

List of Projects

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Effects, opportunity costs and spillovers of EU Cohesion Policy

Anniversary Fund of the Oesterreichische Nationalbank

September 2018 - February 2020

This project aims at contributing to the discussion on the future, post-2020 EU Cohesion Policy (CP). In the past, CP has been the main tool to promote growth and convergence across the EU, thus having positive direct effects on the net recipient countries and also indirect ones on the net payer countries. Still, there is a never-ending debate on the rationale of CP, partly in favour of it, partly doubting its usefulness. The 2021-2027 EU budget funds to be expected will likely become scarcer, not only because of the Brexit but also because of the emergence of new priorities such as migration and security. In respect of these forthcoming challenges the debate on the effects, opportunity costs and spillovers of CP becomes fundamental. A quantitative estimation permits a more balanced assessment of the costs and benefits of CP for net paying Member States (MS) and a broader view of CP support to EU growth in general. Against this background the project aims to: a) estimate the effects of CP on regional GDP, employment and productivity growth; b) analyse the opportunity costs of CP investments (by investment priorities and geographical distribution); c) analyse the macroeconomic spillovers of CP investments in one country on the development in other EU MS; and d) analyse these spillovers at the regional level.

Capacity building for Central, East and Southeast Europe: Joint Vienna Institute

Oesterreichische Nationalbank/Austrian Ministry of Finance

January 2009 - December 2019

For more than two decades, wiiw has been organising seminars within the framework of the Joint Vienna Institute (JVI). These seminars are targeted at decision-makers in the public sector and at politicians from transition countries in Southeast Europe and the CIS and are supposed to present and discuss relevant topics in economic policy. wiiw organises four seminars per year and is responsible for their entire conception, organisation and choice of presenters.

Industry level growth and productivity data with special focus on intangible assets

European Commission, DG Economic and Financial Affairs

July 2018 - July 2019

The aim of this project is to provide DG ECFIN with a comprehensive set of reliable data for productivity measures and growth accounting. The work will in various aspects go beyond the officially available data, notably regarding the length of time series, the consistent application of industry and asset breakdowns, the quality adjustment of labour input measures and the respective attribution of wage shares, estimations of investments, consumption of fixed capital and capital stock. The strong need for such a database has long been recognised and underlies the development of the EU KLEMS project, which was successfully concluded in 2009 as an FP6-funded research project. Within this service contract, wiiw will update the existing EU KLEMS database, extend it by an additional set of information on intangible assets, explore ways to integrate these measures into the growth accounting framework and provide results of such an exercise, distinguishing a statistical from an analytical module. Moreover, wiiw provide an analytical paper identifying the most important recent trends of the productivity dynamics in Europe and its determinants, with a particular focus on the role of intangible assets.

<http://www.euklems.net>

SEE Jobs Gateway

The World Bank

July 2016 - June 2019

Within this project, an annual flagship report on Western Balkans Labour Market Trends is launched. The Report is based on a dedicated regional labour market database for the Western Balkans, established and compiled by wiiw in cooperation with the Statistical offices of the region. It allows, for the first time, to calculate aggregate labour market indicators across six Western Balkan countries and to directly compare them with each other and with select EU peer countries. The Report and Database are available through the SEE Jobs Gateway, a web community of practice for labour market policies in the Western Balkans, managed and maintained by the World Bank. Overall, the initiative aims to provide access to labour market information and data for national policy-makers in the Western Balkans, as well as the international and academic communities. At the same time, it aims to generate interest among the press, NGOs and the wider public and thereby to encourage the debate on labour market policies.

<http://seejobsgateway.net>

Of Smile Curves and Global Value Chains: The Role of Functional Specialisation for Economic Growth

Anniversary Fund of the Oesterreichische Nationalbank

January 2018 - June 2019

The central insight of the smile curve is that different functions (or 'tasks') that need to be performed along a firm's value chain have different potentials for generating value added, with the production stage often being the least promising one. Project-level data on greenfield crossborder investments with information on both the industry and the function they serve are used to identify countries' functional specialisation. A metric labelled 'relative functional specialisation in global value chains' and a related measure, the 'relative production specialisation index', are developed. The descriptive part of the project will use these indicators to create 'portraits' of functional specialisation of EU Member States, NAFTA and the South East Asian region. In a second step, the implication of the smile curve, i.e. that countries specialised in the pre-production and post-production tasks of the value chain should capture higher value added, is tested econometrically. To this end the relative function specialisation measure and the relative production specialisation index are embedded into an empirical endogenous growth model.

Risikoanalyse zur wirtschaftlichen Entwicklung der Türkei

Österreichische Post AG/Austrian Post Office

June 2018 - September 2018

The project aimed to assess current economic conditions and business risks in Turkey, and to make projections for how these could develop in the next ten years under three scenarios (baseline, negative, positive). In particular, indicators were assessed which are relevant for the valuation of a business and for due diligence. These included trends in domestic consumption, inflation, the labour market, the institutional framework and political risk factors. A risk matrix was also included, identifying key business risks over the next ten years, and ranking them based on likelihood and impact. The study is written in German.

Diagnostic Report for the Programme for Country Partnership (PCP): Morocco

UNIDO

June 2018 - August 2018

The Program for Country Partnership (PCP) is the new type of UNIDO assistance for Member States. It is a process aligned to the national priorities and strategies of countries thereby maintaining full ownership of beneficiary countries of the complete process by defining its needs and required support. As usual, the first step in the PCP Morocco is a diagnostics report which wiiw staff supports in their role as international consultants. The PCP diagnostic report reveals the major bottlenecks as well as opportunities for an inclusive and sustainable industrial development (ISID). The growth diagnostics is undertaken in continuous reference to Morocco's industrial development plan, the Plan d'Accélération Industrielle (PAI). The diagnostics is based on a thorough portraits Morocco's macroeconomic situation as well as the key structural developments. In a next step promising manufacturing industries for Morocco's industrial development are identified. Moreover, the identified key manufacturing industries, such as agri-business, are analysed in depths as are important horizontal issues relevant for ISID such as the switch to a circular economy; the development potential of Moroccan industrial parks, the potentially disruptive impact of technologies related to Industry 4.0 and E-commerce. The entire growth diagnostics are yielding a set of policy recommendation that are intended to help Morocco achieving the objectives set out in their industrial development plan.

Austria's Economic Competitiveness in a Neighbourhood Context

Thursday, 23 May 2019

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*Anniversary Fund of the Oesterreichische Nationalbank
August 2016 - July 2018*

Since the Eastern enlargement of the EU in 2004, Austria has lost global export market shares. At the same time exports to Central, East and Southeast Europe have gained a significant portion of Austria's total exports. Moreover, in recent years Austrian GDP growth has slowed down and unemployment increased. In this context our main research question is whether the opening to the East had a structural lock-in effect for Austria's economy. In a novel approach on the territorial lock-in effect we will apply a multi-perspective view from a microeconomic (firm-level), mesoeconomic (industry-level) and macroeconomic (country-level) perspective. As regards data, we will have exclusive access to an update of the world input-output database including data for the Western Balkans. The new data will add substantially to the project, the current discussion on Austria's competitiveness and the development of policy recommendations

Investitionspotentiale österreichischer Unternehmen in Bosnien-Herzegowina, Montenegro und Serbien
*Federal Chancellery of the Republic of Austria
May 2018 - July 2018*

Austrian companies are among the most important investors in the Western Balkans. Much of the investment was made before the onset of the global financial crisis. For the selected countries of Bosnia-Herzegovina, Montenegro and Serbia the project aimed: (1) to give a detailed overview of Austrian direct investment; (2) to map the economic environment for Austrian companies locally and (3) to formulate policy recommendations to support Austrian companies in these countries. The study is written in German.

Economic policy implications of the Belt and Road Initiative for CESEE and Austria
*Embassy of the Peoples Republic of China
October 2017 - March 2018*

The Belt and Road Initiative (BRI), a vision to revive the ancient 'Silk Road', was first presented by the Chinese President Xi Jinping in 2013. This initiative will affect more than forty countries throughout Eurasia and Africa. For Austria, it is particularly interesting, due to the country's strong economic relations with Eastern Europe and the Western Balkans. China has identified this region as the gateway to Western European markets, and emphasised its strategic importance with the initiation of a diplomatic initiative titled '16+1'. Furthermore, this region has a particularly high need for infrastructure investment, which form the core of the BRI. An analysis of developments in trade and investment, accompanied by the evaluation of the need for infrastructure investment in sixteen countries in Central, East, and Southeast Europe (CESEE), should allow for the identification of potential fields of cooperation between China and Austria in the context of the 'new Silk Road'.

Diagnostic Report for Partner Country Programme (PCP) Kyrgyzstan
*UNIDO
August 2017 - November 2017*

At the moment, Kyrgyzstan's manufacturing sector is dominated by gold production, creating only a limited number of jobs but putting a heavy burden on the natural environment. Meanwhile, strong and inclusive growth, which would be consistent with the country's long-term objectives (such as those envisaged in the "40 steps to the New Era" government programme) and the UN Sustainable Development Goals, would require a stronger emphasis on manufacturing industries such as food and beverages, textiles, and wearing apparel. Their labour-intensive production processes and strong linkages with other sectors, particularly agriculture, could generate badly needed formal jobs and make the country less dependent on the informal sector and the inflow of remittances from abroad. Kyrgyzstan's inexpensive, trainable labour as well as low energy costs are internationally competitive, and represent clear advantages for the growth of such industries. However, these advantages are offset by the low productivity of firms, which tend to be too small and fragmented to reach a productivity level required to compete internationally and still suffer from insufficient access to credit. Besides, the country suffers from major logistical problems for trade, which were found to be greater than in other landlocked countries at a similar development level, such as Moldova and Laos.

Background paper contributions for the Industrial Development Report 2018, 'The Demand for Manufacturing. Inclusive and Sustainable Industrial Consumption, in a Globalized Economy'
*UNIDO
October 2016 - February 2017*

The UNIDO Industrial Development Report (IDR) series is a unique UN publication monitoring and analysing industrial developments in industrialised and industrialising economies across the world. It covers 85 countries in Europe, North America, Asia and the Pacific and serves as an established source of reference for policymakers, as well as public and private stakeholders. wiiw will support UNIDO in producing the next IDR and draft two background papers for chapter 4 of the report. The first background paper will analyse unit prices in manufacturing exports from advanced and developing countries, and explore whether there are significant difference in unit values of similar goods exported from developing and advanced economies to the same markets. The second background paper will discuss whether some segments of manufacturing production are becoming 'commodified' and what are the implications for developing countries and trade.

Production linkages, value added trade and employment in the wider Europe

Anniversary Fund of the Oesterreichische Nationalbank

January 2015 - December 2016

The establishment of supply and production links has been a major driving force of the integration of the new EU Member States. Countries strongly integrated in production networks benefited in terms of productivity, value added and export growth. An important question on the further widening of Europe therefore is the integration of today's accession countries and possibly the EU neighbourhood countries in that respect. For a detailed study of actual patterns of production integration, a European multi-country input-output table is constructed allowing for an analysis of patterns of integration and value added trade in the wider European context. The potential impacts are further investigated by using a gravity modelling approach accounting for the importance of trade in intermediates and value added trade. Finally, various scenarios will be calculated providing evidence of potential impacts of further integration or disintegration on income and employment.

Tradability of Output and the Current Account in Europe

Anniversary Fund of the Oesterreichische Nationalbank

July 2015 - December 2016

One aspect in the debate about current account imbalances in Europe is the consequence of 'de-industrialisation' observable in several European countries. This project highlights the role of tradability of output as a key determinant of the current account balance. The relationship between a country's specialisation in the production of tradables will be investigated empirically for 46 European countries over the period 1995-2014. To this end a tradability index is developed which can be understood as a country's expected degree of openness given its economic structure. The tradability hypothesis to be tested in this project suggests that countries specialising in the production of relatively more tradable output have a tendency to run current account surpluses. It is shown that this relationship is also predicted by intertemporal models of the current account. The tradability hypothesis is tested using both panel regressions and cross-country regression techniques.

Smart Public Intangibles (SPINTAN)

European Commission, 7th Framework Programme

December 2013 - November 2016

The SPINTAN project extends both the theoretical and the empirical approach introduced by Corrado, Hulten and Sichel (2005, 2009) including the Public Sector intangibles in their analytical framework in different complementary directions. The main outcomes were: (1) A Public Sector Intangibles Database for a wide set of European Union (EU) countries, supplemented by some large non EU countries complementing the harmonised intangible measures developed by INTAN Invest. (2) Analysis of the key issues with regard to the boundaries of public intangibles between various public and private categories, such as R&D, skill formation and IT investment. New ways to measure Public Sector intangible capital services, and especially the rate of return on public intangibles, were developed. (3) Analysis of the impact of Public Sector intangibles on innovation, well being and "smart" growth. The project paid special attention to the consequences of austerity policies, i.e. the project measures the impact on intangible assets investment of the austerity policies after the crisis and quantifies its impact on growth and well being. The SPINTAN Project was carried out by 12 European partners and two non European Associated Members that joined in the first months of the project. wiiw was involved in the methodological and conceptual work to identify the relevant assets and has provided data for the new Member States and Austria to produce the envisaged cross-country harmonised database of public sector intangibles. It also contributed to the work on spillovers from intangibles and on austerity & recovery, focusing on the effects of government spending in an international input-output framework.

<http://www.spintan.net>

Asian Experiences with Global and Regional Value Chain Integration and Structural Change

UNIDO

July 2016 - November 2016

This study was part of a larger research project on global and regional value chains in South and South East Asia undertaken by UNIDO and a Chinese partner (UIBE). Its main objective was to investigate the relationship between the intensification of global and regional value chains and structural indicators as well as export-related performance measures in South-East Asia and South Asia. The research was based on OECD's Inter-Country Input-Output Tables covering more than 60 countries over the period 1995-2011.

Socio-economic assessment of the Danube Region: state of the region, challenges and strategy development

Ministerium für Finanzen und Wirtschaft Baden-Württemberg

July 2013 - October 2015

The main objective of this project was an analysis of potential opportunities, requirements, challenges, and recommendations, in order to enhance the competitiveness, the innovative strength, the attractiveness, and the prosperity of the entire region of the Danube riparian countries and regions, and to develop strategic orientations in view of transnational and interregional cooperation for the period 2014-2020. wiiv developed this assessment in cooperation with two German partners, the Centre for European Economic Research (ZEW) - which was also the leader of the project - and the Institut für Angewandte Wirtschaftsforschung (IAW). The focus on wiiv's contribution was on labour markets, regional development, cluster development and cooperation in the Danube Region.

Energy efficiency and EU industrial competitiveness: energy costs and their impact on manufacturing activity

European Commission, DG Enterprise and Industry

October 2013 - November 2014

This study serves as a background report for the annual European Competitiveness Report of the European Commission (DG ENTR). The European Commission is currently in the process of preparing a new energy and climate framework for the period up to 2030. For this purpose, DG ENTR has commissioned a study which should provide a comparative analysis of the impact of changing energy costs on EU industrial competitiveness at country and sectoral level, and vis-à-vis its main external competitors (the United States, Japan, China and Russia), with a view to identifying future trends in production and energy efficiency strategies. While the recent gains in energy efficiency in the EU manufacturing sector have been impressive, the gap in energy prices between the EU and the USA has widened, which might potentially undermine EU industrial competitiveness, particularly in energy-intensive sectors. To a large extent, the study relies on data from the latest version of the World Input-Output Database (WIOD).

Agglomeration, international linkages and the location choices of European foreign direct investors

Anniversary Fund of the Oesterreichische Nationalbank

January 2013 - June 2014

This project investigated the location decision of multinational companies from six European countries in the EU over the period 2003-2010. A conditional logit model was used to estimate the impact of agglomeration effects on location choices of FDI investors. In addition, we included international inter-industry linkages which reflect the openness of a host country. This framework allowed us to compare the importance of two potentially opposing factors relevant for FDI decisions.

Balance of payments constrained growth: Thirlwall's Law extended

Anniversary Fund of the Oesterreichische Nationalbank

July 2012 - December 2013

Thirlwall's Law represents an important approach to international macroeconomics. The Law parsimoniously characterises the link between economic growth and (balanced) external trade. However, since the early 1990s the theory and practice of the mainstream international economics has failed to incorporate the lessons derived from the Law and did not pay due attention to external imbalances. The post-2007 crisis has brought these imbalances to the fore. Controversies over the mode of 'rebalancing' within the euro area continue, necessitating the development of simple, yet powerful, ways to analyse the links between real growth and developments on external balances. This project not only reconsiders the original version of the Law (and some of its past extensions) but also propose some

important modifications. The modified versions of the Law serve as the basis for empirical models to be specified also for the EU Member States.

A manufacturing imperative in the EU - Europe's position in global manufacturing and the role of industrial policy (Competitiveness Report 2013)

*European Commission, DG Enterprise and Industry
November 2012 - June 2013*

This study served as a background report for the annual European Competitiveness Report of the European Commission (DG ENTR). The objective was (i) to detect the structural changes that have occurred in the European economy in order to identify the major challenges that lie ahead European manufacturing and (ii) to analyse and evaluate past and current approaches to industrial policies (and instruments) at the European and the EU Member State level. Based on the structural challenges for the EU economy and experiences with industrial policies the study formulated suggestions for potential elements of a renewed European industrial policy. The policy conclusions took into account the interaction of industrial policy with related policies such as competition rules, innovation policies and trade policies. The study contains both qualitative and quantitative analyses, including cluster analysis and various econometric techniques and made use of numerous data sources such as the World Input-Output Database (WIOD), OECD ANBERD, Eurostat, European Commission State Aid Scoreboard database and the Community Innovation Survey (CIS).

Study on structural change (Competitiveness Report 2013)

*European Commission, DG Enterprise and Industry
November 2012 - June 2013*

This study serves as a background report for the yearly Competitiveness Report of the EC. It illustrates and analyses the broad trends in the relative weight of quite highly aggregated sectors within market activities. It provides an overview as well as an explanation of the broad patterns and trends of structural change for the EU-27 member states. Based on empirical evidence, economic consequences of the observed patterns of structural change will be examined with special attention to the implications of emerging middle-income growth traps. The results will include policy conclusions and provide evidence on the stylised facts of structural change in Europe, the importance of structural change for aggregate growth and the relevance of basic economic mechanisms at work. Furthermore, it will highlight the importance of manufacturing relative to other sectors, which is not sufficiently captured merely by the percentage of the workforce it uses. wiiw is partner in a consortium lead by The Nordic Institute for Studies in Innovation, Research and Education (NIFU).

Creation of a database for value added and gross output (sales) according to the KiA classification

*Joint Research Centre (JRC)
January 2012 - August 2012*

KiAs (Knowledge-intensive Activities) are defined as economic sectors in which more than 33% of the employed labour force has completed academic-oriented tertiary education. The Commission requested the compilation of a database for the two following series: value added and gross output (sales) according to the KiA classification, for all Member States of the European Union, EFTA countries, and the main competitors of the European Union, including the United States, Japan, Brazil, China and South Korea.