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Report Highlights:

Consumer-oriented food and beverage products remain the top U.S. agricultural and food exports to Austria. In 2019, the consumer-oriented sector accounted for almost 60 percent of total U.S. agricultural, fish, and forestry exports to Austria. Consumer trends are creating good market opportunities for organic, health, diet, convenience, and 'sustainable' food products. Market opportunities for U.S. products include fish and seafood products, tree nuts, processed fruits and vegetables, bourbon whiskies, fresh fruits and vegetables, wine, pet foods, dried fruits, fruit juices, snack foods, and high-quality beef. However, the COVID-19 crisis and response have impacted the economy and trade and generated uncertainties.

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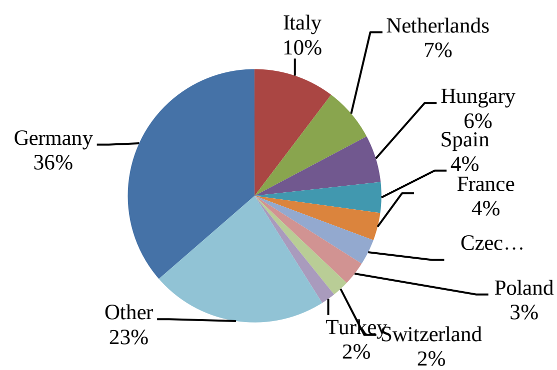
Executive Summary

Austria has a small, but highly developed, market economy with a high standard of living. It occupies a strategic position in the center of Europe and is closely tied to other European Union (EU) economies, in particular Germany. Austria is a part of the EU single market and customs union and is a Eurozone member. The Austrian economy is characterized by a large service sector, a strong industrial sector, and a small, but highly developed, agricultural sector. Austria has an export-driven economy and EU countries are its most important trading partners. In 2019, total Austrian agricultural imports from the USA reached $129 million[1]. Although food and beverages from Austria, Germany, and other EU countries dominate Austrian retail shelf space, there are good opportunities for U.S. products, particularly at the upper end of the market.

Imports of Consumer-Oriented Products

Consumer oriented food and beverage products remain the most important agricultural imports from the United States. The consumer-oriented sector accounts for about 60 percent of total agricultural, fish and forestry imports from the United States.

Top 10 Import Origins of Agricultural Products 2019



Food Processing Industry

More than 200 food processing companies employ about 27,000 people. The sector is dominated by small and medium size companies. In 2019, the sector generated an output value of roughly $10.2 billion. The subsectors with the highest revenues are confectionary, non-alcoholic beverage, meat, and the fruit juice industry.

Food Retail Industry

Austrian food retail sales in 2019 reached $27.6 billion. The sector is saturated and highly consolidated. The top three retail chains combined account for about 70 percent of total food retail revenues.

[1] Exchange rate:
2019: 1 USD = 0.8929 Euro

Quick Facts CY 2019

Imports of Agricultural Products from USA
$104 million

List of Top Consumer Oriented Agricultural, Fish, and Distilled Spirits Products from USA exported to Austria

1) Food Preparations	2) Almonds
3) Whiskies	4) Rum & Tafia
5) Wine	6) Walnuts
7) Smoked Pacific Salmon	8) Other Nuts & Mixtures
9) Sweet Potatoes	10) Sauces & Condiments

Food Industry by Channels ($ billion)

Food Industry Output	10.2
Agricultural and Related Exports	16.7
Agricultural and Related Imports	17.2
Retail	27.6

Food Industry Gross Sales
Food Industry Revenues: $12.5 billion

Top 10 Host Country Food Retailers

1) REWE Group	6) ZEV Nah&Frisch
2) Internationale Spar Centrale BV	7) Pfeiffer HandelsgmbH
3) Aldi Group	8) Royal Dutch Shell PLC
4) Schwarz Beteiligungs GmbH	9) ENI SpA
5) M-Preis Warenvertriebs GmbH (Mölk)	10) Sutterlüty Handels GmbH

GDP/Population
Population: 8.9 million
GDP: $445 billion
GDP per capita: $45,462

Strengths/Weaknesses/Opportunities/Challenges

Strengths	**Weaknesses**
High income level of the Austrian population and stable economy.	U.S. exporters face competition from tariff-free products from other EU member states and FTA partners.
Opportunities	**Threats**
Growing market for sustainable, organic, fair trade, upper class, and health foods.	Non-tariff barriers such as phytosanitary restrictions and traceability requirements can make exporting to Austria complicated.

Data and Information Sources:
Trade Data Monitor, Austrian Food Processing Industry, Statistik Austria, Euromonitor, Austrian Economic Chamber

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Section I. – Market Overview

Austria has a small, but highly developed market economy with a high standard of living. It occupies a strategic position in the center of Europe and is closely tied to other European Union (EU) economies, in particular Germany. Austria is a part of the EU single market and customs union and is a Eurozone member. The Austrian economy is characterized by a large service sector, a strong industrial sector, and a small, but highly developed agricultural sector. Austria has an export-driven economy and EU countries are its most important trading partners. The Austrian economy tends to perform better than the EU average and Austria has one of the highest gross domestic products (GDP) per capita in the entire EU, at over USD $50K.

- **Population and Key Demographic Trends**

As of January 1, 2020, slightly more than 8.9 million people lived in Austria, an increase of 0.48 percent year-on-year. Most of Austria's population growth is due to international migration gains; however, natural population growth also contributes to the overall increase. Like in other industrialized countries, Austria's population is aging. The population over 65 (official retirement age) is steadily rising. On January 1, 2020, 19 percent of the total population was 65 years old and older. (Source: Statistik Austria)

- **Size of Economy, Purchasing Power & Consumer Behavior**

In 2019, the Austrian GDP accounted for $445.3 billion (Euro 397.6 billion). The economic growth in 2019 was at 1.6 percent in real terms, which is over the average growth of the EU (plus 0.3 percent) and higher than the economic growth of Austria's most important trading partner Germany, and Italy. In 2019, the average GDP per capita in purchasing power standards was the fifth highest within the EU at $45,462 (Euro 40,593). (Source: Austrian Economic Chamber, Statistik Austria)

Since March 2020, when Austria together with most EU Member States started to enforce COVID-19 pandemic related lockdown measures and restrictions, its economy became severely disrupted. Latest forecasts by the Austrian Institute of Economic Research (WIFO) anticipate a decline in Austrian real GDP of almost seven percent and employment by about two percent in 2020. The unemployment rate is expected to reach around 10 percent. Fiscal measures to cushion the recession and the loss of tax revenues are expected to result in an increase in the public deficit to about 9.5 percent. A rebound is foreseen for 2021. However, this forecast is based on assumptions made before the second full lockdown in mid-November 2020. Future developments may be even more pessimistic, and are still subject to considerable uncertainties.

EU retaliatory tariffs imposed in June 2018, negatively impact U.S. agricultural exports to the EU, including Austria. The newly imposed 25 percent tariffs on specific agricultural products that took effect in November 2020 will further reduce U.S. agricultural export competitivity in the Austrian market.
With the economic downturn due to the Covid-19 pandemic and further the EU retaliatory tariffs on U.S. agricultural products, it is almost impossible to make a reliable assessment of the mid- to long-term impact on U.S. agricultural exports to Austria.

- **Overall Business Climate**

Austria has a well-developed market economy that welcomes foreign direct investment, particularly in technology and research and development (R&D). The country benefits from a skilled labor force, and a high standard of living, with its capital Vienna consistently placing at the top of global quality-of-life rankings. Positive aspects of Austria's business and investment climate include political stability; high levels of productivity and international competitiveness; high levels of security; and very good infrastructure. Negative aspects include high taxes and extensive bureaucracy.

Although foods and beverages from Austria, Germany, and other EU countries dominate Austrian retail shelf space, there are generally good opportunities for U.S. products, particularly in the high end market and organic sector. Consumer oriented food and beverage products remain the most important agricultural imports from the United States. The consumer-oriented sector accounts for about 60 percent of total agricultural, fish, and forestry imports from the United States.

- **Recent Trends**

The traditional Austrian diet is rich and based on meat, flour, and vegetables. Cakes and bakery products are important parts of the diet. However, there is an increasing interest in healthy lifestyles, especially among younger to middle aged consumers concerned with excess calories and healthy diets. The younger generation also appreciates trying new products and is a logical segment to aim for when introducing new food products. Since the population is steadily aging, the 50+ generation is an important target market for food products considering their specific needs, including health foods.

Biotech, genetically engineered (GE) or 'GMO' food products have a very negative image among the Austrian public. Food products that have to be labeled as biotech do not sell in Austria and cannot be found in Austrian retail stores. Austrian retailers even promote biotech free food. There is an Austrian label for biotech free products issued by "ARGE Gentechnik-frei" (Platform for 'GMO-Free' Food Products) which follows the requirements for biotech-free food products laid down by the Austrian food codex. The label states "produced without biotech" (*ohne Gentechnik hergestellt*). Major products are milk and dairy products (cows must not be fed GE feed), bread and bakery products, eggs (laying hens must not be fed GE feed), soybean products, meat, fruits, and vegetables.

A counterpoint to the negative view of biotech foods is Austria's strong and still growing market for organic agricultural and food products. The market share of organics in food retail accounts for about eight percent. Austria is very proud of its claim to hold the highest percentage of organic farmland under production within the EU. All big retail chains have their own organic brand. Thus, opportunities exist for U.S. organic companies and exporters interested in the Austrian market.

Driven by the Austrian government and non-governmental organizations (NGOs), Austrian consumers are highly aware of environmental issues. This creates a rapidly growing market for sustainably produced food products. In reaction to this trend, retail chains started launching private labels promoting the so-called sustainability of their products. The REWE retail chain, for example, introduced the "Pro Planet" brand that claims to offer food products that are produced in an environmentally and social responsible way. Also, the second largest retail chain SPAR (website only in German) promotes its sustainability concept. The biggest Austrian discounter Hofer (website only in German) promotes its improved carbon footprint for organic products sold under the label "*Zurück zum Ursprung*" (unofficial translation: "back to the roots"). Some retailers also promote fair trade products.

An increasing awareness of allergies is also raising the demand for special allergy-related food products such as gluten-free and lactose free. There is also a trend towards vegetarian and vegan diets.

The number of single-person households, including a rising number of older people, has brought about changes in demand for specific products and services. For instance, the number of pets should continue to increase as single-person households seek companionship, thus further stimulating demand for pet food. The rise in single households also boosts demand for convenience products and for food eaten outside the home. The rising number of elderly people, many of whom have significant disposable income, creates additional demand for health and specialty nutrition products.

In many households, both husbands and wives work outside the home, thus there is little time for cooking. As a consequence, the demand for convenience products is rising, which is reflected in Austrian retail shelves. In most supermarkets home meal replacements are offered.

Depending on the duration of the Covid-19 pandemic and its related economic recession and curfew measures, the above mentioned long-term trends may change somewhat or even significantly.

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

Advantages	Challenges
High income level of the Austrian population and stable economy	Foods containing or made from biotech products are not accepted by consumers and retailers
Urban population growing, which boosts demand for international food	Competition from EU member states
U.S. style food is popular, especially among the younger generation	Products must meet strict Austrian/EU/retailer requirements; regional and sustainable products are highly promoted
Good reputation of certain U.S. products like dried fruits and nuts	Austrian buyers demand quality but also low prices
Growing market for organic, sustainable, and health food products	High promotion costs to increase consumer awareness
The Austrian climate limits growing seasons and types of products grown	Highly concentrated food retail market
Good infrastructure, efficient distribution system, most importers speak English	Difficult to acquire shelf space in large supermarket chains
Only freshwater fish production (landlocked country); 95 percent of Austria’s fish and seafood demand needs to be imported	Growing retailers’ promotion and consumer awareness of carbon footprint results in disadvantage for products with long-distance shipping
Growing interest in ethnic foods and seafood due to rising vacations in distant and coastal areas	Lack of awareness of high U.S. quality by consumers
Growing pet food market	Retailers rarely import products into Austria, they prefer purchases from central buyers including other member states (mainly Germany)

Section II. – Exporter Business Tips

- **Market Research**

Market research on the Austrian food and retail market can be obtained (mostly for a fee) from Austrian and international market research institutes.

The following are some of the many market research institutes which provide information on the Austrian food and retail market:

- Euromonitor
- RegioData
- Nielsen
- Regal (website only in German)
- Cash (website only in German)
- KeyQuest (website only in German)

- **Local Business Customs and Trends**

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 import directly in some instances. 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 Trends**

Traditionally, Austrians have conservative tastes which are reflected in the local cuisine and in local production methods and marketing. However, an increasing number of people, especially younger ones, appreciate trying new food products and beverages. The latest food trends stress a traditional diet prepared in more modern ways using high quality products and ingredients.

Austrians prefer foods without artificial flavors, stabilizers, emulsifiers, and preservatives. In addition, consumers reject foods containing biotech products. For this reason, the leading supermarket chains have banned such products from their shelves.

Organic food products have developed from a niche market to having a significant market share. As of today, sales of organic products account for about eight percent of retail sales. Industry watchers believe that organic products may someday reach ten percent or more of the total food market. Similarly, there is significant interest in “sustainable” and “regional” food products. Recently, almost all Austrian retail chains introduced their own voluntary “sustainability” and “regional” strategies and labels to promote products with environmental, social and economic benefits. “Light” products are also a rising trend. However, consumers do not seem to tolerate a loss in flavor when compared to “normal” products.

Beef and pork consumption has been somewhat declining in the last couple of years, whereas poultry consumption has been increasing as poultry meat is considered to be healthier. Fish consumption is also a rising trend due to the health aspect. Cheese consumption, which is already high, continues to remain high. This is particularly true for semi-hard and fresh cheeses.

With fruit juices, tartness (higher acidity) is preferred over sweeter products. This also applies 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.

Section III. - Import Food Standards & Regulations and Import Procedures

- **Customs Clearance**

Incoming goods go either to the customs storage 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 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 of the processed product.

Veterinary and customs import documents must be in German. 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.

For detailed information on import food standards and regulations see the latest EU (as an EU-member EU regulations apply to Austria) and the latest Austrian (for Austrian specific regulations) Food and Agricultural Import Regulations and Standards (FAIRS) Report –which can be found in the FAS GAIN database. In those reports you can also find information on the following processes and requirements: custom clearance, documents generally required by the country authority for imported food, country language labeling requirements, tariffs and Free Trade Agreements (FTAs), trademarks and patents market research.

Complete information on EU import rules for food products may also be found at:
http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/

Section IV. – Market Sector Structure and Trends

The three biggest food retail companies (REWE, Spar, Hofer) supported almost 69 percent of the domestic food retail market in 2019. Apart from Spar, the leading food retailers in Austria are large and influential German retailer groups. Competition from these groups is contributing to the decline of local independent retailers in Austria and has over the years changed the structure of the Austrian retail landscape. Some small regional or local suppliers with individual services (e.g., party catering and delivery; special products) and niche products are still able to survive. REWE Austria covers mainly the eastern part of Austria and Spar the western part. The food retail market share of REWE Austria in 2019 was 27.4 percent, the market share of Spar accounted for 25.9 percent. (Source: Euromonitor).

Even though some efforts have been made during the last couple of years to liberalize the Austrian retail sector, it still remains very traditional with a high degree of government control. Most Austrian retailers are still not allowed to open their shops on Sundays or on official holidays. This rigid control restricts the competitiveness and flexibility of the retail sector. Gas station shops take advantage of an exemption in the shop opening law that allows them to sell food and sundries after regular shopping hours. Intense competition between supermarkets/hypermarkets and discounters has led to greater efforts to copy their respective key success factors. Non-discounting retailers strengthen low-priced product lines, especially private labels, whereas discounters, on the other hand, have made efforts to improve by offering more fresh products and the introduction of organic, sustainable, and regional products.

- **Top Five Sectors**

Fish and Seafood Products
The Austrian market offers small but lucrative opportunities for fish and seafood products. Fish consumption in Austria is growing as consumers associate fishery products with a modern healthy diet. Domestic fish production is marginal and limited to freshwater fish like trout and carp. Best prospects for U.S. fish and seafood exports are salmon smoked and frozen, lobster, shrimps, crabs, caviar substitutes, catfish, scallops, and pollock.

Tree Nuts
The United States is the fourth largest supplier of tree nuts to Austria. Most tree nuts are used as ingredients by the food processing sector. Almonds are the most important commodity within this category. Further products with good sales potential include walnuts, pistachios, pecans, and hazelnuts.

Processed Fruits and Vegetables
Austrian imports of processed fruits and vegetables are mainly prepared nuts/seeds and dried fruits. Those products are mostly used as ingredients by the food-processing sector for the production of pastries and breakfast cereals. Dried fruits and prepared nuts are also popular as a snack.

Whiskies (Bourbon)
When it comes to hard liquor, Austrian traditionally drink Schnapps but it is becoming more and more popular to drink high quality, expensive whiskies. The United States is the second largest supplier to Austria, after the United Kingdom. Despite the retaliatory tariffs of 25 percent on U.S. whiskies (bourbons), there are still quite good expectations for export opportunities.

Fresh Fruit and Fresh Vegetables
After the locally grown fruits like apples and pears, citrus fruits are very popular especially during the winter season. In recent years other exotic and ethnic foods have become more popular due to Austrians traveling abroad and foreign immigration into Austria. Strong growth of exports from the United States can be seen for sweet potatoes and avocados. The recently introduced EU retaliatory tariffs on U.S. sweet potatoes of 25 percent may, however, negatively impact trade.

- **Retailer Information**

Structure of Austrian Food Retail 2019 (in German) published by Regal (data source: RegioData).

- **Market Opportunities for Consumer-Oriented Products in the Hotel, Restaurant and Institutional, Retail Food and Food Processing Sector**

Austria generally has a strong tourism sector, and hotels and restaurants provide an important contribution to the Austrian GDP. During the Covid-19 crisis, the hotel and restaurant sector is one of the most negatively impacted. In November 2020, all hotels and restaurants had to be closed for the second time in the calendar year, which has a dramatic impact on the food industry.

More than three-quarters of all agricultural supplies, including ingredients for the food industry, come from other EU countries. About 90 percent of processed food imports 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. There is also a strong confectionary and meat industry. These industries offer opportunities for U.S. exporters.

Section V. – Agricultural and Food Imports

Trade statistics can be obtained at the publicly available **USDA/FAS Global Agricultural Trade System** (GATS)

- **Best High-Value, Consumer-Oriented Product Prospects Categories**

Market opportunities for U.S. products include fish and seafood products, tree nuts, processed fruits and vegetables, bourbon whiskies, fresh fruits and vegetables, wine, pet foods, dried fruits, fruit juices, snack foods, and high-quality beef.

Section VI. – Key Contacts and Further Information

American Embassy Vienna
FAS Vienna - Office of Agricultural Affairs

Bundesministerium für Bildung, Wissenschaft und Forschung (Austrian Federal Ministry of Education, Science and Research)

Bundesministerium für Landwirtschaft, Regionen und Tourismus (Federal Ministry of Agriculture, Regions and Tourism)

Bundesministerium für Soziales, Gesundheit, Pflege und Konsumentenschutz (Federal Ministry of Social Affairs, Health, Care and Consumer Protection).

Agrarmarkt Austria – AMA (Agricultural Market Austria) - webpage only in German

Wirtschaftskammer Oesterreich (Austrian Economic Chamber)

Oesterreichische Agentur fuer Gesundheit und Ernaehrungssicherheit (Austrian Agency for Health and Food Safety)

Attachments:

No Attachments