

Austria's FDI in CESEE in times of changes

CESEE at a turning point – High Level EIB-OeNB Meeting

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Julia Wörz
Central, Eastern and Southeastern Europe Division

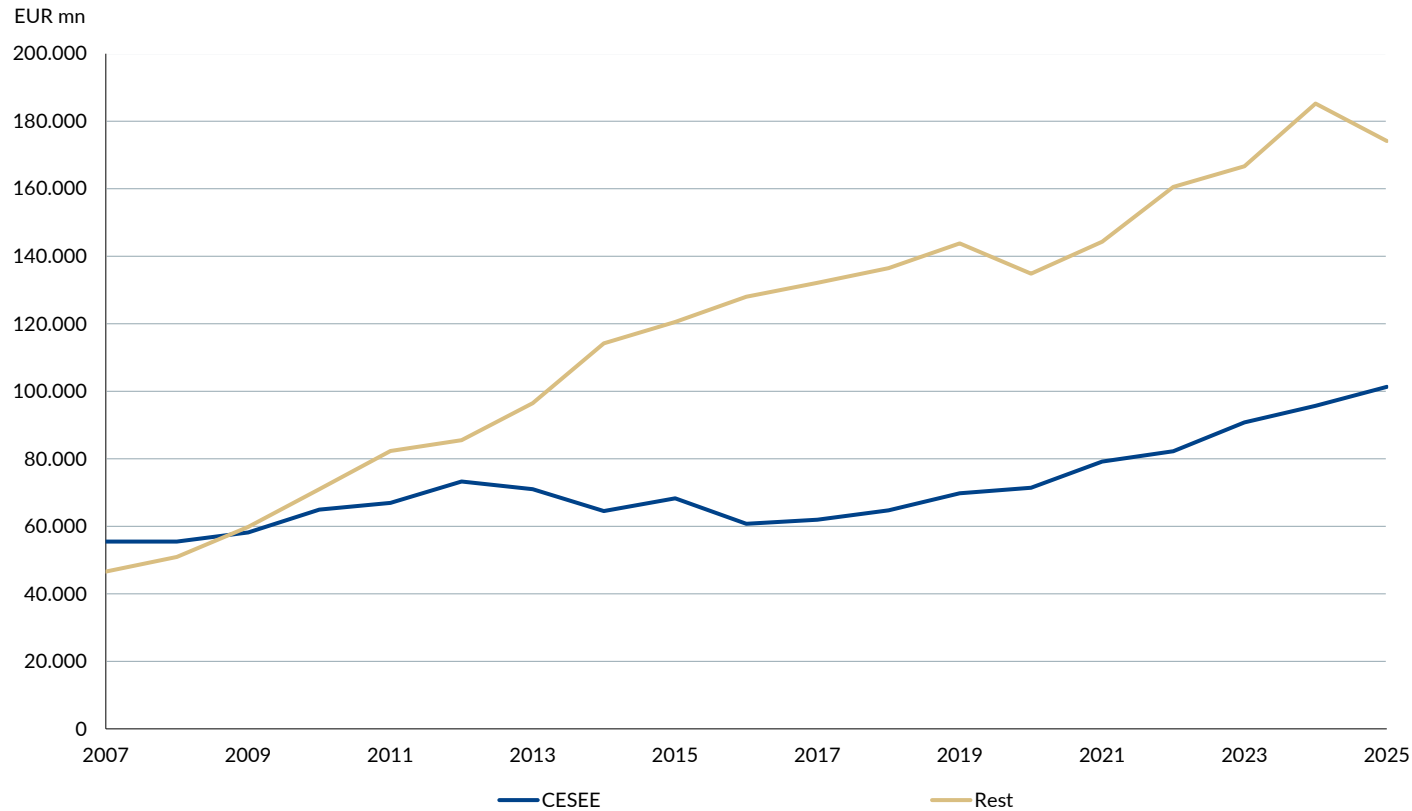
Valuable data assistance by Kujtim Avdiu, External Statistics Division, is gratefully acknowledged.

Austrian firms remain important players in CESEE

- Austrian firms among the first movers into the region, Austrian investors played an important role in the catching-up phase.
- Strong engagement of Austrian firms continues, especially in the financial sector – but some signs of diversification.
- Profitability is notably high, average rate of return on Austrian FDI in the region above 10%.
- CESEE attractiveness for FDI was built upon strong economic growth, competitive production costs, geographical position, well developed infrastructure, attractive tax conditions.
- Despite its small economic size, Austria often number one investor in the region.
- Intraregional FDI within the CESEE region has been gaining momentum, fueled by geographic proximity, as well as shared cultural and economic ties.

Recent revival of Austrian FDI in CESEE after some deleveraging

Stock of Austrian outward direct investment

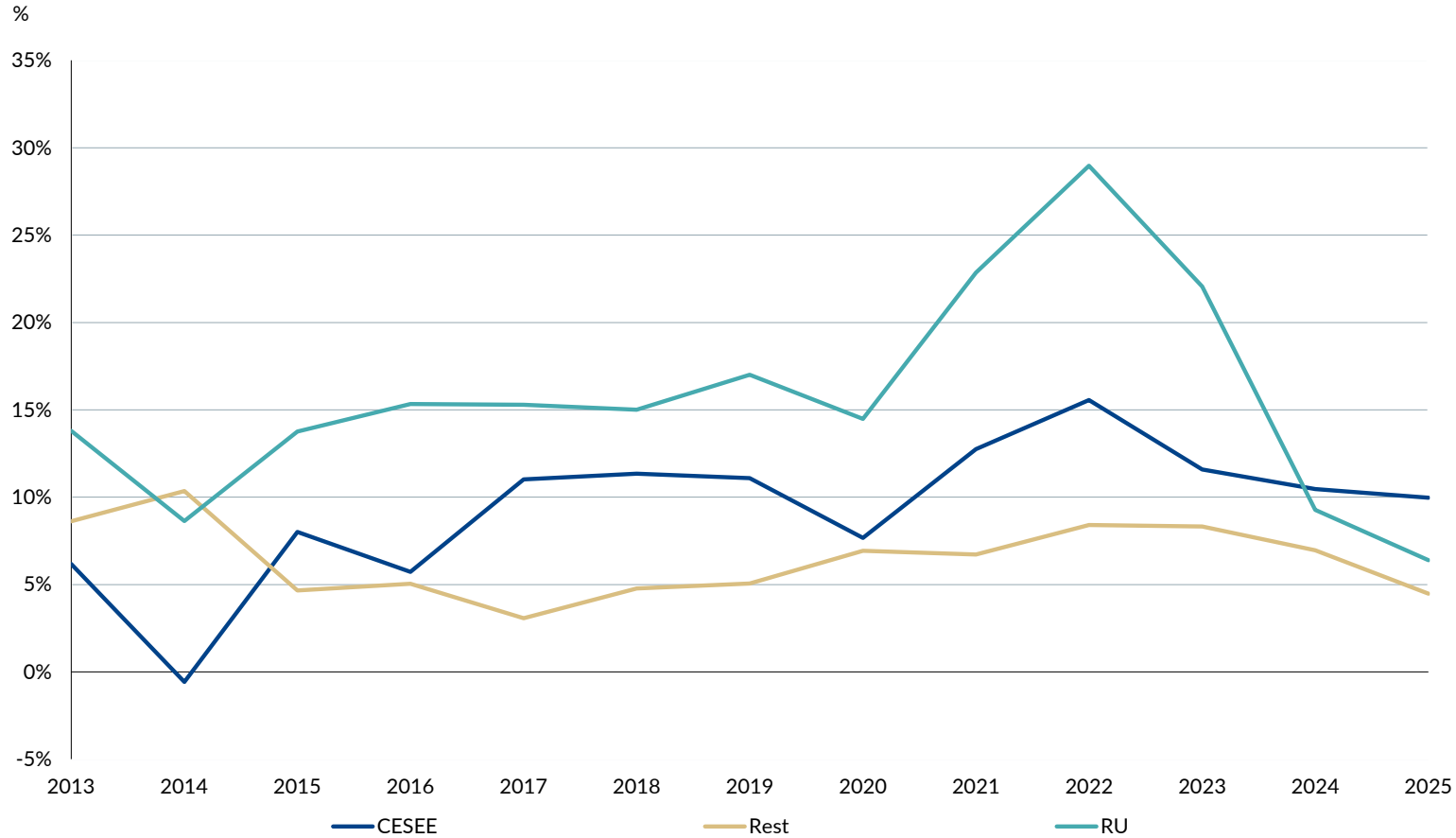


Source: OeNB.

- CESEE share in AT outward FDI stock declined from 54% in 2007 to 37% in 2025
- CESEE remains the most important destination for AT FDI
- 2007-2014: „Rest of Europe“ investment increased strongly until 2014 – yet deleveraging in CESEE could be contained
- 2014-2019: „Rise of Asia“ investment drives FDI dynamics
- Since 2019: US/CA main drivers of active FDI, recovery of FDI to CESEE

Profitability of AT investment in CESEE is continuously high

Return on Investment of Austrian outward direct investment

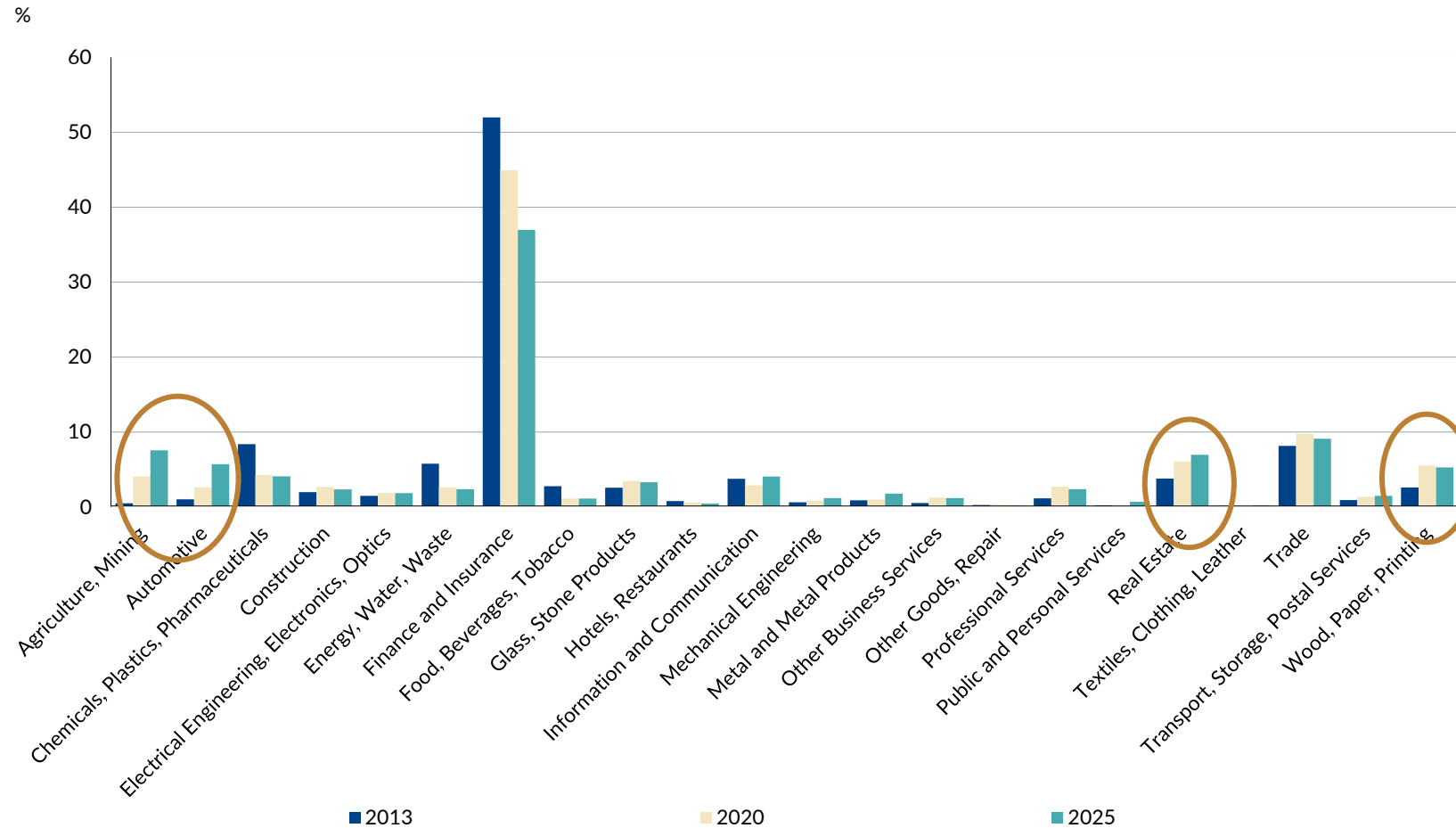


Source: OeNB.

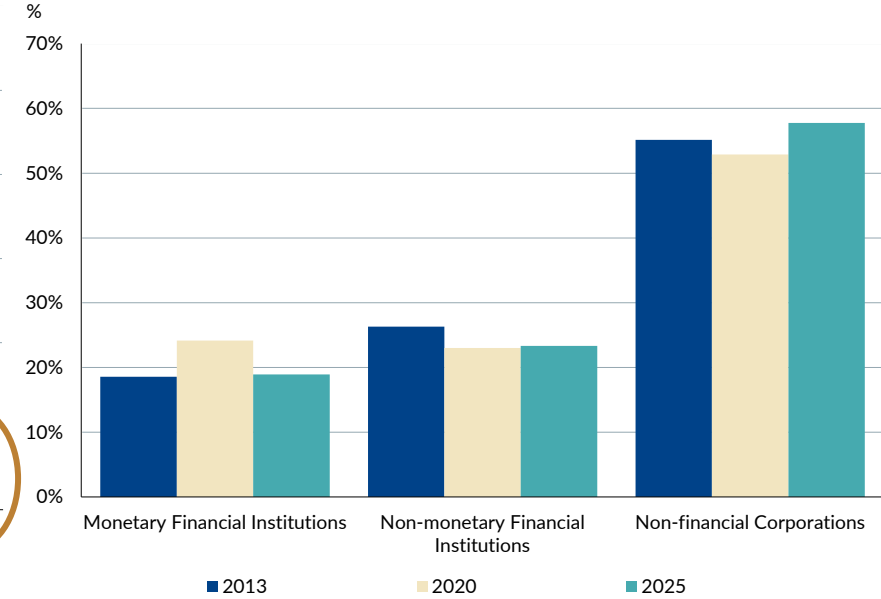
- Average rate of return on Austrian FDI in the region above 10%
- Intra-group lending is gaining significance (around 1/6 of total outward FDI)
- Austrian profits in CESEE EU members particularly high, stable and above market-average, profitability in other CESEE countries more volatile

Austrian FDI stocks in CESEE dominated by financial sector, yet some signs of diversification

Industry share of Austrian FDI in CESEE



Sector share of Austrian FDI in CESEE

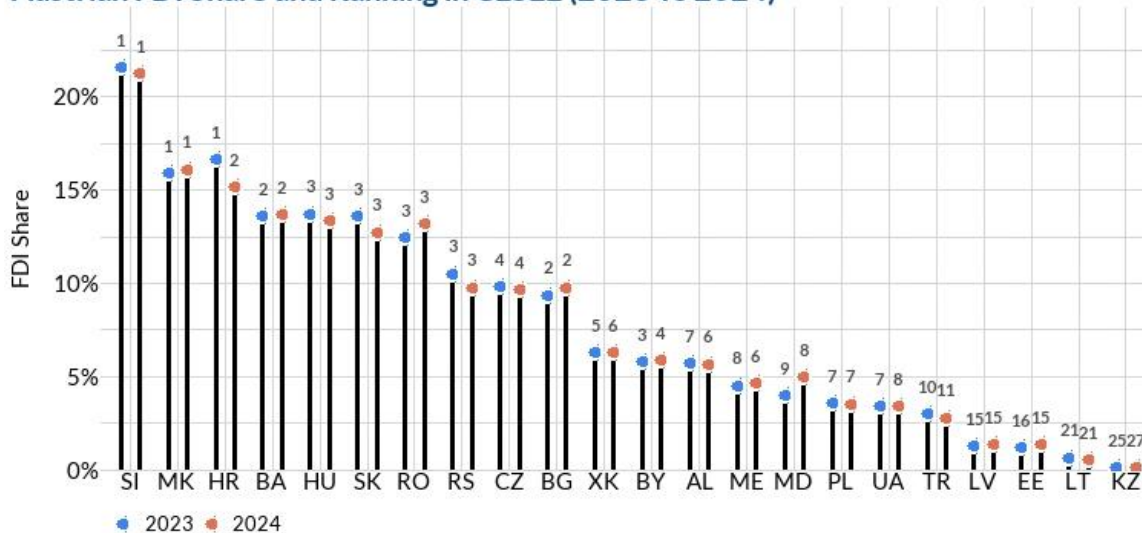


Source: OeNB.

Austria remains among the top investors in most CESEE countries ...

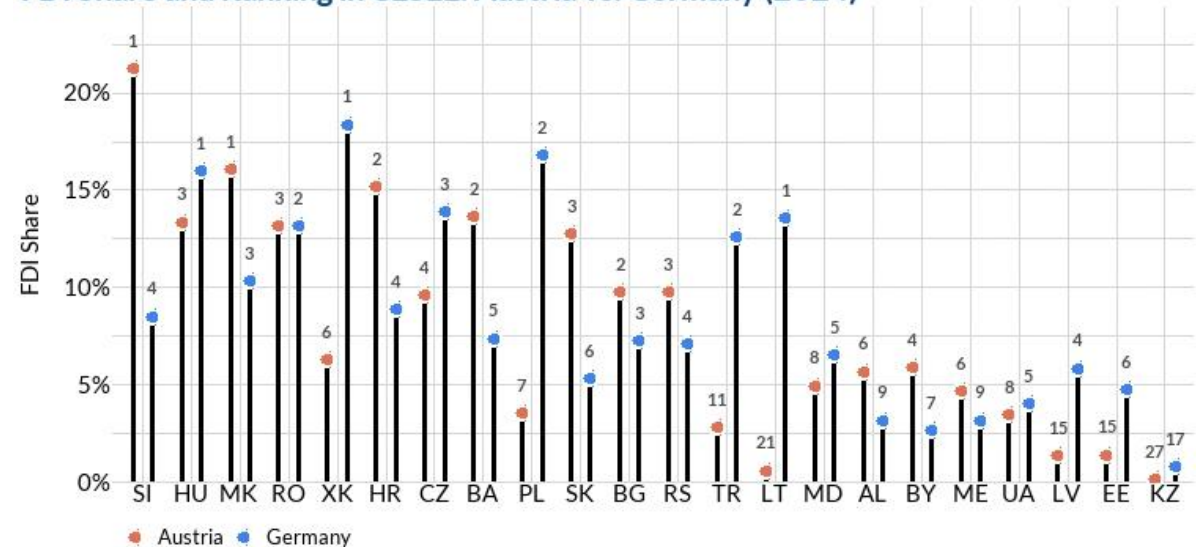
- CESEE attractive for FDI given high economic growth, geographic proximity, well developed infrastructure, competitive production costs (recently undermined by strong wage growth)
- Austria No. 3 among top-EU investors, in SEE often No. 1
- Austria often ranks before DE despite its smaller size

Austrian FDI Share and Ranking in CESEE (2023 vs 2024)

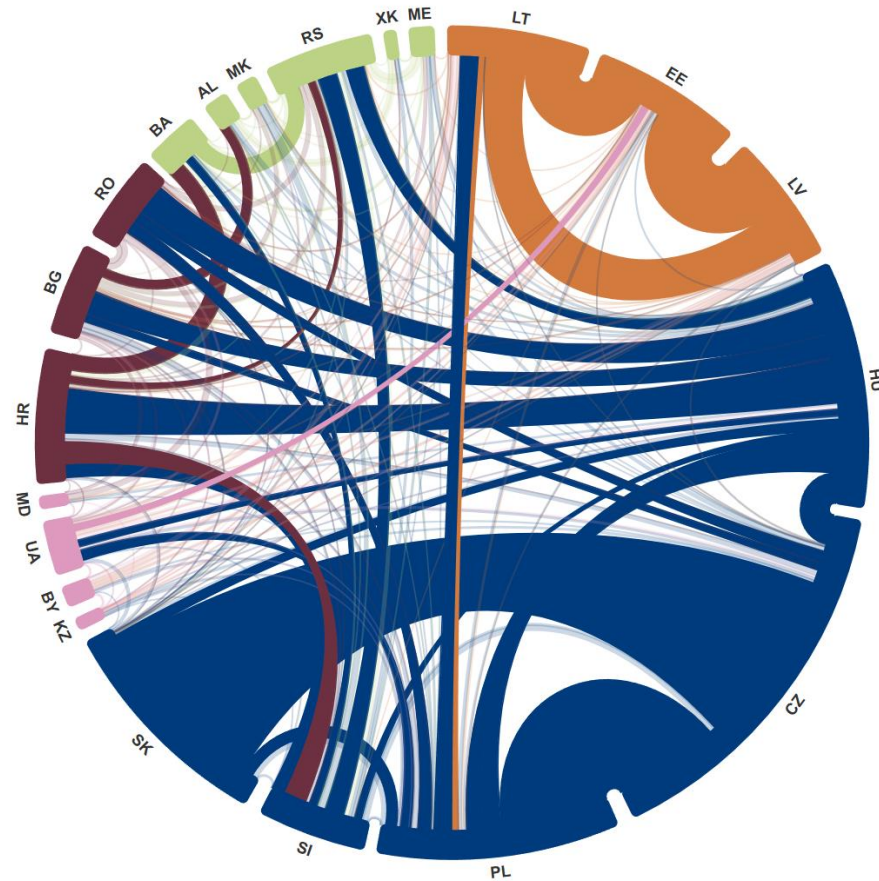


Source: wiiw, OeNB.

FDI Share and Ranking in CESEE: Austria vs. Germany (2024)



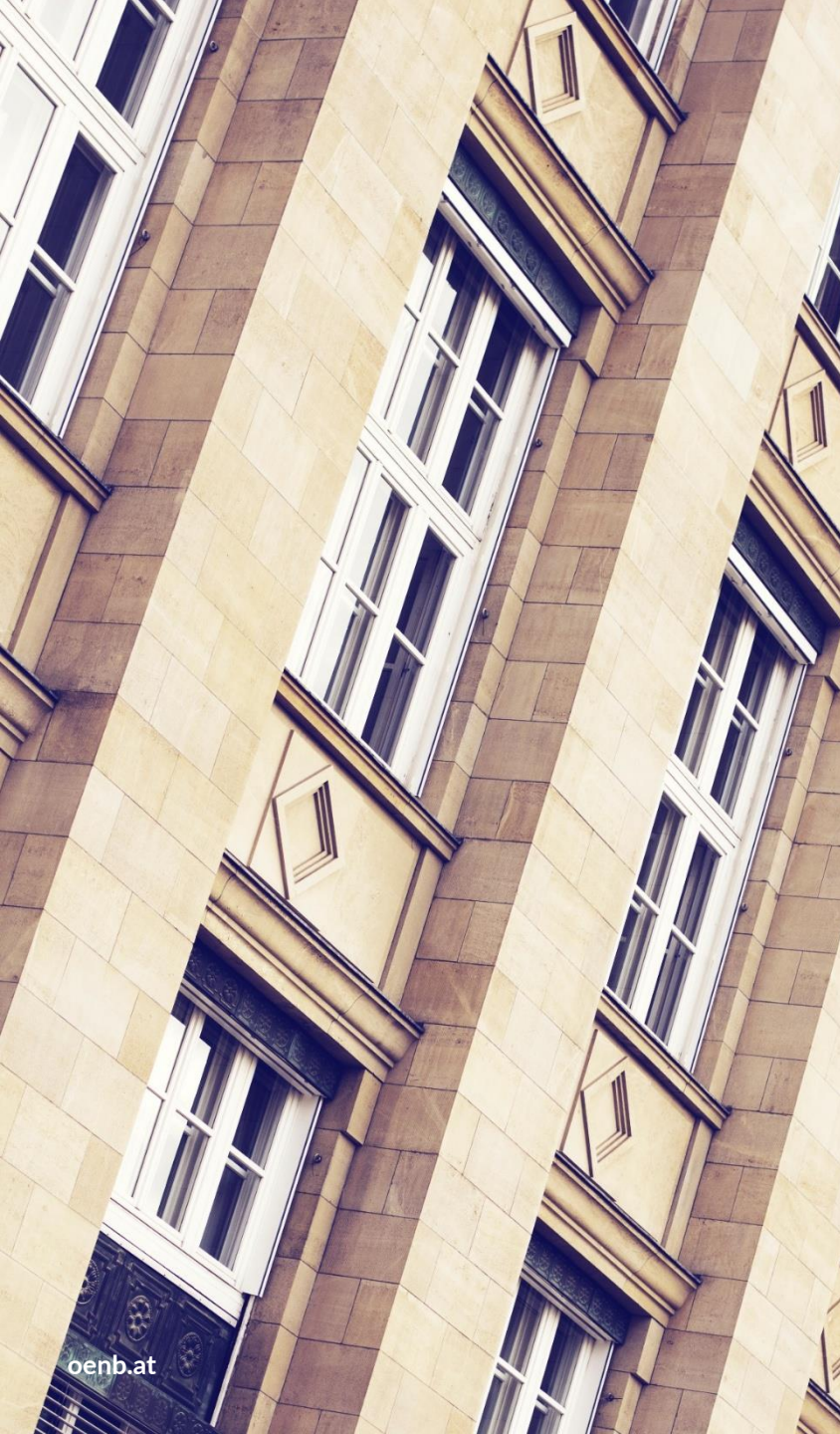
... while regional FDI is rapidly gaining importance



● CEE
 ● Südosteuropa
 ● Baltikum
 ● Westbalkan
 ● Post-sowjet







Source: wiiw, OeNB.

- **EU-15** (esp. NL, DE, AT, LU) remain the most important investors in CESEE, while regional clusters have emerged
- **Baltics** as a distinct cluster with little investment from other CESEE except from PL
- **CEE**: CZ, SK, PL with strong bilateral FDI
- **SEE**: SI, HR, BG, RO and HU with strong regional integration and investment in Western Balkans
- **Western Balkans**: still relatively limited outward FDI



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