SPRING 2011 ECONOMIC OUTLOOK FOR AUSTRIA: ANSWERS FROM IV

MAIN FORECAST

Annual % change	2010	2011
Real GDP growth	2,0	2,3
Consumer price inflation	1,9	2,5
Unemployment rate	4,5	4,4
Employment growth	1,0	0,5
Government net lending (% of GDP)	-4,5	-3,2
Gross public debt (% of GDP)	72,3	73,0
Current account balance (% of GDP)	3,2	3,1

Components of aggregate demand - in real terms		
Annual % change		
Private consumption	1,0	1,0
Public consumption	0,5	0,2
Investment (Gross Fixed Capital Formation)	0,3	2,0
Private non-residential investment	-4,3	0,0
Exports	10,8	6,3
Imports	9,3	4,9

ECONOMIC SENTIMENT

	Positive	***Negative***	***Unchanged***
Trend in business climate over the next 6 months			Industry Services

	Positive	***Negative***	***Unchanged***
Trend in profitability over the next 6 months	Industry Services		

	Increase (faster pace)	***Increase (slower pace)***	***Unchanged***	***Decrease (slower pace)***	***Decrease (faster pace)***
Investment intentions over the next 6 months	*Services*		*Industry*		

	Global demand	***Domestic demand***	***Cost of finance***	***Availability of finance***	***Company Profitability***	***Capacity Utilisation***
Influence on companies' investment decisions	positive	neutral	neutral	neutral	positive	positive

	Replacement	***Extension***	***Rationalisation***	***Innovation***
Driving force behind investment decisions in the next 6 months	positive	neutral	positive	positive

	Industry: past 6 months	***Industry: next 6 months***	***Services: past 6 months***	***Services: next 6 months***
Overall trend in employment	Up	Up	Up	Up

BUSINESSEUROPE

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ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH

Compared to 6 months ago, cost/access to finance has been…	sharply up / restrained	up / more difficult	same	down / easier
for SMEs			Cost Access	
for larger companies (>250 employees)			Cost Access	

Over the next 6 months, cost /access to finance will be…	sharply up / restrained	up / more difficult	same	down / easier
for SMEs		Cost	Access	
for larger companies (>250 employees)			Cost Access	

	Consolidation of banking sector balance sheets	*Access to capital markets*	*Engcouraging equity financing through tax reforms*	*Better use of existing EU instruments (including EIB)*	*Greater potential for Public-Private-Partnerships*
Measures to alleviate current financial difficulties for SMEs	Moatrate effect	Moatrate effect	Important effect	Moatrate effect	Moatrate effect

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POLICY MIX

Monetary policy is…	*Tight, appropriate for the euro area*	*Tight*	*Appropriate*	*Loose*	*Loose, appropriate for the euro area*
				yes	

	adequate	*inadequate*
Consistency between fiscal and monetary policies		yes

	excellent committment	*satisfactory committment*	*neither satisfactory nor unsatisfactory committment*	*unsatisfactory committment*	*no clear committment creating an extremely worrying situation*
Regarding the sustainability of public finances, government shows …				yes	

Exit Strategies	*excessive focus*	*sufficient focus*	*neither satisfactory nor insufficient focus*	*insufficient focus*	*so far ignored*
Tight fiscal rules and more effective institutions		yes			
Greater efficiency of public administrations				yes	
Credible cost-cutting measures	yes				
Increased scope of public-private partnerships			yes		
Reform of pension systems					yes
Improved efficiency of healthcare sector				yes	

Entry Strategies	*excessive focus*	*sufficient focus*	*neither satisfactory nor insufficient focus*	*insufficient focus*	*so far ignored*
More and better-targeted education and training			yes		
More and better targeted R&D and innovation efforts			yes		
Prioritisation of infrastructure investments				yes	
Growth enhancing tax reforms				yes	

	respect the 3% limit	*be in balance*
In 2015, the government deficit will…	yes	no