

## Press Release

### **Foreign Direct Investment and Skilled Workers are Key Cornerstones of Value Creation in Austria**

**For the first time a study showed the significance of economic effects related to the activities of international companies, film productions and skilled workers in Austria. These firms generate 29% of the country's gross domestic product, whereas skilled workers account for 10% of GDP.**

**Vienna, 27 September 2022** – The business location consultancy Austrian Business Agency (ABA) is celebrating its 40<sup>th</sup> anniversary this year. A scientific review of its activities on behalf of the business, research, work and film location documents the substantial contribution of foreign direct investment, film productions and top performers on the Austrian economy. "International companies and their investments are essential to the domestic economy and generate almost 29% of Austria's GDP each year. International skilled workers safeguard more than half a million jobs via value chains. These figures impressively demonstrate the important role played by ABA, whose activities contribute to the value creation, innovation and diversity of the corporate landscape in Austria," states Martin Kocher, Federal Minister of Labour and Economy.

"As the national agency promoting Austria as a business location, we are making a significant contribution towards actively attracting technology, know-how and innovation to Austria. Up until now, the economic value of foreign direct investment has received little attention in public debate. A study now helps us to specifically quantify the economic effects of business location projects, international skilled workers and film productions in Austria," explains René Tritscher, Managing Director of ABA.

#### **GDP contribution of close to 29% attributable to foreign direct investment**

International companies and their subsidiaries contribute € 106.4 billion to domestic economic output p.a., equivalent to 28.8% of Austria's GDP. The sub-study<sup>1</sup> carried out by the Institute for Advanced Studies examines the entire effects on the country's value creation over the past decade. The additional government revenue, for example from taxes or social security contributions, total € 35.8 billion annually on average. On balance, international firms created or safeguarded 1.17 million jobs between the years 2010 and 2020, corresponding to 26% of all

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<sup>1</sup> Institute for Advanced Studies (IHS): "Volkswirtschaftliche Effekte von internationalen Direktinvestitionen und Betriebsansiedlungen auf den Wirtschafts-, Forschungs- und Arbeitsstandort Österreich," (in German only), September 2022

jobs. These calculations take account of direct impacts incurred by the companies under consideration, the indirect effects of companies providing goods and services in advance along the value chains as well as the effects on consumption and investments induced by income generated by people employed directly or indirectly as well as corporate profits.

### **High proportion of R&D expenditures and export ratio**

Research and development as well as exports also benefit from the operations of international companies in Austria. International firms account for 51.2%<sup>2</sup> of corporate expenditures for R&D in Austria and employ 40.2% of all R&D personnel in the corporate sector. The share of exported goods and services in international companies at 42% is about twice as high as the Austrian average of 24%.

### **Percentage of international skilled workers in the ICT sector more than double the 2010 level**

According to calculations<sup>3</sup> of the Institute for Advanced Studies, international skilled workers make a major contribution to prosperity in Austria, generating € 38.7 billion or about 10% of total economic output. Vienna profits the most from this value creation (33%), followed by Lower Austria and Upper Austria (14% each). "The proportion of international experts has massively increased in several sectors. For example, this figure has more than doubled between 2010 and 2020 in the field of information and communications technology to about 24,000 employees," ABA Managing Director Tritscher adds.

In an overall view of the study on the economic effects of international skilled workers on the business location, the 528,000 jobs created or secured each year on average directly or indirectly or through induced effects comprise a significant factor. From a regional perspective, the main impacted areas are Vienna (34% of the 528,000 employees), Lower and Upper Austria (14% each) and Styria (10%). There is clearly an upward trend in employing international skilled workers, as demonstrated by the 89% increase between 2010 and 2019. Government revenue from taxes as well as fees and charges amounted to about € 12.8 billion annually. These calculations also include direct, indirect and induced effects.

### **€ 380 million in added value from international film productions over the last five years**

The consulting company "paul und collegen" analysed the value creation effect<sup>4</sup> of international film productions in Austria during the period 2017 to 2022. Revenue related to film productions equalled € 1.1 billion in the past five years, generating a gross value added of € 380 million. Tax revenue amounted to € 163 million. The film productions secured approx. 1,300 full-time jobs.

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<sup>2</sup> Statistics Austria R&D 2019: <https://www.statistik.at/services/tools/services/publikationen/detail/1184>

<sup>3</sup> Institute for Advanced Studies (IHS): "Volkswirtschaftliche Effekte von internationalen Fachkräften auf den Wirtschafts-, Forschungs- und Arbeitsstandort Österreich," (in German only), September 2022

<sup>4</sup> paul und collegen consulting: "Filmstandort Österreich – Aktivitäten der internationalen Filmproduktionen in Österreich und ihre volkswirtschaftlichen Effekte," (in German only), September 2022

The film industry is permanently subject to upheaval and innovation and thus also offers Austria the opportunity to profit from it. "The incentive system for international film productions foreseen in the new Film Location Act will enable the potential outlined in the study to be exploited even more effectively," says René Tritscher. € 1.1 million per week has been spent on previous international film productions in Austria up until now.

### **Driving internationalisation**

The current study allows for a clear quantification of the economic value of international companies, skilled workers and film productions for Austria. "The effects of internationalisation as well as the work of ABA are enormous. This must be further expanded in order to ensure that Austria is well-equipped for the future," concludes ABA Managing Director Tritscher. "We are trying to further leverage these effects through the reform of the Red-White-Red Card and the planned new Film Location Act," adds Federal Minister Martin Kocher. The reform of the Red-White-Red Card will take effect on 1 October. The proposed Film Location Act is expected to begin its official expert review process in the near future.

### **About the Austrian Business Agency (ABA)**

As a subsidiary of the Federal Ministry for Labour and Economy, ABA is the national agency promoting Austria as a business, work and film location. ABA strives to make Austria attractive to international companies, skilled workers and film producers. With its three business areas INVEST in AUSTRIA, WORK in AUSTRIA and FILM in AUSTRIA, ABA consults and supports international companies, skilled workers and film producers at no cost regarding all issues relating to the business, research and work location as well as to Austria as a film location. >> We simply make it easy.

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