

Economy

The previously demonstrated demographic trends and spatial structure are also reflected in the economic performance of the border region. The north of the region is among the strongest economic regions of Europe (Table 3: Gross domestic product (GDP) at current market prices and PPS per capita (1997, 2003), Map 3: GDP (purchasing power parities, in % of EU average)). In comparison the regions of Südburgenland as well as the Hungarian counties achieve less than 75% of the European average. The fastest growth has been in Győr-Moson-Sopron where the GDP has doubled over the period of 1997-2003.

Table 3: Gross domestic product (GDP) at current market prices and PPS per capita (1997, 2003)

NUTS III region	Millions of Euro (from 1.1.1999) / Millions of ECU (up to 31.12.1998)		Purchasing power parities per capita in percentage of the EU25 average (%)	
	1997	2003	1997	2003
Wien	51.158,9	62.874,9	178,7	170,9
Wiener Umland Südteil	7.285,7	9.228,5	135,4	134,3
Niederösterreich-Süd	4.349,8	5.014,3	94,5	87,5
Nordburgenland	2.353,6	3.130,6	92,5	95,6
Mittelburgenland	503,2	702,4	70,2	81,0
Südburgenland	1.279,2	1.584,8	67,7	70,4
Oststeiermark	3.761,8	4.841,0	78,9	78,0
Total Austrian Border Region	70.692,2	86.674,1	-	-
Győr-Moson-Sopron	1.861,9	3.845,7	54,9	71,5
Vas	1.233,5	2.055,4	57,3	62,9
Zala	1.088,8	2.016,5	45,8	55,4
Total Hungarian Border Region	4.184,2	5.981,6	-	-
Total At-HU Border Region	74.876,4	92.655,7	-	-
European Union (15 countries)	7.415.684,3	9.503.520,8	110,3	109,1
European Union (25 countries)	7.710.192,1	9.953.329,3	100,0	100,0

- no data available

Source: eurostat

The general trend of the changing structure of the economy has been similar to all developed economies over the last decades: a strong decrease of the share of the primary sector, generally a decreasing employment trend in the secondary sector, and a fast growth in the tertiary sector. However, the Austrian-Hungarian border region is not homogenous in this respect (see also Table 8: Total employment and trends by economic activity 1998, 2003). In the regions with highest per capita GDP – Wien and Wiener Umland Südteil – agriculture has a very minor role in employment (below 2%) but services have a dominant position (above 70%). By contrast Oststeiermark remained the only area within the Austria-Hungarian border region where the share of agriculture is still above 10%.

Agriculture and forestry as well as downstream industries such as wood- and food-processing play in the Hungarian border region a similarly important role as in Nord-, Mittelburgenland and Oststeiermark. Especially arable lands in Győr-Moson-Sopron belong to the best quality lands in Central Europe. Zala has the highest rate of forest areas in Hungary.

Wien has low and declining shares in manufacturing and high shares in high-ranking services of the public and private sectors. It is a centre for banking and insurance industry as well as for international organisations and group company headquarters, influencing patterns and development trends of the northern part of the border region and it has highly dynamic surrounding regions (Wiener Umland Südteil, Nordburgenland, Győr-Moson-Sopron).

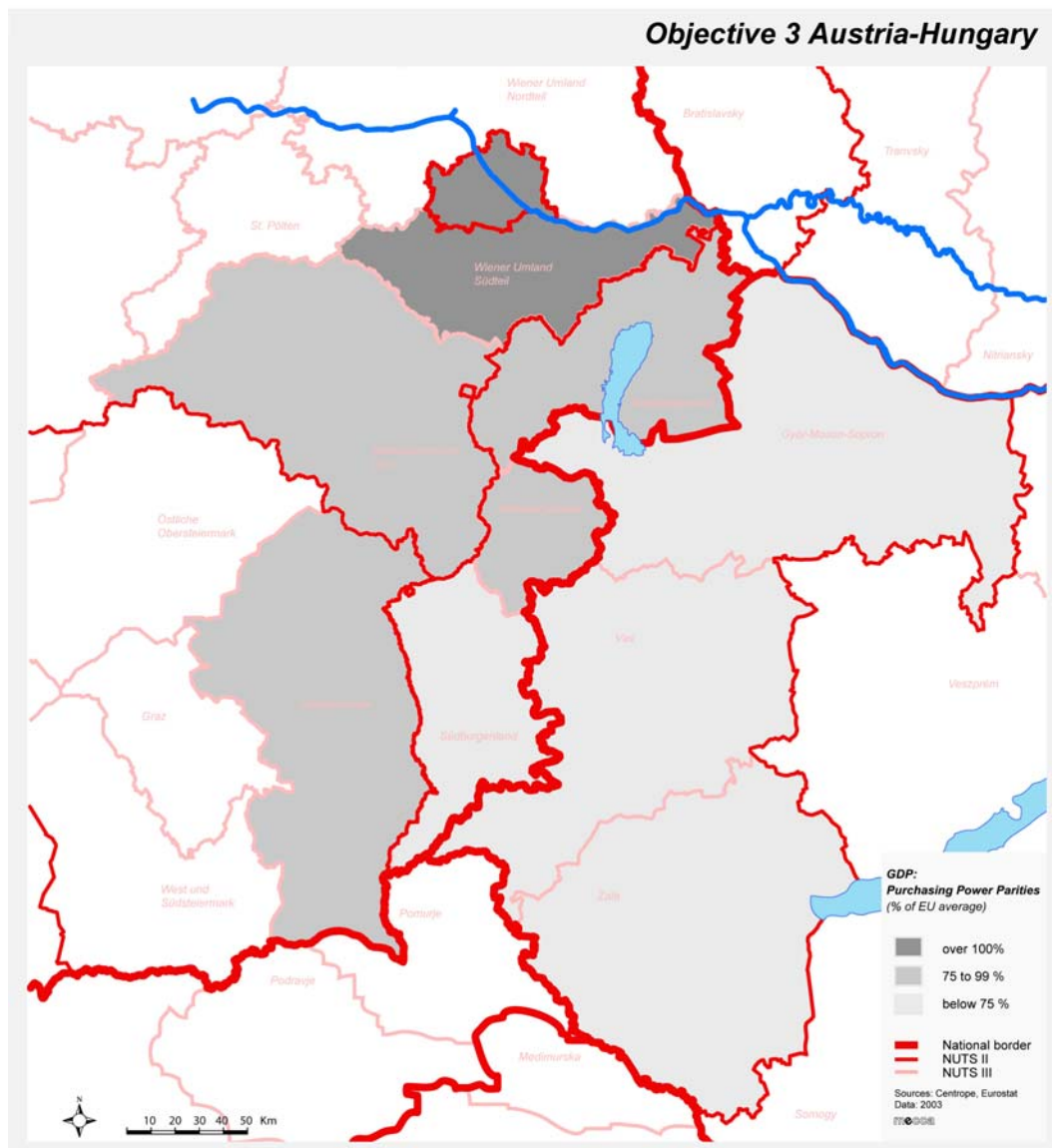
Economic structures are more diversified in Nordburgenland, in Mittelburgenland and Südburgenland, economic activity concentrates in few industries and locations (textile and garments industries). The construction industry also accounts for a very high share of jobs. The benefits of the economic conditions in Nordburgenland are based largely on location factors that result from the region's vicinity to the central space of Wien. The largest enterprises in the region belong to the food and beverages

industry, metal-working and wood processing industries. Characteristic for all three parts is the relatively high share of agriculture and the predominance of smaller enterprises. Approximately 60% of enterprises in Burgenland employ less than 20 workers.

A typical feature of the NUTS III regions of Niederösterreich is the high share of employment in the service sector (Wiener Umland Südteil) and the high share of industries and services (Niederösterreich-Süd). Oststeiermark has a very high share of employment in agriculture and marketing of agricultural products. Beside that innovative forms of energy production and environmental friendly technologies play a growing role.

The Hungarian side of the border experienced a relatively fast structural change. The weight of agriculture has decreased by 10% over the last 15 years. The change was led by the foreign direct investments (FDI). The major factors to attract FDI were the accessibility and the skilled relatively cheap labour. Especially the export oriented industries – machinery and related sectors – showed the most dynamic development. New investments have created the largest vehicle and car components industry in Hungary.

Map 3: GDP (purchasing power parities, in % of EU average)



Development tendencies

According to experts estimation there are several strengths and positive economic development trends in the border region: a growing number of small and medium sized enterprises (SME) in the entire region, a dynamic service sector, skilled labour, a great supply of business sites, the establishment of

knowledge based intermediary and transfer institutions (innovation and technology centres, competence centres, regional development agencies), emerging economic clusters, networking activities across the border has started and high quality arable land. Some negative trends counterbalance the economic processes of the border region: low co-operations of SMEs³ regarding large companies and Research and Development (R&D) sector as well as high dependence on the Viennese labour market. Additionally after 10 years some low value added assembling companies started to move to new locations (Eastern Europe, China, Far-East). Therefore the new challenge is to keep the level of FDI and stabilise the SME sector. A potential barrier for the restructuring of the economy is the relatively weak R&D capacity of West Transdanubia – the region has the second highest per capita GDP and the second worst R&D capacity in Hungary.

In the future the economic gaps and differences between the north-south are not easy to be changed. Also the east-west division will not disappear but diminish. The sustainable use of natural resources offers great potential for economic activities. Issues like renewable energy or organic raw materials will become a crucial factor for the economic performance of the region. Beside that medical engineering is of growing importance in the region (e.g. project Medastron⁴). They offer chances for SMEs and R&D in co-operation with a cross-border labour market to sustain the high quality of life in the region.

³ This view is supported by the estimation of the most relevant stakeholders in the programming area.

⁴ <http://www.medastron.at>