

List of Projects

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Towards a world integrated and Socio-economically balanced European economic development scenario (TWIN SEEDS)

*European Commission, Horizon Europe
October 2022 - September 2025*

The objective of the TWIN SEEDS project is to investigate changes in international trade and production patterns, specifically in global value chains (GVCs), both those of a longer-term nature (driven by the "twin seeds": technological developments and geo-political changes) and those that are taking place in the wake of the Covid-19 pandemic. The project will examine the impacts of these changes on employment, job quality, social and regional cohesion, on patterns of growth and competitiveness, as well as their environmental implications. The analysis will provide the basis to map out forward-looking policy scenarios (including trade and investment, industrial, regional, education/training and social policies) that allow Europe to secure decent work and working conditions, rapid progress towards resource-efficiency and decarbonisation, security of supply for strategic goods and sustainable, inclusive and competitive growth in the years to come. The research will be based on a thorough multi-level (global, national, regional, sectoral, firm level) research framework, relying on a mix of quantitative and qualitative methods, on multidisciplinary knowledge (international economists and trade policy experts, regional economists, international business and organisational experts, political scientists) and on an extensive stakeholder engagement.

Jobs, mental health and social policy in times of COVID-19

*FWF - Austrian Science Fund
November 2021 - October 2023*

In this project, a research team at wiiw is investigating important structural and distributional social impacts of the COVID-19 pandemic. In addition to the impact of the crisis on different economic sectors and on their organisation, the topics of employment and re-employment as well as the perspectives of different social groups are taken into account. For this purpose, a model is developed that captures the main features of the social and structural impacts in the medium and long term ('agent-based stock-flow consistent model'). Besides factors of labour market economics, it also includes changes in technology, productivity and work organisation as well as economic policy decisions. Four empirical studies shed light on important components of the theoretical model. These include structural developments of economic activities, different employment models, homeworking and effects on mental health, analysis of government measures.

Spend, transfer, or repay. What to do with all the money from the EU carbon border tax?

*Anniversary Fund of the Oesterreichische Nationalbank
October 2022 - September 2023*

The project addresses the expenditure side of the European carbon border adjustment (CBA) mechanism. Currently, there are intensive discussions concerning the design of the CBA mechanism. The use of revenue is a sensitive issue that can have far-reaching implications on the effectiveness and legality of the CBA. While different expenditure options have been proposed, there is a lack of research contrasting the economic effects of the said revenue options. Therefore, the priority of the research project is to explore the economic implications of different spending options for the revenues generated by the CBA. It estimates the effects of a carbon border tax on trade, GDP, and welfare for alternative spending scenarios for the carbon border tax revenues. This is explored with two different carbon border adjustment designs. The research will strive to contribute to the policy debate on the design of the CBA, and on the future of the EU budget in the context of new own resources.

Demographics of the Austrian foreign trade structure

Austrian Federal Ministry of Labour and Economy

October 2022 - April 2023

The aim of the study is to prepare detailed evidence on the demographics of Austrian firms engaged in foreign trade and to prepare them for economic policy makers. For this purpose, a dataset of the Austrian Micro Data Center (AMDC) is used. The project provides novel insights concerning the characteristics of Austrian companies which are active in foreign trade by destination markets and respective company-level indicators determining the international performance. At the same time, the study exemplifies and discusses the potential for further and more in-depth analyses using the available individual data.

Entwicklung, Organisation, Durchführung und Evaluierung von Seminaren am Joint Vienna Institut (JVI)

Oesterreichische Nationalbank/Austrian Ministry of Finance

January 2020 - December 2022

Das wiiw konzipiert und organisiert im Jahr 2022 mehrere Seminare im Rahmen des Joint Vienna Institute (JVI). Diese Seminare richten sich an Entscheidungsträger des öffentlichen Sektors aus Transformationsländern in Südosteuropa und den GUS-Staaten und haben zum Ziel, aktuelle wirtschaftspolitische Themen zu vermitteln.

Export bonus: Significance and performance of Austrian exporters

Austrian Ministry for Digital and Economic Affairs

October 2021 - April 2022

In view of the importance of the export economy for Austria, in 2009 the Ministry of Economics commissioned that examined the characteristics (e.g. size distributions, productivity) of export enterprises. Due to the already long time horizon since the study has been undertaken - the data used in the study goes back to 2006 - the results are now outdated and it is no longer possible to use them without a certain degree of caution. However, the present study project will not only update these results, it is also intended to provide scope for expanding the factors considered (e.g. including R&D performance, ownership dimension). In addition, the methods used should also be brought up to date and additional data will be included.

Austria's Import Relations: Dependency Analysis

Austrian Ministry for Digital and Economic Affairs

December 2021 - February 2022

Austria's dependencies on imports are analysed at the detailed product level based on UN Comtrade and EU COMEXT data. The analysis of imports is carried out according to the number of partner countries, the respective shares of partner countries in the imports of individual products as well as according to turnover frequency. Products with high import dependency are identified.

Growth and productivity accounts - Capital productivity and multi-factor productivity

Eurostat

July 2019 - December 2021

Eurostat plans to publish for the first time capital productivity indicators (CAPI) and Multi-Factor Productivity to better meet the European policy needs. wiiw will support these activities with feasibility analyses, methodological developments, quality assessment of indicators and by raising awareness regarding capital productivity.

The production side of 'digitalisation' and its impacts

Anniversary Fund of the Oesterreichische Nationalbank

September 2019 - October 2021

The project comprises four main tasks linking the production and use side of the digital sector. In the first task the production and supply side of the ICT goods and services sectors is studied. An overview of the ICT industry across countries is provided based on various data sources at the industry and firm level. Determinants of ICT industries' performance and drivers of investment by ICT superstars across the European Union and the globe are analysed. The second task then focuses on the patterns of trade of ICT goods and services linking the supply side of the digital sector to its demand. Furthermore, the impact of technical regulations and standards embedded within Technical Barriers to Trade (TBT) on patterns of trade flows of ICT goods are analysed. Task three focuses on the investment in ICT capital assets and building up of an ICT capital stock across countries and industries. Gross capital formation

and capital stocks in different asset types and their contribution to employment and value added growth will be studied. The fourth task is devoted to the role of patenting in productivity and market share of firms active in the global ICT sectors. Finally, in the last part of task we study whether and how ICT driven technical change impacts on structure of labour demand by various groupings.

Towards a risk-adjusted trade policy (*wiiw Team Leader*)

Austrian Ministry for Digital and Economic Affairs

November 2020 - July 2021

This research project tackled the question of how vulnerable our economies are to demand and supply shocks - both apply in the case of the COVID-19 health crisis from within and outside the EU - and what role GVCs play in the transmission of these shocks. The analysis focused on the vulnerabilities from an Austrian perspective and identified the sectors that are more prone to shocks due to dependence of imported products, low substitutability of imported products, high concentration on single supplying countries/firms and complex value chains.

Connectivity and interactions between global value chains and foreign direct investment networks

Anniversary Fund of the Oesterreichische Nationalbank

May 2020 - July 2021

The research project used a mix of panel data econometric modelling and innovative complex network analysis techniques to study the topological properties, dynamics and interactions between the global value chain and the global foreign direct investment networks at aggregate and sectoral levels. The project analysed the mutual impacts between FDI and GVC participation, analysed the relative importance of countries and sectors from the perspective of multilateral connectivity and relatedness between sectors in general, as well as zoomed in on the digital cluster and economic integration and connectivity dynamics involving the EU and the CESEE countries in policy-oriented case studies. Inter alia the project expanded the country and time coverage of the world input-output database.

Analysis of value chains in the Western Balkans economies - Enriching potential for regional cooperation in priority areas

Joint Research Centre (JRC)

January 2021 - May 2021

The overall objective of this project was to provide guidance, methodological support and capacity building in smart specialisation processes in the Western Balkans economies. One goal of the support to smart specialisation in the region was to identify promising industrial areas (domains) for the Western Balkan economies with higher value-added as well as to analyse and identify possibilities for wider cooperation in the South-East Europe in these identified areas. The analysis of value chains in the Western Balkans (WB) was expected to deliver an advanced contextual overview of the competitive position of the present and potential smart specialisation priority domains, and to identify opportunities for upgrading the position of the whole region and individual economies in European and global value chains; finding new market niches and areas of economic cooperation.

Quality of goods imports: Which role for non-tariff measures?

Anniversary Fund of the Oesterreichische Nationalbank

January 2019 - December 2020

One major feature of non-tariff measures (NTMs) is their opacity and complexity of their effects. Regulatory standards embedded within NTMs might cause significant trade frictions, while some could stimulate trade due to positive externalities. When NTMs become very trade restrictive and discriminatory, trade disputes may arise. Specifically, when technical NTMs are not improving the quality of the imported product but mostly act as an unnecessary obstacle to trade, the implications of those NTMs might be regarded as protectionism. The study will provide information for trade policy makers to have a better understanding of the current stocks of technical barriers to trade (TBT) and Sanitary and Phytosanitary (SPS) measures and their effects with a focus on quality. In fact, by knowing how these trade policy measures affect quality differently from price and quantity of trade, the study will provide insights on motives behind their implementation.

Innovative modeling of non-tariff measures in trade

Anniversary Fund of the Oesterreichische Nationalbank

September 2018 - June 2020

Starting in the 1960s, non-tariff measures (NTM) have been continuously replacing tariffs as the core element of

trade negotiations. The number of types of non-tariff measures and the number of countries making use of these instruments increases continuously. Therefore, many different approaches have developed recently for the evaluation of NTM and free trade agreements (FTA). Starting from models using simple dummy variables for the indication of NTM or FTA, today there is a wide range of databases available varying in content (i.e. capturing different aspects of NTM and FTA) and in applied methodologies (e.g. extracting information from legal texts, survey data, notifications to the WTO). Our contribution to the existing literature was at least threefold: First, it aimed at modelling non-tariff measures in a Structural Gravity framework. Second, it assessed the value added of different data on the structure of FTA and NTM by means of evaluating their ability to predict the trade effects of the EU-South Korea Free Trade Agreement. The third contribution laid in the estimation of effects of the EU-Japan Economic Partnership Agreement.

ArBeEi International - Grundlagen- und angewandte Arbeitsmarktanalysen

Federal Ministry of Labour, Social Affairs and Consumer Protection (BMASGK)

July 2017 - June 2020

Der Prozess der Globalisierung sowie die zunehmende Integration Europas stellen den Arbeitsmarkt in Österreich vor große Herausforderungen. Zunehmende wirtschaftliche Verflechtungen (v.a. über Handel, Direktinvestitionen, Offshoring, Migration) haben erhebliche Auswirkungen auf die Bedingungen am Arbeitsmarkt, auf Lohn- und Einkommensentwicklungen und Beschäftigungsstrukturen. Evidenzbasierte Handlungsempfehlungen für die Wirtschaftspolitik im Allgemeinen und die Arbeitsmarktpolitik im Besonderen erfordern daher eine Analyse mit einer internationalen und vergleichenden Perspektive. Für Österreich bedeutet das, die arbeitsmarktrelevanten Entwicklungen seiner Nachbarländer, v.a. der mittel- und osteuropäischen Nachbarn, der Beitrittskandidaten und der EU Nachbarregionen genau zu analysieren, und natürlich auch eine globale Perspektive zu entwickeln. Dieses vom österreichischen Sozialministerium beauftragte Forschungsprojekt beschäftigt sich mit diesen Themen. Es ist auf drei Jahre angelegt und in vier Teilbereiche gegliedert: (1) Technologie, Globalisierung und Konvergenz in der EU, (2) Mobilität von Arbeitskräften und Migrationstrends, (3) Konjunktur, Beschäftigung und Arbeitslosigkeit und (4) institutionelle Rahmenbedingungen und deren Effekte auf Wachstum, Beschäftigung und Ungleichheit.

How EU funds tackle economic divide in the European Union

European Parliament

January 2020 - April 2020

This analytical study aims to provide data and related analysis on the topic of operating budgetary balance, its failures and limitations and to deliver evidence of the positive outcomes that Member States' experience from belonging to the EU, notwithstanding the status of their operating budget balance. wiiw is collaborating in this study with WIFO and Blomeyer&Sanz.

Greater than the sum of its parts? How does Austria profit from a widening EU network of Free Trade Agreements

Austrian Ministry for Digital and Economic Affairs

November 2019 - April 2020

The aim of this project was to assess the effects EU Free Trade Agreements had on Austria so far and how these inter-act with each other. The project was structured along three chapters. The first task was to compute, display, and describe the evolution of the FTA network of the European Union over time, and Austria's position within this network. The second task used the derived network measures of FTAs (centrality measures and indirect channels of FTAs) in a structural gravity framework using a global dataset of bilateral trade. The final task evaluated the direct and indirect effects of FTAs on GDP and employment in Austria in a general equilibrium setting. The gained insights are discussed in a policy note.

Das EU-MERCOSUR-Assoziierungsabkommen und seine Bedeutung für Österreich

Austrian Ministry for Digital and Economic Affairs

December 2019 - February 2020

Mit dieser Studie sollen belastbare wissenschaftliche Evidenzen geschaffen werden, um rechtzeitig und proaktiv auf auftretende Bedenken und Widerstände reagieren zu können. Im Fokus der Studie sollen daher die Bereiche Landwirtschaft, Umweltgüter sowie die Auswirkungen des Abkommens auf umwelt- und klimaschädliche Emissionen sein. Damit sollen die erwartbaren Vorteile und möglichen Nachteile des Abkommens aufgezeigt werden. Nur auf Basis wissenschaftlicher Untersuchungen ist ein sachlicher Diskurs zum EU-MERCOSUR-Abkommen möglich. Das wiiw erstellt diese Studie zusammen mit dem WIFO.

Industry level growth and productivity data with special focus on intangible assets (EUKLEMS update)

European Commission, DG Economic and Financial Affairs

July 2018 - October 2019

Within this project, wiiw created a comprehensive set of reliable data for productivity measures and growth accounting. The work went in various aspects beyond the data that were officially available at this time, 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 updated the existing EU KLEMS database, extended it by an additional set of information on intangible assets, explored ways to integrate these measures into the growth accounting framework and provided results of such an exercise, distinguishing a statistical from an analytical module. Moreover, wiiw provided 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. The dataset has been published on a dedicated website (www.euklems.eu) in October 2019.

<https://www.euklems.eu>

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.

Background paper contribution for the Industrial Development Report 2020 'The Future of Industrialization'

UNIDO

November 2018 - March 2019

There is a general expectation that the global economy is currently facing a new wave of technological change - Industry 4.0 - that is based on digitalisation and information and communication technologies (ICT) such as artificial intelligence, additive manufacturing and blockchain. As a background paper to UNIDO Industrial Development Report 2020, this project initially analyses the impact of total factor productivity (TFP) growth (i.e. a measure on technological progress) on employment, labour share, and value added growth of industries in emerging and transition countries. The analysis will take in to account the direct industry-own effects in addition to indirect impact across both national and international backward and forward linkages. Furthermore, wiiw analyses the corresponding impacts on employment, the labour share, and value added that arise from introduction of industrial robots, a prominent phenomenon in Industry 4.0.

The relevance of the EU-Japan FTA for the Austrian economy

Federal Ministry of Science, Research and Economy

December 2017 - June 2018

Since the beginning of 2017, a paradigm change in international trade policy is observed. While the protectionist rhetoric of the administration of the US - the largest economy in the world - is threatening international trade, trade and investment initiatives of China - the world's second largest economy - are gaining in significance and attracting global attention. The EU and Japan are aware of these developments and look for ways of cooperation. The aim of the study is to estimate the effect of the envisaged EU-Japan FTA for Austria based on qualitative and quantitative analysis and to derive recommendations for Austrian foreign economic policy.

Competitiveness drivers and obstacles, intra-EU linkages and European value chains in GVCs

Sunday, 4 December 2022

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*European Commission, DG Growth
January 2017 - January 2018*

The emergence of international value chains (VCs) and the implied cross-border production sharing between countries has dramatically altered the international trading system. In view of the joint cross-border production processes numerous products would deserve the designation of origin 'Made in the World', as suggested by the WTO initiative of the same name – although in general there is the perception that international value chains are predominantly regional in scope. Since the Great Recession, however, there are concerns that the trend towards geographically-dispersed production has come to a halt with, among other factors, re-shoring initiatives and protectionist tendencies. Against this background this report analyses some of the key issues related to international VCs with data from the World Input-Output Database (Release 2016) which covers the period 2010-2014. Based to a large extent on a measure of international value chain (VC) trade termed re-exported domestic value added, which comprises exports of intermediates that cross international borders at least twice, the question whether the world has reached 'peak value chain trade' and to what extent VCs have contributed to the decline in the income elasticity of trade is addressed. The research also re-examines whether value chains are predominantly global or regional in scope both worldwide and at the EU level. Furthermore, the extent of regional VC integration across the major regional trading blocs is compared. Finally, some of the implications of value chain trade for structural change and competitiveness are investigated.

Productivity, Non-Tariff Measures and Openness (PRONTO)

*European Commission, 7th Framework Programme
February 2014 - January 2018*

Over the past fifty years, there has been significant progress in lowering tariff barriers to international trade. With the rising importance of global sourcing, multinational enterprises and increased tradability of non-tangible products, Non-Tariff Measures (NTMs) have attracted growing attention from policy makers and academic scholars alike. Against this background, PRONTO aims to compile new data, develop better methodologies and increase our understanding of the impact of NTMs on international investment and trade. The proposed research project is divided into seven Work Packages (WPs). The first three provide the foundation for work in the project by consolidating existing and developing new NTM measures. The fourth WP acts as a bridge by establishing a methodological framework for using these measures in estimations and policy analysis. The fifth and sixth WPs use this framework and the new NTM indicators to consider the effect of NTMs on a variety of social and economic outcomes, providing both useful estimations for policy and a framework for future academic exploration of NTMs. The final WP focuses on dissemination of the data, methodologies, and results of the other six WPs. The project was funded by European Commission, 7th Framework Programme and received additional funding by the Austrian Federal Ministry of Education, Science and Research within the research program TOP.EU.

<http://prontonetwork.org/>

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.

Provision of updated input-output and supply-use tables of the World Input-Output Database (WIOD)

*European Commission, DG Economic and Financial Affairs
January 2016 - June 2016*

The EU/Seventh Framework project WIOD (as well as other ongoing initiatives such as OECD-WTO TiVA, EORA, EXIOPOL) produced comprehensive sets of internationally linked supply and use and/or input-output tables which have been widely used by academic researchers and policy-makers. Given the urgent requirement for having such data for recent years and the fact that the WIOD tables (as other efforts) are becoming outdated quickly, the need

for an update of the WIOD arose. wiiw provided a revision and update of these data which - to the extent possible - are consistent with the existing data.

<http://www.wiod.org>