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Visiting Fellow at the National University of Singapore

“Chairman’s Address”

CompNet 13th Annual Conference
European Commission, Brussels
June 29th 2017
Welcome

1. CompNet: Where do we stand

2. Some interesting results

3. The way forward
CompNet is now a fully European research network, involving the top European institutions

- European Central Bank
- European Investment Bank
- European Commission
- European Bank for Reconstruction and Development
- Halle Institute of Economic Research
- Tinbergen Institute

In addition to a number of National Central Banks and National Statistical Institutes
Our objectives

- continue being a research hub and
- data producer on Productivity/competitiveness

Data producers

- NSIs
- NCBs

Data users

- ECB
- NCBs
- EC
- EBRD
- EIB
- Halle Institute
- Tinbergen Institute
- Academia

New members?
CompNet new governance structure

**Steering Committee**
- In charge of long-term management
- Review of Network activities
- Budget oversight
- New memberships management
- Oversight of Executive Committee activities
- Oversight of overall activities

**Executive Committee**
- Daily management of the network

**Advisory Board**
- Guidance on long-term research objectives
Last year progresses:

- Consolidation of new structure
- Improvement of code
- Preparation for new database collection
- In particular,
Note: Running time on Portuguese firm-level data downloaded from Amadeus, available for the period 2006-2010 and including about 170 000 firms per year on average.
New indicators:

- An alternative indicator for resource misallocation;
- Job creation & job destruction;
- Non-viable firms ("Zombie" firms).

Increased cross-country comparability:

- Improved weighting system;
- Improved use of deflators;
- Improved use of PPPs.
Labour productivity divergence increases

Note: (annual labour productivity growth, 2002=1)

The Euro Area non-frontier productivity dynamics is computed as productivity growth of the median firm in each 2-digit sector aggregated with value added weights to the country level. Unweighted average of developments in BE, FI, FR, IT and ES. Sample is based on firms with more than 20 employees.
Results are mixed in terms of resource allocative efficiency

Capital Misallocation is increasing

(Hsieh and Klenow index)

Financial constraints appear to be relevant for non-productive firms

Share of credit-constrained firms by deciles of labor productivity

(dispersion in the marginal revenue product of capital across firms, 2002=1)
## Research output produced by CompNet

### 10 Working papers from last year...but many more in the pipeline

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<tr>
<th>Title</th>
<th>Authors</th>
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<td><strong>60th</strong> Firm growth in Europe: an overview based on the CompNet labour module</td>
<td>Cristina Fernandez, Roberto García, Paloma Lopez-Garcia, Benedicta Marzinotto, Roberta Serafini, Juuso Vanhala, Ladislav Wintr</td>
<td>21/04/2017</td>
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<td><strong>59th</strong> A panel VAR analysis of macro-financial imbalances in the EU</td>
<td>Mariarosaria Comunale</td>
<td>24/02/2017</td>
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<td><strong>58th</strong> The drivers of revenue productivity: a new decomposition analysis with firm-level data</td>
<td>Filippo di Mauro, Giordano Mion, Daniel Stöhlker</td>
<td>03/02/2017</td>
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<td><strong>57th</strong> Banks credit and productivity growth</td>
<td>Fadi Hassan, Filippo di Mauro, Gianmarco I.P. Ottaviano</td>
<td>01/02/2017</td>
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<td><strong>56th</strong> Capital and labour (mis)allocation in the euro area: some stylized facts and determinants</td>
<td>Elisa Gamberoni, Claire Giordano, Paloma Lopez-Garcia</td>
<td>18/11/2016</td>
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<td><strong>55th</strong> Crisis severity and the international trade network</td>
<td>Marianna Endrész, Frauke Skudelny</td>
<td>25/10/2016</td>
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<td><strong>54th</strong> How you export matters: the disassortative structure of international trade</td>
<td>Andreas Joseph and Chiara Osbat</td>
<td>12/09/2016</td>
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<td><strong>52nd</strong> How competitiveness shocks affect macroeconomic performance across euro area countries</td>
<td>K. Staher and R. Vermeulen</td>
<td>15/07/2016</td>
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<td><strong>51st</strong> The Role of Price and Cost Competitiveness on Intra and Extra Euro Area Trade of Euro Area Countries</td>
<td>E.Bobeica, S.Christodoulopoulou and O.Tkačevs</td>
<td>15/07/2016</td>
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<td><strong>50th</strong> Trade in Value Added: do we need new measures of competitiveness?</td>
<td>Kirsten Lommatzsch, Maria Silgoner and Paul Ramskogler</td>
<td>13/07/2016</td>
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Frequent quotes of CompNet work in the press… and in official reports

**Financial Times** (January 13th 2017)

Beware the zombies behind the world’s productivity problem

Companies that too easily cheat death take up a frighteningly large part of the economy

**Bloomberg News** (March 21st 2017)

**EU Trade Restrictions Would Hamper Productivity Growth, ECB Says**

*By Carmine Lisi*

March 26, 2017, 10:00 AM EDT

- Exporting firms tend to be larger and more productive
- Trade barriers would lead to less efficient input allocation

Trade restrictions in the European Union would lower productivity growth, the European Central Bank said.

**Corriere Della Sera** (January 13th 2017)

La spinta di Draghi: più innovazione per affrontare la produttività debole

**El País** (March 26th 2017)

**Productividad y función empresarial**

Cada vez queda más claro que no hay creación de empleo sin una mejora en la capacidad de hacer más funcionamiento de los mercados de productos y factores. Son conclusiones similares a las destacadas recientemente por el presidente del BCE (Moving to the Frontier: Promoting the Diffusion of Innovation) subrayando cómo la difusión

**ECB Economic Bulletin**

**ISTAT Annual Report 2017**
The way forward: …creating deeper interactions within existing members

Advisory Board
We look forward to your suggestions on most topical research areas

NCBs and NSIs
Continue cooperation on data provision

EIB
More cooperation on investment productivity issues

IWH
Continue and expand research efforts

EC
Systematical use of CompNet in the context of the Competitiveness board

Tinbergen Institute
More training activities

EBRD
Common research work on Eastern Europe?
The way forward: ....more cooperation/interaction with other Institutions/circles

Develop further synergies with the academic community (OECD)

Ultimate goal: contribute to a much deeper use of firm-level data for policy making
Thank you and

Enjoy the conference