentration of the food retail sector, the supermarket chains are very powerful vis-a vis producers and slotting fees for retail space are the norm.

General consumer tastes and preferences

Austrians have conservative tastes that are reflected in the local cuisine and in local production methods and marketing. In recent years, attention has been drawn to food additives. Austrians prefer foods without artificial flavors, stabilizers, emulsifiers, and preservatives. In addition, most consumers reject foods containing biotech products. For this reason, the leading supermarket chains banned such products from their shelves. Similarly, there is significant consumer interest in organic products. Sales of these products are still low but are steadily rising. Economists believe that organic products may someday reach 10% of the total food market. Light products are also in; however, consumers do not seem to tolerate a loss in flavor as compared to 'normal' products.

As in other western countries, beef consumption has been declining, whereas pork, poultry, and lamb have been increasing. The latter is mainly a result of immigration from Islamic countries. Cheese consumption, which is already high, will continue rising. This is particularly true for semi-hard and fresh cheeses.

With fruit juices, certain acidity is preferred. This applies also to white wines. Jams and marmalade are more appealing to Austrians if fruit pieces are included and if they are not too sweet. Cereals sell better if they are crunchy.

Food standards and regulations

With regards to foods: See Food and Agricultural Import Regulations and Standards report AU5014 (this may be found at: http://www.fas.usda.gov/scriptsw/attacherep/default.asp)

Regarding pet food: Registration is not required; however, the products have to comply with EU regulations.

General import and inspection procedures

Incoming goods go to either the customs storage (small) or to a freight forwarder's facility at transport terminals or airports. Storage and removal from storage is carried out under the supervision of a customs officer who compares the documents with the commodities. Later, the invoice for import duty is issued. Food inspectors at the port of entry storage do not routinely check packaged foods. However, the customs officer may take samples to double check for ingredients (sugar, milk powder, alcohol) and that customs duties are paid for these ingredients according to their proportion.

Veterinary and customs import documents must be in German. However, if a customs officer or border veterinarian can read another language, he may accept it. Veterinary certificates are usually bi-lingual. There is no appeal of decisions by the customs office or the veterinary service.

If an importer objects to the quality of the product, the case can be brought to the arbitration center.

Complete information on EU import rules for food products may be found at: http://www.useu.be/AGRI/usda.html

III. Market Sector Structure and Trends

Trends toward industry concentration and strategic implications for U.S. suppliers

Since EU accession, concentration in the food industry and food retail sector has accelerated. Many food-processing companies are too small to survive alone in a large market and therefore merge with larger national or foreign firms. U.S. companies may be interested in acquiring Austrian food factories or retail shops. So far, Master Foods appears to be the only U.S. enterprise in Austria involved in food processing.

Domestic industry capacity versus availability of foreign-supplied products

More than three quarters of all agricultural supplies, including raw material for the food industry comes from other EU countries. Regarding imports of processed foods, 90% come from other EU countries.

The strongest branch of Austria's food industry is the beverage sector, particularly the brewing industry and the fruit juice industry. The latter imports concentrated citrus juices, particularly orange juice. The hard alcohol drinks industry is suffering from heavy competition.

Trends in promotional/marketing strategies and tactics

The most efficient advertising is television, which tends to be more expensive in Austria than in the U.S. The industry uses this medium for promoting food and pet food brands, and the two largest supermarket chains have regular TV spots. Supermarket and hypermarket chains have their own weekly or bi-weekly flyers where products available in their stores are advertised. These fliers reach a wide range of interested purchasers and thus are regarded as efficient. In-store promotions are also very successful. There are several U.S. products which have probably good chances on the Austrian market, dried fruits and nuts, seafood, wine, etc.

Trends in tourism sales, holiday gift sales, and Internet sales

Tourism contributed Euro 9.45 billion ($ 11.6 billion) to Austria's GDP in 2002 and plays an important economic role. In 2003, 118 million overnight stays by foreigners were logged. The major share of tourists comes from Germany (about 50 million), followed by Netherlands (8 million). The main tourist areas are the western and southern alpine regions (provinces Tyrol 39 million, Salzburg 20 million, Carinthia 13 million).

In general, tourists, particularly those from Germany, favor the local Austrian cuisine during their vacation. However, in recent years ethnic foods have become more popular (in part because of immigration and Austrians traveling abroad) and the demand for seafood has increased.

IV. Best High-Value Product Prospects

The 15 consumer food/edible fishery products, which offer the best U.S. export opportunities, are as follows:

Alaska Salmon
Catfish
Lobster
Shrimp
Pecans (conventional and organic)
Walnuts (conventional and organic)
Pistachios (conventional and organic)
Almonds (conventional and organic)
Dried cranberries (conventional and organic)
Other dried fruits (conventional and organic)
Cranberry juice
Wine
Tobacco
Pet food (conventional and organic)
Beef, non-hormone treated

V. Key Contacts and Further Information

American Embassy
Office of Agricultural Affairs
Boltzmanngasse 16
A-1090 Wien
Phone: + 43 (1) 31 339/ext 2249
Fax: + 43 (1) 310 8208
e mail: agvienna@usda.gov
Website: http://www.usembassy.at/en/usda/

Bundesministerium fuer Wirtschaft und Arbeit
(Federal Ministry for Economic Affairs)
Abteilung II/11
(Division II/11)
Stubenring 1
A-1011 Wien
Phone: + 43 (1) 71100/ext. 5774
Fax: + 43 (1) 715 96 51
Website:http//.www.bmwa.gv.at/

Bundesministerium fuer Land- und Forstwirschaft, Umwelt und Wasserwirtschaft
(Federal Ministry for Agriculture and Forestry, Environment and Water Management)
Abteilung III A 2
(Division III A 2)
Stubenring 1
A-1011 Wien
Phone: + 43 (1) 71100/ext. 2878
Fax: + 43 (1)71100 2937
Website:http://www.lebensministerium.at

Agrarmarkt Austria (AMA)
(Agricultural Market Austria)
Dresdnerstr. 70
A-1200 Wien
Phone: + 43 (1) 33 151 0
Fax: + 43 (1) 33 151 399
Website: http://www.ama.at

Austrian Economic Chamber
Wiedner Hauptstr. 63
A-1045 Wien
Phone: + 43 (1) 501 050
Fax: + 43 (1) 502 06 250
Website: http://portal.wko.at/

Bundesanstalt fuer Lebensmitteluntersuchung und -Forschung
Kinderspitalg. 15
A-1090 Wien, Austria
Phone: + 43 (1) 404 90/ext 27801
Fax: + 43 (1) 404 90 9278
Website: http://www.luvie.ages.at/

Bundesanstalt fuer Lebensmitteluntersuchung
Burgerstr. 47
A-4020 Linz, Austria
Phone: + 43 (732) 77 90 71
Fax: + 43 (732) 77 90 71 15

Bundesanstalt fuer Lebensmitteluntersuchung
Zweigstelle Salzburg
Innsbrucker Bundesstraße 47
A-5020 Salzburg, Austria
Phone: + 43 (662) 833357 - 0
Fax: + 43 (662) 833357 - 100

Bundesanstalt fuer Lebensmitteluntersuchung
Beethovenstr. 8
A-8010 Graz, Austria
Phone: + 43 (316) 32 75 88
Fax: +43 (316) 32 75 88 396

Bundesanstalt fuer Lebensmitteluntersuchung
Technikerstr. 70
A-6020 Innsbruck, Austria
Phone: + 43 (512) 22 440
Fax: + 43 (512) 22 440 15

Lebensmitteluntersuchungsanstalt der Stadt Wien
Hennebergg. 3
A-1030 Wien, Austria
Phone: + 43 (1) 795 14 97955
Fax: + 43 (1) 79514 99 97955

Oesterreichische Agentur fuer Gesundheit und Ernaehrungssicherheit
Spargelfeldstrasse 191
Postfach 400
A-1226 Wien
Phone: + 43 (1) 73216 – 0
Website: http://www.ages.at/

Appendix I

Table A. Key Trade and Demographic Information

AUSTRIA

TABLE A: KEY TRADE & DEMOGRAPHIC INFORMATION	YEAR	VALUE
Agricultural Imports From All Countries ($Mil)/U.S. Market Share (%)	2003	5,761 / 2%
Consumer Food Imports From All Countries ($Mil)/U.S. Market Share (%)	2003	4,181 / 1%
Edible Fishery Imports From All Countries ($Mil)/U.S. Market Share (%)	2003	204 / 0.15%
Total Population (Millions)*/Annual Growth Rate (%)*	2005	8.18 / 0.11%
Urban Population (Millions)*/Annual Growth Rate (%)*	1999	5.12 / 0.27%
Number of Major Metropolitan Areas	2002	1
Size of the Middle Class (Millions)/Growth Rate (%)	n/a	n/a
Per Capita Gross Domestic Product (U.S. Dollars)*	2004	$31,300
Unemployment Rate (%)*	2004	4.4%
Per Capita Food Expenditures (U.S. Dollars)**	2000	$1,598.4
Percent of Female Population Employed**	2003	42.6%
Exchange Rate (US$1 = 0.814 Euro)	9/14/05	0.814

*denotes information collected from www.odci.gov/cia/publications/factbook/
** denotes information collected from www.statistik.at

Table B. Consumer Food & Edible Fishery Product Imports

Austria Imports (In Millions of Dollars)	Imports from the World			Imports from the U.S.			U.S. Market Share		
	2001	2002	2003	2001	2002	2003	2001	2002	2003
CONSUMER-ORIENTED AGRICULTURAL TOTAL	3,177	3,421	4,181	25	25	48	0.78%	0.74%	1%
Snack Foods (Excl. Nuts)	328	345	406	1	1	2	0.22%	0.31%	0.44%
Breakfast Cereals & Pancake Mix	20	24	28	1	1	1	0.26%	0.07%	0.16%
Red Meats, Fresh/Chilled/Frozen	200	197	232	1	1	1	0.03%	0.00%	0.03%
Red Meats, Prepared/Preserved	93	109	135	1	0	0	0.06%	0%	0%
Poultry Meat	96	92	118	0	0	0	0%	0%	0%
Dairy Products (Excl. Cheese)	162	179	253	1	1	1	0.23%	0.00%	0.00%
Cheese	188	215	284	0	0	1	0%	0%	0.00%
Eggs & Products	36	37	53	1	1	1	1%	3%	2%
Fresh Fruit	338	339	413	1	1	1	0.11%	0.10%	0.08%
Fresh Vegetables	227	230	293	1	1	1	0.15%	0.07%	0.07%
Processed Fruit & Vegetables	241	272	326	5	4	6	2%	1%	2%
Fruit & Vegetable Juices	131	125	203	1	1	1	0.41%	0.52%	0.29%
Tree Nuts	33	39	49	5	5	6	14%	13%	11%
Wine & Beer	159	164	194	6	5	6	4%	3%	3%
Nursery Products & Cut Flowers	231	254	314	1	1	1	0.14%	0.07%	0.04%
Pet Foods (Dog & Cat Food)	71	83	111	1	1	1	0.14%	0.53%	0.30%
Other Consumer-Oriented Products	624	717	767	6	8	26	0.96%	1%	3%
FISH & SEAFOOD PRODUCTS	172	180	204	1	1	1	0.12%	0.11%	0.15%
Salmon	20	17	19	1	1	1	0.30%	0.32%	0.29%
Surimi	2	2	2	0	1	1	0%	0.24%	0.19%
Crustaceans	23	22	22	1	1	1	0.04%	0.07%	0.16%
Groundfish & Flatfish	45	44	53	1	1	1	0.13%	0.15%	0.21%
Molluscs	5	4	5	0	1	1	0%	0.17%	0.64%
Other Fishery Products	77	90	102	1	1	1	0.11%	0.06%	0.06%
AGRICULTURAL PRODUCTS TOTAL	4,468	4,821	5,761	65	67	91	1%	1%	2%
AGRICULTURAL, FISH & FORESTRY TOTAL	5,860	6,249	7,490	74	74	102	1%	1%	1%

NA - Data not available (not reported) *Data: Harmonized Tariff Schedule (HS 6 Digit)*

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

Table C. Top 15 Suppliers of Consumer Foods & Edible Fishery Products

CONSUMER-ORIENTED AGRICULTURAL TOTAL			
Reporting Country: Austria Top 15 Suppliers	**Import**		
	2001	**2002**	**2003**
	1000$	**1000$**	**1000$**
Germany	1,301,256	1,401,254	1,575,355
Italy	433,915	463,008	573,773
Netherlands	308,473	352,976	438,200
Spain	152,741	167,482	221,857
Hungary	102,152	108,123	176,997
France	154,400	158,608	176,878
Switzerland	95,994	110,038	145,076
Belgium	68,735	79,594	95,541
Turkey	76,919	67,213	69,185
Poland	45,444	38,391	63,714
Czech Republic	23,440	29,091	51,510
United States	24,813	25,237	47,639
Ecuador	34,464	30,756	44,264
Denmark	27,437	30,060	42,891
Brazil	20,233	28,516	38,162
Other	306,815	330,515	419,662
World	3,177,352	3,420,979	4,180,763

FISH & SEAFOOD PRODUCTS			
Reporting Country: Austria Top 15 Suppliers	**Import**		
	2001	**2002**	**2003**
	1000$	**1000$**	**1000$**
Germany	82,408	87,635	94,603
Denmark	21,026	19,066	24,727
Netherlands	14,947	14,290	14,801
Italy	9,985	10,662	11,929
Thailand	5,497	5,185	6,776
France	5,427	4,960	5,485
Portugal	1,534	3,074	4,273
Norway	2,410	2,229	4,245
Belgium	2,515	2,861	3,674
Slovenia	1,707	2,678	2,763
Czech Republic	1,278	1,553	2,254
Russian Federation	939	1,778	2,166
Mauritius	220	1,287	2,153
Morocco	988	1,286	1,651
United Kingdom	1,583	1,804	1,630
Other	19,753	19,604	21,242
World	172,230	179,965	204,397

Source: United Nations Statistics Division