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# Gross Domestic Product increased by 4.6 % in 2021

## Manufacturing contributed above-average to growth

Vienna, 2022-09-28 – Austria's gross domestic product (GDP) increased by 4.6 % in real terms in 2021 compared to the previous year. Manufacturing reports an above-average contribution to growth. Labour market recovered significantly.

After the historic decline in economic output of -6.5 % in 2020, Austria's economy was on the path to recovery in 2021, with real GDP growth of 4.6 % in the second Corona year. Despite the robust growth, the pre-crisis level could not yet be reached in price-adjusted terms and reached 97.8 % of 2019. At current prices, the pre-crisis level was already exceeded and summed up to 406.1 billion euros, which corresponds to a value of 45 370 euros per inhabitant.

### Manufacturing grows much stronger than services

Real growth in manufacturing was 6.6 %, which was clearly above that of the service industry with 2.9 %, however the individual industries developed differently. The strong growth in manufacturing was mainly determined by the production of goods (+9.5 % in real terms). Construction also grew by 2.6 % in real terms. In the service industry, other economic services recorded the highest growth rate with +6.8 % in real terms, followed by education and training, health and social services with +6.6 % in real terms and the large trade industry (+3.7 % in real terms). Accommodation and food services also recorded a significant real decline in gross value added in 2021 (-13.2 %).

### Different developments in domestic and foreign demand

The general recovery in 2021 was relatively asymmetrical on the demand side. With a real increase of 4.8 %, consumption expenditures grew in line with the overall economic development. The driving force was government consumption expenditure with a real increase of 7.8 %. Individual government consumption rose by 11.1 %, while collective government consumption developed very moderately with a plus of 1.3 %. In contrast, the consumption expenditure of private households with a plus of 3.6 % and of non-profit organisations with a plus of 3.5 % grew below average.

With +0.5 %, private household consumption expenditure according to the domestic concept recorded significantly lower growth than according to the national concept (+3.6 %). The reason for this is that travel exports (consumption expenditure of foreigners at home) fell by 32.5 % in real terms after the already sharp decline of 44.0 % in the previous year, while travel imports (consumption expenditure of residents abroad) rose again by almost 60 % in 2021 after the decline of 63.7 % in the previous year.

The main reason for the lower growth in private consumption expenditure is the strong decline in expenditure in the catering and accommodation sector. Consumption expenditure on catering fell by 10.1 % in real terms (2020: -30.9 %), and that on accommodation by 12.2 % in real terms (2020: -22.8 %). The recent strong decline in the hotel and restaurant sector can be explained by the strong winter season 2019/2020 until mid-March 2020, the beginning of the first lockdown. This strong first quarter of 2020 could not be repeated in the winter season 2020/2021 due to the lockdowns.

Gross capital formation recorded a substantial increase of 11.4 % in 2021, with acquisition less disposals of valuables – driven by the demand for gold coins and bars – standing out with an increase of 126.4 %, although its share in gross capital formation is small (3.4 %). Total fixed capital formation also recorded a real increase of +8.7 %. The strongest demand in capital formation was for machinery and equipment (+21.6 % in real terms), followed by construction (+5.8 % in real terms).

The growth in manufacturing is also reflected in exports of goods, with a real increase of +12.9 %. Imports of goods recorded a growth of +14.2 % in real terms. The development of exports (+1.3 % in real terms) and imports (+12.2 % in real terms) of services was much more uneven due to the different developments in travel caused by the COVID 19 pandemic.

### **Labour market recovers**

Due to the economic recovery, short-time work reduced significantly and the labour market recover. Hours worked increased by 5.5 % to 5.84 billion hours in 2021. The number of jobs increased by 2.2 % compared to 2020 to around 4.84 million and was thus also 0.4 % higher than in 2019.

Detailed results or further information on GDP can be found on our [website](#).

**Information on methodology, definitions:** The national accounts estimates are based on the European System of National and Regional Accounts (ESA 2010), the implementation of which is obligatory for all EU member states by a council regulation to ensure that basic concepts and methods are standardized and comparable. Due to the extraordinary economic situation there may be revisions in future releases.

**If you have any questions on this topic, please contact:**

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