Growth is regaining momentum

**Real GDP levels**
*Index 1995 Q1=100*

*Source: OECD Economic Outlook database.*
Well-being is high

Source: OECD Better Life Index 2016.
Gender imbalances prevail

Employment by gender and age of youngest child in household
Thousand employed persons aged 25-54 years old, 2016

Source: Statistics Austria.
Low-skilled face higher unemployment

Unemployment rates according education level
% of active population

Source: Statistics Austria.
The tax- and benefit system is strongly redistributive.

Note: The Gini coefficient has a range from zero (when everybody has identical incomes) to 1 (when all income goes to only one person).

Source: OECD database on income distribution and poverty.
Migration has fostered labour supply

Absolute changes between 2008 and 2016 in working age population by activity status and background

Thousand persons

Note: Foreign background means that both parents are born abroad.
Source: Statistics Austria.
Public debt is high but falling

Public debt, Maastricht definition
% of GDP

Source: OECD Economic Outlook database.
Ageing will put pressure on public finances

The public debt path is highly uncertain
% of GDP

Source: Calculations based on OECD Economic Outlook database.
Bank capitalisation remains relatively low

Note: Ratio of common tier 1 capital over risk-weighted assets of domestic banking groups and stand-alone banks including foreign (EU and non-EU) controlled subsidiaries and foreign (EU and non-EU) controlled branches.

Source: European Central Bank.
Macroeconomic and financial recommendations

- Take measures to ensure that the debt ratio declines as targeted. In particular, rapidly increase effective retirement ages.
- Undertake an in-depth spending review in education, health, care and public administration; align taxing and spending responsibilities across government layers.
- Facilitate digitalisation, restructuring and cost reduction in the banking sector.
- Rigorously supervise large as well as small banks.
Boosting potential growth
Trend output has been falling

Trend GDP and supply components

Source: OECD calculations based on OECD National Accounts database data.
Services remain over-regulated

Sector regulation according to OECD’s PMR indicator
Index scale of 0-6 from least to most restrictive, 2013

Source: OECD, Product Market Regulation database.
Labour participation increased but mainly in part-time jobs

Change in employment rates, 2004-16

- Full-time employment has only increased for older workers

Source: Statistics Austria.
Recommendations to boost potential growth

- Continue to support venture capital investment and reduce tax and other disincentives for equity investments.
- Review the insolvency framework, benchmarking it against international best practice.
- Streamline the licence system for retailers and reduce the number of exclusive rights in professional services.
- Minimise the tax distortions that penalise transition from part-time to full-time work, subsidise overtime and hold back demand for low-skilled labour.
- Introduce legal entitlements for full-day schooling and childcare; further increase capacity for such facilities in the whole country.
Austria’s digital transition: The diffusion challenge
Digitalisation has diffused less than expected

Austria’s position in the international digital transition
Digital economy and society indicator (DESI), 2017

Note: The Digital Economy and Society Index (DESI) is a composite index by the European Commission based on i) the deployment of broadband infrastructure and its quality; ii) endowment with ICT skills; iii) the variety of activities performed by citizens online; iv) the digitalisation of businesses and in particular SMEs; and v) the digitalisation of public services.

Adapting skills supply is key

Share of firms having recruitment difficulties for ICT specialists, 2016

Source: Eurostat.
Computer use by households

Individuals never using a computer

Source: Eurostat.
ICT applications used by households

Use of internet banking by households

%  

Source: Eurostat and OECD, ICT Access and Use database.
The coverage of state-of-the-art landline broadband is low

Enterprises' fast broadband connectivity (at least 100 Mb/s)
Non-financial firms, %, 2015 or latest available

Source: OECD ICT database.
Digital practices in the business sector lag behind

Digital marketing and cloud computing, 2016
Non-financial firms, %

A. Enterprises selling online (at least 1% of their turnover) in selected sectors, 2016

B. Enterprises using cloud computing

1. 2015 for Austria ICT sector and 2014 Finland tourism sector.
Source: Eurostat.
There is room for improvement in “Industry 4.0”

Machine-to-machine mobile subscriptions
Subscriptions per 100 inhabitants, June 2016

Note: Machine-to-machine (M2M) connections link remotely located devices over a mobile network.
Source: OECD’s Broadband Portal.
Recommendations to foster a faster transition to digitalisation

- Set up a transparent monitoring system for the implementation of the Digital Roadmap, with timelines and quantitative targets.

- Integrate a Digital Skills Plan in the Roadmap, including for small firm owners and managers. Establish targets for ICT-generic, ICT-specialist and ICT-complementary skills.

- Facilitate new entries and stimulate competition in broadband services in the context of the Broadband Plan 2020.

- Ensure that competition policy responds to changing threats to competition in digital markets, including through international co-operation.

- Promote more effective data protection, cyber security and consumer protection. Improve public awareness that responsibility for risk management remains partly with firms and consumers themselves.
Inclusive labour markets in the digital era
Digitalisation will redesign production processes

Automation will affect a large share of jobs

Skills will have to evolve accordingly

Estimated effect of skill use on automatibility of jobs

- Selling
- Using fingers or hands
- Exchanging information
- Consulting
- Reading manuals
- Negotiating
- Working physically for long
- Calculating shares or percentages
- Filling forms
- Solving simple problems
- Organising own schedule
- Internet use for work-related info
- Complex math or statistics
- Solving complex problems
- Reading instructions
- Using communication software
- Planning own activities
- Planning activities of others
- Training others
- Writing articles
- Reading professional publications
- Using programming language
- Influencing
- Reading books
- Presenting

Note: Green (red) colour indicates strong significance (absolute value of standardised coefficient greater than 4).
Source: OECD calculations based on Arntz et al. (2016)
Austrian tend to lag behind in digital literacy

Digital problem solving proficiency
Percentage of adults scoring at level 2 or 3 in digital problem solving or having no computer experience, 2015

Vulnerable groups need special attention

Educational attainment and labour market status by place of birth
Per cent, 2015

A. Educational attainment

B. Labour market status

Note: ISCED 0-2: below upper secondary education; ISCED 3-4: upper-secondary and post-secondary non-tertiary education; ISCED 5-8: tertiary education.

Source: Statistics Austria.
Recommendations to ensure inclusive labour markets in the digital era

- Adapt labour law and social institutions to enhance representation and protection of platform workers on the basis of ongoing consultations with social partners. Ensure the portability of ratings for platform workers.

- Continue to modernise ICT-related curricula and teaching methods in schools.

- Ensure that vocational education and training as well as tertiary education systems adjust to changing needs through both decentralised innovation and professional co-operation.

- Enhance incentives for businesses to offer apprenticeship positions, in particular in professions affected by digitalisation.

- Further develop special life-long learning schemes focusing on digital skills.
For more information

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