

Presseaussendung

Trade and the Transmission of the Crisis: Austrian Linkages to the European Economy and the Transmission Mechanisms of Economic Crisis

FIW-Studie "Austrian Linkages to the European Economy and the Transmission Mechanisms of Economic Crisis" ist als kostenloser Download unter <http://fiw.ac.at> erschienen.

The Vienna Institute for International Economic Studies (wiiw) has just published a study, which quantifies trade-related transmission mechanisms of the global drop in investment demand and output to recession in Austria. The study shows that the disproportional drops in global demand for heavy industrial and investment goods had the strongest impact on Austria. However looking at value added, the global recession also put strong pressure on producer services that go into manufacturing goods.

Austrian economy performed better than the many of the EU 15

Though it did not avoid recession, the Austrian economy performed better than the many of the EU 15. Its GDP during 2008-09 fell cumulatively by 1.8 percent, which was a full 2 percentage points smaller than the decline in GDP of its major trading partner Germany. It was also 1.9 percentage points smaller than the average decline across the EU 15. Though a heterogeneous group, the new EU countries (important trading partners for Austria), actually had small but positive cumulative growth over the same period.

The recent recession has been accompanied by dramatic changes in trade. For Austria, this has involved strong pressure on manufacturing sectors linked closely to its EU partners, and especially to Germany. As EU manufacturing has cycled through export collapse (and now recovery), this has translated into impacts on linked industries in Austria as well. The biggest contribution to Austria's exports decline was made by Austria's major exports sectors, i.e., motor vehicles, other machinery, and other light manufacturing. These changes are in line with the global exports trends.

While manufacturing is dominant in terms of gross export values, it is less so in terms of value added. In addition, the gross value of output overstates the share of exports in GDP, as they include imported inputs. This is especially true for heavy machinery and transport equipment production that is integrated with German industry. This is especially true for heavy machinery and transport equipment production where only about 50 percent of gross export values represent value actually originating in Austria.

Though the recession featured a disproportionate drop in global demand for heavy industrial and investment goods, in the Austrian context demand shocks in goods ultimately placed negative pressure on producer services too. This is because the Austrian value added in these sectors includes a substantial share of producer services (IT, professional services, finance, and other business services).

Germany's negative impact on the Austrian economy was softer than of the rest of the EU 15

Among trading partners, the "old" EU-13 countries (EU 15 without Austria and Germany) contributed the most to Austria's decline in GDP during the recession. Interestingly, though Germany carries the same weight as the rest of the EU 15 combined, in terms of Austrian trade, its negative impact was softer. This may be because of the sharper drop in investment in the EU 13 as compared to Germany. The "new" EU countries actually moderated the blow of the global recession on Austria's economy, with a marginal impact close to zero on GDP.

Demand for heavy manufacturing was driving the recession in Austria

On a sector basis, the sharp drop in global demand for heavy manufacturing, rather than a drop in services, was the dominant force in driving the pattern of recession in Austria. The greatest sectoral impact on the Austrian economy was the global drop in demand for machinery which was precipitated by the fall in investment demand. The global drop in demand for motor vehicles, again reflecting the drop in investment expenditure (and the global drop in household demand for durables) reinforced the negative impact linked to global machinery demand.

EU 13 and Asia offer potential channels for recovery

The impact pattern of the recession also points to possible channels for recovery. Because recession in the EU 13 had a more negative impact on Austria than recession in Germany did, eventual recovery in the EU 13 is also likely to contribute more to restoring Austria to its healthier medium-term growth path than continued recovery in Germany. In addition, consistent with the earlier Austria 2020 study, continued growth in Asia has also proven important to moderating the degree of recession and to prospects for medium-term growth.

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Rückfragen bitte am 28. April 2011 von 10 bis 15 Uhr an

Olga Pindyuk, The Vienna Institute for International Economic Studies (wiiw),

Tel.: (+43) 1 533 66 10-37, pindyuk@wiiw.ac.at

Der "Forschungsschwerpunkt Internationale Wirtschaft" (FIW) wird im Auftrag des Bundesministeriums für Wirtschaft, Familie und Jugend (BMWFJ) im Rahmen der Internationalisierungsoffensive der Bundesregierung von drei Instituten – Österreichisches Institut für Wirtschaftsforschung (WIFO), Wiener Institut für Internationale Wirtschaftsvergleiche (wiiw), Wirtschafts- und Sozialwissenschaftliches Rechenzentrum (WSR) – betrieben. Er bietet Zugang zu internationalen Außenwirtschafts-Datenbanken, eine Forschungsplattform und Informationen zu außenwirtschaftsrelevanten Themen.

Die FIW-Studien 2010/11 zeigen die Ergebnisse von den sechs Arbeitspaketen "The financial and economic crisis of 2007-2010 and the European economy", "Modelling the Effects of Trade Policy and the Transmission Mechanisms of the Economic Crisis on the Austrian Economy", "The Gravity Equation", "Macroeconomic Aspects of European Integration", "Effects of International Integration on Income Distribution" und "New Energy Policy and Security of Gas Supply", die im Rahmen des "Forschungsschwerpunkts Internationale Wirtschaft" (FIW) Anfang 2010 vom Bundesministerium für Wirtschaft, Familie und Jugend (BMWFJ) ausgeschrieben und aus Mitteln der Internationalisierungsoffensive finanziert wurden.

Kontakt:

FIW-Projektbüro
Österreichisches Institut für Wirtschaftsforschung – WIFO
1030 Wien, Arsenal, Objekt 20
Telefon: (+43 1) 728 26 01-333 oder 334
E-Mail: fiw-pb@fiw.at
Webseite: <http://www.fiw.at/>
