

# The Austrian economy and the challenges of the pandemic

Shifting the policy lens to structural challenges

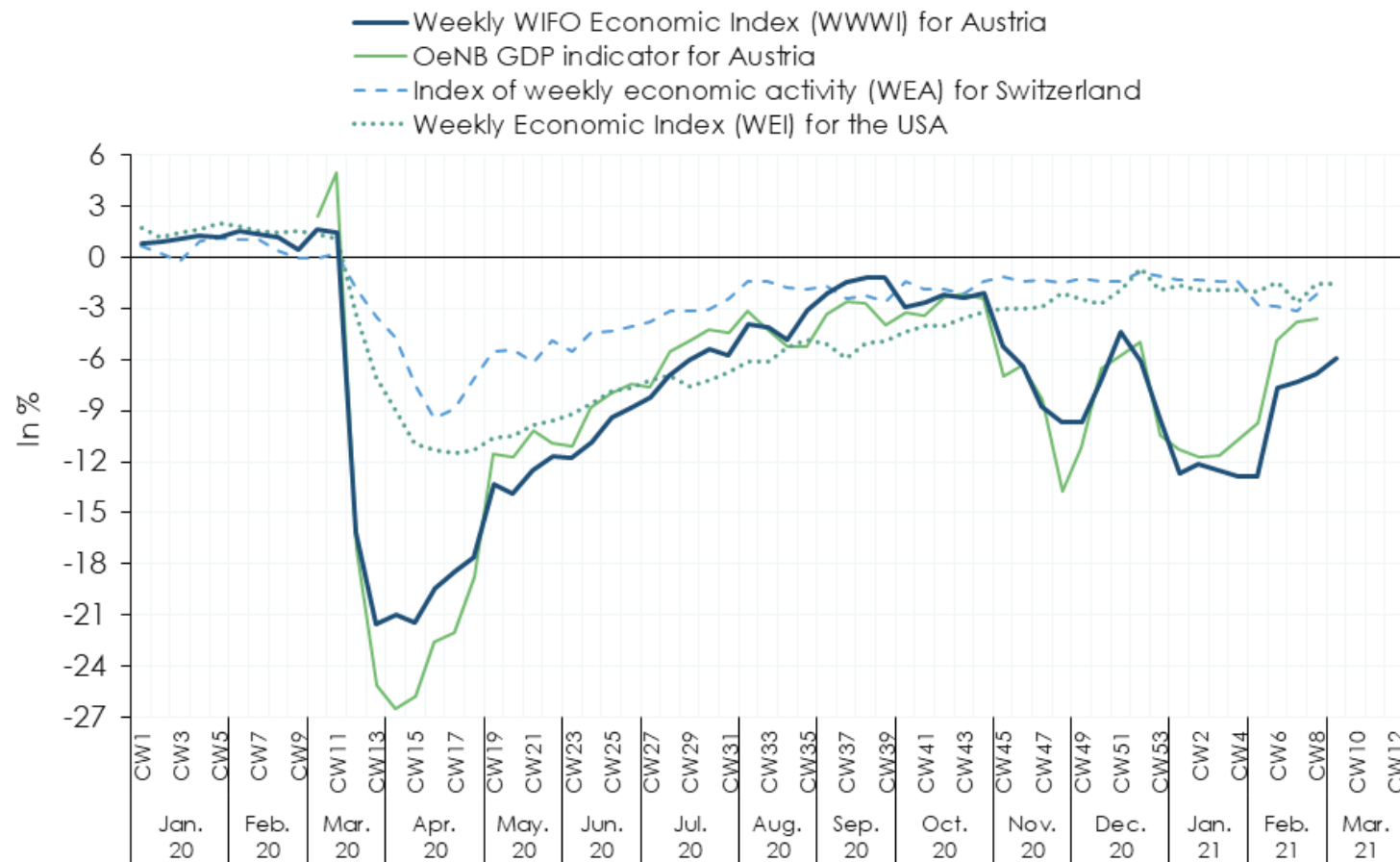
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Klaus Friesenbichler

**EIB-OeNB Webinar**  
Vienna, 18 March 2021

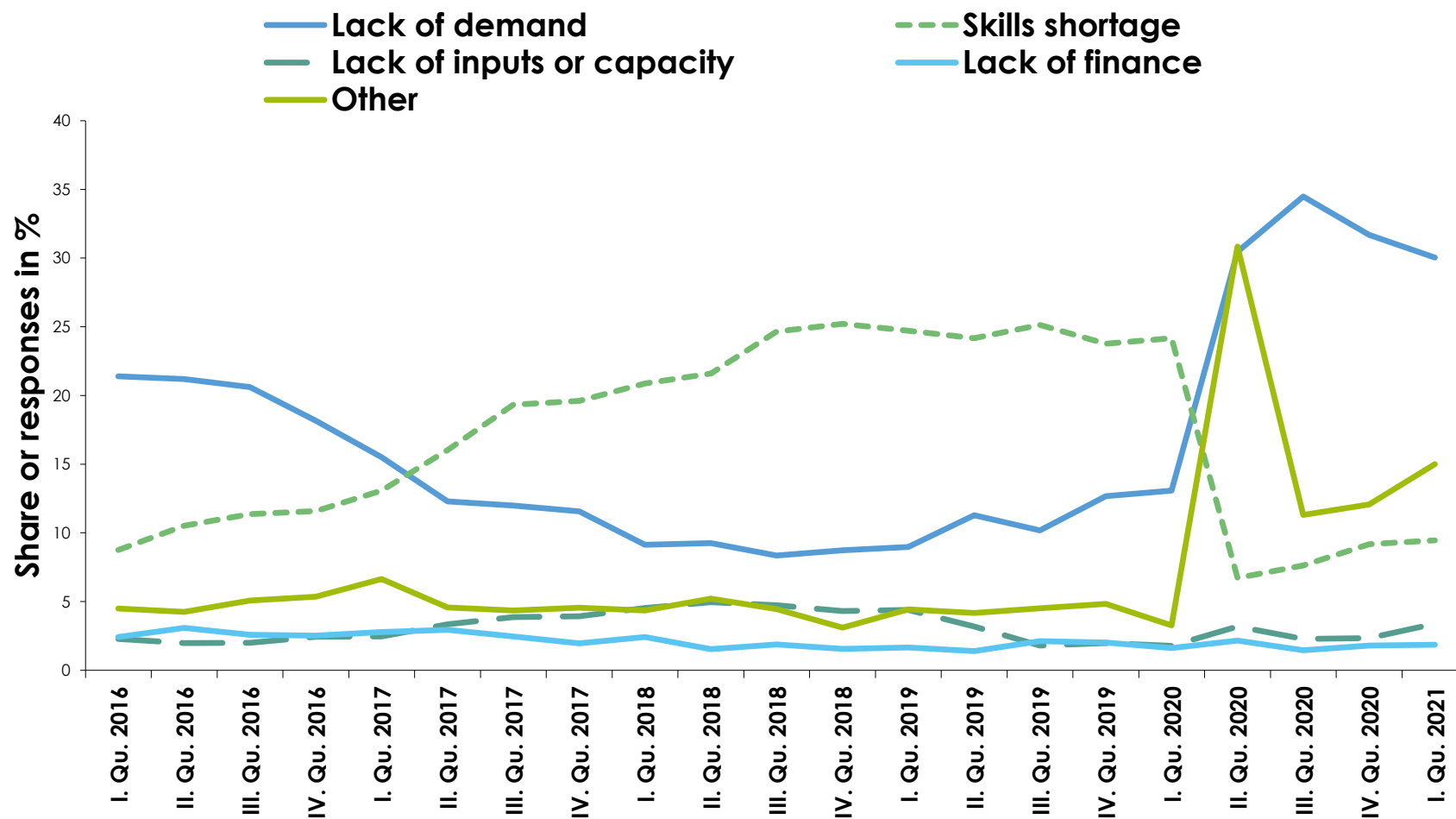


# A weekly GDP proxy shows first signs of recovery ...

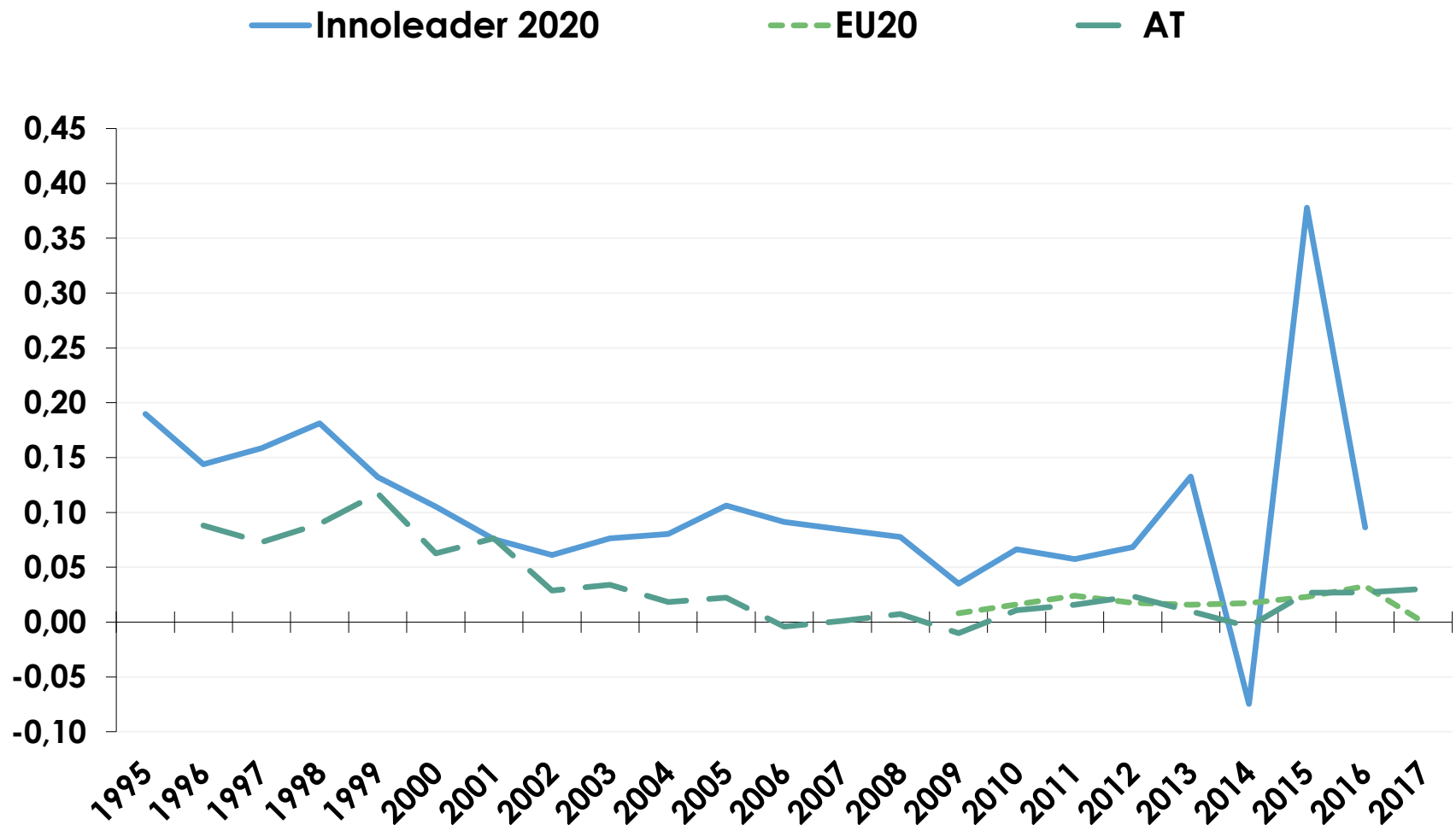


Q: WIFO, OeNB, SECO, Federal Reserve Bank of New York, Macrobond.

# COVID-19 has (temporarily) changed the factors hampering production



# Contributions of tangible ICT capital to VA growth, p.p.



S.: EUKLEMS; Note: Tangible ICT capital services, p.p.  
Innovation-Leader (EIS): Sweden, Finland, Denmark, Netherlands, Luxembourg

# Digitalisation: State of play and policies

- ICT production a lesser issue (SMOPEC)
- Diffusion digital technologies
  - Intertwined issues w.r.t.  
(i) **business processes** and (ii) **infrastructure**
- Factors shaping the diffusion process:
  - Substantive uncertainty (Awareness, absorptive capacities, technological uncertainty)
  - Procedural uncertainty w.r.t. implementation
  - Firm size effects – financing and organizational constraints (skills, organization)
- Digital skills shape absorptive capacities and diffusion
  - More than RTD funding system
    - “KMU Digital”
  - Coordination issues between public policy domains



## Digitalisation in Austria: State of play and reform needs

Final Report

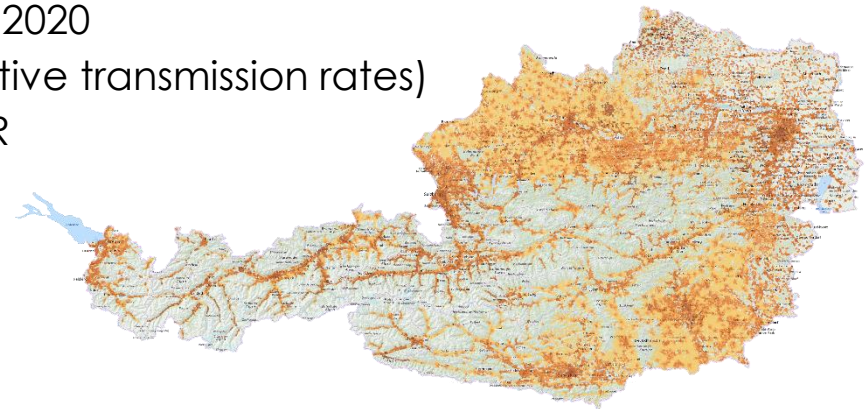
March 4<sup>th</sup>, 2019

Study carried out within the Framework Service Contract  
'Studies in the Area of European Competitiveness'  
(ENTR/300/PP/2013/FC-WIFO)



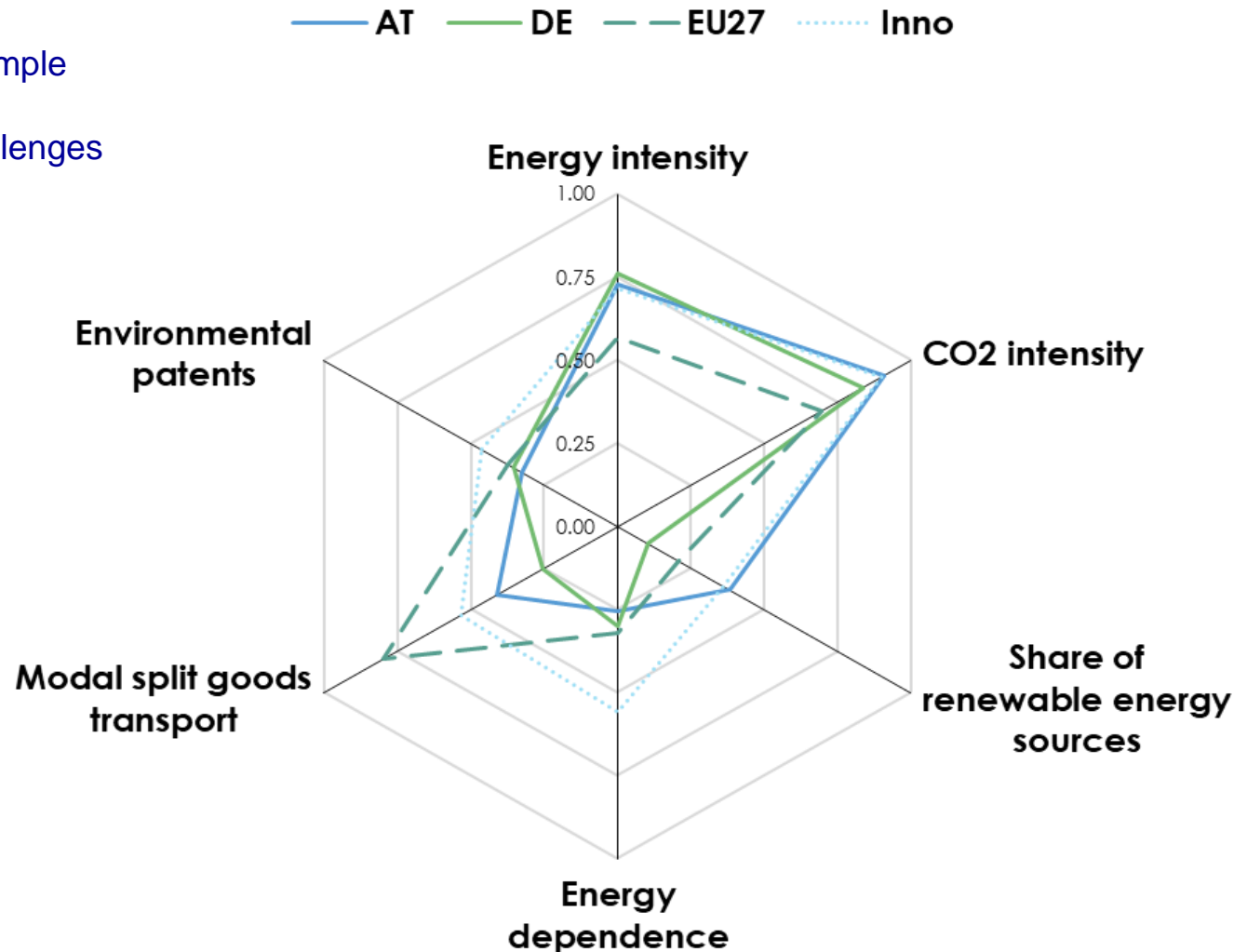
# Investments into the underlying infrastructure needed

- Long standing shortcoming
  - Remarkable policy dynamics in Austria
- „Broadband billion“ implemented since mid 2015
  - Infrastructure Promotion (Access, Backhaul)
  - Grid expansion to „white spots“ at the NUTS3-level, min. 25mbit/s
- Evaluation results (Neumann et al. 2020, RH 2018)
  - Highly dynamic sector. Improvements in availability and quality
  - Yet, targets not achieved.
    - Full coverage with 100 mbit/s by 2020
    - Availability overestimated (effective transmission rates)
  - Estimated costs (EC): max. 10-12bn EUR
    - 5-8bn in recent evaluations
  - Basis for 5G and FTTB
  - Different models of sector organisation
    - “PPP” gains weight in discussions
- Shift in the discussion → Demand
  - “Technology Push” (chicken and egg problem)



# Austria's “greening” compared internationally

Values of one pose the sample  
max (EU27+UK+EFTA)  
Lower values indicate challenges  
2018 or most recent value

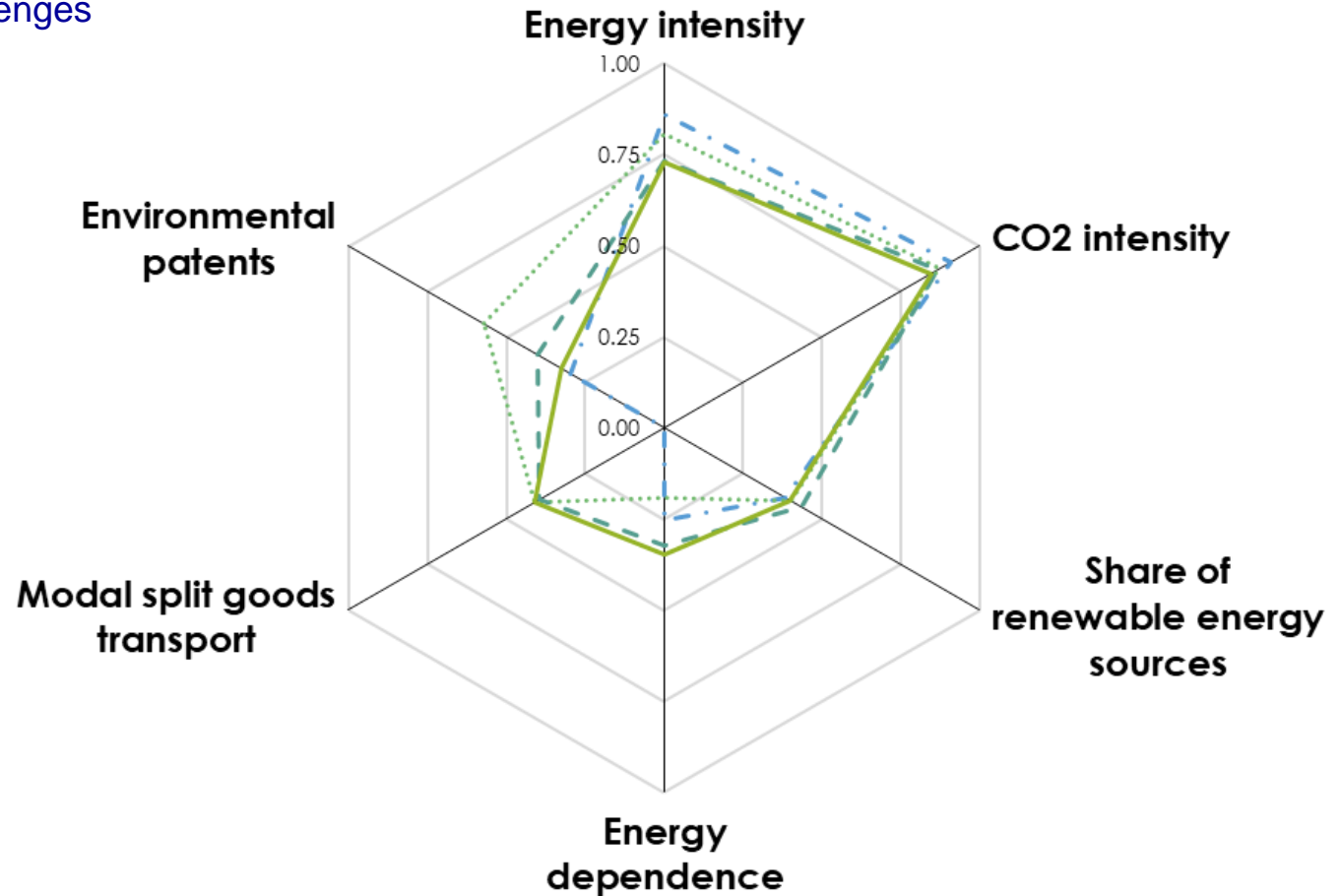


S.: Adaptation of Peneder et al. (2021), “A WIFO Radar of Competitiveness for the Austrian Economy”, WIFO-Monatsberichte, 2020, 93(12), pp.887-898

# Austria's "greening" over time

--- 2000    ..... 2005    --- 2010    — Current

Values of one pose the sample  
max (EU27+UK+EFTA)  
Lower values indicate challenges  
2018 or most recent value





# WIFO



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