

Doing Business in the European Union 2021

Fact Sheet: Austria



Doing Business in Austria is the latest in a series that follows the diagnostic methodology used in the cross-country Doing Business reports—which measure aspects of regulation that enable or hinder entrepreneurs in starting, operating, or expanding their companies in the country's largest business city—and extends it to secondary cities in European Union (EU) member states with a population greater than four million. The report covers seven cities and focuses on five indicator sets that measure the complexity and cost of regulatory processes, as well as the strength of legal institutions: starting a business, dealing with construction permits, getting electricity, registering property and enforcing contracts. Top performing cities are identified and best regulatory practices are highlighted. The report suggests that reform-minded officials need not look far: the region has good, practical models to draw on.

DOING BUSINESS IN AUSTRIA

Doing Business in Austria goes beyond Vienna—the city measured by the World Bank global *Doing Business* report—to identify good regulatory practices, uncover administrative bottlenecks and recommend good practice examples based on examples from the country and from other EU member states.

The report assesses the business regulatory environment and its impact on local entrepreneurs in **seven cities**: Bregenz, Graz, Innsbruck, Klagenfurt, Linz, Salzburg and Vienna.

Doing Business in Austria was prepared by the World Bank Group, under the auspices of the Federal Chancellery and Federal Ministry of Finance of Austria, and funded by the European Commission, Directorate General for Regional and Urban Policy.

MAIN FINDINGS

- **No single city does equally well on all five measured areas: four of the seven cities lead in at least one of them. Linz is the only Austrian city that scores highest in two indicator areas: getting electricity and registering property. Salzburg leads in starting a business, Bregenz in dealing with construction permits, and Vienna in enforcing contracts. Innsbruck**

is one of three cities (together with Graz and Klagenfurt) that does not perform at the top of any area. However, it has the second highest score in three of the five areas (business startup, construction permits, and obtaining electricity). Innsbruck is also the only city that does not rank in the bottom three in any indicator

- **Cities that score well in one area are at the bottom of the ranking for others, suggesting that each city has something to teach and something to learn from its neighbors.** For example, Salzburg scores lowest on the registering property indicator, and Bregenz is the most challenging city in which to get a new electricity connection. Vienna has the second to lowest score for starting a business, and Linz lags on construction permitting.

- **Time is the dimension that varies the most across the five indicators measured indicators.** Contract enforcement takes 18 months in Graz, four months longer than in Bregenz. Dealing with construction permits varies from five months in Bregenz to over nine months in Klagenfurt. Getting electricity takes 25 days in Linz, less than half the time needed in Vienna. Property registration times range from 15.5 days in Linz to one month in Salzburg. And starting a business takes 16.5 days in Salzburg but 24.5 days in Graz. Overall, Bregenz registers the fastest turnaround times complying with the bureaucratic requirements in the



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five measured areas (654 days). Entrepreneurs in Klagenfurt spend seven months longer than their peers in Bregenz (859 days). Nevertheless, even in Klagenfurt, the total time is 3.5 months faster than the EU average (964 days).

▪ **The largest variations in regulatory performance among the Austrian cities are in the area of dealing with construction permits.** In Bregenz, where the authorities recently streamlined the clearance process and reduced the legal timeframe to issue building permits, the process requires 8 procedures and 151.5 days. The same process requires 3 additional procedures and over four months longer in Klagenfurt, owing to the city's relatively lengthy permitting process for delivering industrial operation permits and building permits.

▪ **The report identifies existing local good practices all that Austrian cities can adopt. In the long run, Austrian cities can look for good practices outside the country to further improve their business regulations.** This would be particularly beneficial in the area of starting a business, the only indicator where all Austrian cities perform below the EU average.

▪ **Austria's investment in digital solutions paid off during the pandemic,** leading to a smoother transition and fewer disruptions in government services during the 2020/21 lockdowns. The inability of citizens to visit agencies in person pushed for the adoption of further online services. Both central and local agencies increased their use of electronic platforms to respond to the pandemic.

ABOUT SUBNATIONAL DOING BUSINESS

Subnational Doing Business reports capture differences in business regulations and their

enforcement across locations in a single country. The reports provide data on the ease of doing business in selected areas, rank each location, and highlight good practices to improve performance at the local level.

- **Offers a new diagnostic tool.** Applying the methodology used in the cross-country global *Doing Business* report in a number of locations in the same country or region, the reports create micro-level data on various areas of business regulation. This allows the participating locations to compare their business regulations among themselves and with the rest of the world.
- **Motivates regulatory improvements.** The studies uncover bottlenecks and identify local good practices that can easily be replicated without changing the country's legal and regulatory framework. The studies motivate regulatory improvements, mainly through peer-to-peer learning.

Since 2005, Subnational Doing Business has benchmarked 599 locations in 83 economies, including 15 EU member states.

Subnational Doing Business studies are available at: www.doingbusiness.org/subnational.

FULL REPORT AVAILABLE AT:

www.doingbusiness.org/austria.

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