trade, metalworking, automotive, petroleum and chemical industries and to a minor extent in small business.

There are no restrictions regarding the percentage of foreign ownership. The Austrian National Bank administers exchange controls and thereby the inflows of foreign capital; permission for direct investments by non-residents is usually granted. Profits made in Austria by non-residents can be transferred out.

Austria welcomes direct foreign investment that creates new employment, introduces high technology, or uses products of local industry and that is not in sectors with excess production capacity. Nevertheless, simple takeovers of existing healthy enterprises are not encouraged. The official attitude towards foreign investment is liberal; however, investment activity can be subject to regulation for various reasons.

The federal government offers indirect tax incentives to foreign investment, as well as European ERP Fund Loans, export financing and low interest start-up loans. The provincial governments also offer low interest subsidies, land grants and credit guarantees for foreign investment in depressed areas.

Austrian capital may not be freely transferred abroad without permission from the National Bank. In general, permission is given for productive investments abroad where it can be demonstrated that there will be some economic benefit to Austria, e.g. increased export, retention of market, profit reinvestment in Austria, etc.

Business Taxation

A Canada-Austria Double Taxation Agreement was signed in December 1980. Industrial and commercial profits of an enterprise made in one country are not taxed in the other country unless the enterprise has a "permanent establishment" there.

Taxes are numerous, and it is not possible in this booklet to go into detail. In general, however, they would not affect the Canadian exporter except as described in section V, *Customs and Exchange Regulations and Levies*.