Interview: Ulrich Schlick – Deputy Managing Director, German Chamber of Commerce in Austria



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Ulrich Schlick, deputy managing director of the German Chamber of Commerce in Austria, discusses the Chamber's role in facilitating business opportunities for German companies in Austria and vice versa. He also provides an overview of the cultural ties and differences between the countries and the potential of Austria for German companies to be a gateway, and regional hub, for eastern Europe.

Could you describe the organisation's history in Austria and some of the areas you have been working in recently?

The German Chamber of Commerce in Austria in its present setting was founded in 1955. It is a bilateral chamber focusing on the promotion of trade between Germany and Austria. It currently has around 1,500 members equally split between German and Austrian companies. We are proud of this repartition, as this is how the chamber was intended.

The German Chamber arranges around 80 events across the country each year. While most or the conventions are held in Vienna, the chamber also arranges events rurally and in Germany. Generally speaking, the events should help members meet and deliver information on doing business within each country.

German companies find doing business in Austria relatively easy as there are cultural similarities provided they accept some differences do exist. In fact, methods for addressing these slight

cultural differences are a big aspect of our value proposition. For example, certain words or phrases have different meaning in Germany or Austria. As a result of cultural similarities and the German chamber's role facilitating business, many German companies decide to use Austria as a hub for their activities in eastern Europe. More precisely, 270 of our German member have chosen to do so.

What do you see as the cultural differences between Austrians and Germans?

German companies treating Austria as a region of Germany will not be successful. They have to pay particular attention to respecting the cultural sovereignty of Austria, whether it be different approach to business practices or language differences. These can be quite tricky for the expat community living in Austria, and even I am perceived as German despite living here for over 12 years.

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With regards to business practices, I think some mutual cooperation is required to smoothen things. The stereotypes on German punctuality have their share of truth – whereas – it is not uncommon for Austrians to arrive 15 minutes late to a meeting. Austrians on the other hand, appreciate the punctuality of Germans and regard it as a mark of reliability in the business environment. In fact, I think this is true of most nations in contact with Germany for trade purposes. One could argue it is one of the reasons Germany is an excellent exporter of goods.

Many of the foreigners we have met describe the Austrians as change-averse. Do you believe this perception is shared within Germany?

I would disagree with the fact Austrians are scared of change. Instead, I would argue that Austrians like to have a wise and relaxed approach to any type of commitment. Rather than signing agreements within the first stages of a meeting, Austrians prefer to take a step back and get to know whom they are dealing with and the implications of doing business with them. Eventually, an agreement will be found, but the Austrians would rather take their time. This is why foreigners think that Austrians are slow. However, I would advise anyone willing to construct business with Austrians to commit to relationship building as a first priority.

What attracts German companies to Austria?

Firstly, the strong historical ties between the two countries are a major part of the explanation. Broadly speaking, the countries know about each other's cultures, and trust each other. The regulatory frameworks share some common ground. Indeed, both countries look to each other's

systems before trying to make an improved version in their own country, especially true in the healthcare system.

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Secondly, the regulatory bodies and most of the economy's dynamics are centralised in Vienna as a result of the emperor's footprint. Unlike Germany, no Austrian ministries are found outside the capital and is due to the privatisation of national companies only starting 25 years ago. This makes it easier to integrate within the domestic ecosystem.

Lastly Austria is a well-developed market. These dynamics, as opposed to undeveloped circumstances, render competing easier. There is no need to create a category of needs and the infrastructure to deliver services is already set up.

Austria and Germany's commercial bond is strong. What role does the German Chamber play in trade?

Both Germany and Austria have an external trade surplus. Over time, trade has increased and Germany still remains Austria's largest foreign trade partner. Austria has chosen to diversify its trading partners and the growing amount of goods exported to the US and UK has increased over the last 15 years.

How do you help Austrian companies enter Germany?

Many Austrian companies request our help to establish a presence in the German market. They look for distributors, suppliers and manufacturers with a larger capacity than here or in eastern European markets. From that point of view, it is more interesting for Austrian companies to go to Germany, than eastern Europe.

What is Austria's strategic importance to German companies?

German companies use Austria as a gateway to eastern Europe. While the operating costs of activities in Austria are higher than Germany, the locational advantages and cultural similarities are an asset German companies wish to benefit from when they establish a direct presence in Austria.

Many German healthcare companies are expanding their foothold in Austria. What has triggered this according to you?

Boehringer Ingelheim is the latest incumbent to have invested in the country, planning to construct a €700million (USD 825million) manufacturing facility that should open 500 employment opportunities for Austrians. Additionally, Merck has multiple sites across the country, employing 400 people, including the global competence centre for their consumer portfolio and has announced an investment of €70million (USD 82.5million) by the end of 2017.

I believe the government's decision to raise R&D subsidies *[i.e. 14% rebate as of January 1st, 2018]* has played a role in attracting more investments from global healthcare companies. I would not be surprised to see similar investments in the coming months.

Do you have a final message for German companies looking to establish a presence in Austria?

Although I would say German speaking companies have a slight advantage, Austria is a very well established and developed in most categories. There is excellent infrastructure at hand and a conducive business environment. Anybody willing to do business in Austria will get a fair chance to do so. Furthermore, the regional setting, skilled labour and the clear possibilities to spread businesses in eastern Europe make Austria an attractive destination to establish a regional hub for operations within the CEE region.

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