

Investments for climate action, innovation and digitalisation

Devin Bicer

Policy Advisor

Economic and Trade Policy Department, Austrian Federal Economic Chamber (WKÖ)

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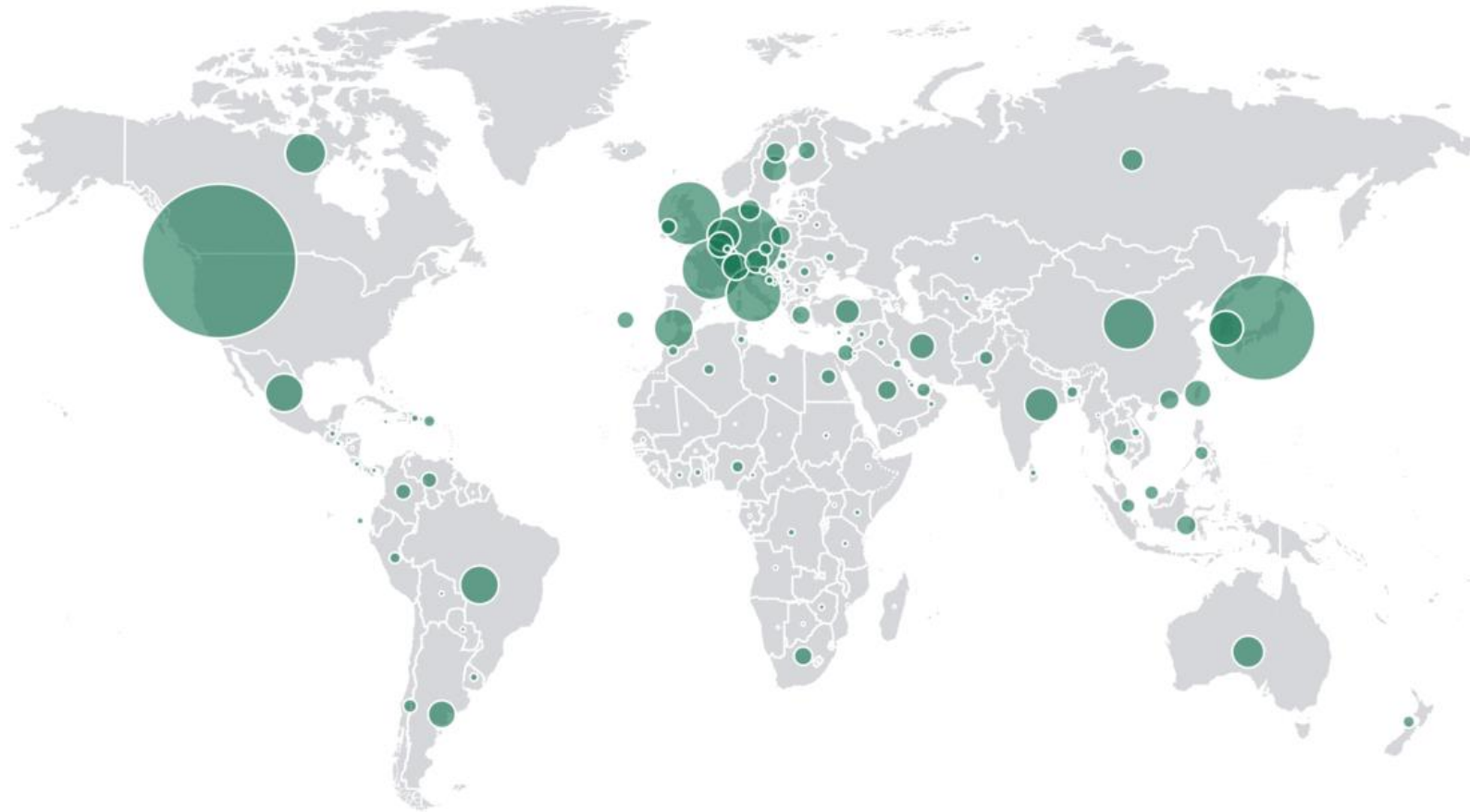
Challenges

A small selection of challenges for Europe and risks for the world economy.

We are in a multipolar world - things have changed

IMF DataMapper

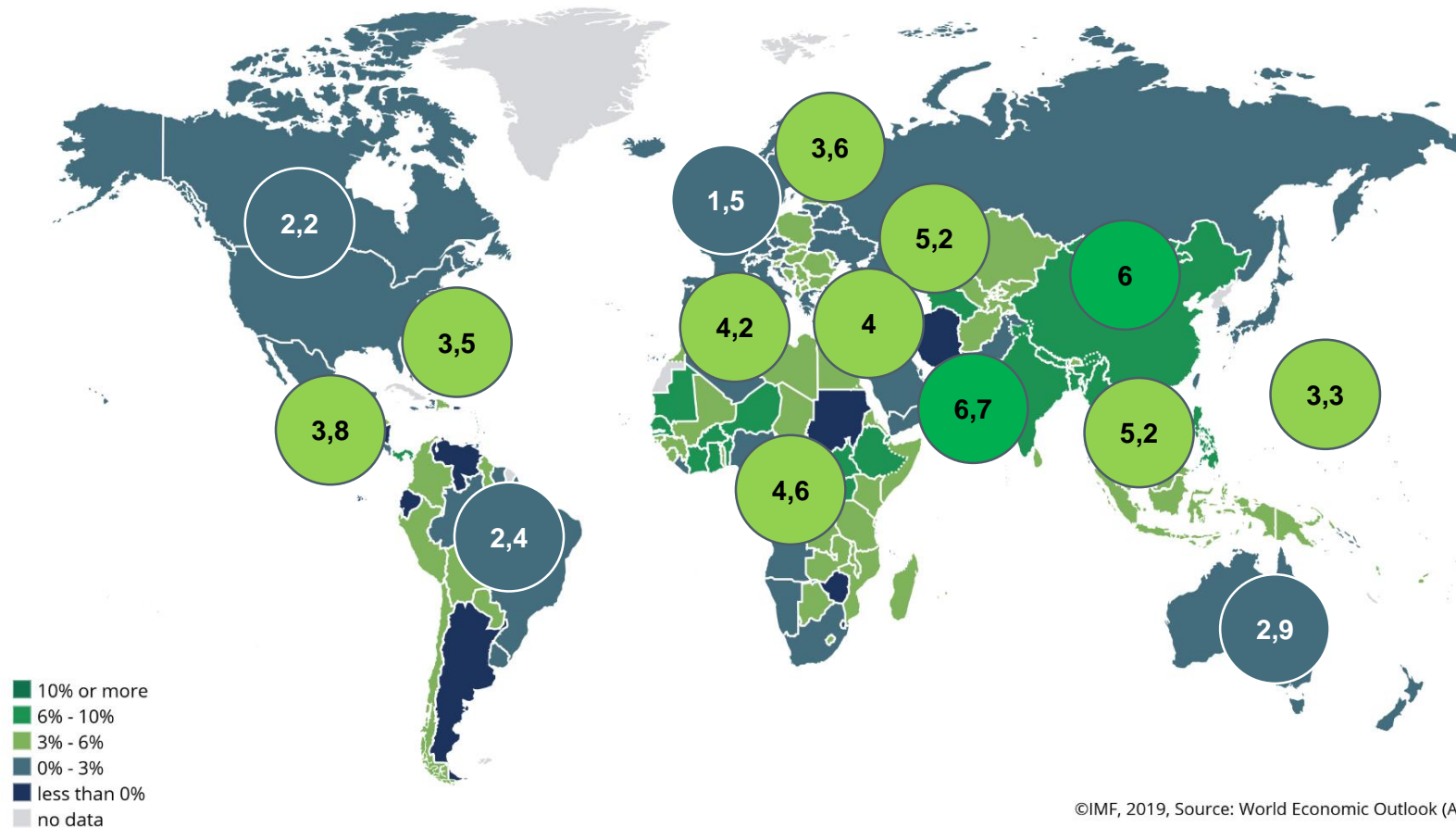
GDP, current prices (Billions of U.S. dollars, 1999)



©IMF, 2019, Source: World Economic Outlook (April 2019)

Global weights are shifting

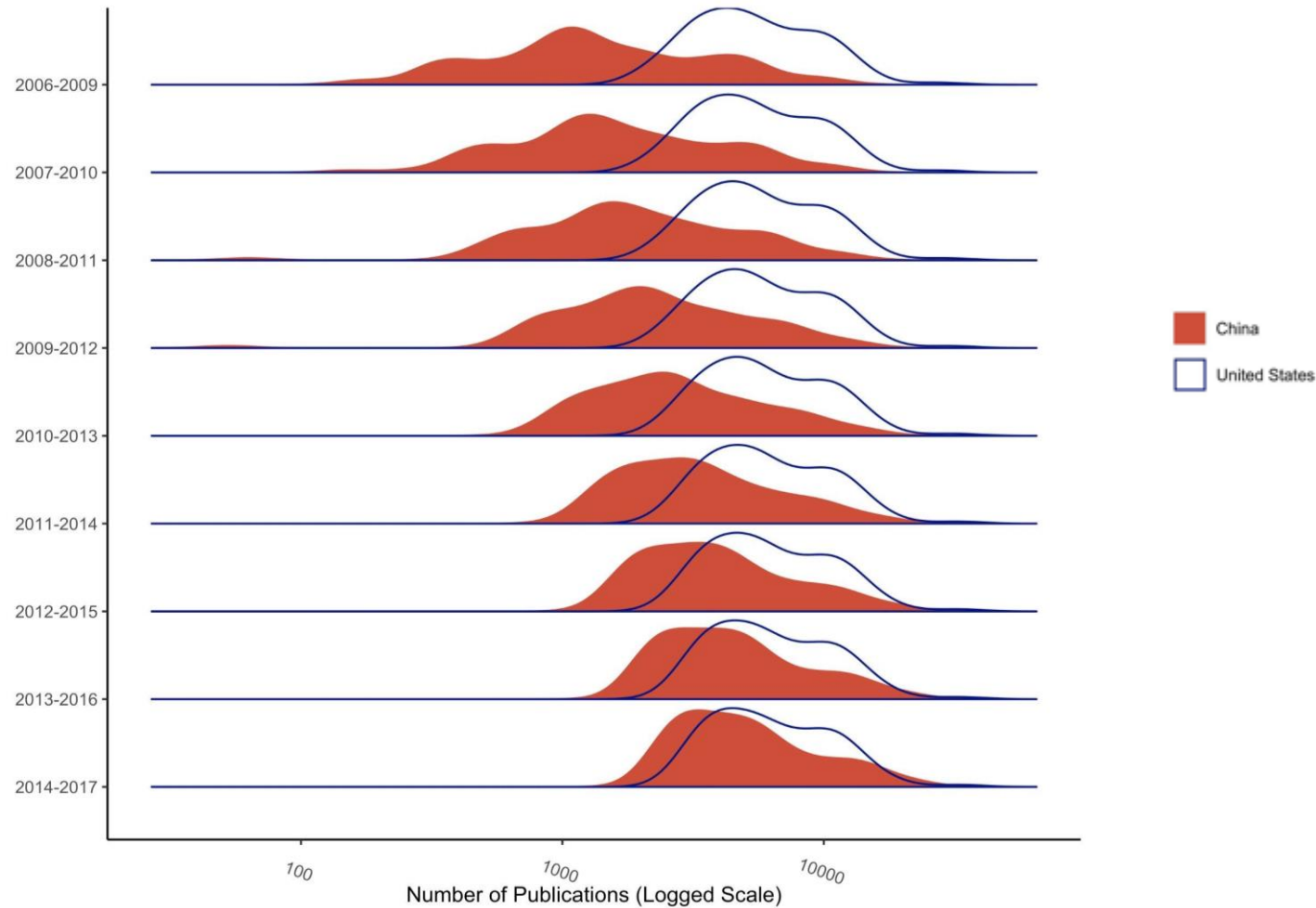
Global growth 2019 and average growth 1999-2019 (IWF)



©IMF, 2019, Source: World Economic Outlook (April 2019)

Impressive rise of China in scientific research

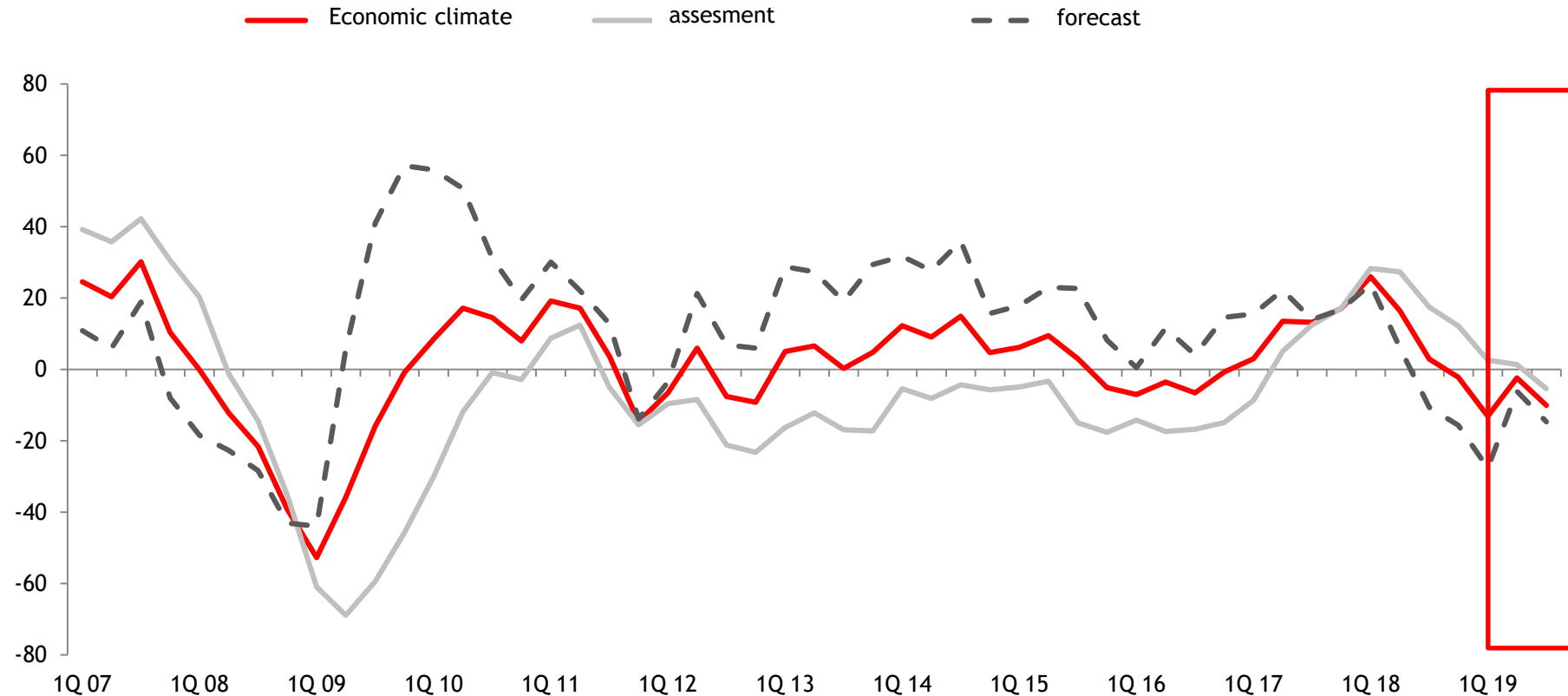
Number of publications of the top 100 most publishing universities in China and the US



Source: Leiden Ranking 2019, Twitter: behrooz_hm

World Economic Climate - Slowdown

IFO Economic climate world



Source: IFO Institut, 3rd quarter 2019



Source: The Economist

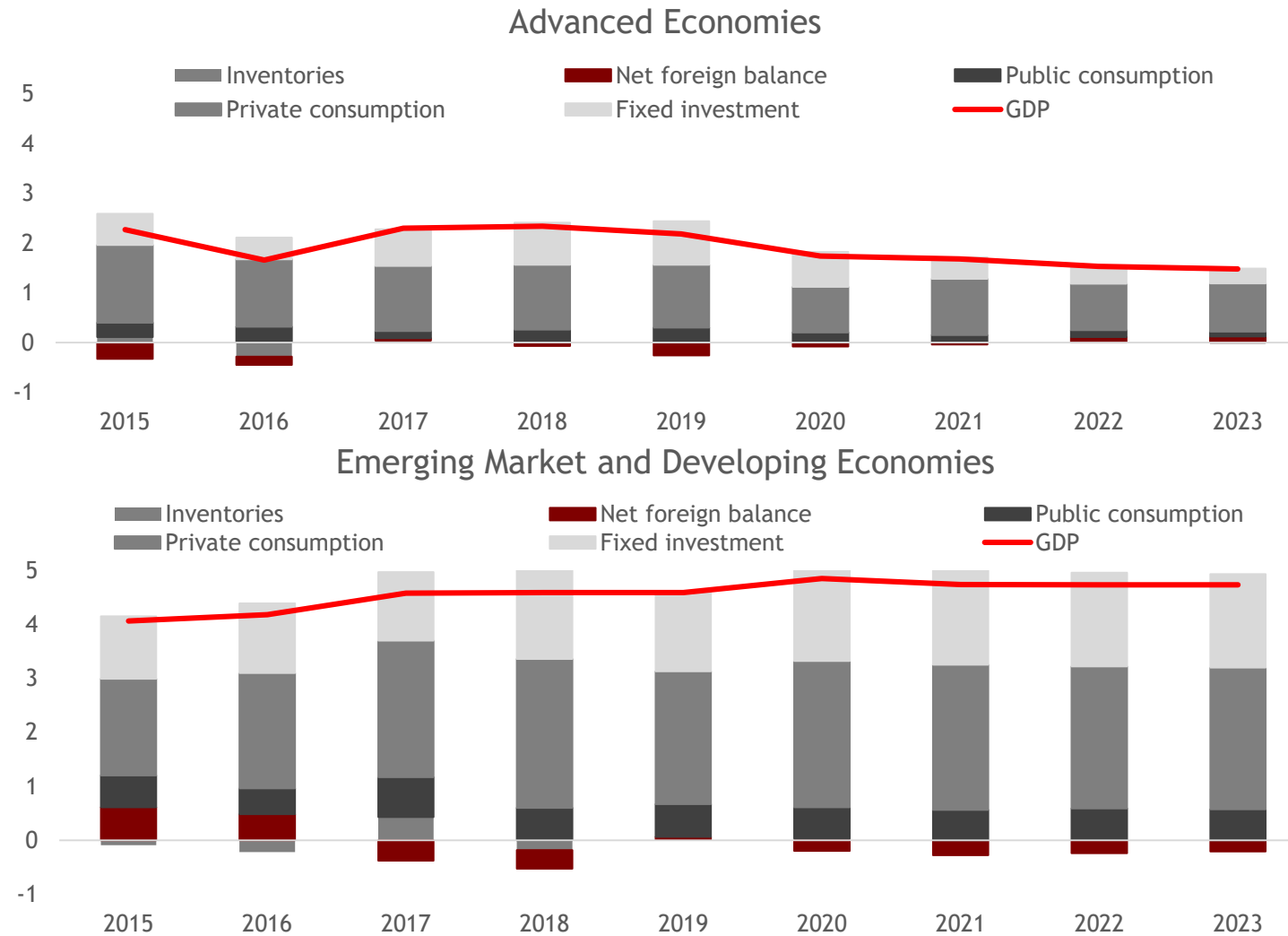
Economic upswing halts

Real GDP growth, yoy change in %	real GDP growth (in %)	
	2019	2020
World	+3.5	+3.2
China	+6.2	+5.8
USA	+2.3	+1.8
Brazil*	+2.1	+2.5
Russia*	+2.3	+1.6
India*	+7.3	+7.5
South Africa*	+1.2	+1.5
Japan*	+1.0	+0.5
European Union	+1.6	+1.7

	2015	2016	2017	2018	2019	2020
Austria	+ 1.0	+ 2.1	+ 2.5	+ 2.4	+ 1.7	+ 1.4
EU-28	+ 2.1	+ 1.9	+ 2.5	+ 1.9	+ 1.2	+ 1.3
growth diff.	- 1.1	- 0.2	0.0	+ 0.6	+ 0.5	+ 0.1

Source: WIFO

Contributions to GDP growth (percent)

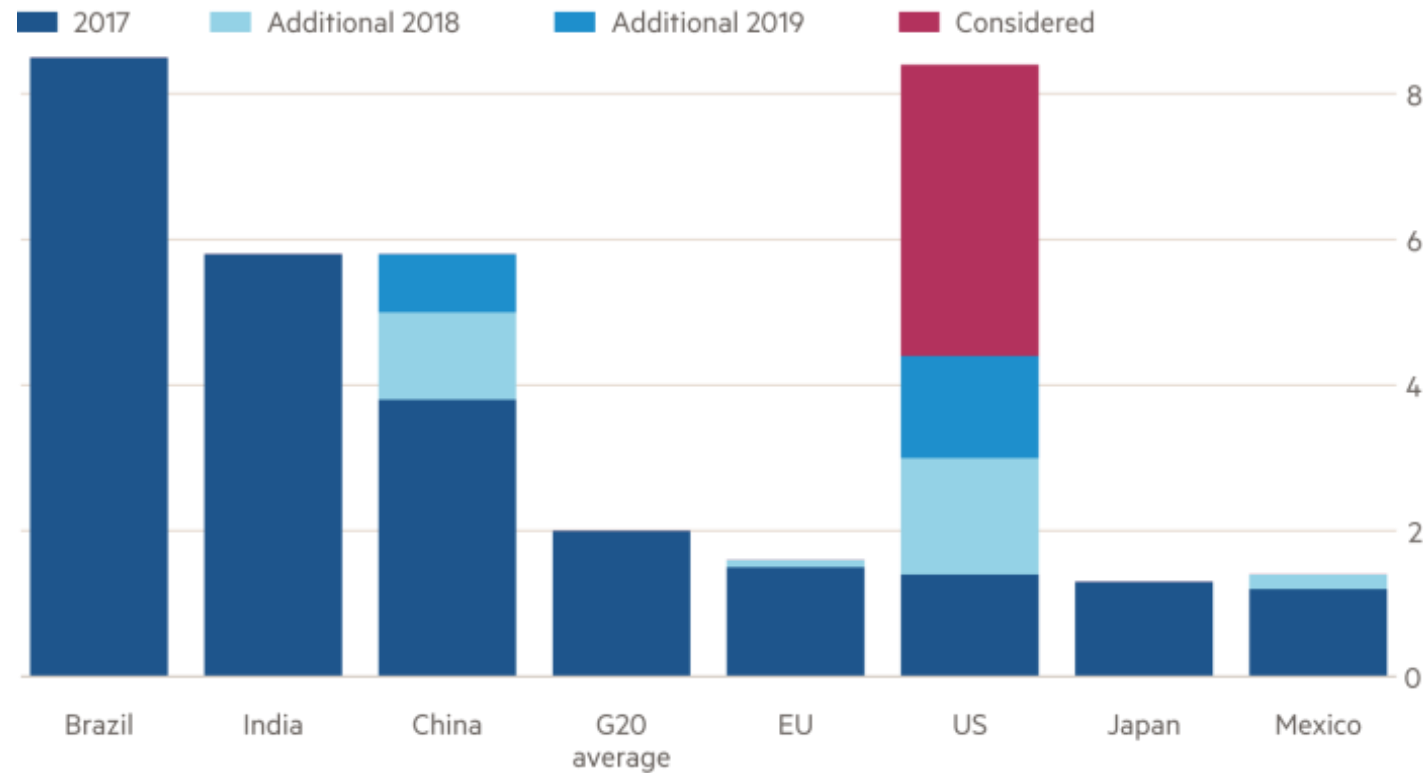


Source: IMF staff calculation

Protectionism

The US is on its way to becoming a highly protectionist country

Average trade-weighted import tariffs in G20 countries (%)



Source: World Bank
© FT

STAT OF THE WEEK 🌐

By 2013, 70% of world goods exports competed against trade distortions imposed since the beginning of the global financial crisis.

What businesses need (to continue investing)

Results of the **Austrian Business Survey** on investment and innovation

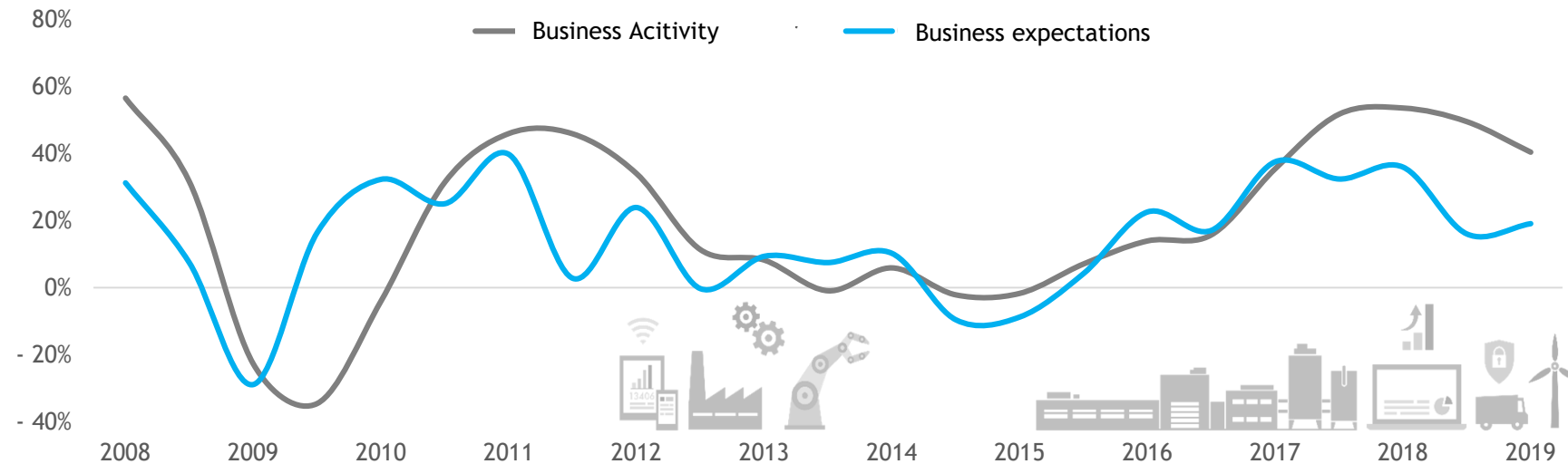
Austrian Business Survey Results at a glance



Positive Outlook - Losing Momentum

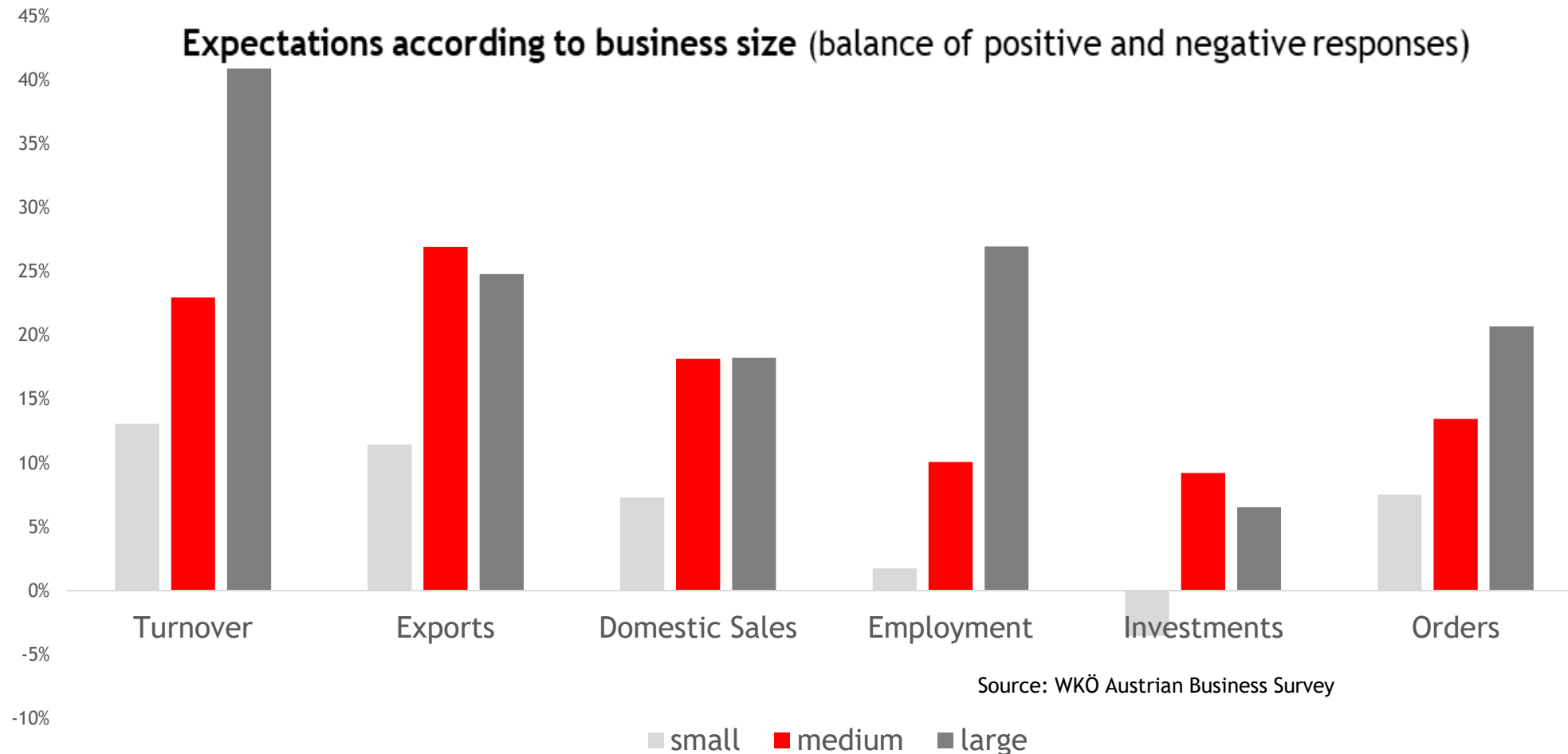
- ➔ Expectations clearly below the estimation of the previous situation
- ➔ Willingness to invest is declining
- ➔ Big businesses more optimistic expectations

Business expectation: average of order situation and sales
balance of positive and negative answers



Source: Austrian Business Survey

Expectations grow with size of enterprise, medium-sized enterprises relatively confident



Clear preferences for incentives to invest

Reducing payroll tax and business tax as a matter of priority

76 %

Further
reduction of payroll
taxes

63%

decreasing business tax

48%

Strengthening of tax
deductions

47%

Administration:
simplification and
acceleration

Results by size of enterprise

	Small	Medium	Big
Further reduction of payroll taxes	81%	77%	72%
Decreasing business tax	63%	60%	67%
Strengthening of tax deductions	52%	55%	35%
Administration: simplification and acceleration	47%	48%	48%
Reducing administration costs	34%	30%	33%
(multiple answers possible)			

Source: Austrian Business Survey

Innovation

77% of enterprises have innovated within the last three years



Reasons for innovation

65%
New organisational processes

64%
New products / services

52%
New processes / new technologies

89% of enterprises innovate incrementally

Barriers to innovation*

Lack of skilled workers



59%

High costs of project



50%

Bureaucracy



39%

* Multiple answers possible

Digitalization of Enterprises

60% of enterprises plan to implement projects in digitalization

Reasons for Digitalization



85 %
to innovate
the
enterprise



54 %
to use
market
potential



44 %
Competition



42 %
Regulatory
requirements



Business survey

TOP 3 demands:

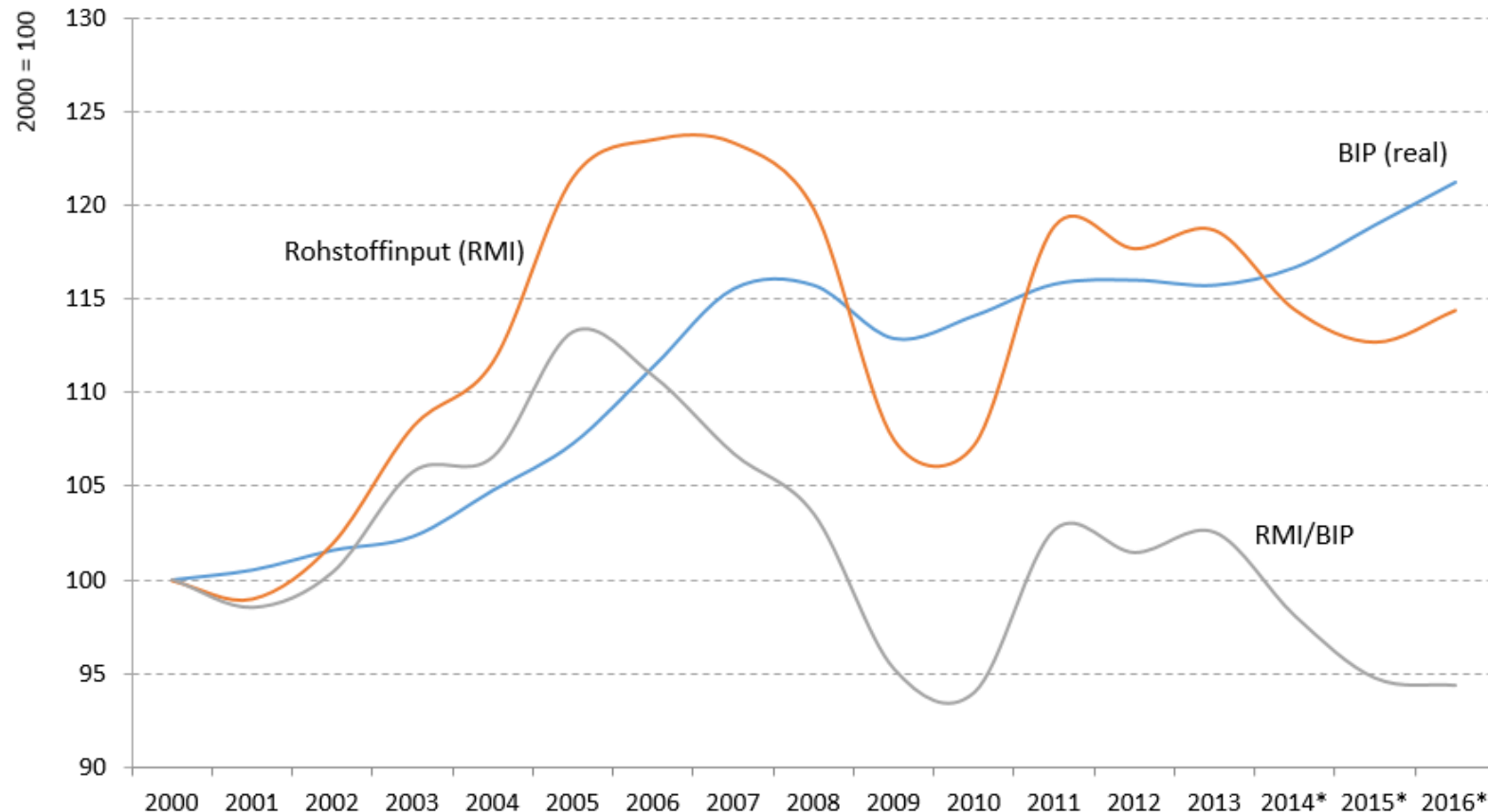
- ➔ Lowering taxes!
- ➔ Strengthening education!
- ➔ Cutting red tape!

Opportunities

Climate Action: Europe needs to act

1. Create investment incentives for climate protection
2. Mobilize capital for transforming the energy system
3. Accelerate infrastructure procedures
4. Protect young people's opportunities through a climate protection budgets
5. Promote global convergence in climate policy

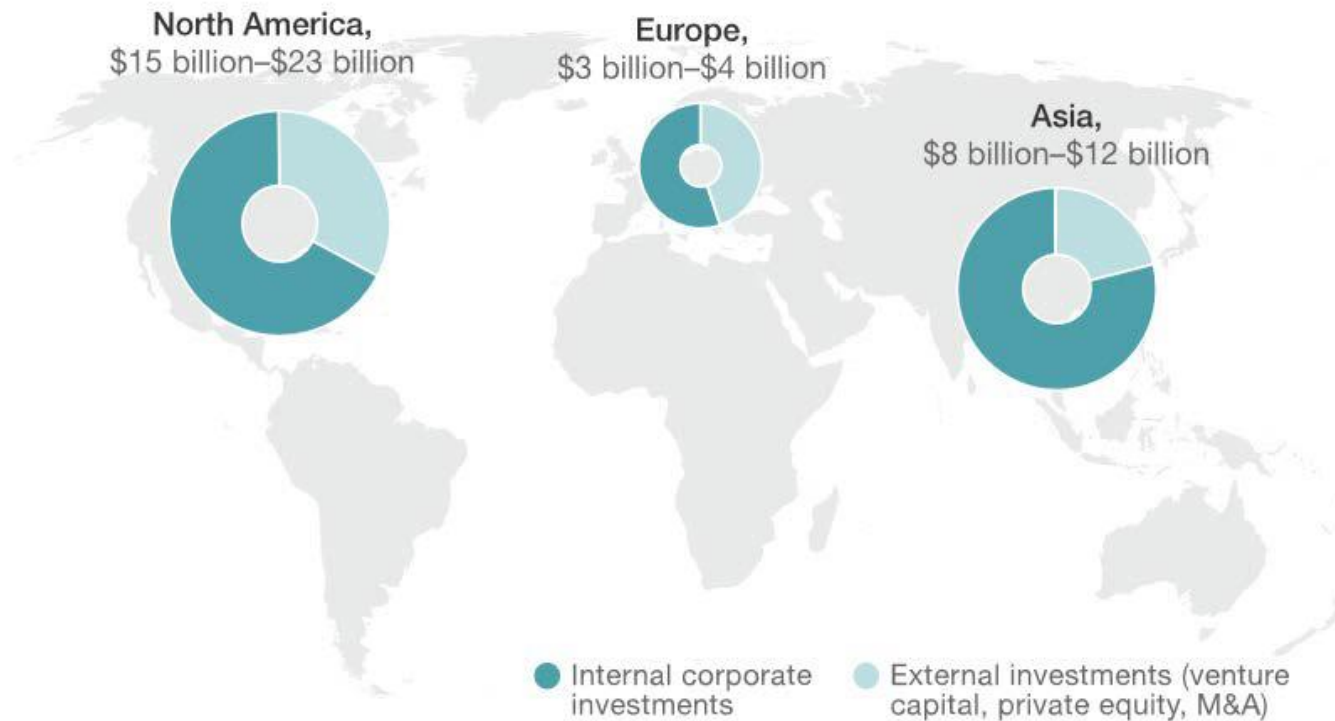
Climate Action: The Austrian economy decoupled GDP growth from resource input



* Abschätzung basierend auf Nowcasting

Innovation is a key driver for competitiveness

Artificial-intelligence investment, 2016



Global Innovation Index, TOP-15, points

Switzerland	67.2
Sweden	63.7
USA	61.7
Netherlands	61.4
UK	61.3
Finland	59.8
Denmark	58.4
Singapur	58.4
Germany	58.2
Israel	57.4
Korea	56.6
Ireland	56.1
Hong Kong	54.6
China	54.8
Japan	54.7
Austria	50.9

Source: The Global Innovation Index 2019

Fields of action for innovation

1. Strengthen applied R&D in companies
2. Promote the use of new technologies and data
3. Shape social innovation through companies
4. Create the right framework conditions for more innovation

Conclusions

- Investments are extremely important
- Peak of economic growth surpassed, modest outlook
- therefore right framework conditions necessary to allow for good investment climate, reduce uncertainty and allow for a level playing field with major players
- Enterprises very heterogeneous group, therefore different support measures necessary according to their capacity
- holistic approach among all EU support necessary

Thank you for your attention!