

# TRADE IN VALUE ADDED: AUSTRIA

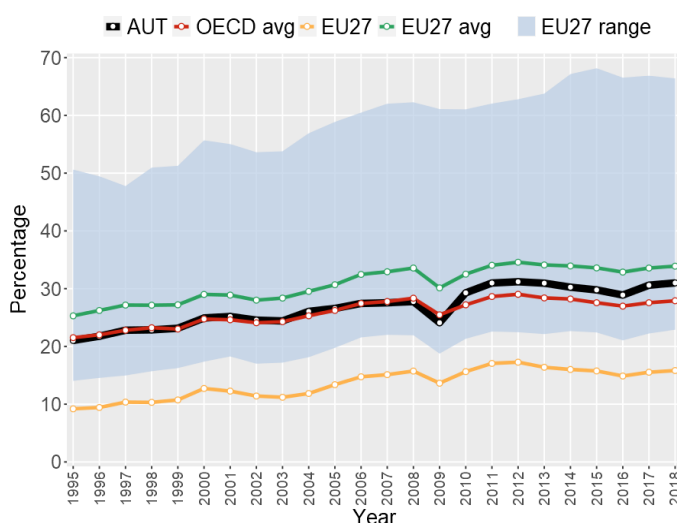
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Trade in Value Added (TiVA) indicators offer new insights into the commercial relations among economies and provide a broad view of where value is created along each stage of global value chains (GVCs). Painting a more complete picture than gross trade measures alone, the TiVA approach better reflects the significantly higher contribution made by services in GVCs, the role of imports in export performance, and the true nature of economic interdependencies. The 2021 version of the TiVA database covers 66 economies and 45 industrial sectors, for the years 1995 to 2018, and brings together indicators based on the value-added origins (both country and industry) of exports, imports and final demand. This note highlights the trade patterns in value-added terms for Austria, with a view to informing policy making for a range of areas including trade, innovation and investment.

## Key findings

- ▶ The foreign content of Austria's exports is consistently below the EU27 average. However, after recovery from the financial crisis, it was continually above the OECD average. The integration in regional value chains slightly declined between the peak in 2012 from 31.2% to 28.9% in 2016. But after reaching the minimum in the decade after the crisis, this indicator rebounded to 31% in 2018 (Figure 1). The most foreign content in total exports came from *Motor vehicles* (3.8%) (Figure 3b).
- ▶ In 2018, about 69% of Austrian manufacturing value added was sustained by foreign final demand, up from 61% a decade earlier. Foreign demand was a key driver of domestic value added for *Basic metals*, *Motor vehicles* and *Other Transport equipment* (Figure 2).
- ▶ *Transport, storage and postal services*, together with *Wholesale and retail trade; repair of motor vehicles*, play an important role in exporting activities, accounting to a quarter of domestic value added embodied in gross exports (Figure 3b).
- ▶ Germany is Austria's most important trading partner in both value-added and gross terms, with shares significantly over 20% and in the case of gross imports over 30% in 2018. However, TiVA indicators reveal that Germany is not the final destination of all Austria's exports to Germany. Almost a fifth of the exports to Germany end up in other countries such as the United States, France and China (Figure 5).

**Figure 1. Foreign value-added content of gross exports**  
As a percent of total gross exports, 1995 to 2018



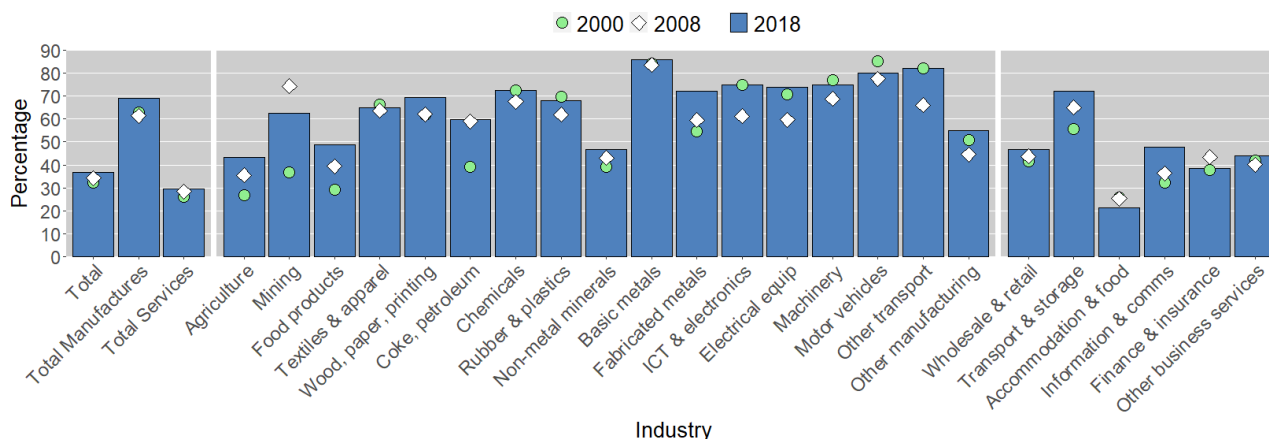
At the global level, the new TiVA indicators confirm that there has been a slowdown in GVC integration since the Financial Crisis in 2008-2009 (Figure 1). However, in general, foreign value added in trade increased between 2016 and 2018.

Between 2008 and 2018, the foreign content of Austria's exports is estimated to have increased from 27.8% to 31% - above the OECD average of 27.9%. Compared to 2008, the foreign content of exports in 2018 was 3.2 percentage points higher.

## The role of foreign final demand in domestic production

Overall, in 2018, 36.6% of Austria's domestic value added was driven by foreign final demand, up from 34.3% in 2008. By industry, the shares ranged from *Basic metals* (86%) and *Other transport equipment* (82.2%) at the higher end to *Accommodation and food services* (21.2%) at the lower end.

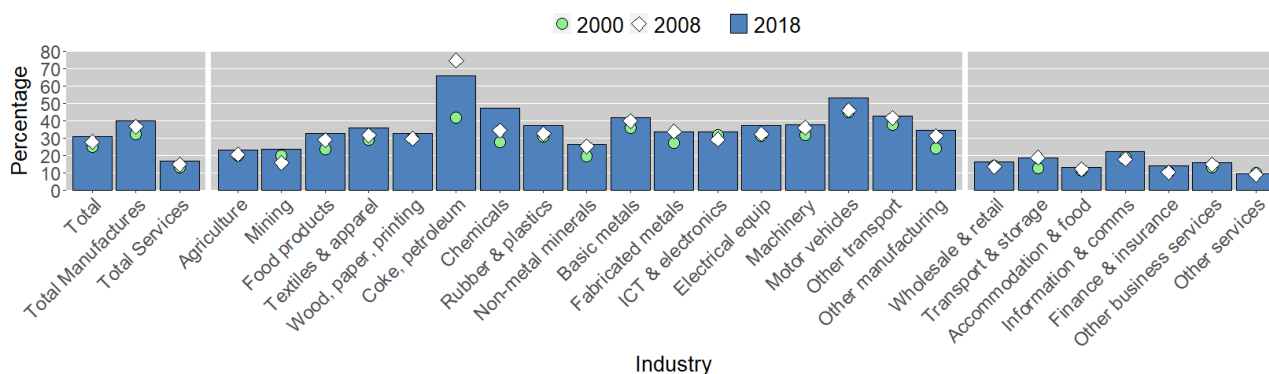
**Figure 2. Austria - domestic value added in foreign final demand**  
As a percent of value added, by industry, 2000, 2008 and 2018



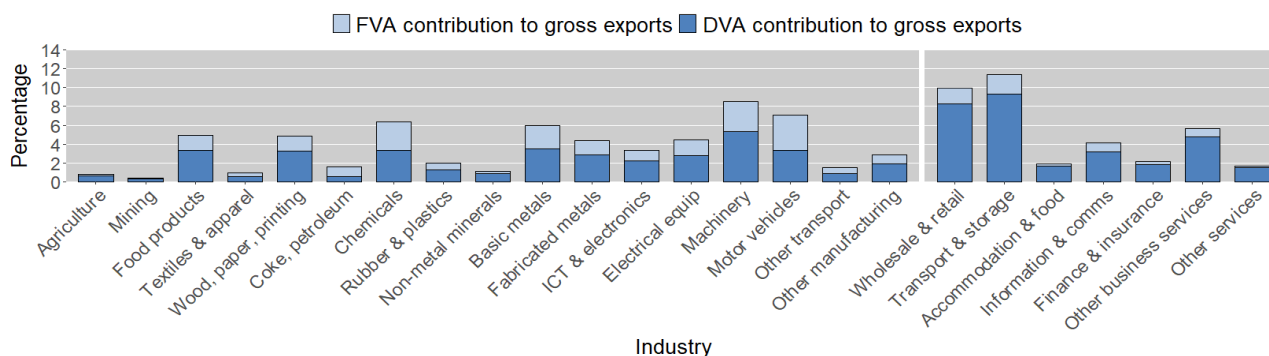
## The importance of imports for exports

The industries with the most foreign value-added contents in their exports (Figure 3a) were *Coke and refined petroleum products* (65.8%), *Motor vehicles* (53%) and *Chemicals and pharmaceuticals* (47.5%). *Transport and storage* generated the greatest source of domestic value-added content of exports in 2018, accounting for 9.3% of gross exports (Figure 3b), followed by *Wholesale and retail trade* (8.3%) and *Machinery and equipment, nec* (5.3%). The most foreign content in total exports came from *Motor vehicles* (3.8%).

**Figure 3a. Austria - foreign value-added content of gross exports**  
As a percent of gross exports, by industry, 2000, 2008 and 2018

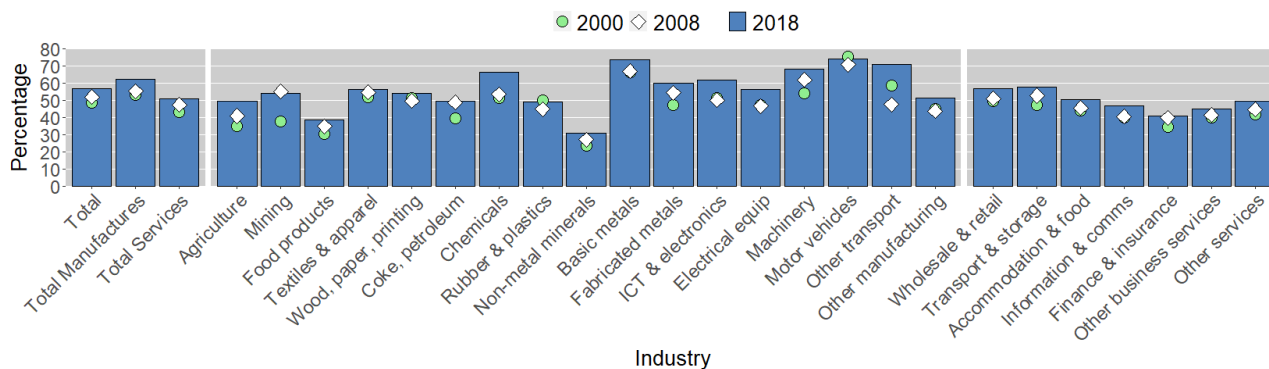


**Figure 3b. Austria - industry share of domestic and foreign value-added content of gross exports**  
As a percent of total gross exports, 2018



Of the total value of Austria's imports of intermediate goods and services in 2018, 56.9% was subsequently embodied in exports, above the OECD average of 47.9%, and above the share in 2008 (52%). The originating industries with the highest shares of intermediate imports used in Austria's exports were *Motor vehicles* (73.9%), *Basic metals* (73.7%) and *Other transport equipment* (71.1%).

**Figure 4. Austria - imported intermediate inputs used for exports, by industry-origin of imports**  
As a percent of intermediate imports, 2000, 2008 and 2018

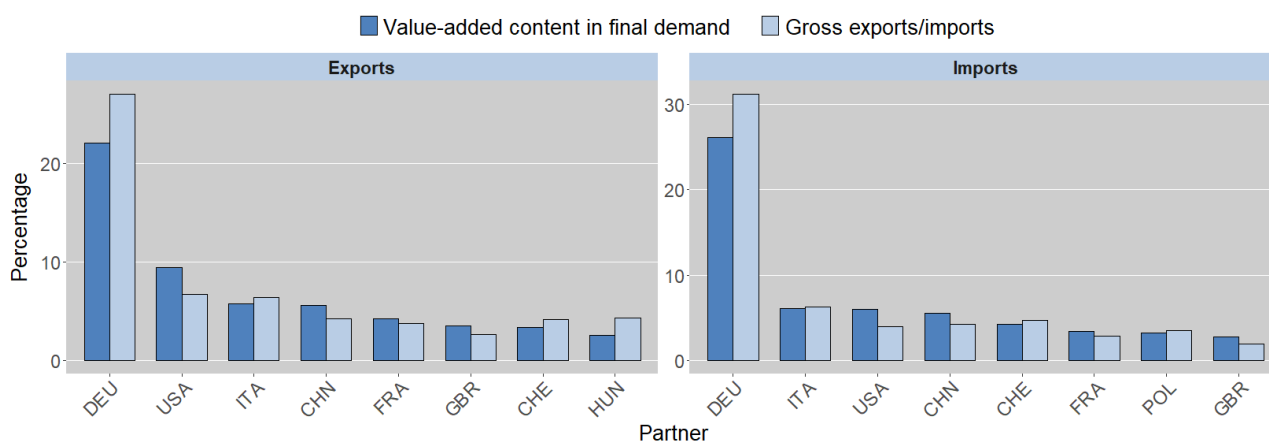


### Austria: international flows of goods and services, main players

In gross terms, Germany (27.1%), the United States (6.8%) and Italy (6.4%) were the three most important Austrian export market destinations in 2018. The top three final destinations for Austria's value added were Germany (22.1%), the United States (9.4%) and Italy (5.8%).

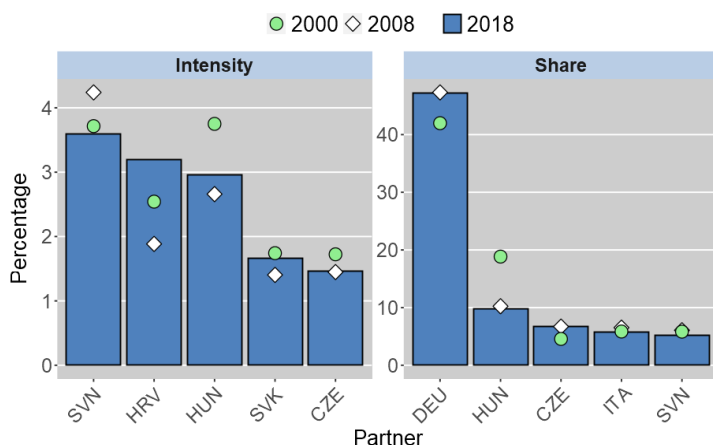
For imports in gross terms, Austria's top three partners in 2018 were Germany (31.2%), Italy (6.3%) and Switzerland (4.7%), while in value-added terms, the top three were Germany (26.1%), Italy (6.1%) and the United States (6%).

**Figure 5 Austria - exports and imports: main partners**  
As a percent of total gross and value-added exports and imports, 2018



**Figure 6. Austria's domestic value-added content of manufactured imports, top 5 partners**

As a share of total Austria's value added embodied in Austria's imports (right) and as a percent of total imports by partner (left)



In 2018, the highest shares of Austria's domestic value added embodied in Austria's manufactured imports (Figure 6, right) came from Germany (47.2%), Hungary (9.8%) and the Czech Republic (6.8%).

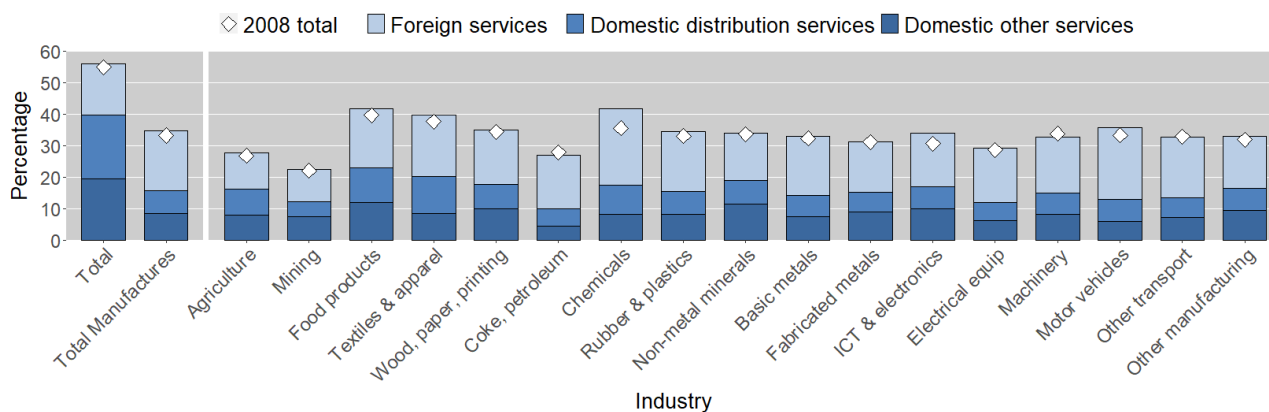
The trading partners with the highest shares of Austria's value added in their exports of manufactures to Austria (Figure 6, left) in 2018 were Slovenia (3.6%), Croatia (3.2%) and Hungary (3%).

## The importance of services in international trade

Services are a major contributor to Austria's economy, accounting for 55.9% of Austria's gross exports in 2018 (Figure 7) - close to the OECD average of 55.7%. Foreign services contributed 16% to the value of total gross exports. For manufactures, services value-added content was 34.8% of gross exports, with the highest shares in Chemicals and pharmaceuticals (41.7%), Food and beverages (41.7%) and Textiles and apparel (39.7%).

**Figure 7. Austria - services content of gross exports**

As a percent of gross exports by industry, 2018



## Further information is available to supplement this country note:

- ▶ Access the data at: <http://oe.cd/tiva>
- ▶ Guide to TiVA 2021 Country Notes: [www.oecd.org/sti/ind/tiva-2021-guide-to-country-notes.pdf](http://www.oecd.org/sti/ind/tiva-2021-guide-to-country-notes.pdf)
- ▶ TiVA indicators are based on the 2021 version of ICIO tables: <http://oe.cd/icio>
- ▶ Related indicators of Trade in Employment <http://oe.cd/io-emp> and and Trade in Embodied CO2 <http://oe.cd/io-co2>
- ▶ Trade policy implications of global value chains: <http://www.oecd.org/trade/topics/global-value-chains-and-trade/documents/trade-in-value-added-2021.pdf>

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