

**DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INDUSTRY  
COMMITTEE ON INDUSTRY, INNOVATION AND ENTREPRENEURSHIP**

**Working Party on Industry Analysis**

**OECD WORKSHOP ON PRODUCTIVITY**

**OECD Conference Centre, Paris, 5-6 November 2012**

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## **OECD WORKSHOP ON PRODUCTIVITY**

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Productivity is the main driver of economic growth. Measuring productivity and understanding its drivers are important challenges for policy makers and academics alike.

The aim of the OECD workshop on productivity is to examine the role of productivity for growth, including in recovering from the crisis; explore key measurement challenges; assess the determinants of productivity growth and explore the role of policies in shaping productivity performance across countries. Areas of specific focus will be the role of knowledge-based assets for productivity; the impact of globalisation and participation in global value chains on productivity growth; the measurement of productivity; and the interaction between the environment and productivity performance.

The workshop will draw on both statistical and analytical work on productivity and also on countries' experiences with policies aimed at enhancing productivity growth.

The workshop is a joint initiative of the Directorate for Science, Technology and Industry and the Statistics Directorate. It will be held back-to-back with a meeting of the Working Party on Industry Analysis, which has a strong focus on productivity analysis.

**DRAFT AGENDA****OECD Conference Centre, Paris, 5-6 November 2012, starting at 9:30 a.m.****Day 1****Monday 5 November 2012**

The first day of the workshop will focus on the determinants of productivity, in particular the role of policies to enhance productivity growth in an environment where economic growth of many OECD countries is still slow and budgets for public interventions are limited. The keynote address will focus on our current understanding of productivity growth, the questions that remain to be answered, and the role of policies in enhancing productivity performance.

The last two sessions will focus on two determinants of productivity growth: knowledge based assets and globalisation and highlight the interactions between these two factors in shaping the productivity performance of firms and countries.

**9:30 – 10:00 Welcome and opening remarks, OECD**

Andrew Wyckoff, OECD and Paul Schreyer, OECD

**10:00-11:30 Session 1: Productivity and the crisis: challenges for policy makers**

Since the start of the global financial crisis, productivity in many OECD countries has been weak. Understanding the causes of this weak productivity performance can help policy makers design policies that can support the recovery, both in the short and longer run.

- *Why has productivity deteriorated? What are the sectors that have been most affected?*
- *How can productivity growth support recovery from the current global crisis?*
- *What are the policies that can support productivity growth in the short and long run?*

Chair: Giuseppe Nicoletti, Economics Department, OECD

Speakers:

- Jonathan Haskel, Imperial College Business School, “Intangibles and the current recession”.
- Gilbert Cette, Banque de France, “Labour market adjustments during the crisis: The role of working time arrangements”.
- Jumana Saleheen, Bank of England, “UK labour productivity since the onset of the crisis — an international and historical perspective”.

*11:30 – 11:45 Coffee break*

**11:45 – 13:00 Session 2: The determinants of productivity and the role of policy**

Productivity differences across countries remain significant and are often persistent, also across firms within narrowly defined sectors. Understanding what drives these differences is key to policy making. Progress has been made in recent years on understanding these differences but there are still unanswered questions. Policies play an important role in shaping the links between firm-level and external determinants of productivity.

- *What determines productivity?*
- *What are the big questions that remain unanswered?*
- *What policies can encourage an environment conducive to productivity growth?*

Chair: Dirk Pilat, OECD

Keynote address: Chad Syverson, University of Chicago Booth School of Business and National Bureau of Economic Research, “What determines productivity?”.

Open discussion

13:00 – 14:30 *Lunch break*

**14:30 – 16:00 Session 3: Innovation, knowledge-based capital and productivity growth: new developments and the role of policy**

Production of goods and services is relying increasingly on knowledge-based assets, such as organisational capital, innovative property and software. Recent work has led to significant advances in the measurement of such knowledge-based (or intangible) assets and their contribution to productivity growth. Differences in the endowment, use and bundling of these assets can explain differences in countries and firms productivity performance. Government policies can support investment in these assets, and a range of framework policies affect the ways in which these assets enhance productivity and economic growth.

- *What is the role of knowledge-based assets for productivity growth?*
- *What are the measurement challenges that researchers face when measuring knowledge based assets, in particular across countries?*
- *What is the role of policies in strengthening the contribution of knowledge based assets to productivity growth? What are the policy challenges that governments face in this context?*

Chair: Mariagrazia Squicciarini, OECD

Speakers:

- Christos Genakos, Athens University of Economics and Business, “Does management matter for productivity?”.
- Kyoji Fukao, Institute of Economic Research, Hitotsubashi University, “Intangible Investment and Productivity Growth in Japan”.
- Mark de Haan, CBS, Statistics Netherlands, “The incorporation of intangibles in the Dutch growth accounts”.

16:00 -16:15 Coffee break

**16:15-18:00 Session 4: Productivity and competitiveness in a globalised world: measurement and policy challenges**

Firms are operating in increasingly globalised, competitive and integrated markets. Globalisation has important impacts on productivity performance and the structure and innovation strategies of firms. When firms specialise and offshore activities in which they do not have a comparative advantage, they can benefit from economies of scale and increased efficiency. The impact of globalisation and the extent to which firms' efforts are effective in moving up in the value chain and ultimately gain market share will differ across firms: there will be winners and losers and adjustment costs. Government policies play an important role in shaping this link and therefore policy interventions can have important productivity implications. Measuring the links between globalisation and productivity is complex, however, in particular when firms operate across a global value chain in different locations.

- *What are the mechanisms underlying the links between globalisation and productivity?*
- *What are the measurement challenges for productivity when firms operate in global value chains? What are the advances that are being made?*
- *How can policy help firms improve their productivity and compete in an integrated and globalised market?*

Chair: Nadim Ahmad, OECD

Speakers:

- Matteo Bugamelli, Bank of Italy, "The effects of exports and imports: the case of Italy".
- Gaaitzen de Vries, University of Groningen, "Job Dynamics and Global Supply Chains".
- Robert Inklaar, University of Groningen, "Offshoring bias in manufacturing growth across advanced and emerging economies.
- Giuseppe Nicoletti, OECD, "Do lower tariffs on foreign intermediate inputs raise productivity?".

**Day 2**

**Tuesday 6 November 2012**

**9:30 – 11:15 Session 5: Challenges for productivity measurement**

A number of challenges arise when measuring productivity at the micro, sectoral or macro level. First, productivity measurement is typically based on a number of assumptions, including competitive markets. Relaxing these assumptions can significantly change measures of productivity growth. Second, in many sectors, and in particular in public services, outputs and input are often hard to measure, making it difficult to derive meaningful measures of productivity. Other measurement challenges relate to the growing complexity of the production process, including the role of internationalised multiproduct firms; as well as rapid technological change, that complicate price and output measurement.

- *What are the biggest challenges in measuring productivity? How are they being addressed?*
- *How to measure productivity in public services?*

Chair: Paul Schreyer, OECD

Speakers:

- Eric Bartelsman, Free University Amsterdam, “Productivity: measurement and cross-country comparisons”
- Matilde Mas, Universitat de València, “Measuring Productivity in the Public Sector”
- Mark Vancautere, Statistics Netherlands, “Measuring productivity growth under alternatives of the standard neoclassical set of assumptions”
- Anita Wölfl, OECD, “Productivity measurement - key challenges”

*11:15-11:30* Coffee break

***11:30-13:00* Session 6: The role of natural assets and the environment for productivity**

Productivity measures typically do not account for undesired output or externalities, in particular polluting residues generated in the course of production and released into the environment. However, neglecting the costs of pollution and the resulting externalities for other economic agents will bias productivity measures. Similarly, biases might arise if no account is taken of the contribution to productivity growth of natural assets. Accounting for environment externalities and the contribution of natural assets to productivity growth is important to provide appropriate signals for policy makers.

- *How to adjust productivity estimates for environmental externalities?*
- *How can natural assets be integrated in national growth accounting?*
- *What are the challenges and how can these be overcome?*

Chair: Nick Johnstone, OECD

Speakers:

- Nicola Brandt, OECD, “Integrating natural resources and undesirable outputs into MFP measurement”
- Taehyoung Cho, Bank of Korea, “The impact of introducing land into Korea’s capital services measures”
- Eldon Ball, Economic Research Service, USDA, “Productivity and international competitiveness of agriculture in the European Union and the United States”

***13:00-13:15* Concluding Remarks**

This session will draw overall conclusions from the workshop, focusing on promising areas for policy action and on areas for future measurement and analytical work.