

NEWSLETTER No. 17

CompNet The Competitiveness Research Network



Latest interventions by CompNet

On the 16th of December in Paris, **Filippo di Mauro** presented the CompNet database on the conference “**French competitiveness: new challenges, new measures**” organized by the Banque de France. Theme of the conference was to discuss new methods to measure competitiveness as well as to present a number of recent empirical results addressing French competitiveness.

On the 16th of December, **Paloma López-García**, member of the CompNet steering committee, presented to **Peter Praet** a novel set of preliminary findings from her two upcoming papers using CompNet data.

The presentation stressed the importance of **allocative efficiency** in determining **TFP growth** and **cost competitiveness**. Two facts related to resource misallocation were discussed. First, the observed **increase in capital misallocation** across most countries was analyzed and discussed. On-going research suggests that demand uncertainty, credit tightening and changes in product and labour regulation have played a crucial role. Second, **there are significant differences in labour misallocation across economic sectors**. The analysis concludes that sectors more sheltered from competition and exposed to strict labour and product regulation are those where labour reallocation is less productivity-enhancing or, in other words, labour is more misallocated.

Economic Bulletin in December

A recently published article in the ECB Economic Bulletin uses CompNet data on firms with more than 20 employees (so called 20e sample) and data from the Wage Dynamics Network (WDN) to investigate the relationship between wages, productivity and competitiveness. The author **Paloma López-García**, member of the CompNet steering committee, emphasizes in her analysis the importance of firms’ heterogeneity: “*As simple comparison of average wage and productivity developments may be insufficient for an accurate analysis of country competitiveness*”. By using micro-aggregated data, she shows that, first, there was a substantial **misalignment between wage and productivity growth** at the firm level during the pre-crisis period in some euro area economies which exacerbated their competitiveness losses and, second, that the magnitude of this misalignment was correlated with some aspects of the **design of labour market institutions** affecting the formation of wages.

[Link to the ECB Economic Bulletin](#)

CompNet Research in 2015

2015 has been an extremely successful year for the Competitiveness Research Network (CompNet). The **CompNet conference** on “Enhancing competitiveness and fostering sustainable growth: Methodological issues and empirical results” took place at the European Central Bank in June this year and has brought together top level academics, researchers and central bankers. Given the overwhelmingly **positive feedback** from members of the ECB management and other attendants, the network has continued its operation as a hub for data collection and a forum for researchers.

CompNet members have provided a substantial contribution to both **research** as well as the **policy debate**, focusing in particular on the dynamics of competitiveness and productivity. CompNet has a publication record (44 ECB WPs and 7 refereed journal publications) which is already very similar to the ones of two other ESCB networks, i.e. the Macro-prudential Research Network (MaRS) and the Household Finance and Consumption

CompNet conference

The 12th CompNet conference “**Productivity and external rebalancing**”, jointly organized with the ECB and the Czech National Bank (CNB), will be held in **Prague** on April 21 and 22, 2016.

Andrew Barnes Bernard (Tuck School of Business at Dartmouth) and **Jan De Loecker** (Princeton University) have confirmed their participation as keynote speakers.

A call for papers can be found in the CompNet [website](#).

User guide for CompNet database

The CompNet team is currently preparing a comprehensive guide for current and future users of the database. The guide will provide a thorough introduction to the database including example applications of the data.

Data collection

The exercise is ongoing as scheduled and 18 countries are participating to the 5th round of the data collection. The full set will be available in January 2016.

Countries that have **already submitted** their data:

- ▶ Czech Republic
- ▶ Estonia
- ▶ Finland
- ▶ Italy
- ▶ Poland
- ▶ Slovakia

Further information

All relevant information and documents together with regularly updated news on research output and conferences can be accessed online on CompNet [website](#).

Network (HFCN). This is rather remarkable considering that CompNet has operated only since 2012. Some of the latest CompNet publications in 2015 include

- ▶ "Assessing the financial and financing conditions of firms in Europe: the financial module in CompNet", in ECB WP Series, Ferrando, A. et al. →
- ▶ “Exploring price and non-price determinants of trade flows in the largest euro-area countries”, in ECB WP Series, Giordano, C., and Zollino, F. →
- ▶ “Assessing European firms' exports and productivity distributions: the CompNet trade module”, in ECB WP Series, Berthou, A., et al. →
- ▶ “Made in China” - How does it affect our understanding of global market shares?” in ECB WP Series, Benkovskis, K., and Worz, J. →
- ▶ “Assessing European competitiveness: the new CompNet microbased database”, in ECB WP Series, Lopez-García, P., and di Mauro, F. →
- ▶ “Is there a role for domestic demand pressure on export performance?” in Empirical Economics, Esteves, P.S. and A. Rua. →
- ▶ “Global value chains: A view from the euro area”, in ECB WP Series, Amador, J., Cappariello, R. and Stehrer, R. →
- ▶ "Assessing European firms' exports and productivity distributions: the CompNet trade module", in ECB WP Series, Berthou, A. et al. →

Research Plans and Activities for 2016

For the next months, **10 CompNet research papers** are forthcoming in the ECB WP Series. The questions investigated cover a wide range of topical issues ranging from firms export dynamics to the macroeconomic impact of structural reforms.

For 2016, CompNet will foster its support for EU **country surveillance analysis**. One main research focus will be to identify factors that may hamper efficient monetary transmission in the euro area.

We wish you a Merry Christmas and a Happy New Year! All of us at the ECB CompNet team in Frankfurt hope you have your tree up, your family near, and your health finding you well. We hope to hear from you soon!

