



25 years Vienna International Centre



## Host Country Austria

### ECONOMIC BENEFITS DERIVED FROM INTERNATIONAL ORGANIZATIONS IN VIENNA

At present, some 30 international organizations have their headquarters in Austria. In addition to the IAEA and UNIDO, which were the first organizations to set up base in Vienna, several other units of the United Nations Secretariat moved to the VIC from New York and Geneva. During the following years, other international organizations which are not part of the United Nations system, also established their headquarters in Vienna. These include Organization of Petrol Exporting Countries (OPEC), Organization for Security and Co-operation in Europe (OSCE), and International Institute for Applied Systems Analysis (IIASA).

In 2002, these organizations spent some € 480 million in Austria and employed approximately 4,800 staff including some 1,200 Austrians.

In view of their professional qualifications and required mobility, the international civil servants earn a relatively high income. Of the available household income per foreign civil servant, 27 per cent go into savings. From the balance € 132 million, some € 126 million are spent in Austria. Austrians working for these international organizations earn a total of € 45 million which is mostly spent in Austria.

The presence of numerous United Nations organizations in Vienna requires that many Member States also maintain a multilateral representation at these organizations, in addition to their bilateral embassies in Austria. The diplomatic staff of these Permanent Missions also receives a relatively high income. From an average annual household income of € 70,900 per diplomat, one third goes into savings while the balance € 47,251 is spent in Austria.

In addition to the personal expenditure of international civil servants and diplomats employed by the Permanent Missions, the international organizations themselves spent some € 739 million in 2002 to meet their administrative requirements and in the purchase of goods and services. Of this amount, € 412 million was spent in Austria, creating a substantial added value for the Austrian economy. Economic sectors benefiting included:

- retail and whole sale, including food industry (approximately 23 per cent),
- construction and housing (approximately 18 per cent);
- services including legal advice and advisory services, economic services, and interpretation (approximately 13 per cent );
- hotels and restaurants (approximately 9 per cent);
- transport (approximately 6 per cent);
- energy supply (approximately 5 per cent); and
- other services, including cultural activities, entertainment and sport, and health services (approximately 14 per cent).

Conference tourism add a large share—more than € 146 million—to the added economic value derived from the presence of international organizations. Austrian tourism also benefits from the fact that most participants in these events are likely to spend some additional days and nights at the conference venues.

While international organizations, Permanent Missions of Member States and some staff enjoying diplomatic privileges are exempt from paying income tax and have a limited exemption from VAT and some other taxes on consumer goods, they still provide some € 45,5 million annually to the total indirect taxes of their host country.

International organizations are also an important source of employment: Some 8,500 jobs (0.3 per cent of the total workforce in Austria) are being created directly and indirectly by these organizations.

Besides the obvious economic benefits, the presence of international organizations in Vienna also creates many intangible benefits for the host country. As a host country of international organizations, Austria has an added diplomatic advantage compared to other “non-headquarter” States, as the presence of international organizations provide manifold opportunities to Austria to pursue an active foreign policy.

The city of Vienna is enriched both culturally and socially, giving it a higher profile and visibility in the European regional context. The increasing role of international schools and of foreign language theatre and film performances is also an important element in this development.