Austrian Federal Ministry for Europe, Integration and Foreign Affairs

Indirect Profitability of International Organisations in Austria

Executive Summary

Update on the March 2014 Study
April 2016
EXECUTIVE SUMMARY

International entities headquartered in Austrian, i.e. bilateral institutions and multilateral organisations, are of relevance for the Republic of Austria in many respects. Beyond their political significance, the offices of such organisations are also of economic relevance to Austria. The present study focuses on the economic impact of headquarters of international entities based in Austria.

While bilateral institutions and multilateral organisations provide approximately 10,000 jobs (directly and indirectly), they also generate direct and indirect monetary and economic effects. This study focuses on identifying the aggregated demand induced by bilateral institutions and multilateral organisations.

Based on the study "Indirect Profitability of International Organisations in Austria" of 2009 and its 2014 update, another update of the study was carried out. Whilst retaining the same methodology and procedures, the updated study now covers the years 2010 to 2014.

The study is structured as follows:
- Analysis of bilateral institutions (embassies and other missions)
- Analysis of multilateral organisations (e.g. IAEA, CTBTO, OSCE, OPEC)
- Description of the effects of conferences held by multilateral organisations
- Deriving the aggregated demand induced by bilateral institutions, multilateral organisations and conferences organised by multilateral organisations

The work was accomplished in close co-operation with the Austrian Federal Ministry for Europe, Integration and Foreign Affairs.

In 2014, bilateral institutions (embassies and other missions) in Austria employed 2,983 people. There was a total of 319 bilateral institutions in Austria in 2014, including 122 embassies and 197 diplomatic missions (including Observer Missions, Liaison Offices and Delegations). The expenditures of bilateral institutions plus the share of income of employees of bilateral institutions spent in Austria amounted to €177.0 million in 2014 (2012: €173.1 million). After consideration of Austria's expenses directly attributable to bilateral institutions, the net spending in Austria amounted to €176.7 million in 2014 (2012: €172.7 million).
In 2014 **multilateral organisations** employed 6,044 people in Austria. The expenditures of multilateral organisations plus the share of income of employees of multilateral organisations spent in Austria increased from €557.6 million in 2012 to €562.9 million in 2014. In the same period, Austria's expenses directly attributable to multilateral organisations decreased from €19.4 million (2012) to €13.9 million (2014). Hence, the **net spending of multilateral organisations in Austria amounted to €549.0 million in 2014** (2012: €538.2 million).

In total the **net spending** of bilateral institutions and multilateral organisations in **Austria amounted to €725.7 million** (2010: €622.2 million) in **2014**. Thus, the spending of bilateral institutions, multilateral organisations and the share of income of employees of these international entities spent in Austria represents a **significantly increased economic contribution** which exceeded the GDP growth in the same period.

An analysis of **conferences held by international organisations in Austria** also shows a positive development. The **number of conference days increased by approximately 34%** from 2010 to 2014. This development is largely due to the increase in the number of conference days at the IAEA. The **number of participants** also showed a **positive development**. Both, the number of international participants and the number of Austrian participants increased significantly over the same period, from a total of 120,692 in 2010 to 144,072 in 2014.

**Conference tourism** through conferences held by multilateral organisations contributed €239.9 million to the GDP in the financial year 2014. This represents an **increase of more than 16%** compared to the year 2010 (€205.8 million).

The spending of bilateral institutions and multilateral organisations based in Austria as well as the contribution of conference tourism were employed to estimate an aggregated demand. Economic multipliers (published by Statistik Austria in Q1 2016) were applied to approximate this macroeconomic effect (factoring in economic interrelations).

Taking into account the spending of bilateral institutions and multilateral organisations, the contribution from conference tourism and the application of economic multipliers, these factors **contributed €1,418.9 million to the aggregated demand in Austria in 2014** (2012: €1,393.8 million). In addition to the effects set forth above, direct and indirect fiscal effects were also generated, however, these effects are not covered by the present study.
This study is intended as general information only and cannot substitute a detailed study based on a complete data collection due to limited data availability.

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