CompNet : The state of play

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CompNet Workshop
Frankfurt, 10-11 December 2012

Background

- We are less than a year old, but maturing on all fronts:
- 3 workshops, with about 70 actual participants each
- Established active communication policy on our activities:
  - CompNet Working Papers
  - “Policy Briefs" …to disseminate early-stage results
  - Website - constantly updated - and
  - a periodic newsletter on line
- Audience is growing within NCBs, academic community and additional international organizations (IMF)

Background

- **We are on track on the network plans:**
  - **Year 1: improving existing indicators of competitiveness via data gathering, and intense networking with other parties and organizations (Eurostat, OECD, WB, WTO, ..)**
  - **Year 2: connecting indicators with policy outcomes → a rich pipeline of research output starts to emerge across WS**
- **Most importantly, we are now more intensively functioning as network (e.g. Do.files)**

Background

- **Policy relevance of our undertakings is increasing**
  - **See emphasis on productivity by Mr. Draghi (e.g. Speech in Paris)…**
  - **…and on strengthening competitiveness (the Group of the Presidents)**

- **"Honey-moon" will finish and soon we will be asked for products/results/opinions**
- **Need to start delivering already on intermediate results**
- **... though not loosing the focus of the ambitious research program**

Outline

1. Activities of the three Work-streams
2. Some initial interesting findings
3. The way ahead
4. Issues for discussion

1. CompNet Activities September-November 2012

1.1 Data

- **WS1**
  - Product level data sharing soon to be completed
  - The EU commission has also contributed with ULC database

- **WS2**
  - Completed data inventory (three categories of data), in September
  - 13 country teams run DO.Files centrally coordinated
  - Will compare/integrate results with relevant literature (E. Bartelsman)

- **WS3**
  - Using WIOD data base
  - Working with UNCTAD on larger datasets on GVCs

1.1 Data (cont)

➢ WS2 Exercise: TPF Analysis DO.File

• List of Indicators

Variables	
Labour (Number of employees)	L
Capital (Total assets)	K
Raw Material (Material Costs)	M
Costs of Employees	LC
Value Added	VA
Performance Indicators	
Capital/Labour	K/L
Real Value Added/Labour	RVA/L
Capital Productivity	RVA/RK (deflated K)
Wage Share	(W*L)/VA
Unit Labour Cost (ULC)	LC/RVA
Total Factor Productivity (TFP)	Levinsohn-Petrin TFP computed using VA
Olley-Pakes TFP Decomposition, with:	- Employment (L) - Value Added (VA)

• Country and Time Coverage

Country	Time Horizon	Threshold
IT	1980-2012	[Two samples (more than 50 and more than 20 employees)]
ES	2001-2010	More than 10 employees
FR	1995-2010	None
HU	2003-2010	None
BE	1996-2011	Both with no threshold and with more than 20employees
DE	1997-2010	Both with no threshold and with more than 20employees
PT	2000-2009	[none]
SK	2000-2011	More than 20 employees
PL	2002-2011	More than 20 employees
NL		
SI	1995-2011	Both with no threshold and with more than 20employees
CZ	2002-2007	None
RO	2004-2011	Both with no threshold and with more than 20 employees
SE		
DK	Do not have the microdata readily available	
FI	Do not have the microdata	
AT		
EE	1995-2010	More than 20 employees
EFIGE DATA	Countries: AT, FR, DE, HU, IT, ES, UK, for a small number of observations	

1.2 Research Output

CompNet Research Pipeline

Workstream	Number of Projects	Number of Joint Projects
WS1	31	4
WS2	79	16
WS3	10	1
Tot	120	21

CompNet Working Paper series:

- **Corbo, V. and C. Osbat (2012), "Optimism Bias? The Elasticity Puzzle in International Economics Revised", WP No 1482, CompNet, October**
- **Three working papers currently in the refereeing process**

CompNet Policy Briefs

- **Three CompNet Policy Briefs are being finalised**

1.3 Overall Assessment

On Data:

- **We are discovering and fixing tremendous amount of glitches, errors and omissions in existing data on competitiveness,**
- **We are also discovering significant amount of information currently unused which we will exploit better**
- **E.g. WS2 exercise on firm-level data: we have managed to address confidentiality issues by a large extent, although a lot of work still needs to be done**

On Research:

- **We are focused on policy questions aimed at identifying productivity drivers and interaction with trade results**
- **Efforts of merging micro and macro perspectives, included the assessment of imbalances**

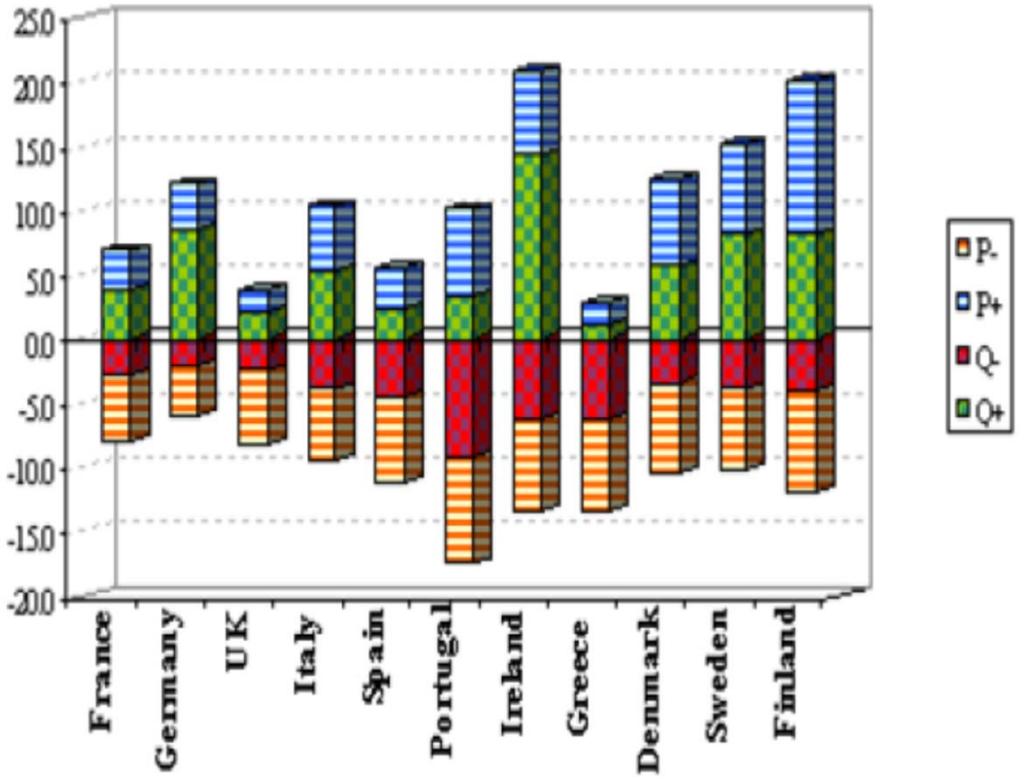
2. Some initial interesting findings

WS1 – Preliminary results

Disentangling price and non price Competitiveness

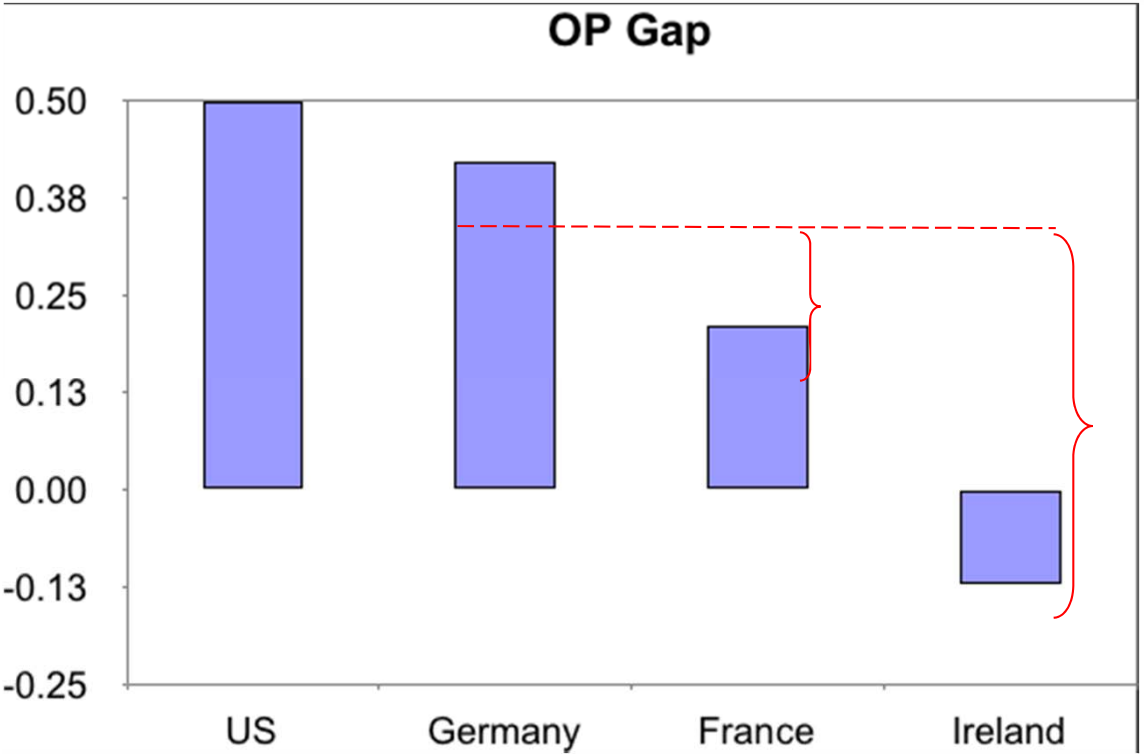
Table: Competitivness regimes

	Higher Relative Export Unit Values (UVX>UVM)	Lower Relative Export Unit Values (UVX<UVM)
Trade Surplus (TB>0)	Non-price driven competitiveness Non price +	Price-driven competeiveness Price +
Trade Deficit (TB<0)	Price competitiveness deficit Price –	Structural deficit Non-price –



- **Non-price factor appear to matter more for the good performance of Germany than price ones**
- **Price and non-price are paramount for Greece results**

WS2 – Preliminary results



OP Decomposition

$$\Omega_t = \sum_i \theta_{it}\omega_{it} = \bar{\omega}_t + \underbrace{\sum_i (\theta_{it} - \bar{\theta}_t)(\omega_{it} - \bar{\omega}_t)}_{\text{OP Gap}}$$

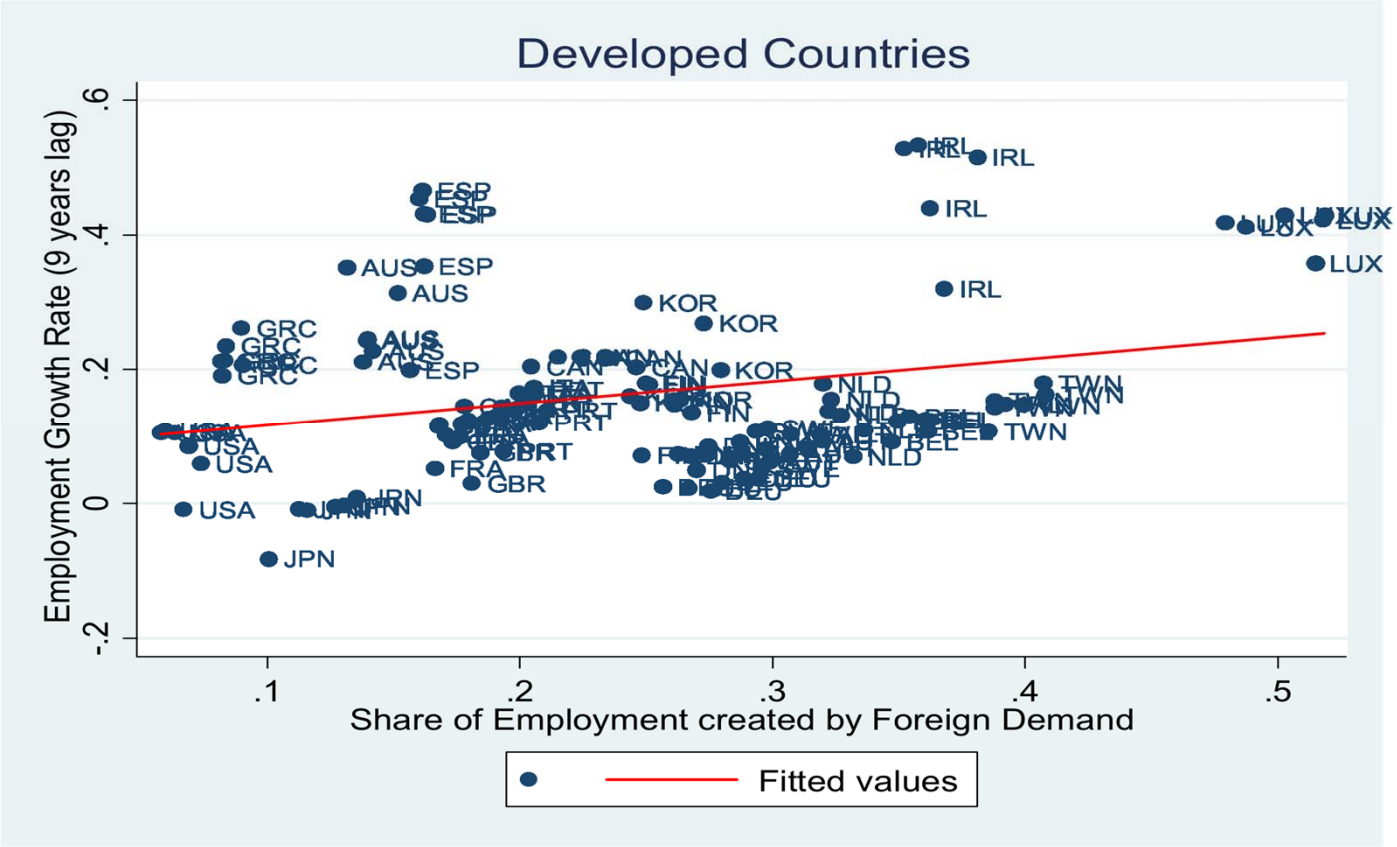
Where:

Ω_t **is industry index**
ω_{it} **is firm-level productivity**
θ_{it} **is the share of activity for the firm** i
$\bar{\theta}_t$ **and** $\bar{\omega}_t$ **are the un-weighted industry average of firm measures**

Note: US data as in Bertelsman et al. (2013), 1991/2002 average. EU data as in Bartelsman (2012), 2003/2009 averages. Manufacturing industries

- **Labor productivity in the average US industry is 50% higher than it would be if employment is allocated at random across firms; the same figure is 42% for Germany.**
- **Considering German labor market as a benchmark for reallocation ability in Europe, the latter represents for many European countries an important residual source of competitiveness, achievable keeping constant within-firm productivity (and thus individual ULCs).**

WS3 – Preliminary results



NB: Data are derived combining info from global Input-output (WIOD) with firm level employment

Note: Authors' elaboration on WIOD data

- **The chart plots long-term changes in employment (9 years growth rates) of a given country, and the share of its output/employment used as input from other countries.**
- **The positive slop shows that employment creation is correlated with higher participation in downstream side of the Global Value Chain.**

3. The way ahead

3. The Way Ahead

On Data:

- **WS2 - Connect TFP/value added with trade data, involving 13 country teams by early next year**
- **WS1 and WS3 – Pursue dissemination of data bases across members**

On Research:

- **Fulfill CompNet Research Pipeline**
- **Exploit for research new firm level indicators soon available**
- **Disseminate early results via CompNet Policy Briefs**

Overall directions:

- **Enhance interaction across workstreams**
- **Fully exploit data availability and consultants input**
- **Further enhance interaction with other organizations:**
  - **OECD→ work on GVC; WB→ joint conference in Washington**

4. Issues for discussion

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- **Research focus:**

  Given the findings on data availability we need to re-focus and confirm our research questions

- **Policy relevance of Network:**
  - **CompNet output is already serving policy needs (see for instance input for EU Surveillance), but how can we have more impact? How can participation to the Network help relieve burden of policy briefing?**

- **Interaction across network members:**
  - **Common work on firm level indicators gathering showed the tremendous potential of systematic interaction. Can we envisage additional routes to investigate?**