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Relative Unit Labour Costs Stabilised in 2025

Benjamin Bittschi, Birgit Meyer

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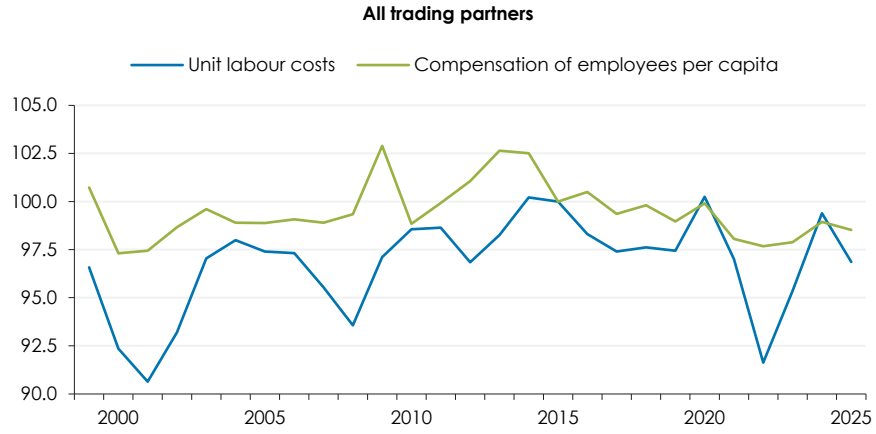
- This article examines the development of wage-related competitiveness on the basis of unit labour cost trends in Austria compared with its main trading partners.
- The trend in relative unit labour costs is a composite measure of changes in labour costs, productivity and the exchange rate.
- Austria's nominal effective exchange rate with its main trading partners rose by 0.3 percent in 2025.
- Unit labour costs in Austrian manufacturing rose only slightly (+0.5 percent) in 2025, following two years of sharp increases. Relative unit labour costs thus improved compared with the weighted average of all trading partners (–2.6 percentage points), compared with EU trading partners (–3.1 percentage points) and compared with Germany (–2.7 percentage points).
- Over the last five years, unit labour costs in Austrian manufacturing grew at the same rate as in Germany and 0.4 percentage points p.a. faster than in Western Europe, but 0.7 percentage points p.a. slower than the weighted average of all trading partners.

Development of relative labour costs and unit labour costs in manufacturing

Austria compared with the weighted average of trading partners, in €, 2015 = 100



"Following two years of sharp rises, unit labour costs in Austrian manufacturing stabilised in 2025, and the relative position vis-à-vis EU trading partners improved again for the first time since 2022."

Following significant deteriorations in 2023 and 2024, the relative unit labour cost position of Austrian manufacturing improved again in 2025: unit labour costs rose by 2.6 percentage points less than the weighted average of all trading partners (source: Statistics Austria, Eurostat, AMECO, OECD, national statistical offices, WIFO calculations. Trading partners: EU trading partners (excluding Malta), Norway, the UK, the USA, Canada and Japan).

Relative Unit Labour Costs Stabilised in 2025

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Relative Unit Labour Costs Stabilised in 2025

In 2025, unit labour costs in Austrian manufacturing rose only slightly year on year (+0.5 percent), after sharp increases of 11.7 percent and 9.6 percent in 2023 and 2024. Relative unit labour costs thus improved versus the trade-weighted average of all trading partners (–2.6 percentage points), versus EU trading partners (–3.1 percentage points) and versus Germany, Austria's main trading partner (–2.7 percentage points). This development was driven by a marked recovery in productivity (+3.4 percent) combined with distinctly weaker growth in compensation per employee (+3.9 percent after +6.4 percent in 2024). Over the past five years, unit labour costs in domestic manufacturing grew at the same pace as in Germany and by 0.4 percentage points p.a. faster than in Western Europe, but by 0.7 percentage points p.a. more slowly than the trade-weighted average of all trading partners. Due to government support measures during the COVID-19 pandemic and to cushion high inflation, the results for the past five years should still be interpreted with caution.

JEL-Codes: F16, F31, J3, L6 • **Keywords:** Unit labour costs, price competitiveness, manufacturing

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1. Relative unit labour costs reflect Austria's price competitiveness in manufacturing

The interplay between production costs, productivity and exchange rates plays a key role in the international competitiveness of economies. The development of the price competitiveness of Austrian goods can be illustrated by tracking changes in relative unit labour costs over time. Relative unit labour costs are an index in which changes in labour costs, productivity and exchange rates are combined into a single indicator and compared with the exchange-rate-adjusted unit labour costs (i.e. labour costs per unit produced) of the main trading partners.

However, unit labour costs are only a partial measure of the international competitiveness of a sector or even an entire economy, as they only reflect the wage-related component of competitiveness. Nevertheless, econometric studies (e.g. Carlin et al., 2001; Köhler-Töglhofer et al., 2017) show that changes in relative unit labour costs contribute significantly, in the medium term, to explaining trade flows and shifts in market share between trading partners. Other studies, however, emphasise the importance of other factors – such as technology and organisational structures – for the development of exports and market shares, whilst attributing changes in unit labour costs only limited explanatory power (Dosi et al., 2015).

This article is the annual update of the analysis of unit labour cost trends. The period covered is from 1995 up to and including 2025; in the case of relative labour costs and unit labour costs, the period covered begins in 1999. This thus captures both the effects of the COVID-19 pandemic and those of the energy and inflation crisis on the development of unit labour costs in Austria relative to its main trading partners. However, the results for the crisis years 2020 to 2023 should be interpreted with caution, both in a time series comparison and when compared with the main trading partners, as they may be distorted by country-specific differences in

the design, implementation and timing of the recording of government crisis measures.

The selection of countries for comparison is limited by the availability of longer time series on unit labour costs and their individual components. The comparison is therefore restricted to the EU member countries (with the exception of Malta) as well as Norway, the USA, the UK, Japan and Canada. These 30 trading partners account for around two-thirds of Austria's imports and exports.

Compared with the previous year's analysis (Bittschi & Meyer, 2025), the data underlying the calculations have, in some cases, been significantly revised. Following the revision of the National Accounts by Statistics Austria, the rise in unit labour costs in Austrian manufacturing in 2024 fell from 11.8 percent to 9.6 percent, as per capita productivity now declined at a slower rate (–2.9 percent instead of –4.8 percent). On average over the years 2019-2024, unit labour costs thus rose by 3.9 percent instead of 4.6 percent p.a. The increases in 2024 are now also lower for key trading partners, particularly for Germany (+5.0 percent instead of +8.4 percent) and the Netherlands (+3.1 percent instead of +7.4 percent). In the case of the UK, real gross value added at basic prices and – following the revision of the UK national accounts included in the OECD's annual accounts at the start of October 2026 – compensation of employees in manufacturing have been revised (unit labour costs in 2022 +4.9 percent instead of +13.2 percent, 2024 +6.2 percent instead of +9.5 percent). In addition, the data sources for the UK's total economy were changed. As a result, the UK's total economy unit labour costs increased by an average of 2.8 percentage points per year over the period 2019-2024. For Japan, compensation of employees and gross value added at basic prices in manufacturing are now consistently based on data from the OECD Annual Accounts, which incorporate the latest revision of the Japanese national accounts (unit labour costs in 2024 +0.9 percent instead of –2.3 percent). For Canada, real gross value added at basic prices for 2022 has been revised (unit labour costs in 2022 +15.9 percent instead of +13.8 percent). The key finding – a sharp deterioration in Austria's relative unit labour cost position in 2023 and 2024 – remains unaffected by these revisions. In 2024, however, it was slightly smaller than reported in the previous year's article (+4.5 percentage points instead of +5.3 percentage points compared with the average of all trading partners).

2. The nominal effective exchange rate rose by 0.3 percent in 2025

The starting point for analysing price competitiveness – and thus the relative unit labour cost position – is the nominal effective exchange rate. This compares the value of the national currency with a basket of currencies that reflects the importance of individual trading partners on the basis of a weighting scheme[1]. By deflating the nominal effective exchange rate by unit labour costs, the unit labour cost position of domestic manufacturing can be determined. The unit labour cost position thus reflects the real external value of the national currency in international competition and corresponds to a real effective exchange rate for that currency (see box "Calculation method and data basis for the unit labour cost comparison").

In 2025, the nominal effective exchange rate for industrial goods appreciated slightly from an Austrian perspective for the third year running (+0.3 percent)[2]. The appreciation was the result of a combination of the euro's appreciation and depreciation against the national currencies of various trading partners (Figure 1). For instance, the euro appreciated against the Canadian dollar (+6.5 percent), the dollar (+4.4 percent), the Japanese yen (+3.2 percent), the Romanian leu (+1.3 percent), the British pound (+1.2 percent), the Norwegian krone (+0.8 percent) and the Hungarian forint (+0.6 percent), which made Austrian exports to these countries more expensive. These upward trends were partly offset by depreciation against the Swedish krona (–3.2 percent), the Czech koruna (–1.7 percent) and the Polish zloty (–1.5 percent).

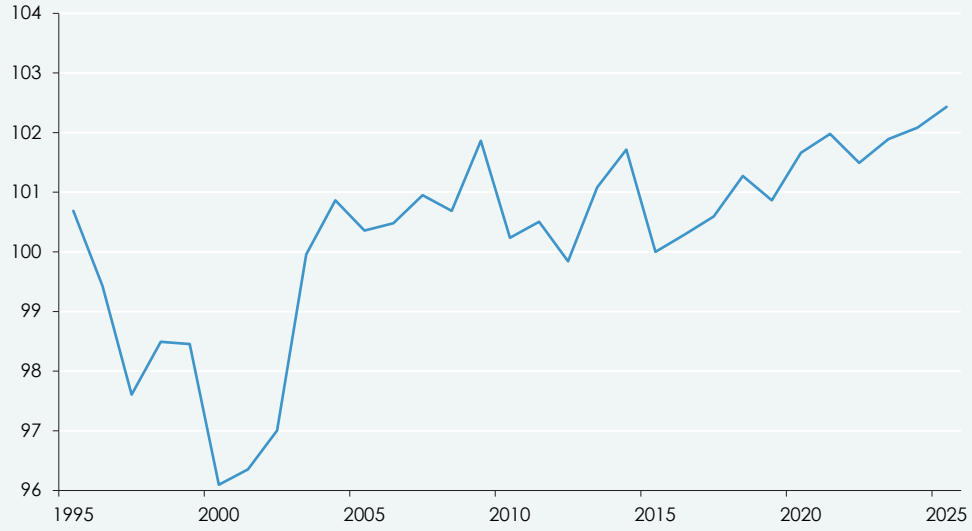
In the long term, the nominal effective exchange rate index has remained largely stable since 2004, fluctuating only slightly[3]. A slight upward trend has been evident since 2015 (2025 +2.4 percent compared with 2015), which slowed somewhat in 2019 and 2022.

With its renewed appreciation in 2025, the nominal effective exchange rate continued its slight upward trend of recent years.

[1] As euro area countries account for a good two-thirds of the weighting in the currency basket used, exchange rate fluctuations play only a minor role in the calculation of the nominal effective exchange rate for the Austrian export sector.
[2] A fall in the nominal effective exchange rate corresponds to a depreciation of the reference currency (the euro or, prior to 1999, the schilling), whilst a rise corresponds to an appreciation.
[3] The range of fluctuation would be greater if more non-euro area countries could be included in the analysis than is possible here due to data availability.

Figure 1: **Development of the nominal effective exchange rate index for industrial goods**

2015 = 100



Source: WIFO calculations. Weighted average of the group of countries according to unit labour cost calculations.

Calculation method and data basis for the unit labour cost comparison

Unit labour costs in national currency (ULC) for an industry, a sector or the total economy are defined as the ratio of the nominal wage total (NWT), measured in terms of compensation of employees, to real gross value added at basic prices (GVA):

$$ULC = \frac{NWT}{GVA}.$$

If both the total wage bill and gross value added at basic prices are divided by a measure of labour input, this yields the two components of unit labour costs: labour costs per unit of labour and labour productivity.

A change in the share of self-employed persons in total employment can be taken into account by expressing unit labour costs as the ratio of labour costs per employee (EM) to gross value added at basic prices per persons employed (PE):

$$ULC = \frac{\frac{NWT}{EM}}{\frac{GVA}{PE}}.$$

WIFO calculates unit labour costs using these formulae and data compiled in accordance with the survey methodology of the System of National Accounts. To determine unit labour costs in Austrian manufacturing, the number of employment relationships or jobs is used instead of the concept of persons (employees and persons employed).

For international comparisons, unit labour costs must be expressed in a common currency, as exchange rate fluctuations can alter a country's cost position just as much as trends in unit labour costs. A country's relative unit labour cost position is thus calculated as the ratio of the unit labour costs of both trading partners, measured in a single currency. For a comparison involving several countries, a weighting scheme must be applied, as individual markets usually have varying degrees of importance in foreign trade. Regardless of the methodological approach, such a weighting scheme is based on data from foreign trade statistics and thus reflects the extent of an economy's integration into the global trade network.

WIFO relies on a harmonised method, which is also used by the central banks of the euro area to measure international competitiveness. The weighting scheme consists of simple (bilateral) import weights and double (multilateral) export weights for manufacturing (Section C of the ISIC Rev. 4 economic classification; for details of the method, see Turner & Van 't dack, 1993). The double export weighting takes into account not only competition with trading partners on the respective domestic markets but also competition on all other export markets. Since 2022, the double export weights have been calculated and applied separately for each year, based on the OECD's "Trade in Value Added" data (bilateral gross exports and imports, and gross output by industry). For the years 2023 to 2025, due to a lack of data, the average of the last three available years (2020 to 2022) was extrapolated. The switch to an annual, variable weighting scheme allows for shifts in market share as well as changes in competition with third countries in foreign markets to be taken into account. The recalculation of the weights thus ensures that country-specific trade linkages are represented as accurately and up-to-date as possible.

The international data on compensation of employees, productivity and unit labour costs for manufacturing and the total economy are derived primarily from the Eurostat database. Only where these did not contain up-to-date figures were figures drawn from the AMECO database, the OECD's annual accounts and national statistics from the respective countries (including the USA: Bureau of Economic Analysis; Canada: Statistics Canada; Japan: Cabinet Office; UK: Office for National Statistics)[1].

On the selection of countries

The "EU trading partners" aggregate comprises all of Austria's EU trading partners excluding Malta, whilst the "all trading partners" aggregate additionally includes the UK, Norway, the USA, Canada and Japan. To take account of the heterogeneous dynamics within the EU, two further country groups were distinguished: "EU member countries before 2004" and "new EU member countries (accession from 2004)". Malta and the UK are not included in these either.

[1] Canada 2025: compensation of employees has been extrapolated; for the total economy, this is based on the growth in compensation of employees according to the National Accounts, and for manufacturing, on the growth in wages and salaries in the sector; Statistics Canada withdrew the compensation series from the productivity accounts on 29 July 2026 for quality review. UK: compensation of employees in manufacturing is available in the OECD Annual Accounts up to 2024, whilst real gross value added at basic prices is available up to 2023; compensation of employees was extrapolated for 2025 using the rates of change for manufacturing from the AMECO database, whilst real gross value added at basic prices for 2024 and 2025 was extrapolated using those from the Office for National Statistics' quarterly accounts. Japan: compensation of employees and real gross value added at basic prices up to 2024 are based on the OECD Annual Accounts (data from the Cabinet Office); for 2025, compensation of employees and employment were extrapolated using the growth rates for the total economy from the AMECO database, whilst real gross value added at basic prices was extrapolated using the quarterly data on manufacturing from the Cabinet Office. USA: compensation of employees, number of employees and real gross value added at basic prices in manufacturing according to the Bureau of Economic Analysis; number of persons employed from 2023 to 2025 extrapolated using the share of self-employed persons in 2022. For Canada, jobs are used to determine the number of employees.

3. Recovery in productivity and weaker labour cost dynamics in Austria

The trend in labour costs in manufacturing is assessed on the basis of compensation of employees per employee in national currency (Table 1). This National Accounts indicator captures total wages and salaries, including employers' social security contributions, on a per capita basis. As a result of the COVID-19 aid and support measures introduced in response to the energy crisis, the financing of compensation of employees shifted in part from businesses to the public sector from 2020 onwards. As these circumstances are not always reflected in the National Accounts, the labour cost figures for the years from 2020 onwards provide only limited insight into the actual expenditure incurred by businesses. They should therefore be interpreted with caution as a determinant of price competitiveness. This applies in a similar manner to the countries under comparison. Furthermore, different support measures were implemented in those countries, which makes it difficult to compare labour costs both between countries and within individual countries over time.

In nominal terms, per capita compensation of employees in Austrian manufacturing the previous year. This marked a slowdown in labour cost growth in Austria, following increases in 2023 and 2024 of +7.0 percent and +6.4 percent respectively, which were still characterised by high inflation. In 2025, per capita labour costs rose more sharply among all trading partners (weighted average +4.6 percent) and among EU trading partners (+4.6 percent) than in Austria. In Germany (+3.9 percent), labour costs rose at roughly the same rate as in Austria, whilst the weighted average for the "old" EU member countries (+3.6 percent) was 0.3 percentage points lower.

In the longer term, too, per capita labour costs in Austria grew at a slightly slower rate than the weighted average of its trading partners. Over the past ten years (2015-2025), they rose by 3.5 percent p.a. in Austria, by 3.9 percent p.a. on average across all trading partners, and by 4.1 percent p.a. on average amongst EU trading partners. This comparison (Table 1) is based on figures in national currency and does not yet take exchange rate fluctuations into account.

When measured in a common currency – that is, taking exchange rate fluctuations into account – the cost of labour in Austria rose relative to the reference countries, particularly during the crisis year of 2009 and, following a decline in 2010, once again from 2011 to 2013 (Figure 2). From 2015 onwards, relative labour costs in Austria fell again and fluctuated only slightly in the following years. During the crisis years from 2020 onwards (the COVID-19 pandemic, inflation crisis), labour costs in Austria also fell relative to the weighted average of all trading partners. From 2022, however, relative labour costs rose again, particularly in comparison with the "old" EU member countries. In 2025, this rise largely came to a halt: compared with the weighted average of all trading partners, relative labour costs fell slightly (–0.4 percent), whilst they remained virtually unchanged compared with Germany and the "old" EU member countries (+0.1 percent and +0.2 percent respectively).

Table 1: **Development of labour costs per capita (employees) in manufacturing**
In national currency

	Ø 2015-2020	Ø 2020-2025	Ø 2015-2025	2023	2024	2025
	Percentage changes p.a.			Percentage changes from previous year		
Austria	+ 1.9	+ 5.2	+ 3.5	+ 7.0	+ 6.4	+ 3.9
Belgium	+ 0.9	+ 5.5	+ 3.2	+ 6.7	+ 4.1	+ 5.4
Denmark	+ 2.0	+ 4.2	+ 3.1	+ 5.9	+ 5.3	+ 3.9
Germany	+ 1.6	+ 4.4	+ 3.0	+ 6.4	+ 4.4	+ 3.9
Ireland	+ 3.1	+ 5.2	+ 4.1	+ 8.4	+ 8.3	– 1.0
Greece	– 0.9	+ 3.3	+ 1.2	+ 3.5	+ 5.5	+ 4.5
Spain	+ 1.0	+ 4.2	+ 2.6	+ 4.2	+ 4.1	+ 3.6
France	– 0.6	+ 4.3	+ 1.8	+ 5.5	+ 3.2	+ 2.6
Italy	– 0.2	+ 4.8	+ 2.2	+ 2.9	+ 3.6	+ 3.6
Luxembourg	+ 0.6	+ 4.7	+ 2.7	+ 6.7	+ 3.9	+ 3.8
Netherlands	+ 2.4	+ 4.4	+ 3.4	+ 5.5	+ 6.2	+ 4.2
Portugal	+ 3.2	+ 7.2	+ 5.2	+ 10.4	+ 8.7	+ 3.4
Finland	+ 0.2	+ 3.9	+ 2.0	+ 4.9	+ 1.0	+ 3.3
Sweden	+ 2.4	+ 3.0	+ 2.7	+ 4.7	+ 4.9	+ 0.6
Bulgaria	+ 8.7	+ 15.1	+ 11.9	+ 16.5	+ 14.3	+ 22.3
Czech Republic	+ 5.8	+ 6.8	+ 6.3	+ 8.3	+ 5.9	+ 5.2
Estonia	+ 5.4	+ 9.3	+ 7.3	+ 8.1	+ 13.2	+ 8.4
Croatia	+ 1.2	+ 11.7	+ 6.3	+ 15.8	+ 10.3	+ 15.5
Cyprus	+ 2.2	+ 5.2	+ 3.7	+ 5.2	+ 4.1	+ 5.6
Latvia	+ 7.5	+ 8.3	+ 7.9	+ 5.2	+ 4.1	+ 8.4
Lithuania	+ 6.8	+ 9.3	+ 8.1	+ 4.8	+ 7.0	+ 10.8
Hungary	+ 6.1	+ 10.9	+ 8.5	+ 17.8	+ 12.7	+ 4.6
Poland	+ 5.9	+ 9.5	+ 7.7	+ 12.8	+ 7.6	+ 5.2
Romania	+ 9.1	+ 10.6	+ 9.9	+ 15.9	+ 6.3	+ 10.6
Slovenia	+ 3.4	+ 7.1	+ 5.2	+ 9.2	+ 7.4	+ 4.8
Slovakia	+ 4.8	+ 7.7	+ 6.3	+ 9.5	+ 8.6	+ 6.3
UK	+ 1.8	+ 4.9	+ 3.3	+ 8.4	+ 5.5	+ 7.4
Norway	+ 1.9	+ 4.9	+ 3.4	+ 5.7	+ 5.8	+ 4.8
USA	+ 2.4	+ 4.1	+ 3.2	+ 3.8	+ 4.9	+ 4.7
Japan	+ 0.2	+ 2.4	+ 1.3	+ 2.2	+ 3.1	+ 2.8
Canada	+ 2.4	+ 3.5	+ 2.9	+ 6.8	+ 3.5	+ 1.6
All trading partners[1,5]	+ 2.3	+ 5.6	+ 3.9	+ 7.1	+ 5.5	+ 4.6
EU trading partners[2,5]	+ 2.3	+ 5.9	+ 4.1	+ 7.5	+ 5.6	+ 4.6
EU member countries before 2004[3,5]	+ 1.2	+ 4.4	+ 2.8	+ 5.7	+ 4.4	+ 3.6
"New" EU member countries (accession from 2004)[4,5]	+ 5.8	+ 9.3	+ 7.6	+ 12.4	+ 8.5	+ 6.9
	Growth differential in percentage points p.a.			Growth differential in percentage points		
Austria compared with . . .						
All trading partners[1,5]	– 0.4	– 0.5	– 0.4	– 0.1	+ 0.9	– 0.7
EU trading partners[2,5]	– 0.4	– 0.7	– 0.6	– 0.5	+ 0.8	– 0.7
EU member countries before 2004[3,5]	+ 0.7	+ 0.7	+ 0.7	+ 1.3	+ 2.0	+ 0.3
"New" EU member countries (accession from 2004)[4,5]	– 3.9	– 4.2	– 4.1	– 5.5	– 2.1	– 2.9
Germany	+ 0.3	+ 0.8	+ 0.5	+ 0.6	+ 2.0	+ 0.1

Source: Statistics Austria, Eurostat, AMECO, OECD, national statistical offices, WIFO calculations. Some figures at the current margin are estimates: UK: compensation of employees for 2025 extrapolated on the basis of growth rates according to AMECO; real gross value added at basic prices for 2024 and 2025 extrapolated on the basis of growth rates according to the Office for National Statistics. USA: number of persons employed from 2023 to 2025 extrapolated using the proportion of self-employed workers in 2022. Canada: compensation of employees in 2025 extrapolated using wage trends in manufacturing. Japan: compensation of employees and employment for 2025 extrapolated using the rates of change in the total economy; real gross value added at basic prices derived from quarterly data. – [1] EU trading partners (excluding Malta), Norway, the UK, the USA, Canada and Japan. – [2] Excluding Malta and the UK. – [3] Excluding the UK. – [4] Bulgaria, the Czech Republic, Estonia, Croatia, Cyprus, Latvia, Lithuania, Hungary, Poland, Romania, Slovenia, Slovakia. – [5] Weighted average of trading partners based on WIFO calculations using simple import weighting and double export weighting for industrial goods.

The weighted average of trading partners is derived from labour cost trends that vary considerably across individual countries or groups of countries. For example, as a result of the euro's depreciation against the Polish zloty and the Czech koruna, labour costs in euros rose significantly more sharply in Poland (+6.8 percent) and the Czech Republic (+7.1 percent) than in Austria. In the UK, too, the rise in labour costs in euro terms was substantial at +6.2 percent, despite the euro's appreciation against the pound.

As Austria's main trading partner, Germany plays a special role in the international comparison of labour costs per capita. In the 2000s and up to the financial market and economic crisis of 2009, labour costs per capita in German manufacturing rose very moderately and at a much slower rate than in Austria (Figure 2). Between 2010 and 2019, no clear shift in the cost ratio between the two countries was observed. From 2019 onwards, per capita compensation of employees in Austria rose significantly more sharply than in Germany, accelerated by the COVID-19 crisis as well as the energy and inflation crisis. This trend came to a halt in 2025 (Austria +3.9 percent, Germany +3.9 percent); however, over the last five years (2020-2025), Austria continues to face a cost disadvantage of 0.8 percentage points per year compared with Germany. Compared with all the "old" EU member countries, this disadvantage stands at 0.7 percentage points per year. Over the last ten years (2015-2025), per capita labour costs in Austria also rose by an average of 0.5 percentage points per year faster than in Germany and by 0.7 percentage points faster than in comparable western EU countries.

Driven by inflationary pressures, most EU countries have experienced strong labour cost growth over the last five years (2020-2025). This was particularly evident in Eastern Europe. Since the 1990s, these countries have been catching up with the high-wage countries of Western Europe in terms of labour costs, a trend that continued in 2025: particularly sharp rises in per capita labour costs (in national currency) were recorded in Bulgaria (+22.3 percent), Croatia (+15.5 percent), Lithuania (+10.8 percent) and Romania (+10.6 percent), where dynamic wage growth in response to high inflation, as well as increases in the minimum wage, led to a sharp rise in compensation of employees per capita. In the weighted aggregate of the "new" EU trading partners (those that joined from 2004 onwards), labour costs per capita rose by 6.9 percent in 2025 compared with the previous year.

Alongside labour costs per employee, labour productivity is the second key component in calculating relative unit labour costs. It is measured as real gross value added at basic prices per capita (persons employed). Table 2 presents the development of productivity per person employed in manufacturing, in an international comparison, expressed in national currency.

In the long term (2015-2025), per capita labour costs in Austria rose more sharply than in the "old" EU member countries, but significantly less so than in the countries that joined the EU from 2004 onwards.

Productivity in Austrian manufacturing rose again in 2025 for the first time since 2022. Following sharp declines in 2023 (–4.3 percent) and 2024 (–2.9 percent) – years characterised by the energy and inflation crisis as well as the recession – labour productivity per capita rose by 3.4 percent in 2025. Over the last five years (2020-2025), this resulted in average productivity growth of 2.5 percent per year, following a period of stagnation between 2015 and 2020 (–0.1 percent per year).

Following two years of sharp declines, per capita productivity in Austrian manufacturing recovered significantly in 2025.

Productivity also recovered in 2025 in most of the countries included in the comparison. In Germany, per capita productivity rose by 0.6 percent following two years of decline (2023 –3.1 percent, 2024 –0.6 percent), but grew at a significantly slower rate than in Austria. Strong productivity growth was recorded in 2025 in, amongst others, Estonia (+9.0 percent), Ireland (+7.0 percent), Latvia (+6.7 percent), Lithuania (+6.6 percent), Croatia (+6.6 percent) and Denmark (+6.0 percent). By contrast, per capita productivity declined in Bulgaria (–6.4 percent), Japan (–1.8 percent), Hungary (–1.8 percent), Canada (–1.3 percent), Spain (–1.2 percent) and the UK (–0.7 percent). The exceptional productivity gains in Danish manufacturing (Ø 2020-2025 +10.4 percent p.a.) continue to be driven primarily by the rapidly expanding pharmaceutical and biotech sectors. As these highly productive sectors contribute increasingly to value added whilst employment growth remains only moderate, average gross value added at basic prices per person employed in Denmark is rising significantly.

Table 2: **Development of productivity per capita (persons employed) in manufacturing**
In national currency

	Ø 2015-2020	Ø 2020-2025	Ø 2015-2025	2023	2024	2025
	Percentage changes p.a.			Percentage changes from previous year		
Austria	– 0.1	+ 2.5	+ 1.2	– 4.3	– 2.9	+ 3.4
Belgium	– 0.8	+ 1.8	+ 0.5	+ 1.4	– 2.3	+ 1.8
Denmark	+ 2.5	+ 10.4	+ 6.4	+ 8.4	+ 16.3	+ 6.0
Germany	– 0.5	+ 1.7	+ 0.6	– 3.1	– 0.6	+ 0.6
Ireland	+ 4.6	+ 2.7	+ 3.7	– 19.4	– 0.2	+ 7.0
Greece	– 0.2	+ 3.9	+ 1.8	+ 1.0	+ 7.2	+ 2.5
Spain	– 2.9	+ 3.4	+ 0.2	– 1.3	+ 2.0	– 1.2
France	– 0.6	+ 2.5	+ 0.9	+ 6.1	+ 3.5	+ 0.7
Italy	– 1.7	+ 2.8	+ 0.5	– 2.5	– 0.6	+ 0.5
Luxembourg	– 0.5	+ 7.9	+ 3.6	+ 21.5	+ 27.6	+ 1.1
Netherlands	+ 1.0	+ 3.2	+ 2.1	– 3.8	+ 3.0	+ 3.4
Portugal	+ 0.5	+ 1.9	+ 1.2	– 0.3	+ 2.5	+ 0.3
Finland	+ 1.9	– 1.6	+ 0.2	– 3.9	+ 5.9	+ 0.7
Sweden	– 0.1	+ 1.3	+ 0.6	– 10.1	– 0.1	+ 0.5
Bulgaria	+ 0.7	+ 5.1	+ 2.9	+ 8.3	– 1.3	– 6.4
Czech Republic	+ 1.9	+ 3.1	+ 2.5	+ 5.3	– 1.4	+ 2.4
Estonia	+ 2.4	+ 1.9	+ 2.2	– 4.6	+ 10.3	+ 9.0
Croatia	– 0.1	+ 4.0	+ 1.9	+ 0.8	– 1.9	+ 6.6
Cyprus	+ 7.3	– 1.2	+ 3.0	+ 11.4	+ 1.0	+ 0.3
Latvia	+ 4.0	+ 1.8	+ 2.9	– 3.1	+ 2.9	+ 6.7
Lithuania	+ 3.0	+ 3.7	+ 3.3	– 2.0	+ 0.2	+ 6.6
Hungary	– 1.5	– 0.4	– 1.0	– 4.4	– 3.1	– 1.8
Poland	+ 1.0	+ 4.0	+ 2.5	+ 8.6	– 1.3	+ 2.9
Romania	+ 2.8	+ 0.1	+ 1.4	+ 15.3	– 9.3	+ 3.4
Slovenia	+ 1.8	+ 2.4	+ 2.1	+ 1.7	+ 5.6	+ 0.2
Slovakia	– 0.1	+ 0.4	+ 0.1	– 2.9	+ 3.9	+ 3.1
UK	+ 1.3	+ 1.6	+ 1.4	+ 2.3	+ 2.1	– 0.7
Norway	– 0.1	+ 0.9	+ 0.4	– 1.3	+ 0.2	+ 2.0
USA	+ 1.1	+ 1.6	+ 1.4	– 0.8	+ 4.5	+ 2.8
Japan	+ 0.8	+ 0.1	+ 0.4	– 2.2	– 5.2	– 1.8
Canada	+ 0.2	– 1.3	– 0.5	– 1.9	– 1.9	– 1.3
All trading partners[1,5]	+ 0.0	+ 2.0	+ 1.0	– 0.9	+ 0.3	+ 1.2
EU trading partners[2,5]	– 0.2	+ 2.2	+ 1.0	– 1.0	+ 0.0	+ 1.2
EU member countries before 2004[3,5]	– 0.5	+ 2.2	+ 0.8	– 2.5	+ 0.5	+ 0.9
"New" EU member countries (accession from 2004)[4,5]	+ 0.9	+ 2.3	+ 1.6	+ 4.2	– 1.3	+ 1.9
	Growth differential in percentage points p.a.			Growth differential in percentage points		
Austria compared with . . .						
All trading partners[1,5]	– 0.1	+ 0.4	+ 0.2	– 3.4	– 3.2	+ 2.2
EU trading partners[2,5]	+ 0.1	+ 0.3	+ 0.2	– 3.3	– 2.9	+ 2.2
EU member countries before 2004[3,5]	+ 0.4	+ 0.3	+ 0.4	– 1.8	– 3.4	+ 2.4
"New" EU member countries (accession from 2004)[4,5]	– 1.0	+ 0.2	– 0.4	– 8.4	– 1.5	+ 1.5
Germany	+ 0.4	+ 0.8	+ 0.6	– 1.2	– 2.3	+ 2.7

Source: Statistics Austria, Eurostat, AMECO, OECD, national statistical offices, WIFO calculations. Some figures at the current margin are estimates: UK: compensation of employees for 2025 extrapolated on the basis of growth rates according to AMECO; real gross value added at basic prices for 2024 and 2025 extrapolated on the basis of growth rates according to the Office for National Statistics. USA: number of persons employed from 2023 to 2025 extrapolated using the proportion of self-employed workers in 2022. Canada: compensation of employees in 2025 extrapolated using wage trends in manufacturing. Japan: compensation of employees and employment for 2025 extrapolated using the rates of change in the total economy; real gross value added at basic prices derived from quarterly data. – [1] EU trading partners (excluding Malta), Norway, the UK, the USA, Canada and Japan. – [2] Excluding Malta and the UK. – [3] Excluding the UK. – [4] Bulgaria, the Czech Republic, Estonia, Croatia, Cyprus, Latvia, Lithuania, Hungary, Poland, Romania, Slovenia, Slovakia. – [5] Weighted average of trading partners based on WIFO calculations using simple import weighting and double export weighting for industrial goods.

A comparison of productivity trends with trading partners paints a positive picture for Austria in 2025. Per capita productivity in Austria grew 2.2 percentage points faster than the weighted average of all trading partners, 2.2 percentage points faster than among EU trading partners, and 2.7 percentage points faster than in Germany. The medium-term picture is also favourable. Over the last five years (2020-2025), productivity in Austria increased slightly faster than the weighted average of all trading partners (+0.4 percentage points per year) and that of EU trading partners (+0.3 percentage points p.a.), 0.8 percentage points per year faster than in Germany and 0.2 percentage points per year faster than in the "new" EU member countries (those that joined from 2004 onwards). Over the ten-year period from 2015 to 2025, productivity in Austria (+1.2 percent p.a.) grew at a slightly faster rate than the average for all trading partners and EU trading partners (both +1.0 percent p.a.) as well as in Germany (+0.6 percent p.a.), but more slowly than in the EU accession countries from 2004 onwards (+1.6 percent p.a.).

On average over the last ten years, per capita productivity in Austria has grown at a slightly faster rate than among its main trading partners, but at a slower rate than in the "new" EU member countries.

4. Stabilisation of unit labour costs in manufacturing following two years of sharp rises

The trend in unit labour costs (labour costs per unit of output) is derived from changes in per capita labour costs (compensation of employees per person in dependent employment) and productivity (real gross value added at basic prices per person employed). The energy price shock resulting from Russia's war of aggression against Ukraine led to significant rises in unit labour costs in Austria from 2023 onwards (2023 +11.7 percent, 2024 +9.6 percent; Table 3). In 2025, this upward trend largely came to a halt, as labour costs (+3.9 percent) rose only slightly more than productivity (+3.4 percent). Unit labour costs in manufacturing thus rose only marginally compared with the previous year (+0.5 percent). The medium-term average for the years 2020-2025 is an annual increase of 2.6 percent, whilst the longer-term average for 2015-2025 is 2.3 percent.

Analysing unit labour costs as an indicator of price competitiveness is only meaningful when compared with developments in other countries. Table 3 provides a detailed overview of the dynamics of unit labour costs among individual trading partners, as well as the development of Austria's unit labour cost position – that is, the real effective exchange rate deflated by unit labour costs relative to trading partners.

In 2025, unit labour costs in Austria rose by 2.6 percentage points less than the weighted average of all trading partners. Amongst these partners, unit labour costs increased by 3.1 percent in 2025, whereas in Austria they rose by only 0.5 percent. Compared with EU trading partners (+3.6 percent), the improvement amounted to 3.1 percentage points. Compared with the "old" EU member countries (which joined before 2004), which recorded an average increase of 2.9 percent, Austria's position improved by 2.3 percentage points; compared with Germany (+3.2 percent), the improvement was 2.7 percentage points. The relative trend was even more favourable compared with the Central and Eastern European EU member countries (which joined from 2004 onwards), where unit labour costs rose by a weighted average of 5.5 percent (a growth differential of 5.0 percentage points). The rise was particularly sharp in Bulgaria (+30.7 percent), Croatia (+8.3 percent), Hungary (+5.8 percent) and Romania (+5.5 percent). By contrast, unit labour costs fell in 2025 in Ireland (–7.5 percent), Canada (–3.3 percent), the USA (–2.4 percent), Denmark (–2.1 percent) and Estonia (–0.5 percent). The figures for Canada and the USA are moderated in euro terms due to exchange rate effects; the figure for Canada is also based on an estimate at the current margin (see box "Calculation method and data basis for the unit labour cost comparison").

The sharp rises in 2023 and 2024 continue to shape the medium- and long-term comparison. Over the last five years (2020-2025), unit labour costs in Austrian manufacturing grew at the same rate as in Germany and 0.4 percentage points p.a. faster than in the "old" EU member countries. By contrast, compared with the average of all EU trading partners, there is an advantage of 0.9 percentage points p.a., which is attributable to the strong growth in unit labour costs in the "new" EU member countries (Ø 2020-2025 +7.0 percent p.a.). Over the ten-year average from 2015 to 2025, unit labour costs in Austria grew 0.3 percentage points p.a. faster than in Western Europe and at roughly the same rate as in Germany.

After two years of significant deterioration, Austria's relative unit labour costs in manufacturing improved again in 2025 compared with its EU trading partners.

Table 3: **Development of unit labour costs per capita (employees or persons employed) in manufacturing**
In €

	Ø 2015-2020	Ø 2020-2025	Ø 2015-2025	2023	2024	2025
	Percentage changes p.a.			Percentage changes from previous year		
Austria	+ 2.0	+ 2.6	+ 2.3	+11.7	+ 9.6	+ 0.5
Belgium	+ 1.7	+ 3.7	+ 2.7	+ 5.2	+ 6.6	+ 3.6
Denmark	– 0.4	– 5.6	– 3.0	– 2.5	– 9.6	– 2.1
Germany	+ 2.1	+ 2.6	+ 2.4	+ 9.8	+ 5.0	+ 3.2
Ireland	– 1.5	+ 2.4	+ 0.4	+34.4	+ 8.5	– 7.5
Greece	– 0.7	– 0.6	– 0.6	+ 2.6	– 1.6	+ 2.0
Spain	+ 4.0	+ 0.8	+ 2.3	+ 5.5	+ 2.0	+ 4.9
France	+ 0.0	+ 1.8	+ 0.9	– 0.5	– 0.2	+ 2.0
Italy	+ 1.5	+ 1.9	+ 1.7	+ 5.5	+ 4.2	+ 3.1
Luxembourg	+ 1.2	– 2.9	– 0.9	–12.2	–18.6	+ 2.7
Netherlands	+ 1.4	+ 1.1	+ 1.2	+ 9.7	+ 3.1	+ 0.8
Portugal	+ 2.7	+ 5.1	+ 3.9	+10.8	+ 6.1	+ 3.0
Finland	– 1.7	+ 5.6	+ 1.9	+ 9.2	– 4.7	+ 2.5
Sweden	+ 0.2	+ 0.6	+ 0.4	+ 7.8	+ 5.4	+ 3.4
Bulgaria	+ 8.0	+ 9.6	+ 8.8	+ 7.6	+15.8	+30.7
Czech Republic	+ 4.4	+ 5.1	+ 4.7	+ 5.3	+ 2.6	+ 4.6
Estonia	+ 2.9	+ 7.2	+ 5.0	+13.3	+ 2.6	– 0.5
Croatia	+ 1.6	+ 7.3	+ 4.4	+14.9	+12.5	+ 8.3
Cyprus	– 4.8	+ 6.4	+ 0.7	– 5.6	+ 3.1	+ 5.3
Latvia	+ 3.4	+ 6.4	+ 4.9	+ 8.5	+ 1.1	+ 1.6
Lithuania	+ 3.8	+ 5.4	+ 4.6	+ 7.0	+ 6.8	+ 3.9
Hungary	+ 5.1	+ 8.6	+ 6.9	+26.3	+12.3	+ 5.8
Poland	+ 3.5	+ 6.3	+ 4.9	+ 7.2	+15.0	+ 3.8
Romania	+ 4.4	+ 9.6	+ 7.0	+ 0.2	+16.5	+ 5.5
Slovenia	+ 1.5	+ 4.6	+ 3.0	+ 7.4	+ 1.7	+ 4.5
Slovakia	+ 4.9	+ 7.3	+ 6.1	+12.8	+ 4.5	+ 3.1
UK	– 3.5	+ 4.0	+ 0.2	+ 3.9	+ 6.2	+ 6.9
Norway	– 1.6	+ 2.2	+ 0.3	– 5.3	+ 3.7	+ 2.0
USA	+ 0.7	+ 2.6	+ 1.7	+ 1.9	+ 0.2	– 2.4
Japan	+ 1.4	– 4.1	– 1.4	– 5.0	+ 0.9	+ 1.4
Canada	+ 0.6	+ 4.2	+ 2.4	+ 2.2	+ 3.9	– 3.3
All trading partners[1,5]	+ 1.9	+ 3.3	+ 2.6	+ 7.4	+ 5.1	+ 3.1
EU trading partners[2,5]	+ 2.3	+ 3.5	+ 2.9	+ 8.5	+ 5.6	+ 3.6
EU member countries before 2004[3,5]	+ 1.7	+ 2.3	+ 2.0	+ 8.0	+ 4.1	+ 2.9
"New" EU member countries (accession from 2004)[4,5]	+ 4.1	+ 7.0	+ 5.6	+10.3	+ 9.6	+ 5.5
	Growth differential in percentage points p.a.			Growth differential in percentage points		
Austria compared with . . .						
All trading partners[1,5]	+ 0.1	– 0.7	– 0.3	+ 4.4	+ 4.5	– 2.6
EU trading partners[2,5]	– 0.3	– 0.9	– 0.6	+ 3.2	+ 3.9	– 3.1
EU member countries before 2004[3,5]	+ 0.3	+ 0.4	+ 0.3	+ 3.7	+ 5.5	– 2.3
"New" EU member countries (accession from 2004)[4,5]	– 2.1	– 4.3	– 3.2	+ 1.5	– 0.1	– 5.0
Germany	– 0.1	+ 0.0	– 0.1	+ 2.0	+ 4.5	– 2.7

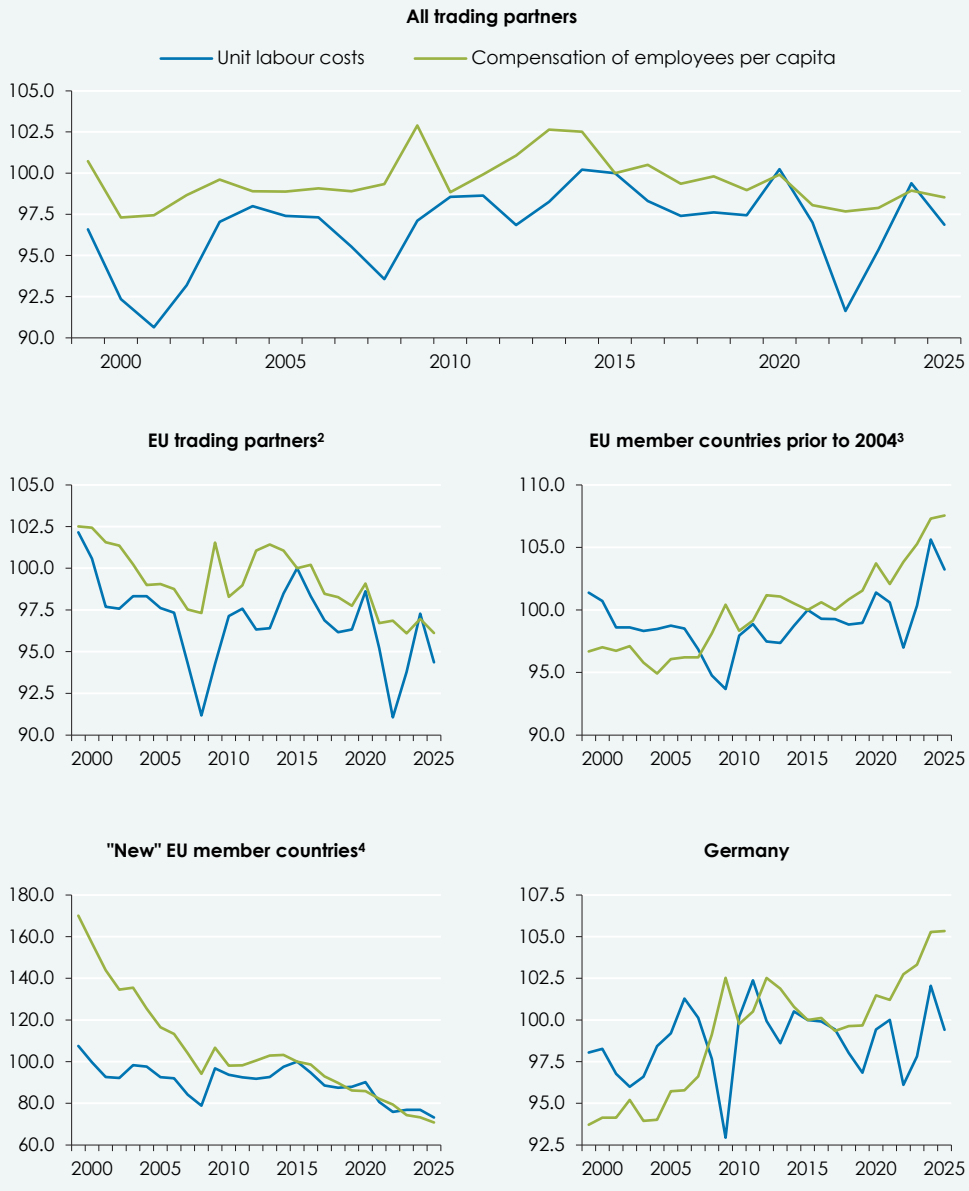
Source: Statistics Austria, Eurostat, AMECO, OECD, national statistical offices, WIFO calculations. Unit labour costs: the ratio of compensation of employees per capita (dependent employees) to real gross value added at basic prices per capita (persons employed). Some figures at the current margin are estimates: UK: compensation of employees for 2025 extrapolated based on growth rates according to AMECO; real gross value added at basic prices for 2024 and 2025 extrapolated based on growth rates according to the Office for National Statistics. USA: number of persons employed from 2023 to 2025 extrapolated using the proportion of self-employed workers in 2022. Canada: compensation of employees for 2025 extrapolated using wage trends in manufacturing. Japan: compensation of employees and employment for 2025 extrapolated using the rates of change in the total economy; real gross value added at basic prices derived from quarterly data. – [1] EU trading partners (excluding Malta), Norway, the UK, the USA, Canada and Japan. – [2] Excluding Malta and the UK. – [3] Excluding the UK. – [4] Bulgaria, the Czech Republic, Estonia, Croatia, Cyprus, Latvia, Lithuania, Hungary, Poland, Romania, Slovenia, Slovakia. – [5] Weighted average of trading partners based on WIFO calculations using simple import weighting and double export weighting for industrial goods.

Trend reversals and long-term changes are more clearly visible in the graphical representation (Figure 2). By 2001, the price competitiveness of Austrian manufacturing had initially improved significantly compared with the average of all trading partners. Following a counter-trend up to 2004, an improvement was once again recorded from

an Austrian perspective by the time the financial market and economic crisis broke out. The economic crisis triggered a further trend reversal and led to a deterioration in the relative unit labour costs of Austrian manufacturing in 2009-10. From 2010 to 2020, the trend relative to the weighted average of trading partners was volatile but largely stable. The years 2021 and 2022 brought significant improvements in the domestic unit labour cost position, followed by sharp deteriorations in 2023 and 2024. In 2025, Austria's relative position improved again: compared with Germany, it was most recently roughly at the 2020 level, whilst compared with Western Europe, part of the gap built up in previous years remained.

Figure 2: **Development of relative labour costs and unit labour costs in manufacturing**

Austria in relation to its trading partners, in €, 2015 = 100



Source: Statistics Austria, Eurostat, AMECO, OECD, national statistical offices, WIFO calculations. – [1] EU trading partners (excluding Malta), Norway, the UK, the USA, Canada and Japan. – [2] Excluding Malta and the UK. – [3] Excluding the UK. – [4] Bulgaria, the Czech Republic, Estonia, Croatia, Cyprus, Latvia, Lithuania, Hungary, Poland, Romania, Slovenia, Slovakia.

A comparison of relative unit labour costs and relative labour costs (compensation of employees per dependent employee, Figure 2) implicitly shows how productivity in Austria developed in comparison with its trading partners. If unit labour costs fell more sharply than relative compensation of employees, productivity in Austria developed more favourably than in the other countries. A parallel trend in the two time series

On average over the last five years, unit labour costs in Austria grew faster than in Denmark, Sweden and the Netherlands, but more slowly than in Finland and Belgium.

indicates steady productivity growth, whilst a faster decline in compensation of employees than in relative unit labour costs signals a deterioration in productivity in Austria relative to its trading partners. In 2023 and 2024, the rise in relative unit labour costs was primarily attributable to weaker productivity growth. Furthermore, compared with Germany and the other "old" EU countries, the sharper rise in compensation of employees had an adverse effect. In 2025, the recovery in productivity contributed significantly to the stabilisation of Austria's relative position. The medium- and long-term averages should still be interpreted with caution, as they may be distorted by the respective COVID-19 measures, as well as by the impact of inflation and the associated government interventions. Price interventions may dampen inflation in the short term and thus lead to a weaker pass-through of price rises to labour costs; however, in the medium and long term, they carry the risk of higher inflation. Furthermore, potential revisions to the National Accounts must be taken into account.

Across the individual countries under comparison, unit labour costs have shown consistently heterogeneous trends, and their development is also shaped by institutional peculiarities[4]. This applies in particular to developments over the last five years, which were characterised both by extensive government intervention in connection with the COVID-19 pandemic and by high inflation rates resulting from Russia's war of aggression. When comparing Austria (average 2020-2025 +2.6 percent p.a.) with economies that are similar in terms of population and GDP per capita, unit labour costs have developed less favourably over the last five years in Finland (+5.6 percent p.a.) and Belgium (+3.7 percent p.a.). In Denmark (–5.6 percent p.a.), Sweden (+0.6 percent p.a.) and the Netherlands (+1.1 percent p.a.), however, the trend was significantly more favourable than in Austria. In the Central and Eastern European countries, unit labour cost growth has accelerated noticeably over the past five years ("new" EU countries +7.0 percent p.a.) and has been significantly stronger than in Austria, as productivity has failed to keep pace with labour costs despite comparatively robust growth rates.

5. Total economy unit labour costs rose at a slower rate in 2025 than among trading partners

In 2025, unit labour costs in the total economy in Austria rose at a slower rate than those of its main trading partners for the first time since 2022.

The competitiveness of the export sector is determined not only by unit labour costs in manufacturing but also, to some extent, by those of the total economy. Where services and non-tradable goods are required as intermediate inputs, their cost trends influence the competitiveness of the sectors involved in foreign trade (Deutsche Bundesbank, 1998). However, unit labour costs in the total economy are also significantly influenced by sectors in which productivity growth is conceptually difficult to measure, such as the public sector. Consequently, unit labour costs for the total economy should be interpreted with caution. This is also the case because the most recent data are still subject to revisions and government measures to combat inflation vary from country to country. This also results in considerable heterogeneity with regard to the pass-through of inflation to labour costs.

In Austria, total economy unit labour costs rose by 3.2 percent in 2025, having increased by 8.6 percent and 7.8 percent in 2023 and 2024 respectively. Unlike in the two previous years, the increase remained lower than the average for all trading partners (+3.7 percent), representing an improvement of 0.5 percentage points. Compared with EU trading partners (+4.4 percent) and Germany (+4.4 percent), the difference was 1.2 percentage points in each case.

In the long term (2015-2025), unit labour costs in the total economy in Austria grew 0.3 percentage points p.a. faster than the average for all trading partners, at the same rate as the average for EU trading partners, and 0.2 percentage points p.a. faster than in Germany.

In the longer term, the growth in unit labour costs in the total economy is stronger both in Austria and amongst its trading partners than in manufacturing. This is in line with expectations, as manufacturing offers the greatest potential for increasing labour productivity through mechanisation and automation. It remains to be seen whether, in future, increased use of artificial intelligence will result in a shift in productivity potential towards the services sector. This is not yet apparent for the year 2025.

[4] In Ireland, e.g., a revision of the 2015 National Accounts led to an overstated rise in productivity. The new National Accounts provisions stipulate that income from intellectual property rights held in Ireland should be attributed to Irish GDP (OECD, 2016). This primarily concerns the manufacturing; whilst it thus reflects economic activity in Ireland more accurately, it distorts the assessment of unit labour costs. The presentation of unit labour cost trends in manufacturing can only fully take intellectual property rights into account if the production and allocation of these rights take place in the same country. However, this is not necessarily the case in global value chains.

6. Summary

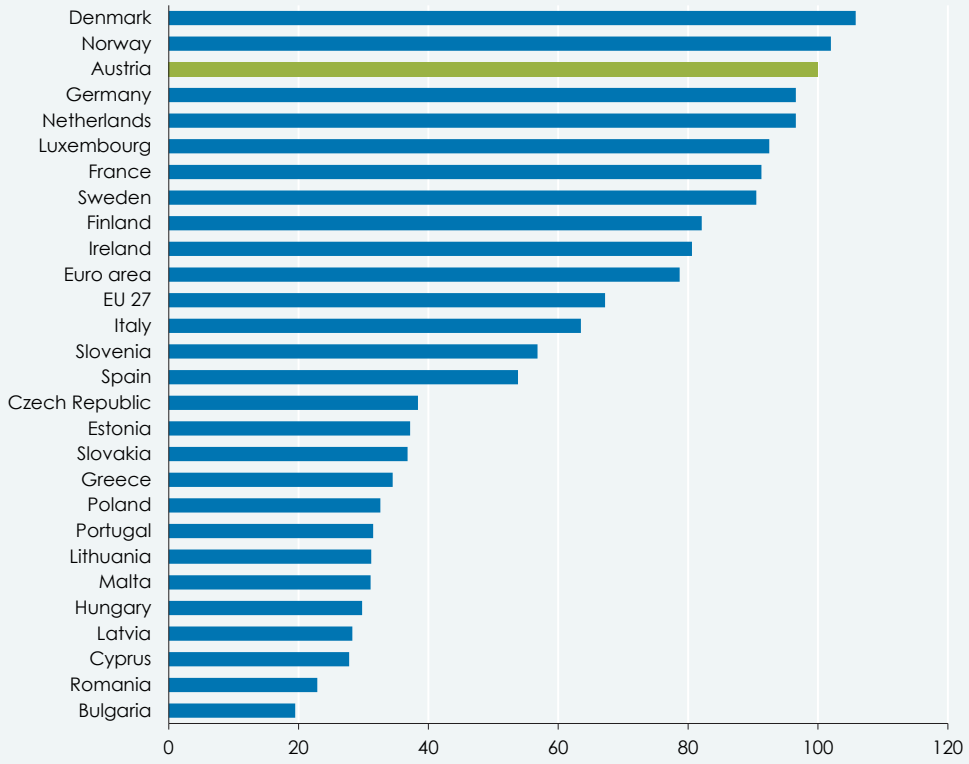
The available data show that, following two years of significant increases, relative unit labour costs in Austria stabilised in 2025. The key factors behind this were the marked recovery in productivity in manufacturing and the noticeably weaker growth in compensation of employees once the period of high inflation had passed.

Specifically, per capita compensation of employees in Austrian manufacturing rose by 3.9 percent in 2025, 0.7 percentage points less than the weighted average of all trading partners and EU trading partners, and at roughly the same rate as in Germany. Gross value added at basic prices per capita in manufacturing grew 2.2 percentage points faster than the average for all trading partners, 2.2 percentage points faster than for EU trading partners and 2.7 percentage points faster than in Germany.

Unit labour costs in Austrian manufacturing rose only slightly by 0.5 percent in 2025, which is 3.1 percentage points lower than the weighted average of EU trading partners. The advantage over Germany amounts to 2.7 percentage points.

Figure 3: **Labour costs in manufacturing: an international comparison**

Hourly labour costs in €, 2025, Austria = 100



Source: Eurostat, Labour Cost Survey 2020, Labour Cost Index, WIFO, WIFO calculations. Excluding apprentices.

In a medium-term comparison with Western Europe, however, the relative trend remains unfavourable. Over the last five years (2020-2025), unit labour costs in Austrian manufacturing grew 0.4 percentage points p.a. faster than in Western Europe and at the same rate as in Germany. Compared with Western Europe, the relative unit labour cost position deteriorated by a total of 8.9 percent in 2023 and 2024, before improving by 2.3 percent in 2025. This meant that by 2025, just over a quarter of the gap that had built up had been closed, although Austria's position was still 1.8 percent less favourable than in 2020.

The total economy's unit labour costs rose by 3.2 percent in 2025. The increase was 0.5 percentage points lower than the average for all trading partners and 1.2 percentage points lower than for EU trading partners and Germany.

The nominal effective exchange rate rose by 0.3 percent in 2025, as the euro appreciated against, amongst others, the Canadian

dollar, the dollar and the Japanese yen. The exchange rate trend thus, in itself, dampened price competitiveness.

When interpreting the results, potential distortions must still be taken into account. These arise both from revisions to the national accounts and from country-specific interventions to mitigate the COVID-19 crisis and inflation.

7. Appendix: Hourly labour costs in manufacturing

Whilst only data on labour costs per worker are available for calculating current, internationally comparable unit labour costs in manufacturing, labour costs per employee hour can also be considered for European countries. These are based on the labour cost survey, which is conducted every four years in EU countries. The annual trend between two surveys is extrapolated using a labour cost index. The results published here are based on Eurostat's labour cost index and the 2020 Labour Cost Survey.

Table 4: **Labour costs per hour in manufacturing**

	2020	2021	2022	2023	2024	2025	Average 2020–2025
			In €				Percentage changes p.a.
Bulgaria	5.4	5.8	6.8	8.0	9.0	10.2	+13.6
Romania	7.0	7.3	8.3	9.6	10.8	12.0	+11.5
Cyprus	12.2	12.3	12.7	13.4	14.2	14.6	+ 3.6
Latvia	10.1	10.3	11.3	12.4	13.8	14.9	+ 8.0
Hungary	10.3	10.9	11.2	13.7	14.6	15.6	+ 8.7
Malta	11.2	11.4	13.1	14.3	15.4	16.4	+ 8.0
Lithuania	9.8	11.0	12.5	13.9	15.2	16.4	+10.8
Portugal	12.8	13.1	13.8	14.6	15.7	16.5	+ 5.4
Poland	10.1	10.6	11.5	13.2	15.5	17.1	+11.2
Greece	14.3	13.9	14.8	15.2	16.4	18.1	+ 4.9
Slovakia	13.4	14.2	15.7	17.0	18.2	19.3	+ 7.7
Estonia	13.0	13.6	15.5	16.5	17.9	19.5	+ 8.5
Czech Republic	14.3	15.2	16.7	18.4	18.7	20.2	+ 7.1
Spain	24.2	24.0	24.6	26.0	27.2	28.3	+ 3.1
Slovenia	20.4	21.8	23.6	26.0	27.8	29.8	+ 7.9
Italy	29.4	28.8	29.7	31.0	32.3	33.4	+ 2.6
EU 27	29.0	29.2	30.6	32.4	34.0	35.3	+ 4.1
Euro area	34.8	34.9	36.4	38.4	40.1	41.4	+ 3.5
Ireland	33.1	34.8	36.7	38.6	41.0	42.4	+ 5.0
Finland	37.0	38.5	39.7	41.1	41.6	43.2	+ 3.1
Sweden	42.0	45.5	44.7	42.9	44.5	47.6	+ 2.5
France	41.9	41.8	43.1	44.8	46.5	48.0	+ 2.7
Luxembourg	41.0	41.2	43.2	46.0	47.1	48.6	+ 3.5
Netherlands	40.1	40.6	42.7	45.5	48.0	50.8	+ 4.8
Germany	43.2	43.3	45.4	47.8	49.7	50.8	+ 3.3
Austria	**40.8**	**41.5**	**43.9**	**47.3**	**50.5**	**52.6**	**+ 5.2**
Norway	47.1	51.1	52.2	49.4	51.6	53.6	+ 2.6
Denmark	47.4	49.4	50.8	52.2	54.0	55.6	+ 3.3
Belgium	42.7	43.3	46.3	49.7	51.5	–	–

Source: Eurostat, Labour Cost Survey 2020, Labour Cost Index, WIFO, WIFO calculations. Excluding apprentices. Countries ranked in ascending order by labour costs in 2025. Belgium: figure for 2025 not yet available.

Unlike the Labour Cost Survey, the Labour Cost Index is not calculated according to the same statistical methodology in all countries. This somewhat limits international comparability. The figures from the Labour Cost Index should therefore be interpreted with caution. For Austria, the index is based not only on the Labour Cost Survey but also, amongst other things, on short-term statistics for industry and construction as well as wage tax and social security data. These data may, in some cases, differ noticeably from the national accounts figures on the development of compensation of employees, which form the basis for calculating unit labour costs. This may also be due to the fact that, unlike compensation of employees, labour costs include employers' wage-related taxes in addition to social security contributions. It should also be noted that labour costs are a measure of the burden on the labour factor, but do not allow

conclusions to be drawn as to who ultimately bears these costs. For the years from 2020 onwards, potential distortions arising from government aid measures in the context of the COVID-19 pandemic and the inflation crisis, which affect the labour factor, must also be taken into account in this case.

Table 4 shows the hourly labour costs for the period 2020-2025, calculated on the basis of the labour cost index. In 2025, the average cost of an hour's labour in Austria's manufacturing was 52.56 € (Figure 3). Austria thus ranked third in a European comparison[5]. Since 2020, hourly labour costs in Austria have been rising by an average of 5.2 percent p.a. This is 1.1 percentage points faster annually than the EU 27 average (+4.1 percent p.a.), 1.7 percentage points faster than in the euro area (+3.5 percent p.a.) and 1.9 percentage points faster than in Germany (+3.3 percent p.a.). Compared with 2024, the increase in Austria was 4.1 percent, the EU average was 3.8 percent and the figure for Germany was 2.2 percent.

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[5] At the time of the analysis, no figures for 2025 were yet available for Belgium. In 2024, Belgium (51.46 €) was ahead of Austria (50.48 €); if Belgian hourly labour costs rise by more than 2.1 percent in 2025, Belgium will remain ahead of Austria in 2025 as well, with Austria then occupying fourth place.