Foreign trade in transition: Where will Austria´s future be situated

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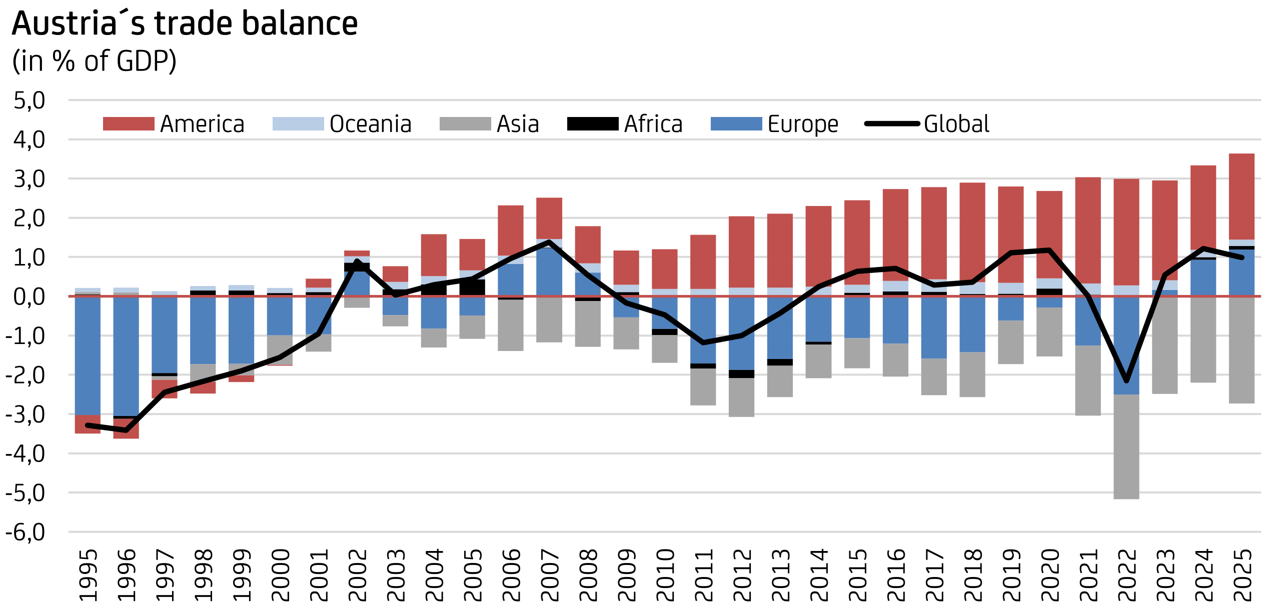
Overview



Source: OeNB, Statistik Austria, UniCredit Bank Austria

WHERE WILL AUSTRIA´S FUTURE BE SITUATED IN FOREIGN TRADE

- **The trade in goods has become a central growth engine of the Austrian economy**

  Since joining the EU in 1995, Austrian trade in goods has developed into an important growth driver and has been responsible for around 20 percent of economic growth over the past 25 years. An average trade deficit of 2.6 percent of GDP in the years 1995 to 1999 has become an average surplus of 0.2 percent of GDP since 2000, with an increase of as much as one percent in 2025.

- **Austria is a net exporter to America and Europe** The largest surpluses are achieved in trade with America, especially the USA. The trade balance with Europe has also improved significantly, supported by the opening up of Eastern Europe and, above all, the improvement in its position vis-à-vis Germany.

- **Austria is a net importer from Asia**

  The improvement was dampened mainly by the development of trade in goods with Asia. Despite dynamically growing exports, Austria has a significant trade deficit with Asia, which is mainly due to China.

- **Free trade agreements promote geographical diversification**

  New EU trade agreements with countries such as India, Indonesia, Australia, Canada and the Mercosur countries create additional trade potential. At the same time, saturated markets, including the USA, are likely to lose relative importance due to protectionist measures.

- **High-growth countries will become more important in the future**

  In addition to trade policy framework conditions, the future development of Austrian trade flows will be largely determined by the economic dynamics of the respective target and origin markets. Our simulation up to 2031 shows above-average growth opportunities, especially for trade with India, the ASEAN countries and China. However, individual economies in Africa and Latin America will also contribute relatively more to Austrian foreign trade growth in the future than the already mature markets of Europe and North America.

- **Broader international orientation instead of relocation**

  The USA will remain an important trading partner of Austria in the future, while Europe will remain the most important sales market in the long term and will make the largest absolute contribution to the growth of Austrian exports. The future of Austrian foreign trade thus continues to lie in the extended domestic market of Europe as well as in the developed economies, especially the USA, but will increasingly benefit from the higher growth rates of dynamic markets in Asia, Africa and Latin America. Overall, therefore, no fundamental shift is to be expected, but rather a gradual diversification of Austrian trade flows, which not only increases growth opportunities but also the resilience of foreign trade to economic and political shocks

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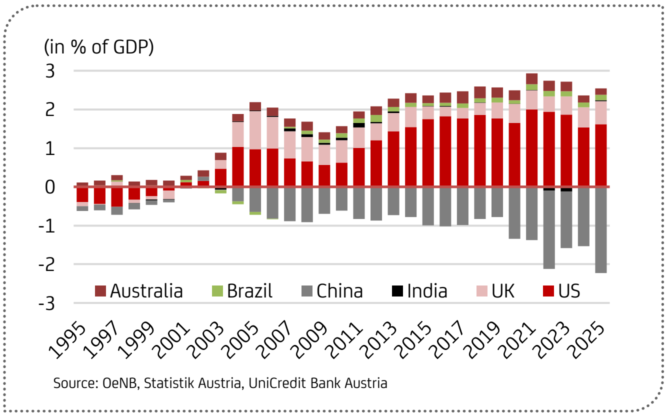
TRADE IN GOODS HAS BECOME A GROWTH DRIVER

The Austrian economy, which has traditionally been strongly export-oriented, has successfully mastered the challenges of globalisation and the changed economic conditions as a result of its accession to the EU in 1995. In particular, the opportunities offered by the European single market and the introduction of the euro for a small, open economy were consistently exploited. As a result, Austria was able to further strengthen its focus on international markets.

A clear sign of this development is the improvement in the goods balance. While Austria recorded an average deficit of 2.6 percent of GDP in cross-border trade in goods between 1995 and 1999, this increasingly turned into a slight surplus from the 2000s onwards. Despite temporary setbacks due to the financial crisis and the Corona pandemic, the goods balance showed an average surplus of 0.2 percent of GDP over the past 25 years. In 2025, this was even one percent of GDP.

Foreign trade thus developed into an important growth engine of the Austrian economy. Over the past 25 years, trade in goods has been responsible for an average of around one-fifth of economic growth. The positive development of the export sector contributed significantly to the creation of jobs, to the increase in incomes and thus to the growing prosperity in Austria.

Trade balance with the most important countries outside the European Union



NET EXPORTER TO AMERICA AND EUROPE, BUT IMPORTER FROM ASIA

A look at the development of net exports by economic region on the basis of the OeNB's balance of payments data clearly shows a pattern of improvement in the Austrian balance of goods since the turn of the millennium. The largest contribution was made by the widening of the positive balance in trade in goods with America, which now stands at more than 2 percent of GDP. This was mainly due to the positive development of trade with North America, especially with the USA. Austria was also able to significantly improve its trade position vis-à-vis Canada and Mexico and has been achieving trade surpluses in goods for years. With the South American countries – including Argentina, Brazil, Paraguay and Uruguay, with which the EU and thus implicitly also Austria concluded the Mercosur Agreement – Austria now also has a slightly positive trade balance.

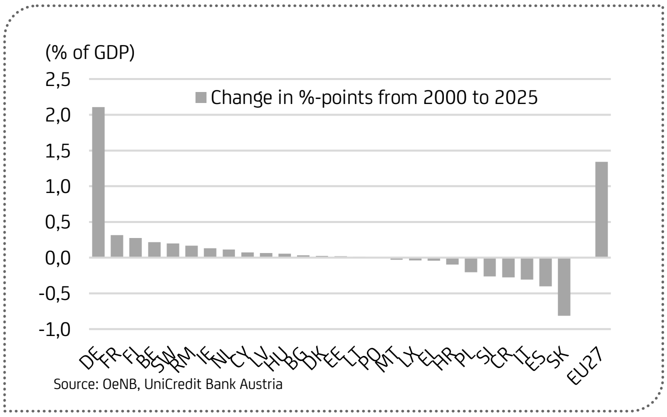
In trade with European trading partners, too, the goods balance has improved significantly over the past 25 years. In 2025, a surplus of 1.2 percent of GDP was achieved. This development can be attributed on the one hand to the economic impetus provided by the opening up of Eastern Europe, and on the other hand to the noticeable reduction in the trade imbalance with Germany. In addition, despite Brexit, Austria continues to record a stable surplus in trade in goods with the United Kingdom. The long-standing trade deficit with Russia has also been gradually reduced as a result of the sanctions and the associated reorientation of energy supply, especially gas imports.

In contrast, Asia remains the only major economic region with which Austria has a significant trade deficit. This has expanded considerably, especially since 2020, and already reached 2.7 percent of GDP in 2025. The vast majority of this deficit is due to trade in goods with China.

Trade with Africa and Oceania, on the other hand, plays a comparatively minor role for the Austrian economy as a whole. While the trade balance with Oceania – especially with Australia and New Zealand – shows a small but stable surplus, trade with Africa is broadly balanced.

Overall, the regional structure of the Austrian goods balance shows a clear picture: Austria is a significant net exporter to the transatlantic economic area and now also to Europe. At the same time, there is a strong import dependence on Asia, especially China. Trade with Africa and Oceania, on the other hand, is of little economic importance and almost balanced overall.

Development of the trade balance with the EU member states

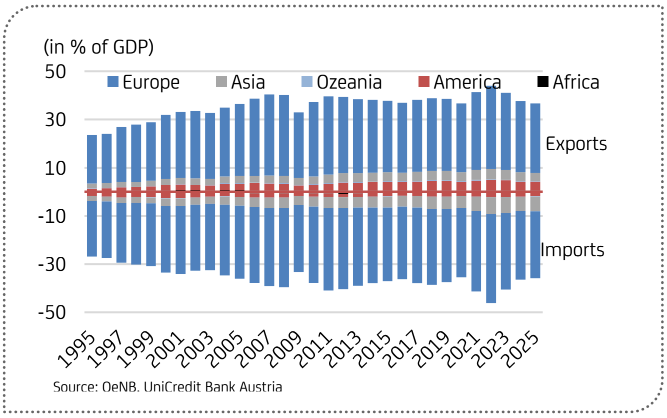


An exclusive look at the balance of goods can give the impression that trade with Asia in particular is not very advantageous for the Austrian economy due to the high deficit. However, the trade balance alone provides only a limited picture of the real economic importance of a trade relationship. Only the separate consideration of exports and imports allows conclusions to be drawn about the intensity of economic interdependencies and the resulting gains in prosperity.

A breakdown of Austrian foreign trade into exports and imports reveals Europe's continued dominant role. Austria's economy is closely intertwined with European markets due to geographical proximity, historically grown supply chains and European integration. At the same time, however, it is evident that the importance of Europe for Austrian foreign trade has declined slightly in recent years, which is due to the globalisation of trade flows and the greater integration of non-European markets.

In 2025, exports of goods to Europe amounted to 28.8 percent of GDP, with 23.9 percent of GDP accounted for by the member states of the European Union. Imports from Europe reached 27.7 percent of GDP, of which 23.7 percent of GDP came from the EU-27. These figures underline the outstanding importance of Europe as a sales and supply market for the Austrian economy. Despite a gradual diversification of trade relations, the European single market thus remains the central foundation of Austrian foreign trade.

Austria's exports and imports of goods by continent



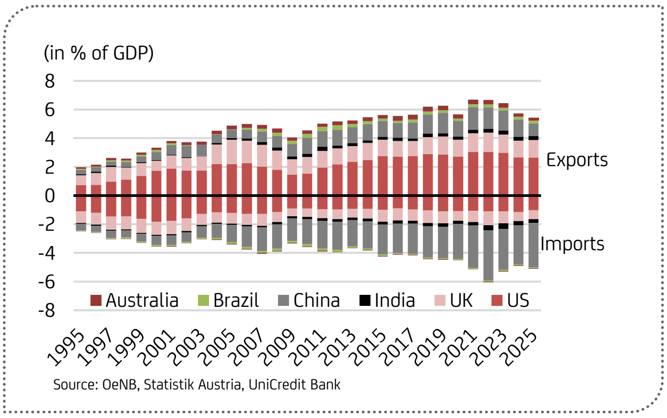
Despite changes in political conditions, the United Kingdom and the USA continue to play an important role in trade in goods with countries outside the European Union, especially with regard to exports. For example, Austrian exports of goods to the United Kingdom reached around 6.3 billion euros or 1.2 percent of GDP in 2025. Exports to the USA were even significantly higher at 13.6 billion euros or 2.6 percent of GDP. The relative importance of both markets has recently tended to stagnate or even decline slightly due to political uncertainties and trade tensions.

In contrast, Asia has gained considerably in importance as Austria's trading partner. The driving force behind this development is in particular the dynamic expansion of trade with China. The growing importance of the region is particularly evident on the import side. The availability of low-cost intermediate inputs and consumer goods from Asia has contributed to dampening inflation for many years, thus strengthening purchasing power and prosperity in Austria. At the same time, Austrian exports to Asia have also increased. In 2025, the export ratio to Asian markets was around 3.5 percent of GDP, with China accounting for about one percentage point or 4.5 billion euros. However, the import side was even more significant: imports from Asia reached 6.2 percent of GDP or 28.9 billion euros, with almost half of this attributable to China.

Trade relations with Oceania, on the other hand, are still at a comparatively low level. However, with the free trade agreement between the European Union and Australia concluded in March 2026, new growth opportunities could arise. Currently, an export ratio of around 0.2 percent of GDP is offset by an import ratio of only about 0.05 percent of GDP.

Economic relations with the Mercosur states are also becoming increasingly important. With the provisional entry into force of the EU-Mercosur agreement on 1 May 2026, the conditions for further intensification of trade have been created. So far, however, trade flows are still comparatively low and are concentrated in Brazil: Austrian exports to the Mercosur countries amounted to around 1.3 billion euros or 0.3 percent of GDP in 2025, while imports were significantly lower at 0.5 billion euros or 0.1 percent of GDP. However, trade in goods with the four countries has shown a strong upward trend in recent years, especially on the export side.

Austria's exports and imports of goods outside the EU



QUO VADIS FOREIGN TRADE?

The geographical radius of action of Austrian exporters and importers has expanded significantly in recent years. On the one hand, Austrian companies reacted to the comparatively subdued demand dynamics in many European markets by increasingly tapping into high-growth regions outside Europe. There they were able to successfully meet the increasing demand for high-quality capital goods and consumer goods. On the other hand, companies are increasingly taking advantage of the often cheaper production and cost structures of other countries to obtain intermediate services more cost-effectively, strengthen the competitiveness of domestic production and offer consumers cheaper end products.

Geographical distance has steadily lost importance as a barrier to trade. Despite the temporary supply chain problems during the Corona pandemic, this trend remained largely intact. Rather, it was shown that a broader geographical spread of sales and supply markets can increase the resilience of companies and reduce the risk of supply disruptions.

At the same time, the geographical orientation of Austrian foreign trade has been increasingly influenced by political developments in recent years. The United Kingdom's withdrawal from the European Union and the single market made the movement of goods more difficult and weighed on the long-term prospects of trade relations, despite the trade and cooperation agreement that had been concluded. The increasing protectionist measures of the USA, especially the tariff policy under President Donald Trump, have also reduced the trade intensity between Austria and the United States. If this course is continued, a further relative loss of importance of the US market for Austrian foreign trade is to be expected in the coming years.

Against this background, the European Union, which is responsible for the common foreign trade policy of its member states, has significantly intensified its efforts to open up new markets. In addition to the Trade and Cooperation Agreement with the United Kingdom, a framework for a trade and customs compromise has been created with the United States to mitigate the negative effects of American tariff policy.

In addition, the EU has concluded numerous bilateral trade agreements in recent years to create a reliable and stable framework for international trade. Asia in particular became the focus of European trade policy. Free trade agreements with Japan, South Korea, Vietnam, Singapore, Indonesia and India are intended to facilitate access to some of the world's most dynamic growth markets. In particular, the agreement with India is considered to have considerable potential due to the size and dynamism of its economy. Important steps have also been taken outside Asia: in addition to the agreements with Canada and Mexico, the prerequisites for the EU-Mercosur agreement with Argentina, Brazil, Paraguay and Uruguay have been created. In addition, negotiations on a free trade agreement between the EU and Australia were successfully concluded in March 2026.

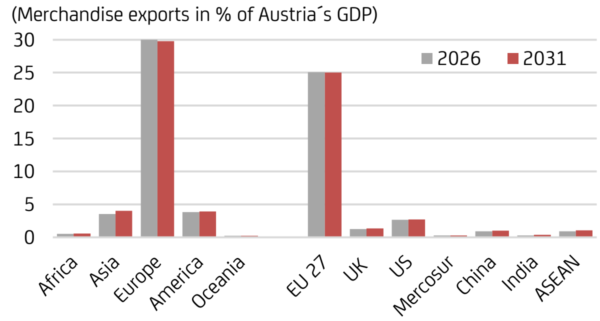
On the basis of these agreements and other ongoing negotiations, including with Malaysia, Thailand and the Philippines, it can be assumed that the geographical structure of Austrian foreign trade will continue to diversify in the coming years. Traditional trading partners with which there are no comparably favourable trade conditions, especially the USA, are likely to lose at least relative importance.

In addition to trade policy framework conditions, the future development of Austrian trade flows will continue to be largely determined by the economic dynamics of the respective target and origin markets. Countries with high growth rates – especially in Asia, but increasingly also in Africa and Latin America – are showing an increasing demand for capital goods, infrastructure services and high-quality consumer goods in the course of their economic catch-up process. This opens up attractive sales prospects for the Austrian export industry. As prosperity in emerging economies increases, so does the demand for high-quality products and services, creating additional export opportunities. At the same time, the importance of imports from these growth regions will continue to increase. The increasing international division of labour, the expansion of global value chains and the increasing industrial performance of many emerging countries are leading to more intensive economic interdependence. The mutual exchange of intermediate inputs, capital goods and finished products is therefore likely to gain further momentum.

In contrast, many of Austria's traditional trading partners in Europe have only limited opportunities for expansion due to their high level of development and comparatively low potential growth rates. Although these markets will remain the most important basis of Austrian foreign trade in the future, their relative share of the total trade volume is likely to decline slightly in the long term. Higher-growth regions, on the other hand, will gradually gain in importance and make a greater contribution to the expansion of Austrian foreign trade.

A simulation of the development up to 2031 underlines these tendencies. If it is assumed that Austria can maintain its current market shares in the respective sales markets, the different growth rates of the trading partners automatically lead to a shift in the geographical structure of exports. In this scenario, the share of goods exports to Asia in Austrian GDP will increase by almost 14 percent. The growth is particularly significant in India with more than 35 percent, followed by the ASEAN countries with around 15 percent and China with over 10 percent. Africa is also gaining in importance as a sales market. The share of exports to Africa in relation to Austria's economic output will increase by 12 percent. In contrast, growth in the USA is comparatively low at around one percent, while Europe's share is declining slightly due to its lower economic growth.

Simulation of Austrian goods exports based on the economic dynamics of the partner countries

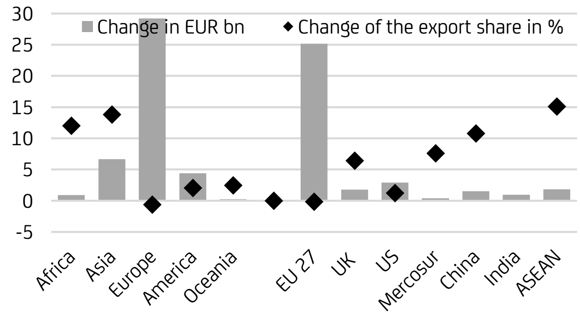


Source: IMF, OeNB, UniCredit Bank Austria
Notice: We assume a constant export share in GDP of the partner countries

However, the simulation does not indicate an abrupt realignment of Austrian foreign trade. The sometimes high percentage increases in individual regions are put into perspective when looking at the absolute magnitudes. For example, the forecast increase in Asia's export share of Austrian GDP of just under 14 percent corresponds to an increase of only around 0.5 percentage points or additional goods exports of around 6.5 billion euros by 2031. Of this amount, around EUR 1.5 billion is attributable to China, around EUR 1 billion to India and around EUR 1.8 billion to the ASEAN countries.

The importance of America increases only moderately in the period under review. The share of exports to this region will increase by only 0.1 percentage points of Austrian GDP, which nevertheless corresponds to additional exports of around 4.5 billion euros. The USA alone accounts for almost 3 billion euros of this. Despite trade tensions, the United States remains by far Austria's most important trading partner on the American continent.

Development of Austrian exports until 2031



Source: IMF, OeNB, UniCredit Bank Austria
Notice: We assume a constant export share in GDP of the partner countries

At the same time, the simulation shows that the EU will remain the foundation of Austrian foreign trade in the future. Due to the moderate economic growth in Europe, a slight decline in the share of exports to the EU in Austrian GDP is to be expected. In absolute figures, however, Austrian exports to the Member States of the European Union will continue to increase significantly. Under the assumptions made, the export volume will increase by around 25 billion euros by 2031. This means that more than 60 percent of Austria's total export growth will be accounted for by the European domestic market.

Overall, therefore, there are no signs of a shift, but a gradual diversification of trade flows. Europe will remain the most important sales and supply market in the long term, while high-growth regions in Asia, Africa and Latin America are increasingly providing additional impetus for foreign trade. This development is supported by new free trade agreements.

For Austrian companies, this results in the need to secure their strong position in the traditional European markets and at the same time to expand their presence in dynamic growth regions. Those who open up new sales markets at an early stage and establish themselves in emerging economies can benefit from global shifts in demand and exploit additional growth potential. The future of Austria's foreign trade therefore lies less in a geographical shift than in a broader international positioning that combines existing strengths in Europe with opportunities in the world's fastest-growing regions.

SUMMARY AND CONCLUSION

Since joining the EU in 1995, the Austrian economy has further expanded its strong export orientation and successfully exploited the advantages of the European single market and the introduction of the euro. As a result, the trade in goods developed into an important growth driver. Since the 2000s, the former trade deficit has largely turned into a surplus, with foreign trade in goods contributing around a fifth of Austria's economic growth.

Regionally, a differentiated picture emerges: Austria achieves significant trade surpluses with America, especially the USA, and now also with Europe. On the other hand, there is a significant trade deficit with Asia, mainly due to trade in goods with China. Nevertheless, Austria is benefiting from cheap imports from Asia, which strengthen the competitiveness of companies and dampen inflation.

The European Union is by far Austria's most important trading partner. At the same time, non-European markets, especially in Asia, have become significantly more important in recent years. New trade agreements between the EU and countries such as India, Indonesia, Australia and the Mercosur states create additional opportunities for Austrian exporters and promote the geographical diversification of foreign trade.

In the future, high-growth economies in Asia, Africa and Latin America will contribute relatively more to Austrian foreign trade growth than the already mature markets of Europe and North America. Our simulation up to 2031 shows above-average growth opportunities, especially for trade with India, the ASEAN countries and China. But the USA remains an important trading partner and Europe will remain the most important sales market in the long term and make the largest absolute contribution to Austria's export growth.

Austrian foreign trade is changing, accelerated by political measures and global economic changes. Overall, however, there is no sign of a fundamental shift in trade flows, but rather of gradual diversification, which should increase not only growth opportunities but also resilience to economic and political shocks.

The prospects for Austrian foreign trade presented are based on the assumption that the existing international division of labour will be maintained in principle. The increasing spread of artificial intelligence, automation and digital technologies could fundamentally change global value chains in the coming years. If this leads to a greater regionalisation of production or a relocation of economic activities, trade flows could also develop differently than currently expected. It will therefore be crucial that the Austrian economy successfully uses the technological possibilities of the AI revolution. If the rapid adaptation and integration of the new technologies succeeds, Austria can strengthen its international competitiveness and benefit from the opportunities of world trade even in a changed global environment.

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