

OECD-EU workshop

**Pro-competition regulatory reforms:
design, assessment, and impact using the PMR indicators**

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The OECD Product Market Regulation indicators at 25 years

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Context for the PMR

OECD, and especially ECO, mostly macro focused until mid 80s

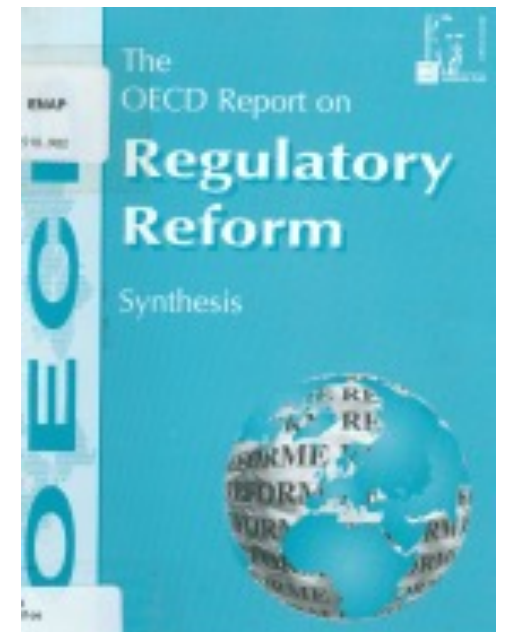
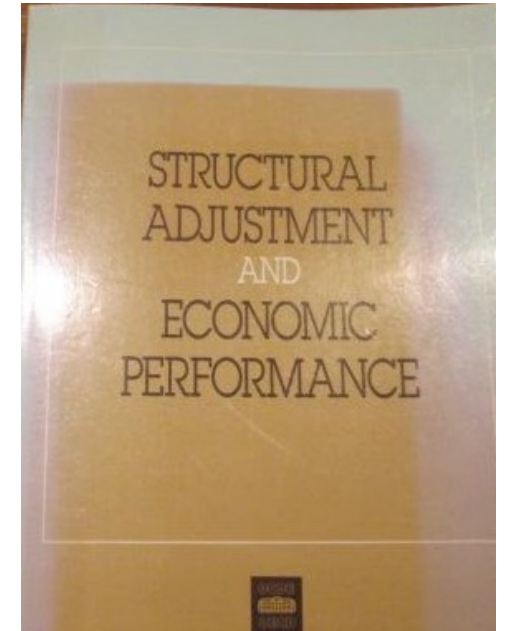
- Little attention to structural and competition issues

Several global developments during 80s changed this

- Exit from stagflation
- Washington Consensus (Williamson) – role of institutions for growth
- Thatcher and Reagan's structural reform policies
- EU Single Market and related liberalisation directives

OECD turning points spotlighted regulation and competition in ECO

- ***Structural adjustment and economic performance*** (1987) -- Horizontal MCM task force headed by Henry Ergas
- ***The OECD report on regulatory reform*** (1997) -- Horizontal MCM report headed by DSG Joanna Shelton and mainly drafted by Scott Jacobs (SGE), Sven Blondal (ECO) and Joe Phillips (DAF)



Genesis of the PMR

1st PMR questionnaire designed and sent to countries in 1997, leveraging on

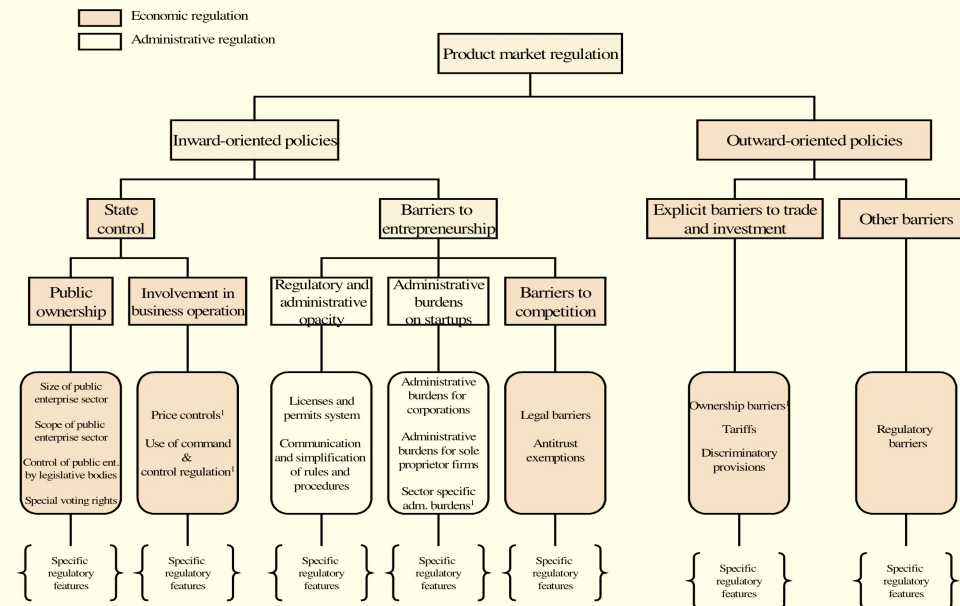
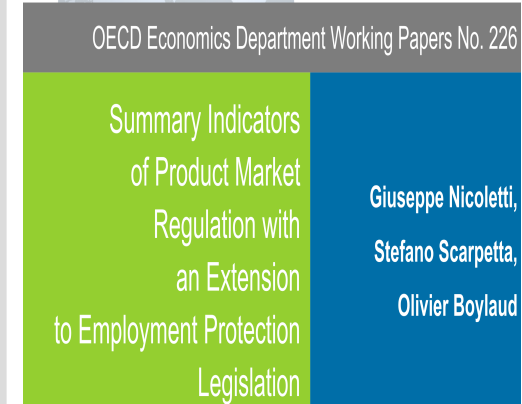
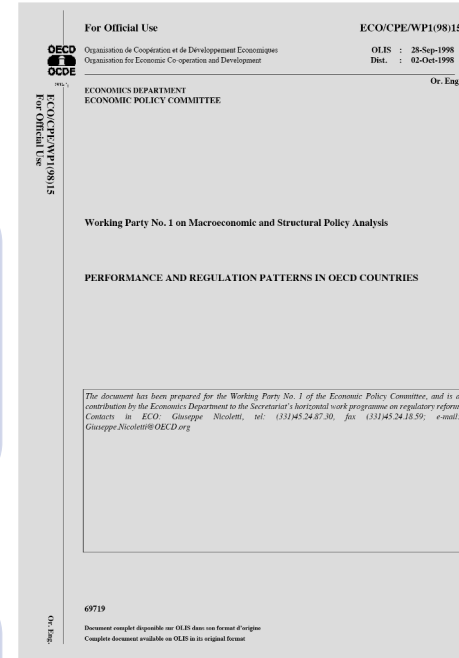
- Horizontal network created for the REgRef MCM report
- Internal I-O expertise (DAF/COMP, STI, IEA, ITF, GOV, very few in ECO)

Design was guided by two main objectives

- Tool for policy-makers (benchmarking, policy detail)
- Tool for evidence-based policy making (use in policy-oriented research, policy evaluation)

Results vetted in 1998 WP1 meetings and ECO WKP issued in 1999

- Both regulation and economic performance indicators
- First attempts to link the two dimensions empirically
- First attempt to link with labour market regulation (new EPL indicator)



Meeting the challenge

Be useful for both structural surveillance and evidence-based policy analysis

Main issues

- Clear thematic and sectoral focus
- Ability to relate to policy
- Comparability across countries and time
- Guidance and benchmarking
- Ownership and consensus
- Fit for empirical analysis of policy impact



Solutions

mainly market competition (where viable)/mainly services

multidimensional/granular/bottom up

objective basic information/ legislation

scoring and aggregation (some degree of discretion + evolving best practices)

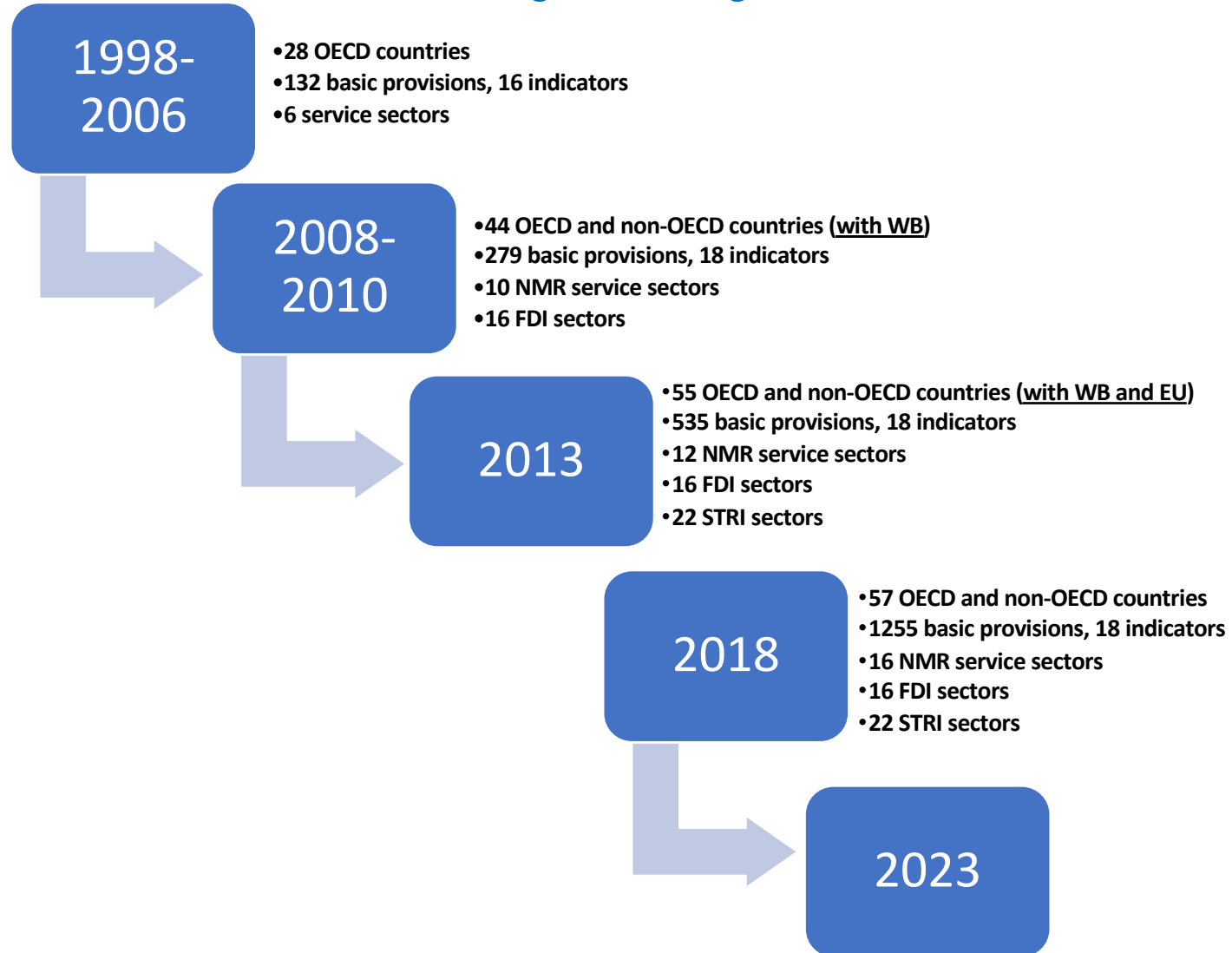
self-assessment, extensive OECD-country interactions

development of time-series

Structure, scoring, weighting and time consistency most challenging areas given evolution of markets, technology and best regulatory practices

How PMR has grown

Main changes in coverage



How PMR has grown

Main extensions

Creation of NMR, ETCR, Regimpact and FDI restrictions

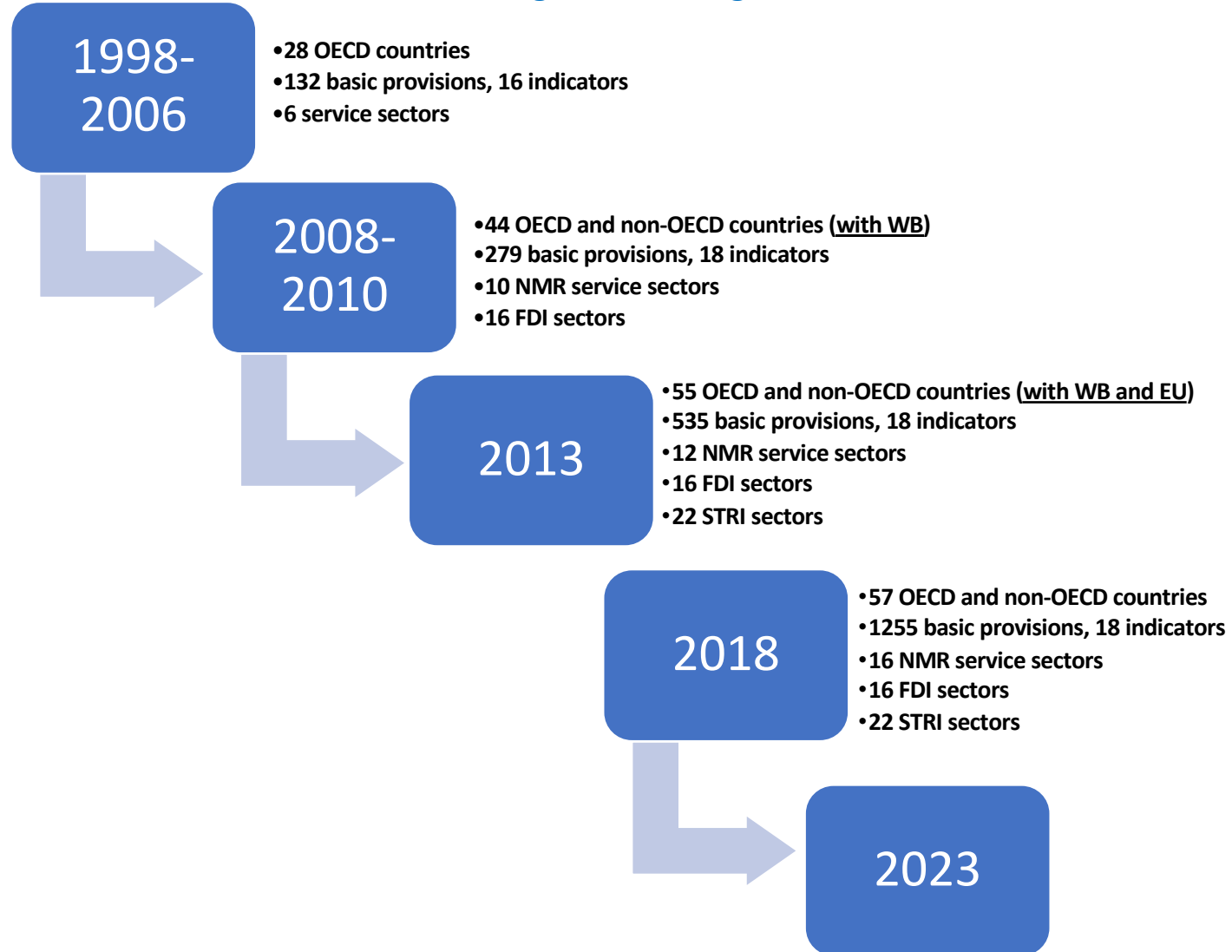
Integration of NMR and FDI restrictions

Integration of STRI and SOE governance

Integration of iREG, public procurement, e-commerce and lobbying

Proposed digital market indicator

Main changes in coverage



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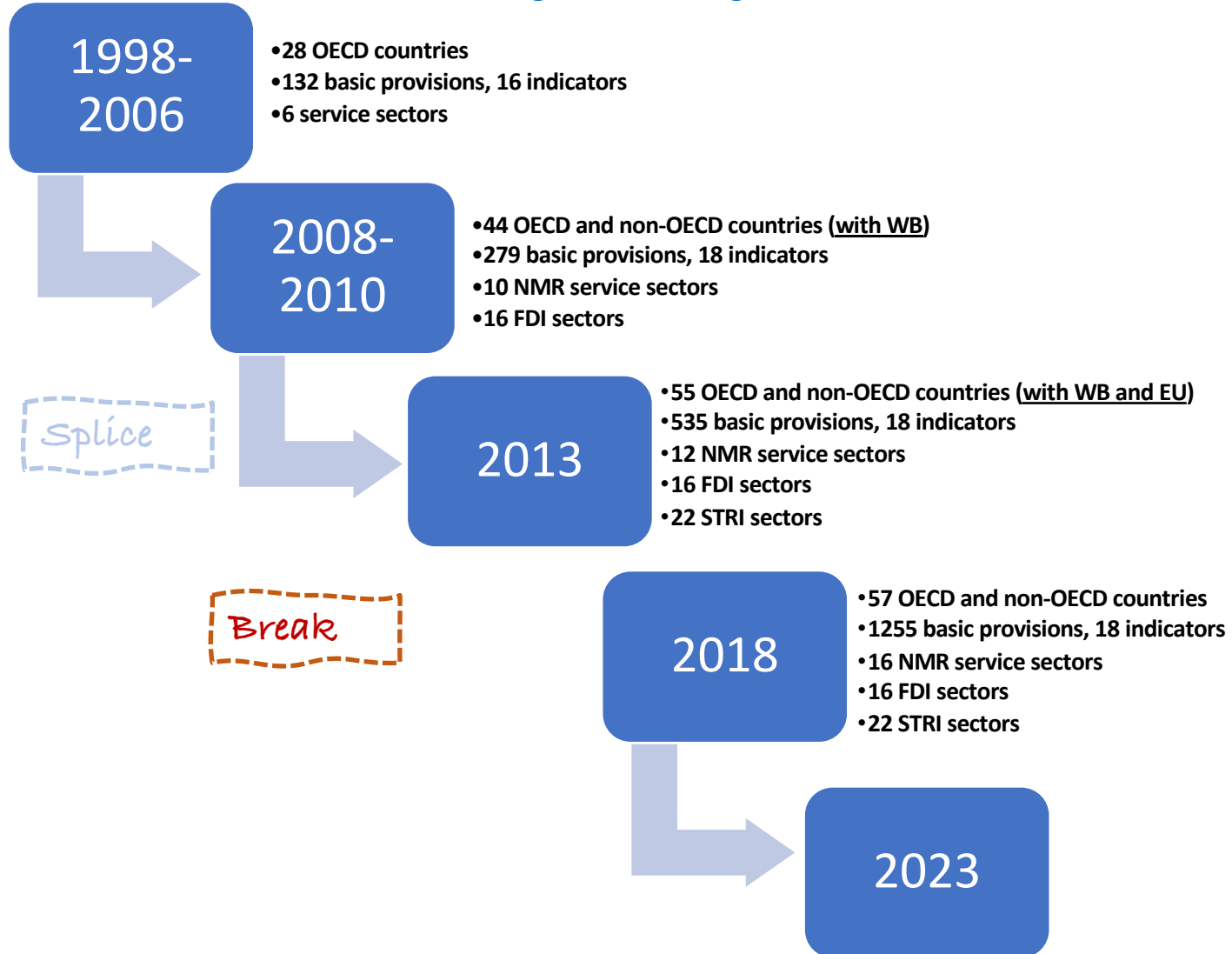
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Proposed digital market indicator

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Main changes in approach

- Statistical weights (FA), robustness with random weights (RW)

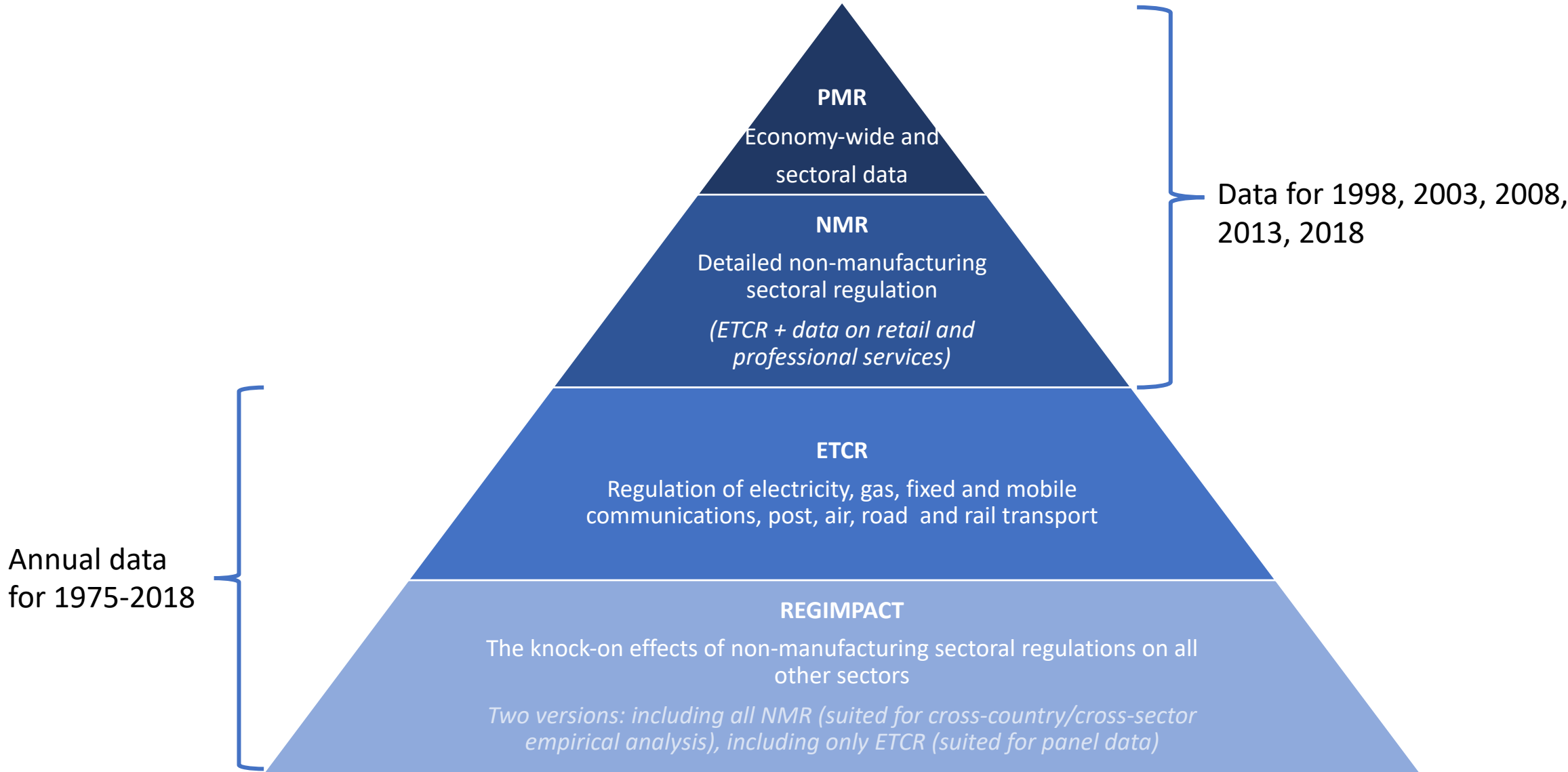
- Equal weights (EW), robustness (RW)
- Stat. significance of differences (CPD approach)

- Revisions/extensions to questionnaire and indicator structure

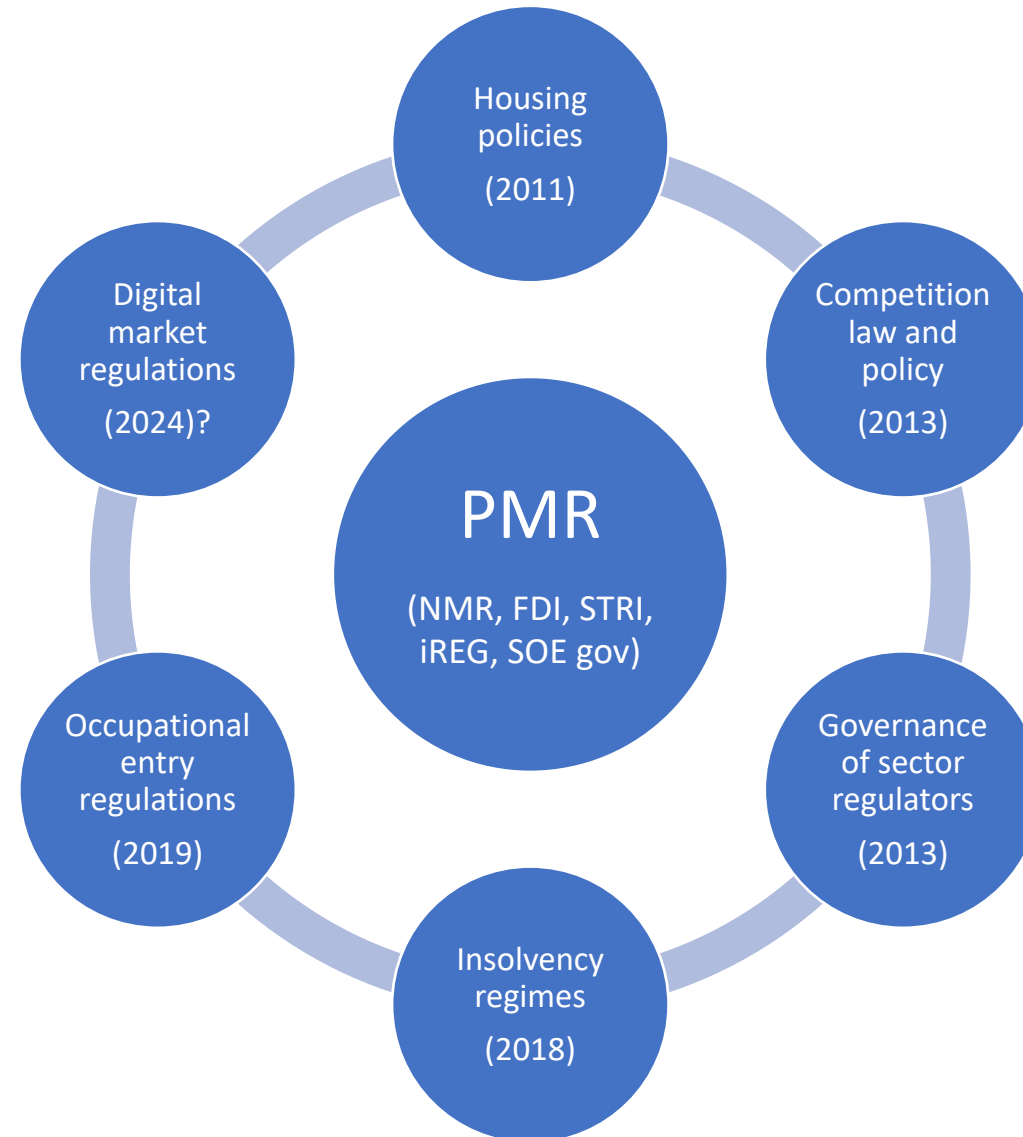
- Major revisions/extensions to questionnaire and indicator structure

- Minor revisions to questionnaire and scoring (e.g. SOEs)

The members of the PMR family



The extended PMR family



Use of PMR in structural policy surveillance

Channels

- Extensive use in OECD Country Surveys since at least 2002
- Integral part of OECD Going for Growth since inception in 2005
- Used in OECD Competition Assessment Reviews (via Competition Assessment Toolkit)
- Used in IMF, WB, G20, APEC, UN and EU papers and reports
- Used in analysis of OECD Global Forum on Productivity and National Productivity Boards
- Included in major online knowledge management platforms (e.g. Knoema)

Examples of policy impact



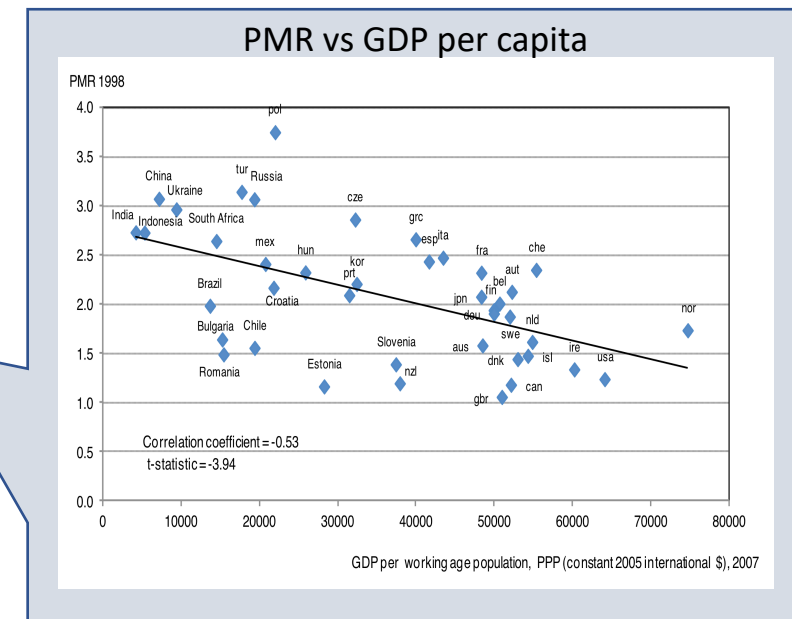
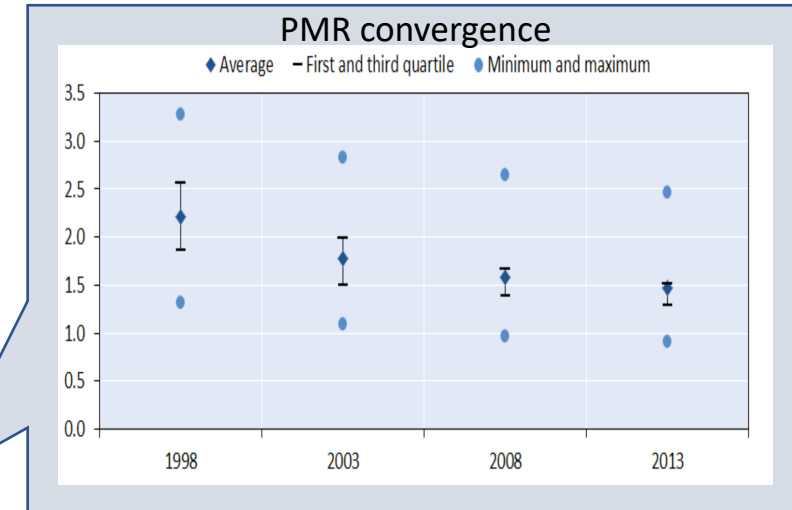
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Examples of insights

- Regulatory benchmarking, distance to best practice
- Regional comparisons (e.g. US vs EU vs EMDE)
- Convergence in product market settings via reforms
- Sources, consistency of reforms and synergies between them
- Complementarities between regulations in different areas (e.g. EPL vs PMR)
- Link with GDP p.c. levels and growth



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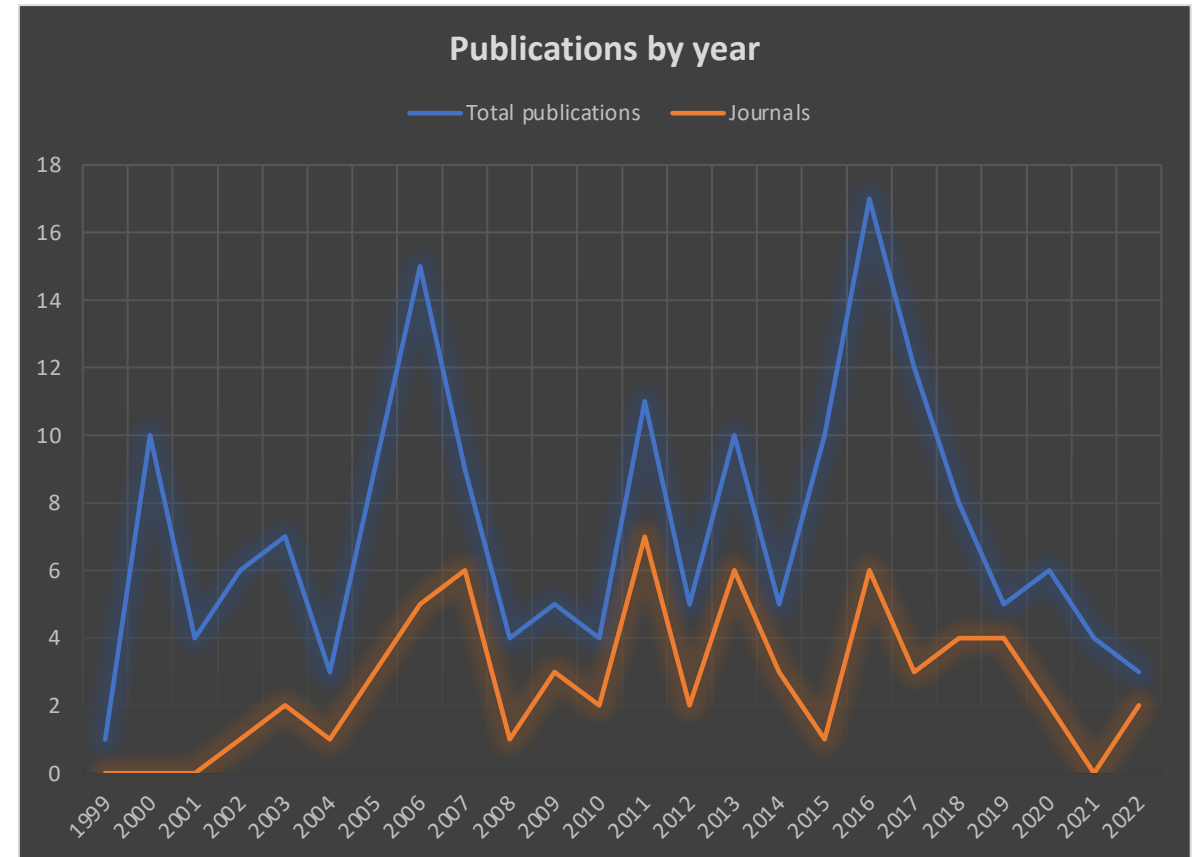
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Examples of policy impact

- Used in the design of EU 2020 strategy
- Allows quantification of effects of reform plans (e.g. EA 2016, FRA 2014, ITA 2015)
- Supported actual structural reforms? (e.g. 2015 Macron reforms in professions, transport and retail; 2006 Bersani reforms in retail and professions)
- Is currently used in EU assessments of NRRP
- Allows comprehensive Regulatory Reform Reviews (e.g. Brazil, Indonesia in 2022)

Use of PMR in empirical research

Publications by type and topic				
Topics	Refereed journals	OECD publications and WKP	Other publications and WKP	Total
Regulation	2	22		24
Growth (aggregate and regional)	5	8	3	16
Productivity	11	15		26
Labour and wages	11	11	5	27
Capital	3	6		9
Adoption and innovation	7	6		13
Allocative efficiency and business dynamics	3	4		7
Industry performance and market structure	9	6		15
Trade and FDI	7	6		13
Inequality		3		3
Environment	3		1	4
Inflation and macro resilience	1	3		4
Political economy	4	2	7	13
Total	66	92	16	174



- Very broad range of economic areas (from growth determinants to political economy), with lion's share by productivity and labour
- Around half in refereed journals and non-OECD outlets (of which 1/3 on top 50 journals)
- 2/3 of journal articles by (or involving) non-OECD authors
- Upward trend over time, with spikes after updates -- but reversal from 2019 (new concerns?)

Use of PMR in empirical research

Most used PMR family components

- PMR, BTE, ETCR, Regimpact

Indicators are mostly used in panel data at macro, sectoral and firm-level

- Direct effects – e.g. growth regressions, investment in network infrastructure
- Interaction effects – e.g. speed of catch up
- Mediated effects (e.g. RZ, Regimpact) – e.g. sectoral knowledge intensity

Some examples of insights from PMR empirical analysis

- Competition, productivity and growth
- Product and labour markets interactions
- Political economy of reforms

Will there be a PMR at 50 years?

- The **global context** has changed...

- New overarching global concerns
- Questioning of mainstream views (NAEC)
- Washington consensus obsolete



Is the centrality and pace of product market reform agenda weakening?

- ...and **current empirics** may ask more from PMR

- PMR ok in regressions but causality is an issue
- More detail about content and timing of regulatory changes?



Is PMR still attractive for researchers?

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Is PMR still attractive for researchers?

- However, **old competition demons** are returning in a globalised world...

- Revival of industrial and state aid policies?
- New protectionism?

- ...and **new competition issues** are emerging in the knowledge and digital economy

- At frontier between LM and PM { Concentration and monopsony power, no compete clauses
OER and their potentially fading role
- Related to new technologies { Dominance, contestability and abuse in digital markets
Regulation of AI

- Moreover, the pressing **productivity conundrum** remains central for policy

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Dominance, contestability and abuse in digital markets
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All things must eventually pass, but there is still a long life for PMR if it keeps adapting!!