INVESTMENT IN AUSTRIA

What is the situation in Austria?

While the rate of investment in most new member states and euro area periphery countries plummeted during the crisis, Austria’s investment rate, similarly to that of other mature economies, has not been affected dramatically. The rate has hovered around 22% since 2009 – just 1 percentage point lower than before the crisis and stands out as one of the highest in the EU. The public investment share of GDP has typically been around the EU average, but lower than that of north European peers, excluding Germany.

What is the main challenge?

Despite favourable financing conditions, investment growth has been anaemic since 2012 as weak demand does not seem to justify expansion of productive capacity. As economic sentiment is less optimistic, there are notable risks that are affecting the outlook for investment.

At the same time, investment plans – public and private – need to address structural challenges i.e. the need to improve education outcomes, extend working lives and ensure the sustainability of the pension system, increase the efficiency of the innovation system so that research and development can bear economic fruit.

Opportunities for investment

The sectors of manufacturing, professional and scientific services, accommodation and food services are good examples of sectors that are seen as reliable pillars of the economy. They are relatively resilient in the crisis and can create solid economic and social returns to investment. This confirms the benefits of expanding the technological and knowledge base of the Austrian economy.
Reforms for investment

In the Country Specific Recommendations for Austria, the European Union recommended:

- Strengthen the budgetary strategy to ensure that the medium-term objective is reached
- Remove excessive barriers for service providers
- Maintain the downward path of the debt/GDP ratio
- Orderly restructure the nationalised and partly nationalised banks
- Improve the long-term sustainability of the public pension system
- Improvement of childcare and long-term care services
- Reduce the high tax wedge on labour for low-income earners
- Focus on educational outcomes and the development of higher education

EU funding for investment

2014 - 2020
in billion EUR


Past or ongoing projects for investment

- **Electricity interconnections**
  - Electricity interconnection (Austria, Italy)
  - Electricity interconnection (Commissioning date: 2017 (Austria, Germany))

- **Gas interconnections**
  - Reinforcement of the German network to reinforce interconnection capacities with Austria (Commissioning date: 1.10.2017 (Austria, Germany))

- **Oil interconnections**
  - Pipeline projects (Commissioning date: end of 2015 (Austria, Slovenia))

- **Transport interconnections**
  - Connecting Europe Facility: "Skills – Adriatic" core network corridor (Austria, Italy, Poland, Czech Republic, Slovakia, Slovenia)
  - Connecting Europe Facility: "Gierer – East Med" core network corridor (Germany, Czech Republic, Austria, Slovenia, Hungary, Bulgaria, Romania, Greece)
  - Connecting Europe Facility: "Scandinavian – Mediterranean" core network corridor (Finland, Sweden, Denmark, Germany, Austria, Italy, Malta)

- **Technological interconnections**
  - Targeting the set-up of new manufacturing capacities of electronic chips in Europe under preparation for a submission to the Commission in 2015 (France, Germany, UK, The Netherlands, Belgium, Austria, Italy, Finland, Ireland)