

2016 SBA Fact Sheet

Austria



Key points

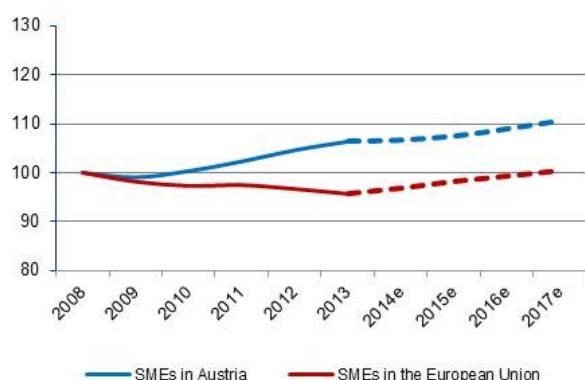
Past & future SME performance¹: Austria's SME sector was one of the most resilient during the recent crisis. In 2010-2015, SME value added increased at an average rate of 3 % annually, 16 % in total. SME employment rose more moderately, by 7 % in total, resulting in a net job growth of more than 122 000. All these jobs were created in services sectors, while the manufacturing sector lost almost 2 000 jobs. In 2013-2015, the SME expansion lost some of its momentum. However, from 2016 onwards, SME growth is expected to continue, with SME value added forecast to rise by 7 % and SME employment to increase by 3 % in 2015-2017. This will result in an estimated 55 000 additional SME jobs. The service sector will account almost exclusively for this job growth, most notably professional, technical and scientific services as well as tourism-related accommodation and food services.

Implementing the Small Business Act for Europe (SBA): Austria shows an overall competitive SBA profile with above-EU-average performances in four SBA areas: Internationalisation, Environment, Skills & innovation and Single market. In six of the SBA areas, Austria's performance has improved since 2008. Only in 'Responsive administration', Access to finance and Skills & innovation have conditions deteriorated since 2008. This is a major concern given their crucial importance for SMEs' competitiveness. In 2015, policy emphasis has been on the principles of 'Second chance', Access to finance and Internationalisation.

SME policy priorities: The three areas showing deterioration in performance since 2008 have to be in the policy focus. In 'Responsive administration', the steps initiated to facilitate licensing procedures need to be continued and start-up conditions, especially for limited liability firms, need to be eased further. In Access to finance, the measures promoting start-up financing need to be further reinforced. Finally, the stagnating innovation performance of SMEs needs to be subjected to a serious review.

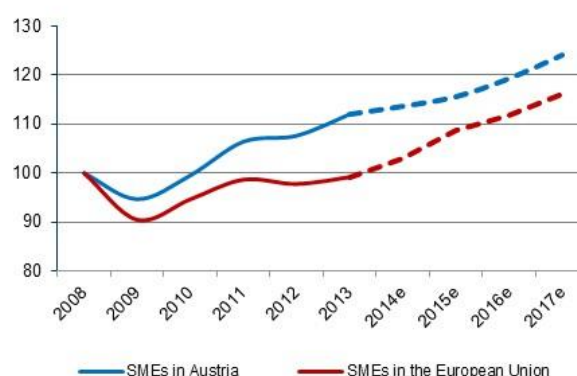
Number of persons employed in SMEs

(Index: 2008=100, estimates as from 2014 onwards)



Value added of SMEs

(Index: 2008=100, estimates as from 2014 onwards)



About the SBA fact sheets

The Small Business Act for Europe (SBA) is the EU's flagship policy initiative to support small and medium-sized enterprises (SMEs). It comprises a set of policy measures organised around 10 principles ranging from Entrepreneurship and 'Responsive administration' to Internationalisation. To improve the governance of the SBA, the 2011 review of it called for better monitoring. Published annually, the SBA fact sheets aim to improve the understanding of recent trends and national policies affecting SMEs. Since 2011, each EU Member State has appointed a high-ranking government official as its national SME envoy. SME envoys spearhead the implementation of the SBA agenda in their countries.

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1. SMEs — basic figures

Class size	Number of enterprises			Number of persons employed			Value added		
	Austria		EU28	Austria		EU28	Austria		EU28
	Number	Share	Share	Number	Share	Share	Billion €	Share	Share
Micro	282 634	87,4 %	92,8 %	694 428	25,4 %	29,5 %	32,5	18,7 %	21,2 %
Small	34 627	10,7 %	6,0 %	654 749	24,0 %	20,2 %	36,3	20,9 %	18,0 %
Medium-sized	5 164	1,6 %	1,0 %	513 817	18,8 %	17,0 %	38,2	22,0 %	18,2 %
SMEs	322 425	99,7 %	99,8 %	1 862 994	68,2 %	66,8 %	107,0	61,5 %	57,4 %
Large	1 086	0,3 %	0,2 %	866 871	31,8 %	33,2 %	67,1	38,5 %	42,6 %
Total	323 511	100,0 %	100,0 %	2 729 865	100,0 %	100,0 %	174,1	100,0 %	100,0 %

These are estimates for 2015 produced by DIW Econ, based on 2008-2013 figures from the Structural Business Statistics Database (Eurostat). The data cover the 'non-financial business economy', which includes industry, construction, trade, and services (NACE Rev. 2 sections B to J, L, M and N), but not enterprises in agriculture, forestry and fisheries and the largely non-market service sectors such as education and health. The advantage of using Eurostat data is that the statistics are harmonised and comparable across countries. The disadvantage is that for some countries the data may be different from those published by national authorities.

SMEs play a similarly important role in the Austrian 'non-financial business economy' as is average for the EU as a whole. They contribute a share of almost 62 % of total value added and 68 % of total employment, which is slightly more than the respective EU averages for SMEs. Annual productivity of Austrian SMEs, as calculated by the ratio of SME value added to SME employment, is approximately EUR 57 000 per person. This is well above the EU average of roughly EUR 43 000 per person.

The 'non-financial business economy' in Austria experienced strong growth in 2010-2015, with SMEs playing an important role. During this period, SME value added increased at an

average rate of 3 % annually, 16 % in total. SME employment rose more moderately, by 7 % in total.² Growth in both value added and employment was similar across all size classes of SMEs. However, in 2013-2015, growth was more subdued, with stagnation in SME employment and a rise of only 3 % in SME value added over the two-year period.

In the *transportation and storage* sector, SME value added grew by 30 % in 2010-2015, whereas SME employment dropped slightly. The majority of value added was generated by the two subsectors of *land transport* and *warehousing and support activities for transportation*. The uneven development of SME

value added and employment in the *transportation and storage* sector was partly due to the EU accession of the eastern European countries, which increased competition in the European transportation market.

Therefore, despite the large number of new Austrian companies entering the sector, the overall total of companies increased relatively slowly, due to these tougher market forces reducing the survival rate of firms, and also as a result of frequent mergers and acquisitions of existing firms.³ However, the growth of investment in new transportation vehicles in this sector is a clear indicator that a long-term rise in demand is anticipated and therefore SME value added is likely to benefit in future.⁴ Three specific factors are expected to support higher demand:

- the eastward enlargement of the European Union has accelerated the Internationalisation of production and delivery services;
- the European-wide boom in online shopping has created dynamic growth in parcel delivery services, which especially benefits the small commercial transport segment of the sector; and
- many businesses are increasingly making the choice to outsource logistics services.⁵

All three factors are likely to contribute to future SME value added growth in this sector.

The *information and communication* sector has been another successful sector for SMEs in recent years, with 24 % growth in SME value added and an increase of 18 % in SME employment in 2010-2015. This sector benefits in particular from major government support. High-tech start-ups can access financial help through a variety of government schemes such as the

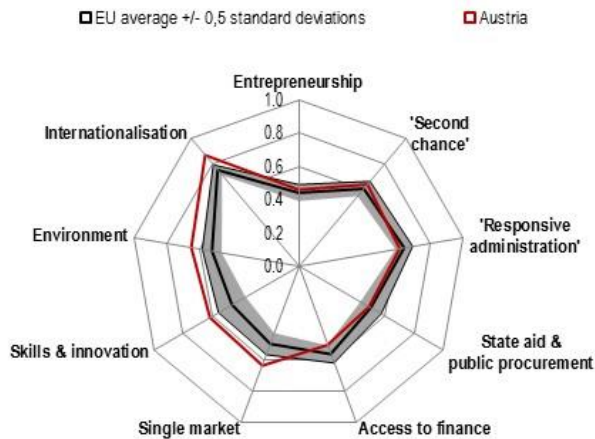
provision of low-cost loans, subsidies and supplier guarantees.⁶ The government also supports demand-side initiatives, specifically to encourage greater use of IT in the public sector, such as the introduction of national digital databases and electronic invoicing for government institutions, and the establishment of online learning platforms and other online resources for state-funded schools.⁷ All of these government measures have fostered demand in this sector, in particular for programming and consultancy services.

The business Environment for new companies in Austria seems generally healthy. New registrations peaked in 2015, totalling 39 738 new companies, a 7 % increase compared to the previous year. However, in contrast to this overall positive trend, registrations of limited liability companies fell from 4 235 to 3 819, a drop of 10 %.⁸ Nevertheless, the impact on the overall total of new companies was minimal, as the vast majority of new registrations — 86 % in 2015 and a similar percentage in previous years — tend to be made by sole proprietors.

Data on de-registrations and active companies are only available up until 2013. Moreover, the totals are calculated differently from those of new registrations.⁹ Nonetheless, the figures show that de-registrations increased by 5 % in 2012-2013, compared with 9 % in 2011-2012. In terms of active companies, the total increased from 2012 to 2013 by one percentage point. This weak growth is a reflection of the consistent slowdown in active companies since 2007-2008, when annual growth was still at 5 %.¹⁰

From 2016 onwards, SME growth is expected to continue, with SME value added forecast to rise by 7 %, and SME employment to increase by 3 % in 2015-2017. This will result in an estimated 55 000 additional SME jobs.

2. SBA profile¹¹



Austria retains its strong SBA profile. As in the previous year, there are four principle areas — Single market, skills & innovation, Environment and Internationalisation — in which it outperforms the EU average. In the remaining areas, it scores on a par with the EU average. There have been only minor shifts as compared to last year.

Since 2008, Austria has improved its performance in six of the nine SBA principle areas for which sufficient statistical indicators were available for a quantitative analysis. In five of these, this improvement occurred at a faster pace than in the EU. However, there were three areas ('Responsive administration', Access to finance and skills & innovation) where the conditions are worse as compared to 2008, when the SBA was initiated. Even though the deterioration is in all three cases on a rather small scale, this should be a reason for concern; first, because in all three areas Austria has initiated a host of measures which were, apparently, only partially effective, and secondly, all three areas are crucial for the competitiveness of Austria's SMEs. Hence, more efforts are needed to ensure that Austria will keep its competitive edge also in the future.

Since 2008, Austria has demonstrated a strong performance towards implementing the SBA. Policy efforts have focused particularly on Entrepreneurship and Access to finance.

During 2015 and the first quarter of 2016, which is the reference period for the 2016 SBA fact sheet, Austria has

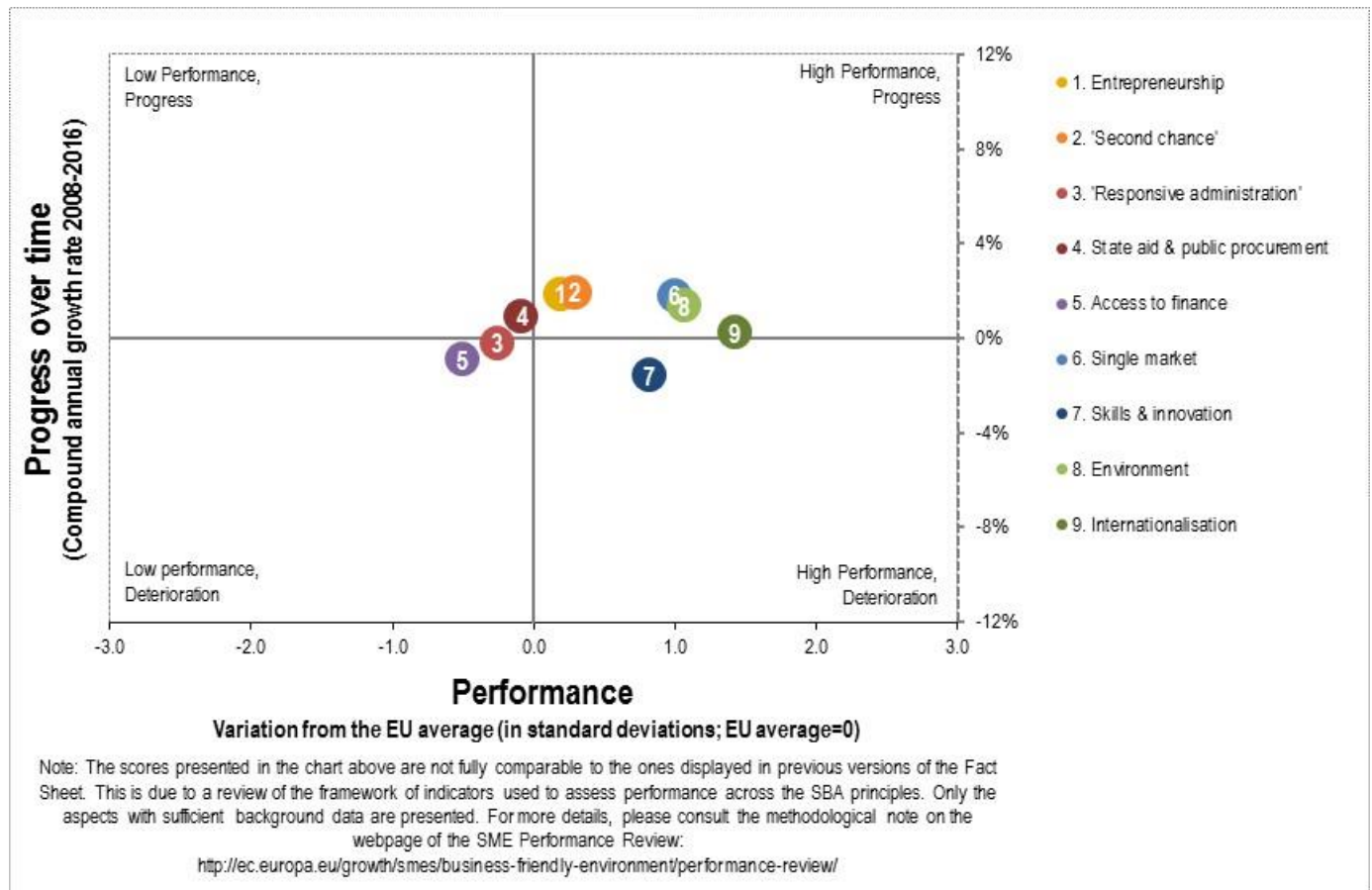
implemented 22 policy measures addressing all 10 policy areas under the SBA. Overall, stakeholders acknowledge that the progress in implementing the SBA has been substantial. The most important progress in 2015 was in the fields of 'second chance', Access to finance and Internationalisation. Also under Entrepreneurship, a number of measures have been introduced to promote start-ups and to nurture an Entrepreneurship culture in the country by developing Entrepreneurship education programmes.

In the area of Access to finance, the most relevant measure implemented was the alternative financing law, which regulates crowdfunding platforms and projects. With respect to 'second chance', the New Companies Promotion Act (*Neugründungsförderungsgesetz*) was adopted, which among other provisions, reduces the waiting period after failure for a new entrepreneurial activity from 15 to five years. Under the Internationalisation principle, the Beyond Europe initiative and the Global Incubator Network (GIN) support Austrian companies, start-ups and research collaborations abroad. Under Entrepreneurship, five significant measures were implemented, including the flagship 'Strategy: land of start-ups' initiative, which aims to implement the government's vision to turn Austria into the 'no. 1 start-up-state'.

Concerning Environment, efforts should be made to improve the attractiveness of Environmental measures for SMEs. Some progress has been made with the adoption of two measures in this area (Directive–Energy Efficiency Monitoring Body and 'start:e') that aim, respectively, to establish a clearer framework for the incentives related to energy efficiency and to develop e-mobility solutions.

Overall, Austria maintains its SBA strategic focus on promoting Entrepreneurship and on improving Access to finance, as well as in other SBA areas. The coordinating body for the implementation of the SBA in Austria is the Federal Ministry of Science, Research and Economy. The SBA implementation also involves other Ministries, such as the Federal Ministry of Finance and the Federal Ministry of Justice. The Austrian Economic Chambers are important actors in SBA implementation in the country. The SME envoy is in charge of coordinating the work of stakeholders (ministries, chambers of commerce) at a political level.

SBA performance of Austria: state of play and development from 2008 to 2016¹²



3. SBA principles¹³

3.0 'Think Small First'

The 'Think Small First' principle is intended as a guiding principle for all policy- and law-making activities. It requires policy-makers to take SME interests into account at the early stages of the policy-making process. The principle also calls for newly designed legislation, administrative rules and procedures to be made simple and easy to apply.

Overall, Austria performs well under this SBA principle and has implemented its main tenets, such as the SME test, regulatory impact assessment (RIA), competitiveness assessments and stakeholder consultations. Moreover, additional progress was achieved in the 'Think Small First' policy area in 2015. SME policy in Austria continued to focus on releasing smaller SMEs from administrative burden and unreasonable expenses.

A comprehensive system of performance-based budgeting and RIA was implemented in 2013. An evaluation report on the new budgeting system at the federal level was completed¹⁴ and presented to the parliament in June 2015.¹⁵ Detailed statistic data of the evaluation are publicly available.¹⁶ The outcome is discussed in Parliament. The federal government aims to extend the new budgeting rules to the entire general government sector.

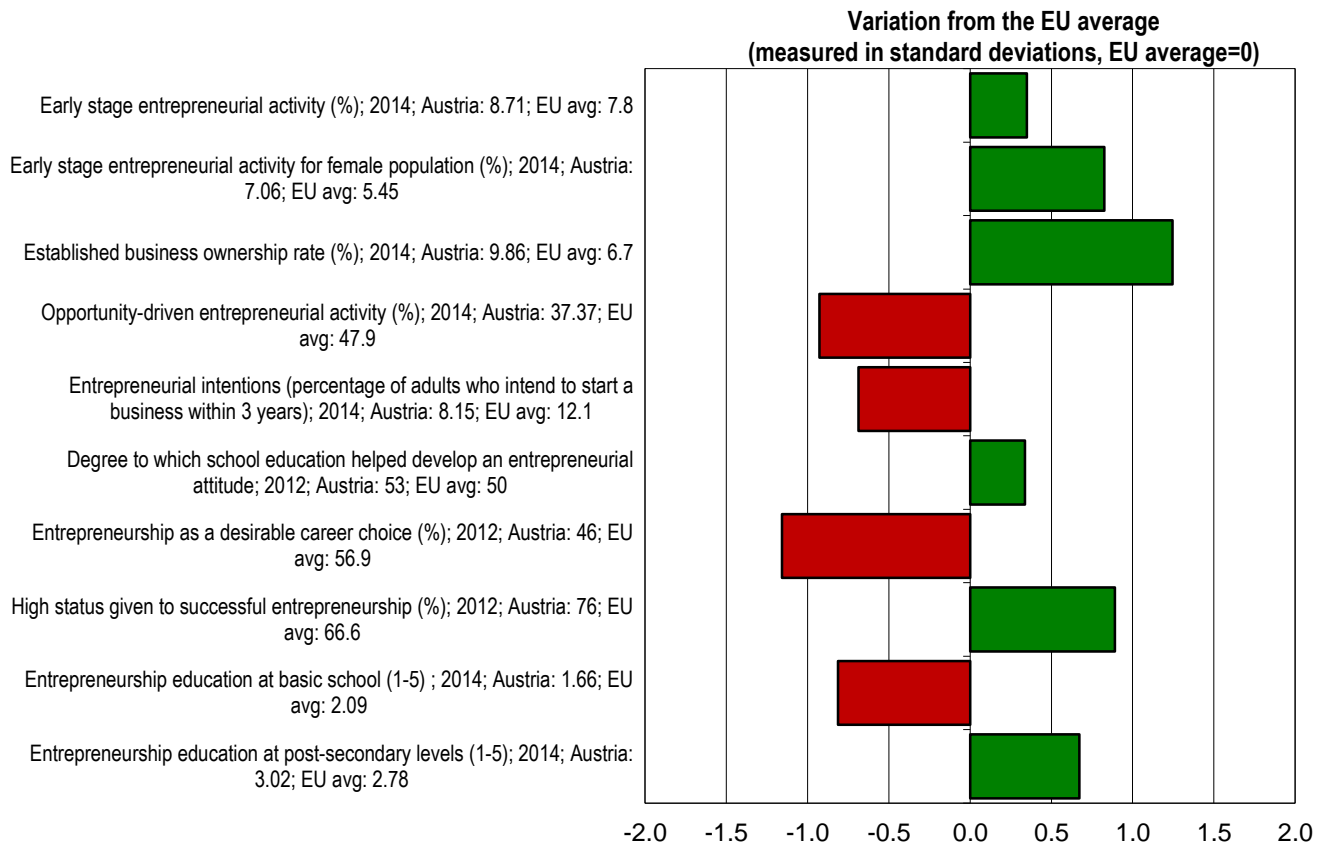
During the reference period two measures were adopted:

- the Accounting Act Amendment (*Rechnungslegungs-Änderungsgesetz-Novelle*) is in place, fulfilling the

commitment taken by the government in 2014 to transpose the EU Accounting Directive (2013/34/EU) in the Accounting Act. The set of measures implemented at the end of 2015 brought facilitations to small SMEs, as reporting obligations were reduced and further simplifications for micro entities were introduced. In turn, reporting obligations for big SMEs were extended; and

- a dialogue on reforms for administrative simplification was started in 2015, promoting discussion and generating administrative simplifications for SMEs. Via the 'digital Austria' platform, entrepreneurs and citizens are involved in discussions with public officials. The final report, following the discussion, has been presented to the Task-reform and De-regulation-Commission, setting out 24 agreed concrete measures. This initiative is seen as a promising starting point for action, although the agreed measures have to be implemented step by step in the coming months and years.

3.1 Entrepreneurship



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

Austria performs on a par with the EU average in this SBA area. There is no change as compared to last year. However, since 2008, Austria's performance has improved faster than that of the EU as a whole in this domain. As already mentioned in section 1, Austria has seen an increase in start-ups in recent years. This is also reflected in an increasing business ownership rate, which has risen from 7.6 % to 10.6 % since 2012. Also, the indicators related to early-stage entrepreneurial activity underline Austria's good performance in this area. Regarding the more forward-looking and speculative idea of Entrepreneurship as a desirable career choice, however, Austria trails the EU average. This is, however, typical for countries with a comparatively vibrant economy. Many would-be entrepreneurs are deterred from the risks of starting their own business by the abundant opportunities of attractive jobs in existing firms. An important means of motivating (especially young) people to aim for their own business, even in light of attractive job alternatives, is education. Austria scores relatively well in this regard, especially with regard to the integration of Entrepreneurship in the curricula of post-secondary learning institutions. There is, though, still room for improvement as concerns primary education.

The progress in entrepreneurial activity was accompanied by sustained policy efforts. Since 2008, several measures have been introduced, adopted, prolonged and have now started to show impact. Entrepreneurship is well developed, with strong entrepreneurial activity taking place. Policy-wise, initiatives such as the Phoenix Award promoting technology transfer, the u:start Business Plan Award supporting university graduates and the *Online guide for SME valuation (Ratgeber KMU Unternehmenswert)* are some examples of the activities carried out in the country.

To support entrepreneurial activity among the unemployed, the Public Employment Service Austria offers an ambitious programme of start-up support to reduce unemployment by supporting unemployed persons entering successful and sustainable self-employed entrepreneurship. As of 2016, 75 % of the 72 000 starters since the beginning of the programme in 1998 were still in business after the first three years. One issue in the area of Entrepreneurship which requires more attention are the existing gaps in training for entrepreneurship teachers especially in primary schools.

A draft law was discussed in 2015 to introduce a National Qualification Framework in the country to cover and classify eight different levels of learning on the basis of the European qualification framework for life-long learning (EQR). This regulation entered into force in March, 2016.

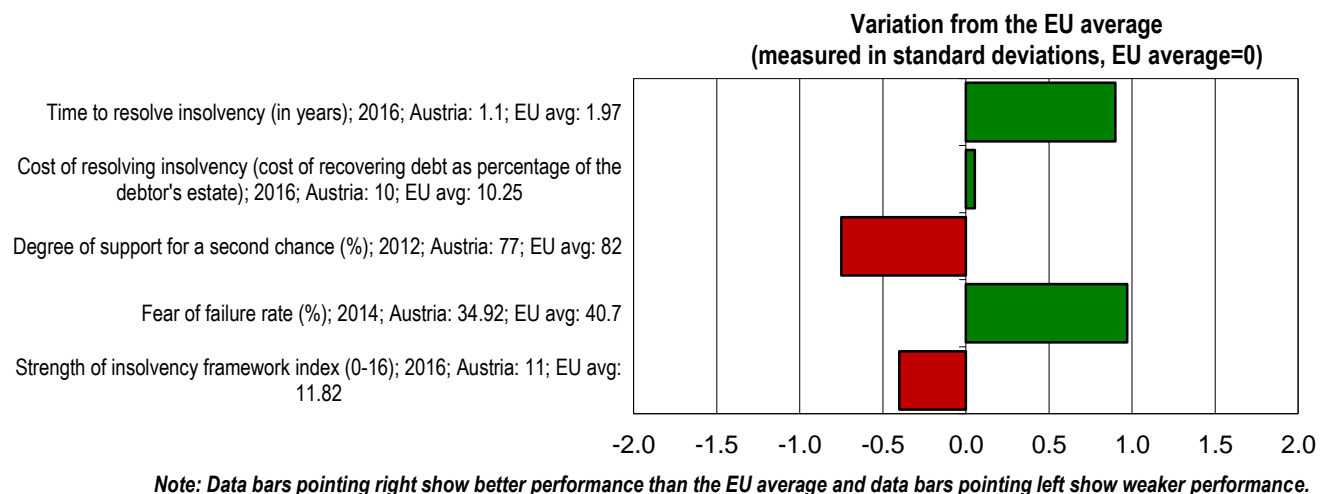
Measures undertaken during the reference period are mostly extensions, adjustments and completions of previous measures. The main measures are the following:

- the 'Land of start-ups' strategy, adopted by the Federal Ministry of Science, Research and Economy, is a central part of the government's vision to turn Austria into the 'no. 1 start-up state'. The strategic goal is pursued in five fields of action: innovation, financing, awareness building, networking, and infrastructure and regulation. Measures are intended to improve the overall framework for start-ups and create the necessary infrastructures (awareness building, provision of incentives and funds for innovation and risk capital, strengthening networking);
- the 'countryside start-up', (*Gründung am Land*) measure, adopted by the Federal Ministry of Science, Research and Economy, provides funding to innovative start-up technically innovative investment projects in underdeveloped economic areas (the countryside). The

support for each project is up to EUR 50 000. The total available budget is EUR 4 million;

- The JumpStart programme launched by the Austrian federal promotional bank, the *austria wirtschafts service (aws)*, gives financial support to incubators providing infrastructures and services as a one-stop shop to accelerate the development of start-ups, especially those not backed by the academic system;
- the 'Youth Start — Entrepreneurial Challenge Programme' introduced by the Federal Ministry of Education and Women is an innovative, transferable and scalable 'Entrepreneurship education-programme' to be integrated in mainstream schools. The objective of the measure is to stimulate an innovative and entrepreneurial mind-set among students and to improve entrepreneurial skills among entrepreneurs at an early stage of their activity. The identified target of the measure is up to 5 000 students in the country; and
- through the reduction of the minimum contribution basis of health insurance for the self-employed (*Senkung der Mindestbeiträge der Krankenversicherung für Selbständige*), the minimum contribution was reduced from EUR 724 to EUR 405. Also, the interest rate for default, in cases of late payments of contributions, was lowered from 8 % to 4 %.

3.2 'Second chance'



'Second chance' means ensuring that honest entrepreneurs who have gone bankrupt get a second chance quickly. Austria's performance fell back to being on a par with the EU average this year. Most individual indicators in this domain remained unchanged as compared to the previous year. The decline as compared to last year's performance was caused by the addition of a new indicator. Austria scores rather well when it comes to the briefness of its insolvency procedure. Moreover, the possibility of discharge of debts has been extended recently due

to a decision of the Austrian High Court of Justice, according to which, for reasons of equity, honest business failure allows discharge of debt even if the minimum quota of 10 % could not be obtained.

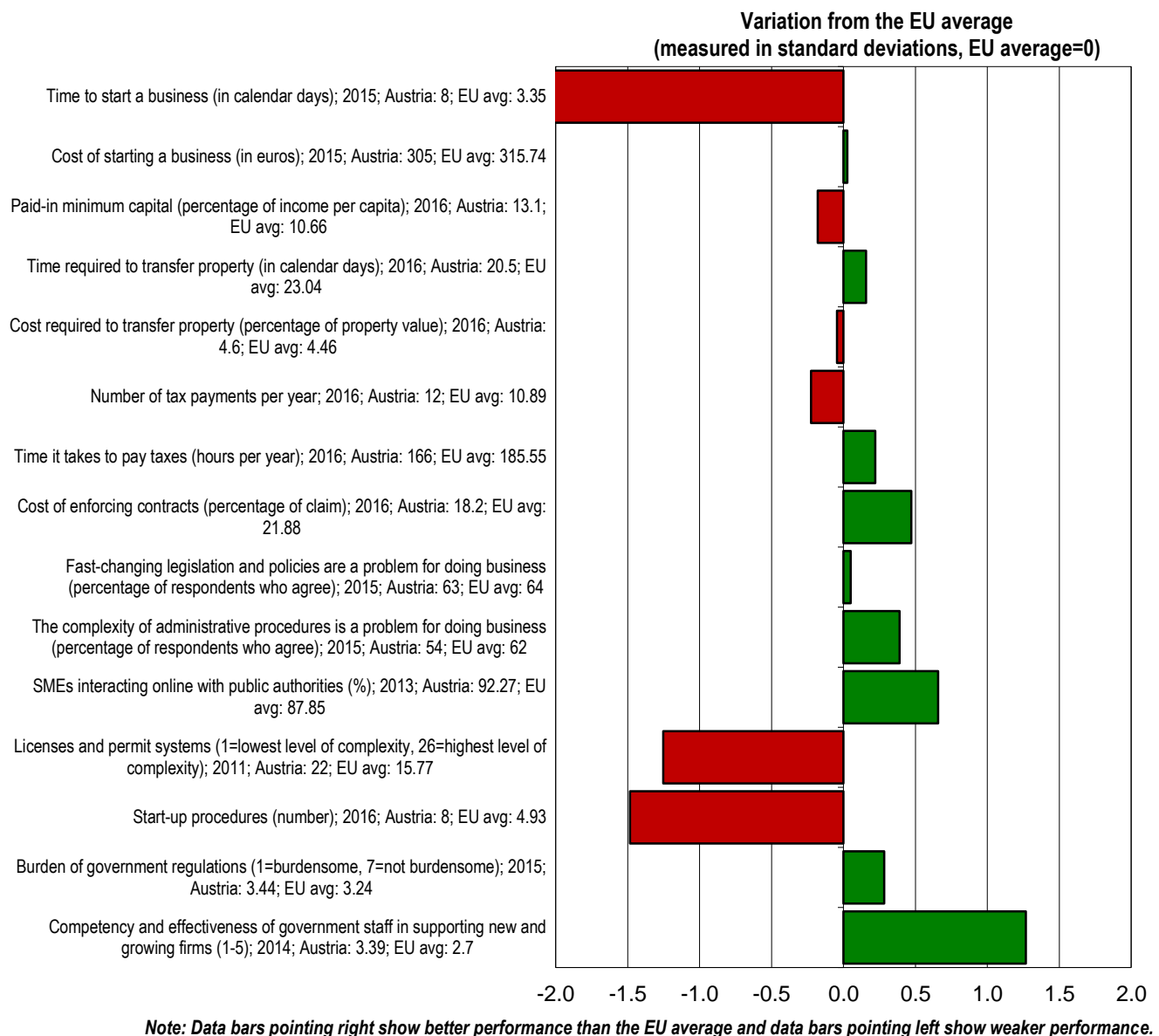
Policy-wise, important initiatives have been taken since 2008, even though the topic of 'Second chance' still represents a cultural barrier in Austria, especially for start-ups. In fact, in other societies the experience associated with insolvency can be

considered as valuable know-how, while in Austria this does not apply, since entrepreneurs who have failed once are often excluded from the active economy, even though the Austrian insolvency law does not set any barriers for entrepreneurs.

Since 2008, specific measures and awareness-building activities have been implemented to deal with this cultural obstacle and have started to show some effects. For instance, failure can no longer be used as a justification for rejecting entrepreneurs' applications for funding from the Austrian federal promotional bank.

Further to this development, an additional measure implemented during the reference period allows for easier access to the New Companies Promotion Act (*Neugründungs-Förderungsgesetz*) by significantly reducing the vesting period after failure for a new entrepreneurial activity from 15 to five years. The law provides for partial relief from the payment of non-wage labour costs for the first three years for a maximum of 12 months for start-ups fulfilling specific requirements.

3.3 'Responsive administration'



'Responsive administration' means public administration being responsive to the needs of SMEs. In this area, Austria managed to improve its performance as compared to last year. It now

performs in line with the EU average. Start-up conditions have improved slightly since last year. The number of days it takes to start a business fell from 10 to eight while the required paid-in

minimum capital was reduced from 13.6 % to 13.1 %. The average length of start-up times still exceeds the SBA recommended limit of three days by a considerable margin. There are also more administrative procedures needed to start up a business than in the EU on average. However, it should be noted that all this information refers to limited liability companies only. Sole proprietorships, the most common form of newly formed businesses, can be launched in 15 minutes. Together with the comparatively complex licensing and permit system, these form the biggest liabilities in Austria's profile in this domain.

The general administrative framework has not improved as compared to the previous year. To the contrary, the proportion of SMEs complaining about fast-changing legislation and policies being a problem has increased from 54 % to 63 %. At the same time, the proportion of SMEs stating the complexity of administrative procedures as a problem has also gone up from 51 % to 54 %. The main cause for the overall score of this SBA principle improving as compared to the previous year was the addition of a new indicator. On the competency and effectiveness of government staff, Austria scores well above the EU average. Despite the uptick in performance over the past 12 months, Austria's performance has not substantially improved since the introduction of the SBA in 2008.

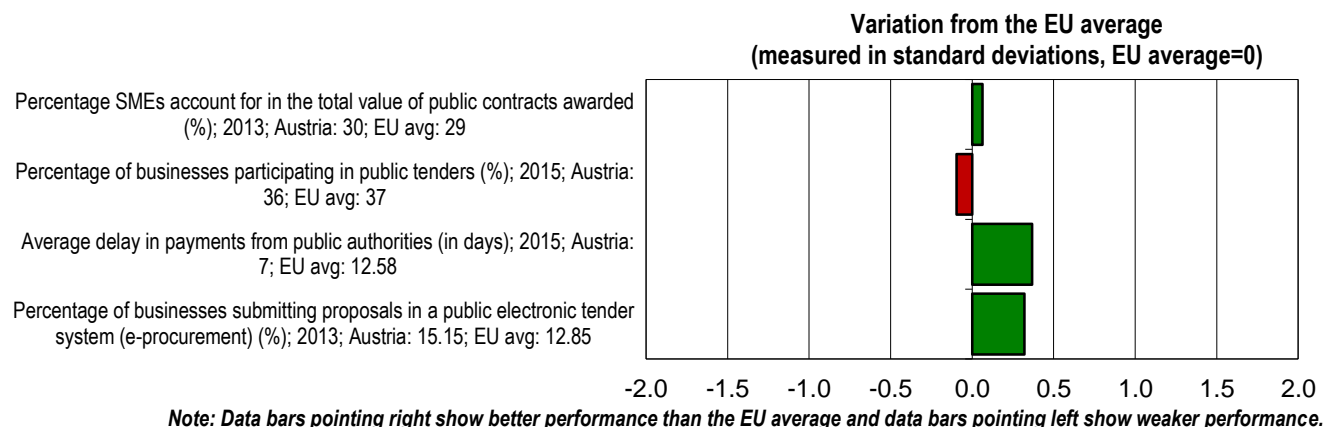
This lack of performance improvement is not a result of policy inaction. To the contrary, Austria has been very active in reforming policies in this domain. This includes many measures

with a strategic and long-term character, such as the new Trade Register facilitating research on corporate data and the 'Ltd. Company Light'.

The measures adopted during the reference period represent a steady effort to improve the conditions for SMEs and reduce their administrative burdens, as described below:

- with the enlargement of licence exemption (*Erweiterung der Genehmigungsfreistellung*), a higher number of start-ups/SMEs are exempted from permit requirements for their business installations. Small retail enterprises are exempted from commercial permit processes. Thus, start-ups are able to set up their business more rapidly, and existing SMEs obtain legal certainty for their infrastructures as their permits are granted with less effort. This is important, in particular in light of the aforementioned complex licensing regime; and
- the adoption of the amendment to the Obligation to Register Law (*Novelle des Meldepflicht-Änderungsgesetzes*) significantly facilitates the initial registration of employees. All wage data have to be reported to the social insurance on a monthly basis instead of yearly. The abolition of the marginal wages threshold on a daily basis reduces the administrative burden and facilitates additional income opportunities for retired and unemployed people. It also has the effect of halving default interest of the social insurance. Thus, the total relief for Austrian SMEs is estimated at EUR 44 million per year.

3.4 State aid & public procurement



Austria is performing on a par with the EU average on this SBA principle. As compared to the previous year, there has been little change. Since 2008, however, Austria's performance has improved significantly, much more so than that of the EU in general. One driver behind this development was the progress in e-tendering. Despite the absence of a central e-portal for all tenders, the proportion of SMEs submitting proposals in a public electronic tender system has increased steadily since 2011.

On the policy side, Austria progressed moderately in the area of State aid & public procurement. Since 2008, measures such as the Strategic Guiding Concept for Innovation Supporting Tenders, the SME Strategy of the Federal Procurement Agency and other measures and funding schemes have been developed to address special needs of SMEs.

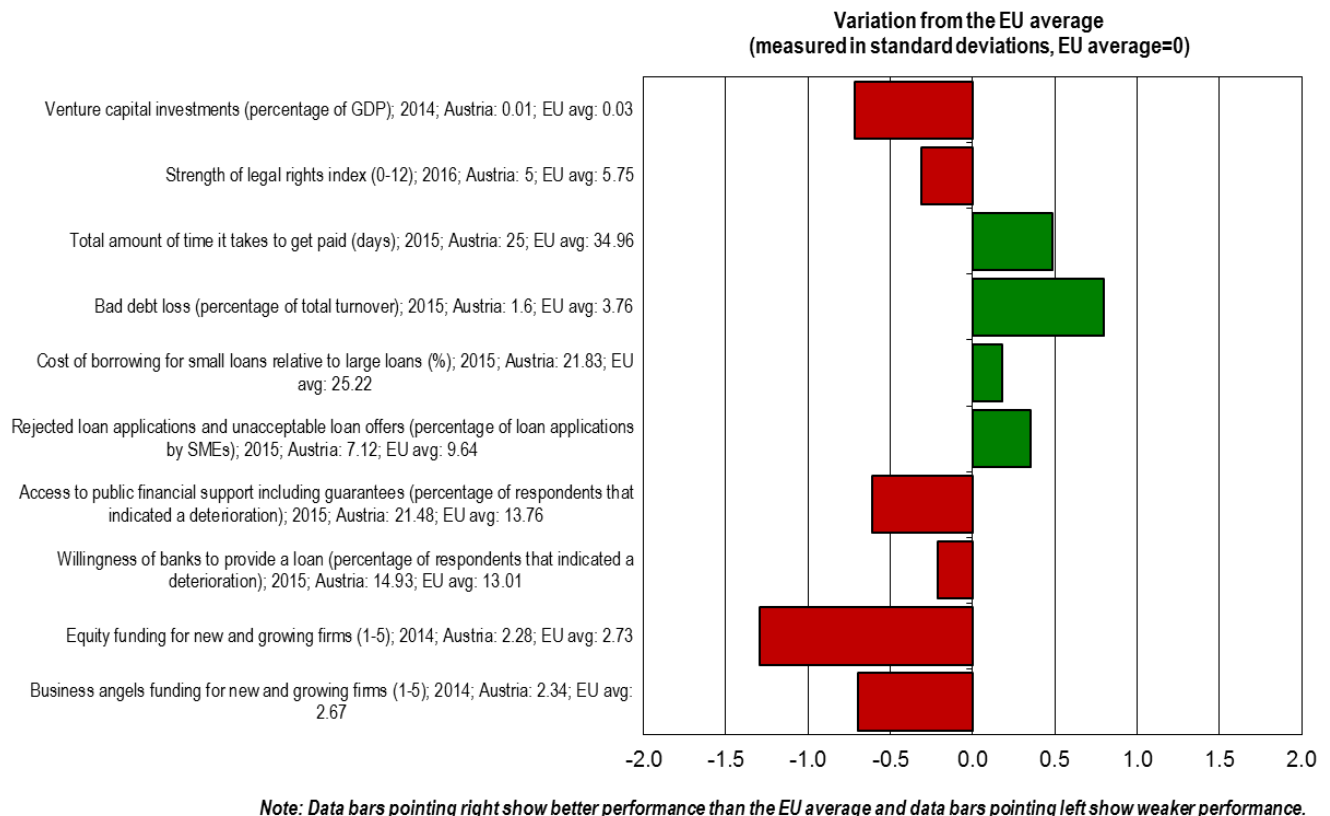
After a phase of subdued policy activity in this field, two measures have been implemented during 2015 and the first quarter of 2016:

- the new SME Package by the Austrian Research Promotion Agency (FFG) combines five existing measures to support innovation through public tenders (Innovation Voucher, Feasibility, Projekt.Start, General Programme-Individual Project and Markt.Start). Thanks to the new arrangement, the measures are more easily accessible and have been improved from an organisational perspective; and

- the amendment of the Federal Procurement Act (*Bundesvergabegesetz-Novelle 2015*) introduced simplified procedural provisions, especially for SMEs. The division of large contracts into lots makes it easier for SMEs to participate in public procurement. A mandatory best bidder principle is also implemented for a number of areas.

Despite this comprehensive set of actions in recent years, there is still room for improvement. The publication rate is low and has to be increased. Also, there is a need to improve the review processes, especially with a view to reducing their lengths.

3.5 Access to finance



As was the case in the previous year, Austria remains below the EU average in this SBA domain. Compared to other Member States, SME financing conditions are not a major issue, but specific problems remain to be addressed. There is no general problem regarding access to loan financing, as the proportion of SMEs reporting an unwillingness of banks to provide loans fell from almost 24.9 % to 14.9 %. This being said, the supply of loans also declined, especially for small-scale financing. The proportion of SMEs reporting a deterioration in accessing public guarantee funds dropped from almost 29 % to 21.5 %, and the relative costs of small loans as compared to those of EUR 1 million have shrunk during that period from 25 % to

21 %. However, this might be an effect of further reduced demand, as some SMEs have reverted to other means of finance because of limited chances of success in the past.

It is in venture capital financing where more severe problems persist, despite comprehensive policy action in recent years. There has been little improvement as compared to last year on any of the indicators. The same holds for the longer period since 2008. In particular when it comes to the availability of equity for new and growing firms and to business angel funding, Austria still trails the EU average. The lack of equity capital also relates to the relative unattractiveness of IPOs and problems caused,

for example, by relatively high fees for those companies that are still listed on the stock exchange.

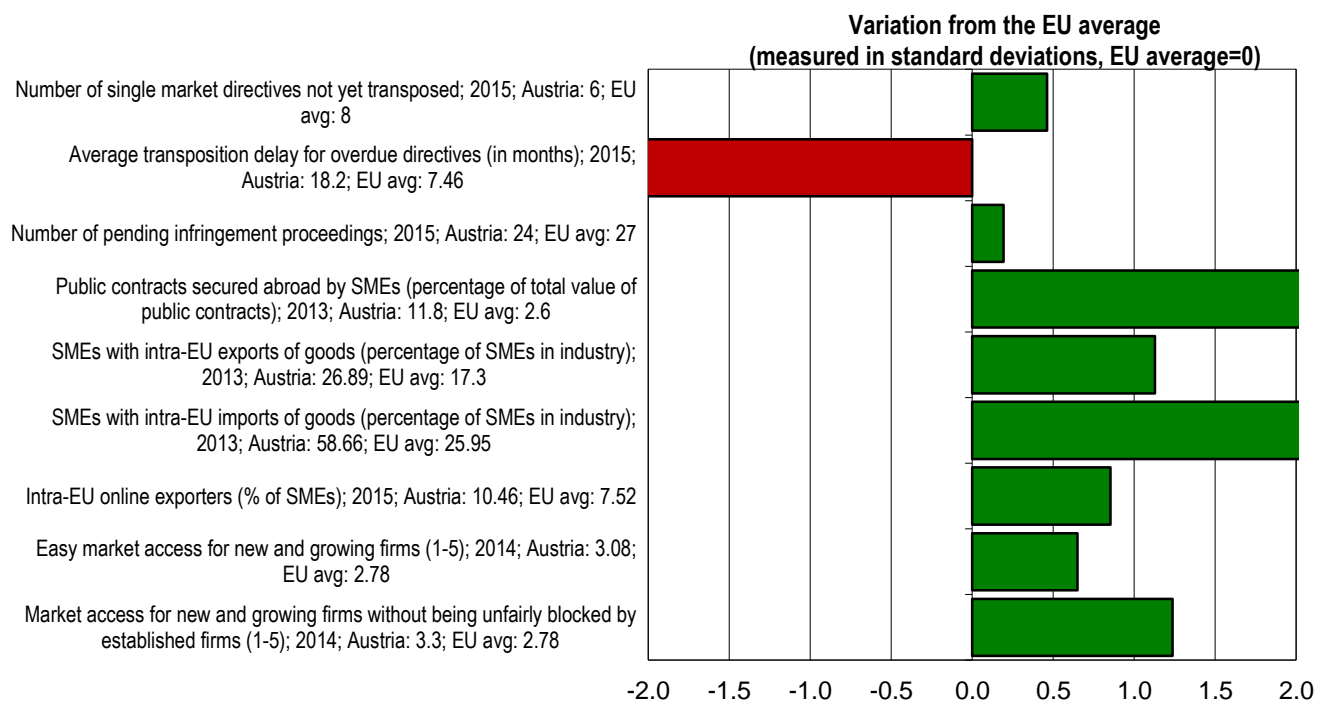
Still, Austria has been very active in improving the policy Environment since 2008. It has been one of the main focuses of SBA activities. Market-failure in early stages has been addressed by a series of tailor-made measures since 2008 (e.g. Funding Manager, a portal for managing funding applications, and the Founder Fund, a venture capital fund set up by the Austrian federal promotional bank (aws). However, internationally competitive legal framework conditions for private equity and venture capital investments are still required. The Austrian government is planning to implement such a framework to better address the significant gap in this field.

As for the development and consolidation phase of companies, although a framework of regulations has been set up, more

targeted and attractive measures and incentives should be envisaged, in line with the policy agenda of the capital markets union, which includes improved access for SMEs to capital markets.

On the positive side, a particularly business-friendly measure was launched in the field of Access to finance during 2015 and the first quarter of 2016. Through the creation of an independent Crowdfunding Law (*Alternativfinanzierungsgesetz – AltFG*), specific regulations for crowdfunding were established. Conditions and requirements for crowdfunding platforms and projects have been defined so that private investors are allowed and better incentivised to invest within the legal framework introduced by the AltFG. The law therefore offers an important additional route of Access to finance.

3.6 Single market



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

Austria continues to do well in this SBA area and performs above the EU average, just as in the previous year. There was some notable progress in the last 12 months as regards the implementation of Single market legislation. The number of Single market directives not yet transposed dropped from 18 to six. The number of infringement procedures fell from 27 to 24. This was contrasted by a rise in the average transposition delay for overdue directives from almost eight to 18 months. However, the drastically reduced number of outstanding directives puts this increase in perspective. The developments of last year are a

continuation of a longer-term effort to progress as regards the implementation of Single market legislation. Hence, since 2008 the number of pending infringement proceedings has more than halved from 54 to 24 in 2015. This progress was also the main driver for Austria's overall performance improvement in this SBA principle domain. As a result, Austria is now perceived as having a market that young and growing firms generally find easy to access without significant hindrance by incumbent firms. However, there are exceptions to this rule, especially as regards the service sector, where the traffic, and information and

communication sectors seem to have obstacles in market access, as indicated by current business statistics for the service sector.¹⁷

The trading performance of Austrian SMEs within the Single market has stagnated, albeit at a very high level. In terms of both SMEs exporting to and importing from the Single market, Austria features in the top group of EU Member States. However, the proportions have, if anything slid in recent years. There is only one exception. Austrian SMEs have harnessed the opportunities offered by the new ICT technologies for their exporting in recent years. The proportion of Austrian SMEs exporting online expanded from 4.5 % in 2009 to 10.5 % in 2015.

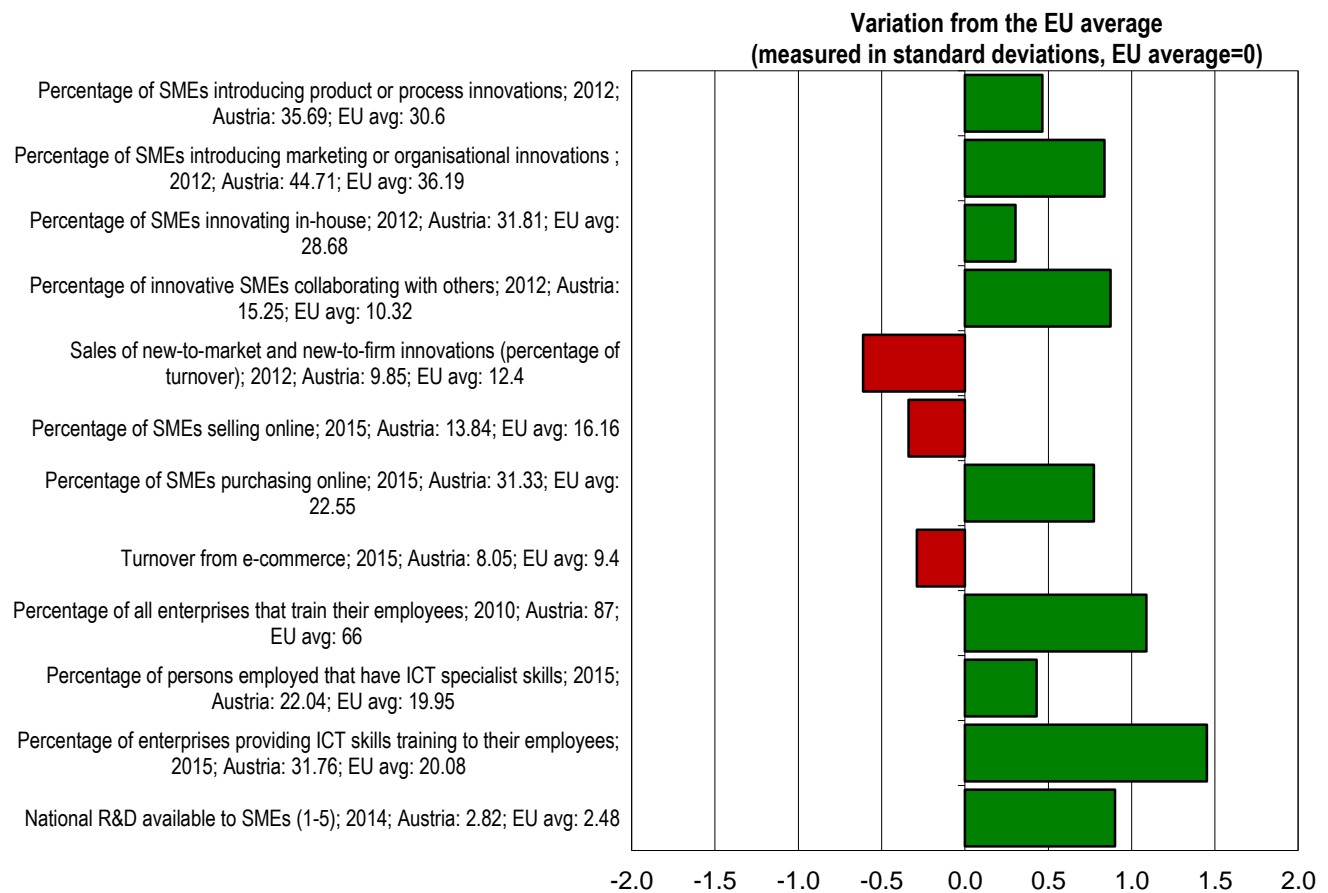
Apart from the focus on implementing Single market legislation, progress in policy implementation was limited. Actions are

characterised by their long-term nature and the number of initiatives and interventions could be more significant. Measures have been concentrated on releasing SMEs from burdens of standardisation processes and, at the same time, SMEs' involvement in the same processes has been facilitated, ensuring that board composition, feedback loops and input from SMEs in standards development projects are more effective.

During the reporting period, only one significant measure was launched, namely the 2016 Standards Law (*Normwesen-Gesetz 2016*). This abolishes fees for participating in standardisation committees, so that SMEs are released from the costs of contributing to their work.

Overall, the SBA agenda is comprehensively addressed.

3.7 Skills & innovation



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

Austria performs well above the EU average in this SBA area. It is part of the EU frontrunner group. There has been little change as compared to last year. Austria's profile as regards Skills &

innovation shows no fundamental weaknesses. In the majority of indicators, be they related to SMEs' innovative capacities, training activities or ICT proficiency, Austria scores well above

the EU average. A concern is the stagnating trend over recent years. Austria has not expanded the innovative capacity of its SMEs since 2008.

The situation is somewhat better as regards the take-up of ICT. The proportion of Austrian SMEs selling and purchasing online has expanded in recent years. The same is true for the proportion of SMEs which have provided training to their staff in ICT skills. The share of SMEs' turnover generated from e-commerce in total commerce as well as the proportion of ITC specialists in the SME labour force has remained largely unchanged over the past 10 years. Hence, there is also room for improvement in this domain.

Austria has tried to promote the innovative capabilities of its SMEs with a wide range of measures with the explicit ambition of becoming an 'innovation leader'. Since 2008, a set of funding and supporting measures have been implemented in the Skills & innovation area. For instance, the voucher for creative activities (*Kreativwirtschaftsschecks*) was introduced to facilitate the exploitation of public research institutions' knowledge and to foster innovation in the country. Other measures, such as the National Competencies Report and funding schemes, have also been implemented in recent years.

During the reference period, both strategic and operational measures have been launched:

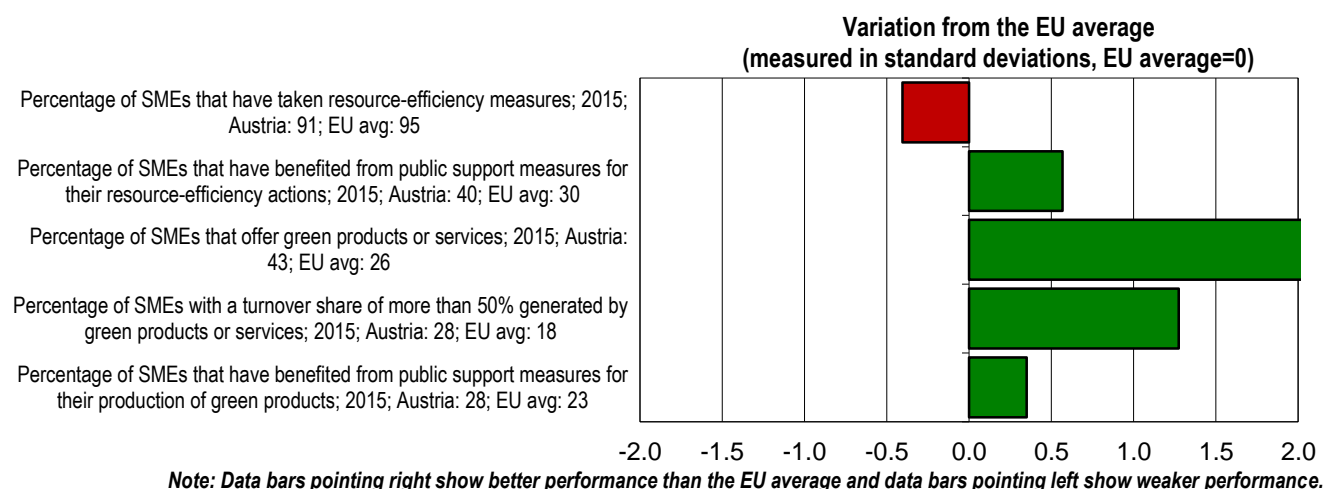
- the Open Innovation Initiative was launched in mid-2015 by the Austrian federal administration and the Austrian Council for Research and Technology Development (RFTE), as a national dialogue on ways to boost the development and

implementation of innovation strategies with the involvement of a broad base of stakeholders. A stakeholder workshop was launched in 2015 to collect the insights, needs and wishes of Austrian society across a number of areas (science and research, economy, social innovation, administration). The main topics discussed were related to encouraging creativity during the school years and beyond, reducing the fear of experimenting, solving issues associated with IPR and finding appropriate ways to compensate user participation and crowdsourcing. The plan is to finalise and launch the strategy by mid-2016. The strategy will be made up of concrete measures: grants, incentives, regulations;

- the Foundation Law (*Bundes-Stiftungs- und Fondsgesetz 2015*) introduces tax incentives for private investors for funding to non-profit science and research bodies. The objective is to encourage more players to provide financial resources and capital for research, science and culture. Research investment at national level is expected to increase by a total of EUR 100 million in the next five years; and
- the AWS Industry 4.0 measure (*aws Industrie 4.0*) by the Federal Ministry of Science, Research and Economy provides grants for projects in the area of innovative manufacturing processes. The measure supports, *inter alia*, horizontal integration over the value creation process, data-integration, vertical integration and connection of production systems.

Overall, the SBA agenda is comprehensively addressed.

3.8 Environment



Austria performs above the EU average in this area. The updated data for 2015 helped Austria to consolidate its performance as one of the EU's best performers. While for most indicators

Austria saw a modest fall, this drop was less accentuated than in most other Member States. During the financial crisis, many governments trimmed support measures for resource-efficiency

and green production in SMEs. Also, many SMEs felt under pressure to review cost structure. As a result, the proportion of SMEs undertaking resource-efficiency investments and investments in green products fell. Austrian SMEs were not spared from this process but held up much better than most of their peers in the EU. Most notably, the proportion of SMEs engaged in producing green products remained stable at 43 %. Only Luxembourg surpasses Austria in this respect.

This performance is partly due to the significant policy initiatives undertaken in this field, including different funding schemes and fiscal incentives to support the development of energy efficiency solutions and the creation of new green products. Policy initiatives undertaken in recent years have been quite effective and are in line with the SBA recommendations, even though further attention and more targeted measures on the Environmental protection and sustainable utilisation of natural resources should be pursued also in the future.

During 2015 and the first quarter of 2016, two measures have been adopted:

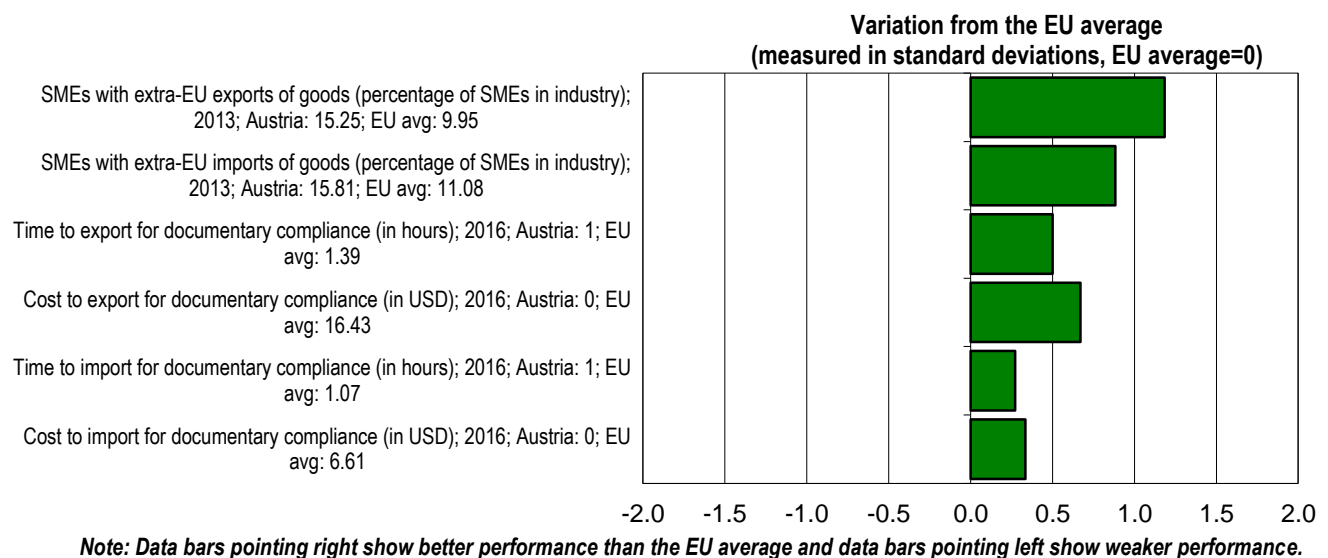
- the Energy Efficiency Monitoring Body Directive (*Energieeffizienz-Richtlinienverordnung*) establishes that

energy suppliers must report their annual efficiency measures by 14 February of the following year. The monitoring body has a period in which it can review the correctness of the reported measures and delete any invalid ones. The regulatory initiative allows energy providers to obtain increased legal and planning safety and certainty for the eligibility of energy efficiency measures applied. Energy suppliers are permitted a three-month transition period to address any gap caused by a measure being found invalid by the monitoring body; and

- The 'starte' e-mobility start-up challenge was implemented by the Federal Ministry for Transport, Innovation and Technology, in cooperation with the Climate and Energy Fund, through a call opened during the second half of 2015. It provides incentives for concepts, innovative ideas and start-ups in the field of infrastructure solutions and utilisation systems for e-mobility. From a total of 27 projects, an independent jury has selected the best three projects to receive a six-month training programme and prizes of between EUR 5 000 and EUR 15 000.

Overall, the SBA agenda is comprehensively addressed.

3.9 Internationalisation



Austria performs above the EU average in this domain. After a dip last year, Austria features again among the EU's top performing Member States. A comparison with last year's findings is made difficult by the methodological changes associated with an important number of indicators in this segment. The World Bank, as the original source of the indicators measuring the administrative costs and times related to exports to and imports from non-EU countries, has altered their definition. Given that these changes were done in the spirit of reducing a previously existing bias against landlocked countries,

Austria was among the countries which benefited from the adjustment. In particular as regards the administrative costs for exporting and importing, its relative position vis-a-vis other Member States has improved.

The trading performance of Austrian SMEs, both on the export as well as on the import side, remains well above the EU average. It has stayed at this level effectively unchanged since 2008. Combined with the strong intra-EU trading performance as

detailed in section 3.6, this is proof of the enduring competitive strength of Austria's SMEs.

Policy-wise since 2008, Austria has made substantial progress. Weaknesses of its foreign-trade activities have been addressed by appropriate measures. Measures such as the Internationalisation Offensive, an initiative that supports exports and foreign investment, or tec4 market, a measure fostering the Internationalisation of technology firms, were implemented and are now showing impact.

Significant activity has been observed during 2015 and the first quarter of 2016, as described below:

- the Global Incubator Network (GIN) is a new platform to enhance the financial and economic infrastructure for start-ups, investors and start-up agencies in Austria. The GIN provides international expertise and networking for Austrian start-ups that want to go global and enter international markets, but it also offers support schemes

for international start-ups and investors to enter the Austrian and European market or to find interesting investment opportunities. The measure is implemented in coordination between the Federal Ministry of Science, Research and Economy, the FFG and the Austrian federal promotional bank, and the available financial resources are EUR 4 000 000; and

- the Beyond Europe initiative, launched by the Federal Ministry of Science, Research and Economy in cooperation with the FFG, supports Austrian companies, research and university institutes, and other organisations, in creating and extending international R&D collaboration. A number of partners cooperate in R&D projects to achieve jointly set targets. Projects are funded with amounts ranging from EUR 100 000 to EUR 500 000 over a maximum period of three years. The overall available budget is EUR 4 600 000.

Overall, the SBA agenda is comprehensively addressed.

4. Interesting initiative

Below is an example of an initiative from Austria to show what governments can do to support SMEs:

Crowdfunding Law (*Alternativfinanzierungsgesetz — AltFG*)

The national Crowdfunding Law (AltFG) sets the first step in defining the framework conditions for private SME financing in Austria. It determines the rules for very early stage financing (and a young asset class) for start-ups and SMEs. In addition, with the implementation of this law in 2015, the government signalled that the lack of framework conditions is on the political agenda. As such, it is the starting point and not the final point of the government's activity in this field, as the legal investment-framework for later company life-cycle phases is still missing.

AltFG lays down rules for crowdfunding and establishes conditions and requirements for crowdfunding projects and crowdfunding platforms. Thus, private investors ('the crowd') are allowed to invest on the basis of the AltFG.

Furthermore, AltFG covers public offering of alternative financing instruments by direct call of an issuer, as well as those which are offered by internet platforms, i.e. 'crowd-financing platforms'. Sponsoring or donations are not covered by AltFG. Public offerings above a total value of EUR 1.5 million and up to EUR 5 million are covered by an obligation to draw up a simplified prospectus. This threshold defines the scope of AltFG.

Within its scope, AltFG defines the obligations of the issuer in terms of information (such as thresholds, scope, periodicity and route of information obligation), the auditing duty (auditor and scope of audit), and regulations for internet platforms (information obligation, validation of issuer information, privacy) and several regulations to prevent abuse.

References:

https://www.parlament.gv.at/PAKT/VHG/XXV/ME/ME_00116/index.shtml

https://www.parlament.gv.at/PAKT/VHG/XXV/ME/ME_00116/imfname_398663.pdf

Crowdfunding und Crowdinvesting. Neue Wege der Unternehmensfinanzierung für start-ups und KMU plus Fallbeispiele, Linde Verlag, Pöltner, Horag (Hrsg.), Vienna 2016, ISBN 978-3-7073-3016-8

Important remarks

The European Commission Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) produces the SBA fact sheets as part of the SME Performance Review (SPR), its main vehicle for economic analysis of SME issues. They combine the latest available statistical and policy information. Produced annually, the fact sheets help to organise the available information to facilitate SME policy assessments and monitor SBA implementation. They take stock and record progress. They are not an assessment of Member State policies. Rather, they should be regarded as an additional source of information to improve evidence-based policy-making. For example, they cite only policy measures national SME policy experts consider relevant. They do not and cannot reflect all measures the government has taken over the reference period. There is more policy information on a database accessible from the SPR website.

SME Performance Review:

http://ec.europa.eu/growth/smes/business-friendly-Environment/performance-review/index_en.htm

grow-spr@ec.europa.eu

Small Business Act:

http://ec.europa.eu/growth/smes/business-friendly-Environment/small-business-act/index_en.htm

European Small Business Portal:

http://ec.europa.eu/small-business/index_en.htm

Endnotes

¹ The two graphs below present the trend over time for the variables. They consist of index values for the years since 2008, with the base year 2008 set at a value of 100. As from 2014, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008-2013 figures from Eurostat's Structural Business Statistics Database. The data cover the 'non-financial business economy', which includes industry, construction, trade and services (NACE Rev. 2 sections B to J, L, M and N). They do not cover enterprises in agriculture, forestry and fisheries or largely non-market service sectors such as education and health. A detailed methodology can be consulted at: http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index_en.htm

² It should be noted that it is not clear whether all additional jobs created were full-time positions.

³ UniCredit Bank Austria AG, *Branchenbericht Gütertransport und Speditionen April 2015*, p. 4; accessible at: https://www.google.de/url?sa=t&rct=j&q=&esrc=s&source=web&cd=4&cad=rja&uact=8&ved=0ahUKEwjModepqaMAhWLDcAKHUsABXcQFggwMAM&url=https%3A%2F%2Fwww.bankaustria.at%2Ffiles%2Fguetertransport_u_Speditionen.pdf&usq=AFQjCNFbNylXhfhPOfg7dPOIKAL-HVDCw&bvm=bv.119745492,d.ZGg; last accessed 25.4.2016.

⁴ Ibid., p. 5.

⁵ Ibid., p. 6.

⁶ <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=1937>; last accessed 21.4.2016.

⁷ <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=1937>; last accessed 21.4.2016.

⁸ <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=1937>; last accessed 21.4.2016.

⁹ New registrations data provided by Wirtschaftskammern Österreich exclude re-establishments, short-term de-registrations and establishments of branches, whereas data by Statistik Austria include them. Therefore, the measures are not comparable.

¹⁰ http://www.statistik.at/web_en/statistics/Economy/enterprises/business_demography_since_2015/index.html; last accessed 22.4.2016.

¹¹ The 2016 SBA fact sheets benefited substantially from input from the European Commission's Joint Research Centre (JRC) in Ispra, Italy. The JRC made major improvements to the methodological approach, statistical work on the dataset and the visual presentation of the data.

¹² The quadrant chart combines two sets of information. Firstly, it shows current performance based on data for the latest available years. This information is plotted along the X-axis measured in standard deviations of the simple, non-weighted arithmetical average for the EU-28. Secondly, it shows progress over time, i.e. the average annual growth rates from 2008 to 2016. These are measured against the individual indicators which make up the SBA area averages. This means that the location of a particular SBA area average in any of the four quadrants provides information not only about where the country is located in this SBA area relative to the EU average at a given point in time, but also about the extent of progress made between 2008 and 2016. All SBA principles, with the exception of the 'Think Small First' principle for which there is not enough statistical data available, are calculated as composite indicators following the OECD/JRC Handbook guide. A detailed methodology can be consulted at: http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index_en.htm

¹³ The policy measures presented in this SBA fact sheet are only a selection of the measures the government took in 2015 and the first quarter of 2016. The national SME policy expert that CARSA Spain (DG GROW's lead contractor for the 2016 SBA fact sheets) contracted made the selection. The experts were asked to select only the measures they considered the most important, i.e. the ones expected to have the highest impact in the SBA area in question. The complete range of measures the experts compiled in producing this year's fact sheets will be published alongside the fact sheets in the form of a policy database on the DG GROW website.

¹⁴ OECD economic surveys, *Austria*, July 2015, p. 48;
https://www.sozialministerium.at/cms/site/attachments/4/4/1/CH2267/CMS1427886369459/oecd_-_economic_surveys_austria_2015.pdf

¹⁵ https://www.parlament.gv.at/PAKT/PR/JAHR_2015/PK0634/index.shtml

¹⁶ <https://www.wirkungsmonitoring.gv.at/2015-vorhaben-wfa.html?style=color>

¹⁷ http://www.statistik.at/web_de/statistiken/wirtschaft/handel_und_dienstleistungen/konjunkturdaten/020644.html