

ECONOMIC RELATIONS AUSTRIA - RUSSIA

STATUS OF THE RUSSIAN ECONOMY

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ADVANTAGE AUSTRIA IN MOSCOW



ADVANTAGE AUSTRIA MOSCOW

- Commercial Counsellor: Rudolf Lukavsky
- 15 employees
- covering Russia, Belarus, Armenia
- Commercial offices in in Minsk, Ekaterinburg and St. Petersburg
- Consultants in Yerevan und Novosibirsk



Knowledge

Plattformen

Partner

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AUSSENWIRTSCHAFT AUSTRIA

MAIN EVENTS 2018

- Events in Austria
 - Business Forum **President Putin** in Vienna | 5 June
 - Forum Sanctions **Russia/Iran** in Vienna | 31 October
 - Business Forum **Moscow Region** in Vienna | 22 November
- Events in Russia
 - National Stand **Interplastica** in Moscow | 23-26 January
 - National Stand **Prodexpo** in Moscow | 5-9 February
 - National Stand **Education and Career** in Moscow | 2-4 March
 - Cooperation with **Northern Caucasus Food/Agro/Tourism/Energy** in Moscow | 29-30 May
 - Suppliers Day **Automobile Cluster** at GAZ in Nishny Novgorod | 6 June
 - Trade Mission **Far East** in Chabarowsk/Vladivostok/Kamchatka | 1-7 October
 - Future in Technology **Visual Computing and Virtual Reality** in Moscow | 15-17 October
 - Trade Mission **Vorarlberg** in Moscow | 22 - 25 October
 - Trade Mission **Nordwestern Russia** in St. Petersburg | 7-9 November
 - regular Austrian Business Circles in Moscow and St. Petersburg, Workshops
- Webinar/Seminar **Compliance und Anti-Corruption** in Moscow | 8 October

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MAIN EVENTS 2019

- Events in Austria
 - **Business Club CIS** in Vienna | 11 March
 - **Day of the Russian Regions** in Vienna | 25 March
 - Incoming Mission **Interalpin** in Innsbruck | 8-10 May
 - **Forum Russia** in Vienna | 3 June
 - **Forum Sactions Russland/Iran** in Vienna | 31 October
- Events in Russia
 - **Austrian Ski Race** in Roza Khutor/Sochi | 25-27 January
 - National Stand **Interplastica** in Moscow | 29 January - 1 February
 - Austria Showcase **Agro-Tech** in Ufa | 13-14 March
 - National Stand **Education and Career** in Moscow | 16-17 March
 - Austria Showcase **Health Tourism** in Moscow | 23-26 May
 - National Stand **Austria/Switzerland Waste Tech** in Moscow | 4-6 June
 - National Stand **Wire Russia** in Moscow | 18-20 June
 - Businesss Forum **Innoprom** in Ekaterinburg | 8-11 July
 - Trade Mission **Irkutsk/Ulan Ude/Yakutsk** | 22-29 September
 - Suppliers Day **Automobile Cluster at Kamaz** in Naberezhnye Chelny | 24 September
 - Austria-Russia **Business Council** in Moscow | autumn tbc
 - Austria Showcase **Agro-Tech** in Krasnodar | 19-21 November
 - National Stand **Woodex** in Moscow | 3-6 December
 - regular **Austrian Business Circles** in Moscow und St. Petersburg, Workshops

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ECONOMIC SITUATION IN RUSSIA



BASIC DATA

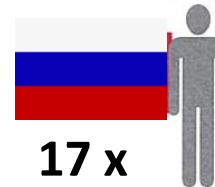
- Area (sqkm):
- Russia: 17.075.400
- Austria: 83.870

200 x



GDP (bn. EUR) :
Russia: 1.624,9
Austria: 456,6

* 2018 (source EIU)



Population (mil.):
Russia: 147,0
Austria: 8,8

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KEY ECONOMIC DATA

Indicator	2017	2018	2019*	2020*
GDP-Growth (real)	+1,5 %	+1,7 %	+1,6 %	+1,6 %
Exchange Rate (Ø RUB - EUR)	65,94	74,04	75,78	-
Inflation (average)	+2,5 %	+4,3 %	+4,7 %	+4,0 %
Imports (in bn. USD)	238	249	261	273
Capital outflow (in bn. USD)	25,2	32,0 (Jan.-Sep.)	-	-
Unemployment	5,2 %	4,8 %	5,0 %	5,3 %

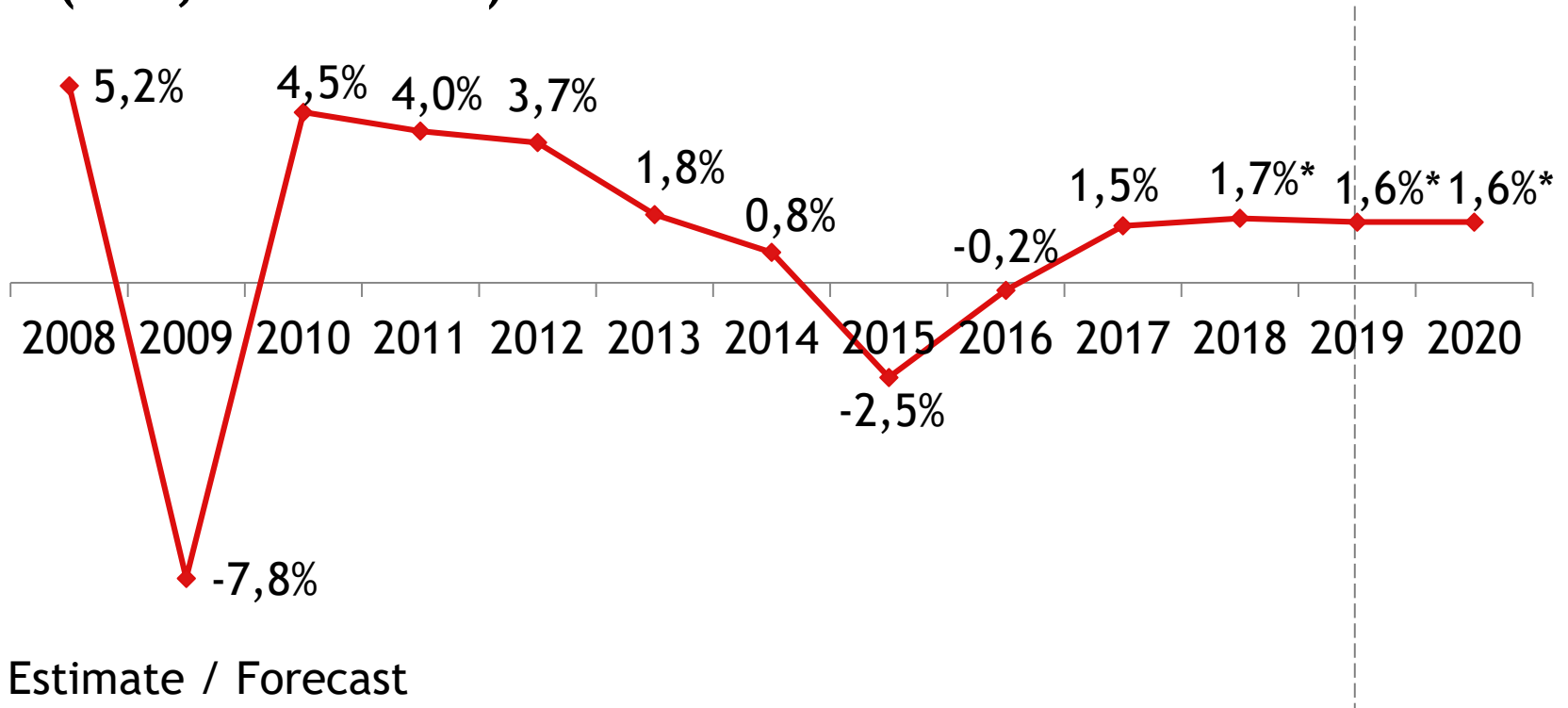
* Estimate resp. forecast
Source: EIU, EZB, CBR, RBI Forecast

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TURBULANT RUSSIAN ECONOMY

Russian GDP-Growth (real, 2008-2020)



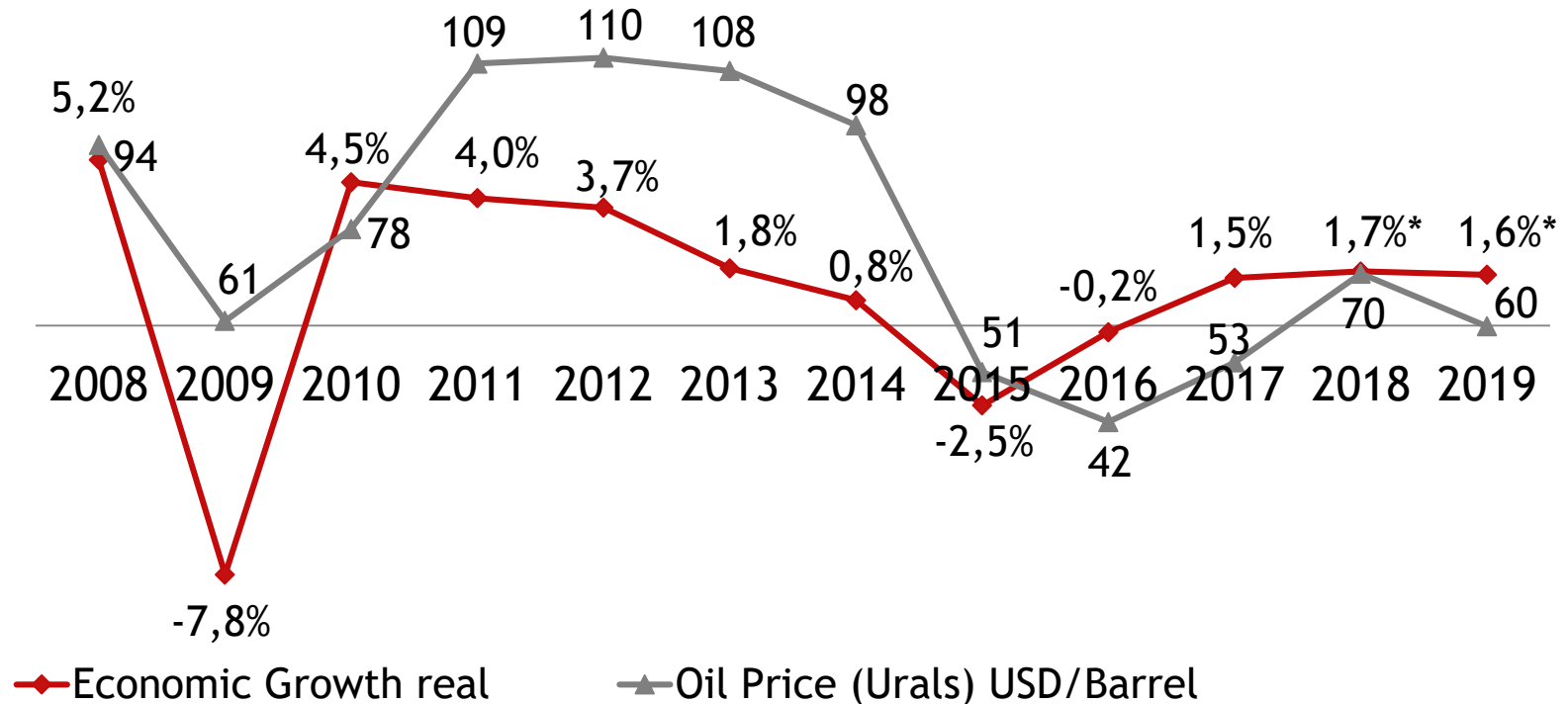
Source: EIU

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OIL PRICE - INFLUENCE ON RUSSIAN ECONOMY

Russian GDP-Growth and Oil Price (2007 - 2019)



Source: EIU, BOFIT, Forecast

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RECENT DEVELOPMENT

- Russian Economy since 2014 in turbulences
 - Ukraine-crisis and sanctions
 - drop of oil prices
 - devaluation of the Russian Rouble
 - stagnation of real household income
- continued extension of EU sanctions until 2019
- wider US-sanctions 2017/2018 (CAATSA), 2019 (DASKA)
- rise of US-pressure on non-US-persons via CAATSA

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SANCTIONS AND THE RUSSIAN ECONOMY



SANCTIONS

EU-sanctions

- personal sanctions (natural and juristic persons)
- regional sanctions (Crimea and Sewastopol)
- sectoral sanctions (oil industry, military and dual-use)
- capital market sanctions



Russian sanctions

- ban of persons entering Russia
- import bans for certain food and agricultural products



US-sanctions

- similar to EU: personal, regional, sectoral, capital market
- extraterritory principle, „Significant transactions“
- not aligned with EU since 2017 (cyber sanctions, CAATSA)
- potential new sanctions 2019 (DASKA)



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SPECIAL DEVELOPMENTS

- import substitution and localisation
- preference for local suppliers for public tenders
- large infrastructure projects (transport, energy etc)
- Nord-Stream 2, Turkish-Stream and „Sila Sibirii“
- orientation towards Asia - chances or threats for Russia?
 - Chinese companies invest in Russia
 - Silk Road opens corridor from China to Europe
 - technology from South Korea, Taiwan, China gains market share
- Special Economic Zones and development of Russian Far East





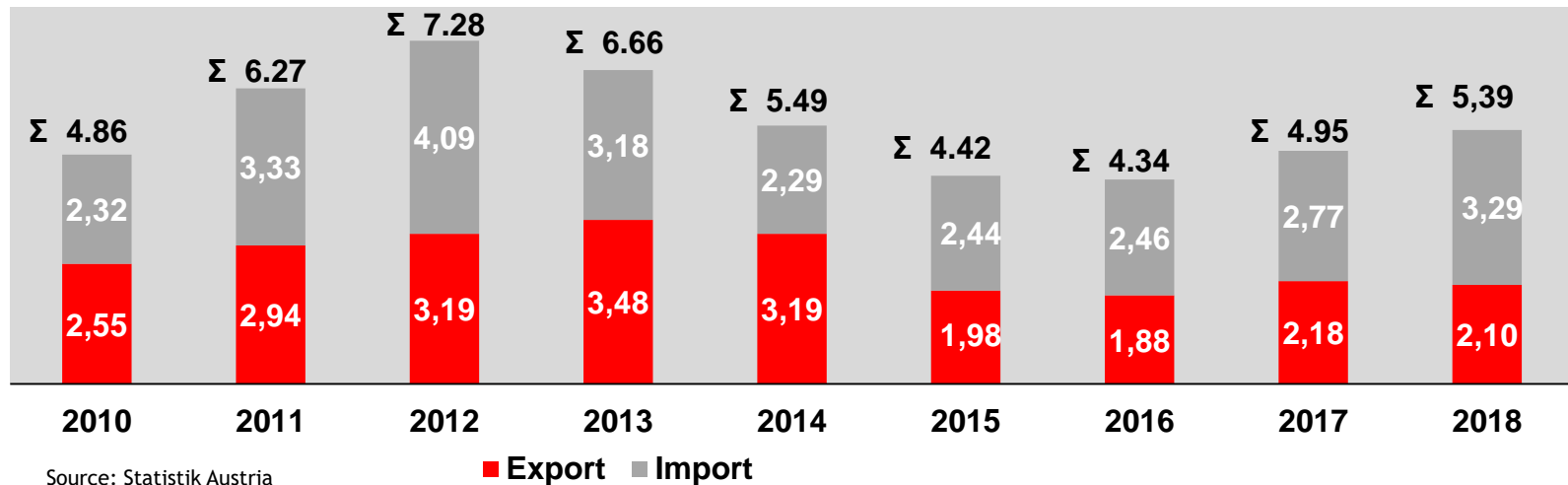
AUSTRIAN-RUSSIAN ECONOMIC RELATIONS



FOREIGN TRADE DEVELOPMENT

- 2012 highest level of bilateral trade EUR 7.28 bn.
- 2013 highest level of Austrian exports EUR 3.48 bn.
- 2013 – 2016 drop of Austrian exports by -46 %
- since 10/2016 turnaround - 2017 exports +16,1 %, imports +12,3 %
- 2018 – exports -3,7%, imports +19,0%
- Russia 17 most important trading partner for Austria

Foreign Trade Austria-Russia (2010 – 2018, in bn. EUR)



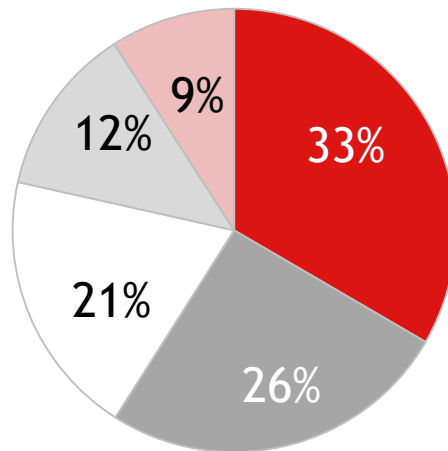
Source: Statistik Austria

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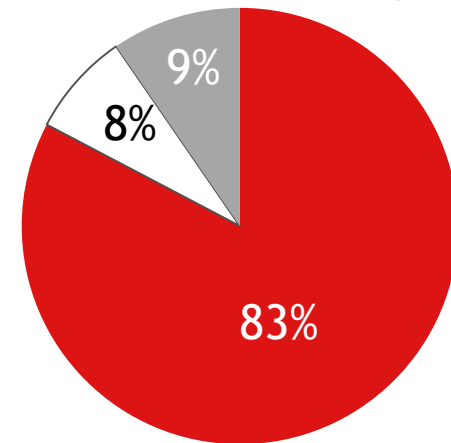
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FOREIGN TRADE STRUCTURE

- Most important export goods: machines & equipment (incl. electronics, car & train equipment), pharmaceutical products, metal & metal goods, food
- Most important import goods: mineral fuels, metals & metal goods



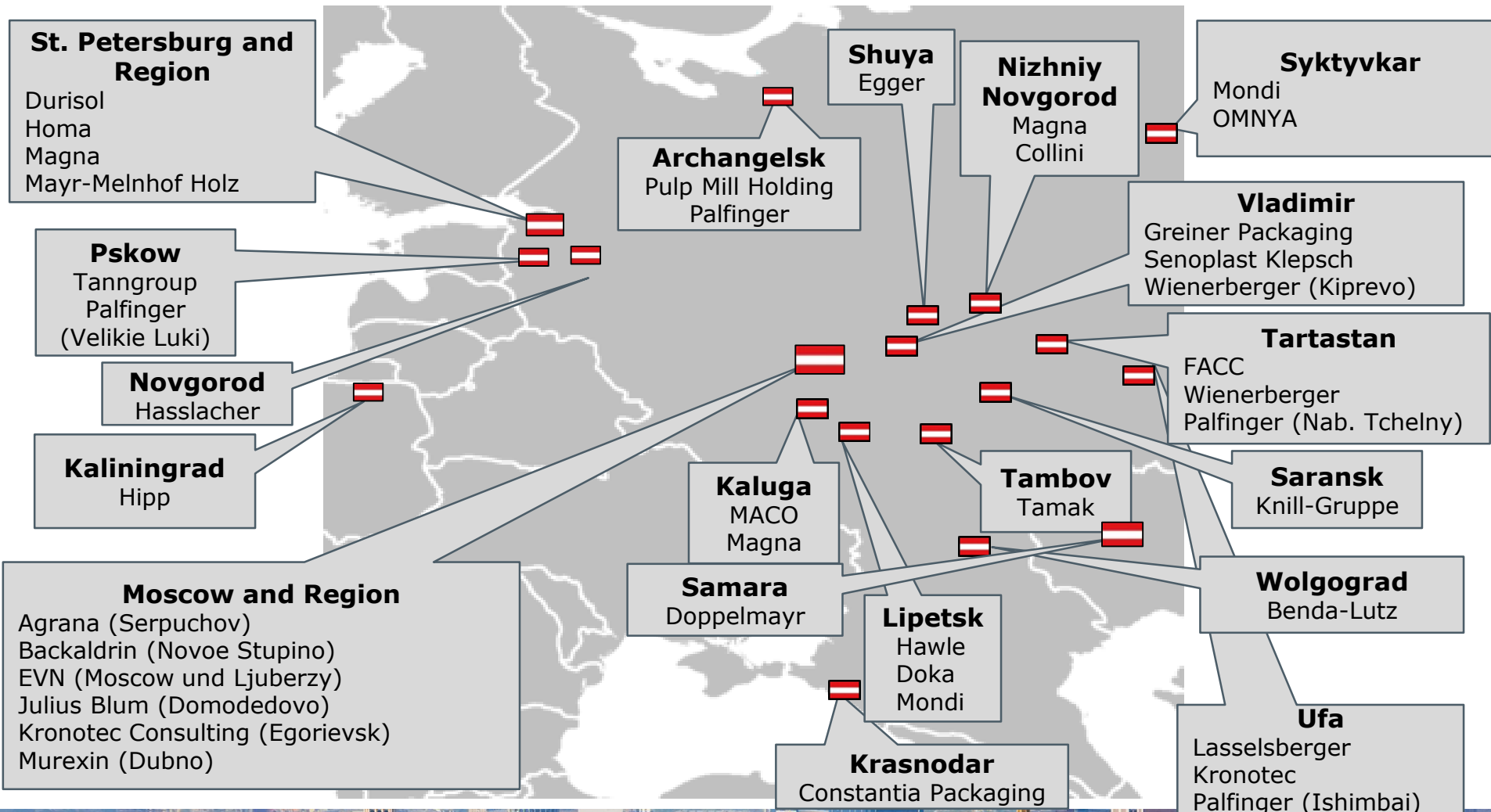
- Machines & equipment (incl. electronics, car & train equipment)
- Pharmaceutical products
- Others
- Metal and metal goods
- Groceries



- Mineral fuels
- Metals & metal goods, wood
- Others

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AUSTRIAN INVESTMENT - 6,2 BN. EUR



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PALFINGER PRODUCES CRANES AND UND CYLINDERS



- total investment of 50 mil. Euro in Russia
- 3 factories in Russia INMASH, BELMASH, SMZ - various types of cranes
- 2 Joint Ventures with Kamaz - cranes and hydraulic cylinders

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START OF PRDUCTION OF KORNSPITZ

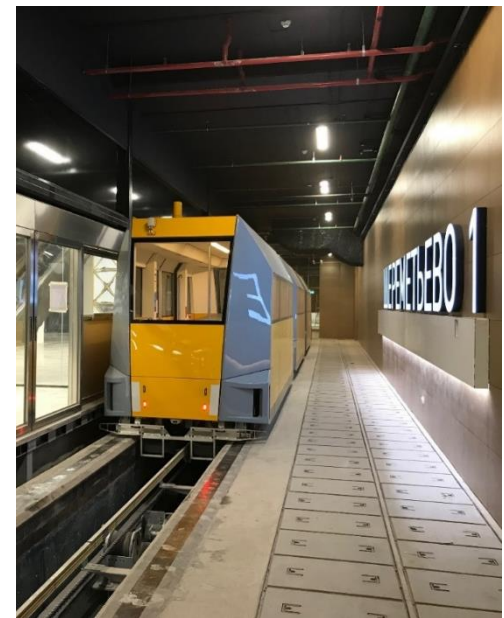


- backaldrin The Kornspitz Company
- Russian subsidiary ARVALUS factory opening in October 2017 in Stupino (Moscow Region) new production of bakery supplies



DOPPELMAYR IN RUSSIA

- 150 installations in Russis
- 40 ski lifts/cable cars in Sochi - winter sport infrastructure Roza Khutor/Gazprom
- service center und warehouse in Sochi
- JV production of steel structures in Samara
- new projects in Moscow
 - 2 km Cable Liner Airport Sheremeyevo
 - cable car project in exhibition park WDNH



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KRONOSPAN PLANS FURTHER INVESTMENTS

- Kronospan worlds biggest wooden board producer
- Investment in Russian regions

Kaluga, Kaliningrad and Bashkortostan

- Kaluga: new site for wooden boards
- Kaliningrad: new chipboard and MDF board production
- Ufa: extension of existing factory
- investment of 600 mil. Euro in new factories





MAGNA INTERNATIONAL

World class manufacturing for Russia's automotive industry

Magna is a leading global automotive supplier. The company designs, develops and manufactures automotive systems and modules and also provides its customers services in complete vehicle engineering and contract manufacturing. Since 2009, Magna has successfully launched several production facilities in Russia's major automotive regions to locally supply all major carmakers. The product range in Russia includes body, chassis, interior, exterior, seating, vision and closure systems as well as modules. Magna keeps delivering new technologies and state-of-the-art production knowledge. All these efforts have enabled Magna to introduce several new products to the Russian automotive industry every year.



COFFEESHOP COMPANY

A new interpretation of Viennese Coffee Culture for the Russian market

The Austrian family enterprise Coffeeshop Company, which is part of the traditional and international Schaerl Group, is represented in 24 countries across five continents. The Coffeeshop Company is inspired by a new interpretation of Viennese Coffee Culture. Russia is among the company's largest export markets and growing rapidly. 80 Coffeeshops have been established in Russia within the last four years. The expansion was made possible by the strong cooperative relationship between the company's partners in Russia and its Austrian headquarters.

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STRABAG

Ein historisches Antlitz für das neue Hotel Moskau

STRABAG ist einer der führenden Baukonzerne Europas, dessen Dienstleistungen sämtliche Bereiche der Bauindustrie abdecken. Als Generalunternehmer und Generalplaner war das Unternehmen am Bau des Hotel Moskau beteiligt, das wohl bekannteste Hotel in der Innenstadt Moskaus und auch eines der größten Hotels der russischen Hauptstadt. Das Hotel war ursprünglich in den 30er Jahren im historischen Stadtteil errichtet worden. Anfang des neuen Jahrtausends baute die STRABAG an seiner Stelle nach historischem Vorbild einen Multifunktionskomplex, der ein Fünf-Sterne-Hotel, Büroräume, Verkaufsflächen und eine Tiefgarage umfasst.



RAIFFEISEN BANK INTERNATIONAL

High-class financial services for Russian customers

A subsidiary of Austrian Raiffeisen Bank International, ZAO Raiffeisenbank has been operating in the Russian Federation for almost two decades. With a network of roughly 200 branch offices, it is represented in 49 Russian regions. Its commitment to serve local and international retail and corporate customers has been recognised with numerous awards. In 2013, Raiffeisenbank was named "Best Foreign Bank in Russia" for the third time in a row by the EMEA Finance Magazine. In 2006, Raiffeisenbank acquired 100% of OAO Impexbank's shares and today ranks among the top 10 banks in Russia.

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OUTLOOK FOR AUSTRIAN ACTIVITIES IN RUSSIA

■ strenghts/opportunitites

- sound macroeconomic key data
- rising public investment - major infrastructure projects
- modernization of the industry & agriculture / diversification
- demand for modern technology

■ weaknesses/threats

- preference for local suppliers / protectionistic measures
- volatile exchange rate
- stagnation of purchasing power
- sanctions/import restrictions

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We are glad to answer your questions!

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