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DIRECTORATE-GENERAL FOR RESEARCH & INNOVATION

Directorate A - Policy Development and Coordination  
**A.4 - Analysis and monitoring of national research policies**

References to  
**Research and Innovation**  
in the European Semester Country Report 2016

**Austria**

## Introduction

This document is a compilation of the Research and Innovation (R&I) references extracted from the European Semester Country Report 2016. It offers a quick overview of the analysis done by the European Commission on the reforms undertaken by the country in research and innovation and the progress made towards the Europe 2020 target on R&D.

## References to research and innovation

### 1.1. Research and Innovation

**While Austria shows a high level of public and private R&D funding, there is scope for increasing its innovation performance.** R&D spending as a percentage of GDP in Austria amounted to 2.99 % in 2014, the fourth highest level in the EU. Austria is also among the EU countries with the strongest increase in R&D intensity since 2000 (Graph 3.5.4), as a result of increases in both business and public R&D expenditure (though progress has decelerated in recent years, especially for public expenditure). Public spending on R&D cofinanced by private companies, an indicator for the level of public-private cooperation in R&D, accounted for 0.041 % of Austria's GDP in 2011, compared with an EU average of 0.051 %.

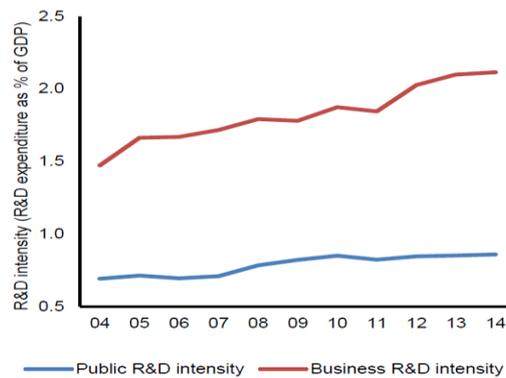
The growth of innovative firms in their start-up phase is below the EU average. According to Eurostat, fast growing firms represented only about 7.4 % of employment in the business economy in 2013, compared with an EU average of about 10.7 %. Although particularly important for innovative firms, the markets for small-scale equity finance and crowdfunding<sup>1</sup>, are still underdeveloped by comparison with other Member States (see also section 2.4.).

**Austria is addressing the need to boost the performance of its research and innovation system in a national research, technological development and innovation strategy adopted in 2011 ('Der Weg zum Innovation Leader').** In 2015, a research action plan was published and new guidelines for research, technology and innovation funding entered into force on 1 January 2015. In line with a shift from direct to indirect support such as tax incentives, the research premium was increased from 10 % to 12 % in January 2016. However, it is necessary to evaluate the effectiveness of these measures in comparison to direct support. In recent years, there have also been a growing number of initiatives focusing on improving knowledge transfer and cooperation between public research (including at universities) and business.

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<sup>1</sup> According to the European Commission Crowdfunding study of September 2015 in 2014 there were 18 crowdfunding projects per million inhabitants in Austria, compared to 254 in the EU. The money raised amounted to 0.27 € per capita in Austria compared to 3.09 € in the EU.

Graph 3.5.4: **Developments in business R&D intensity and public R&D intensity, 2000-2014**



**Notes:** (1) Business R&D Intensity: Business enterprise expenditure on R&D (BERD) as % of GDP.

(2) Public R&D Intensity: Government intramural expenditure on R&D (GOVERD) plus higher education expenditure on R&D (HERD) as % of GDP.

**Source:** Directorate-General for Research and Innovation  
— Unit for the Analysis and Monitoring of National Research

**In 2015, the Federal Ministry of Science, Research and Economy issued the ‘Land of Founders’ strategy with the ambitious goal of turning Austria into the most attractive location for start-ups in Europe.** The new law on crowdfunding that was passed in 2015 has significantly liberalised the regulation of retail investment. In addition, the Austrian government provides direct support to boost venture capital. However, this has not yet translated into higher overall venture capital usage figures.

## 1.2. Additional references to R&I

[2.4. Trade Performance – p.42]

**Austria’s innovation performance appears to be sound overall but there is scope for improvement.** The World Economic Forum indicates that Austria’s innovative position is overall somewhat above the average for advanced economies. Furthermore, the European Commission’s *Innovation Union Scoreboard 2015*, which defines Austria as an ‘Innovation follower’, finds that there has been an upward trend in Austria’s innovation performance since 2007. However, the relative performance compared with its EU peers remained below pre-crises levels in 2014. In particular, a relatively poor performance in venture capital investments, patent revenues from abroad and exports of knowledge-intensive services stands out.