



Introduction to the GFP Week

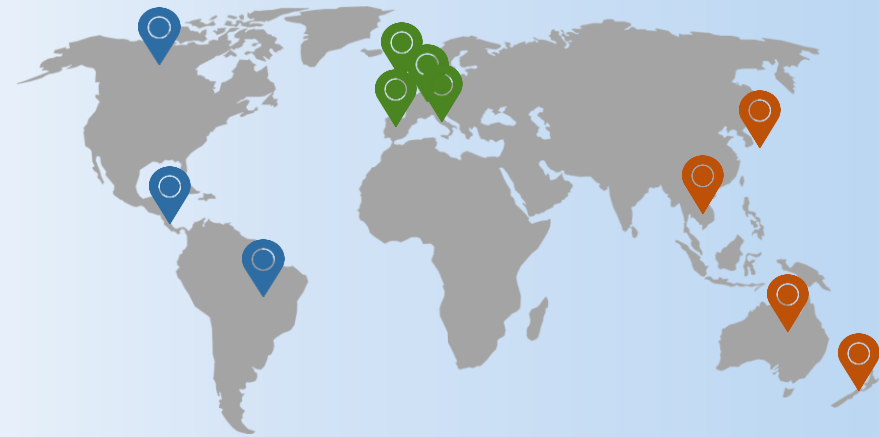
*of the 2020 Annual Conference of the
Global Forum on Productivity*

Laurence Boone, OECD Chief Economist



The Global Forum on Productivity

- **Founded in 2015** in Mexico
 - in the context of the **productivity slowdown**
 - to learn more about **policies to raise productivity growth**
- **Three main activities:**
 - Research
 - Convening
 - Communication
- Currently **20 members**



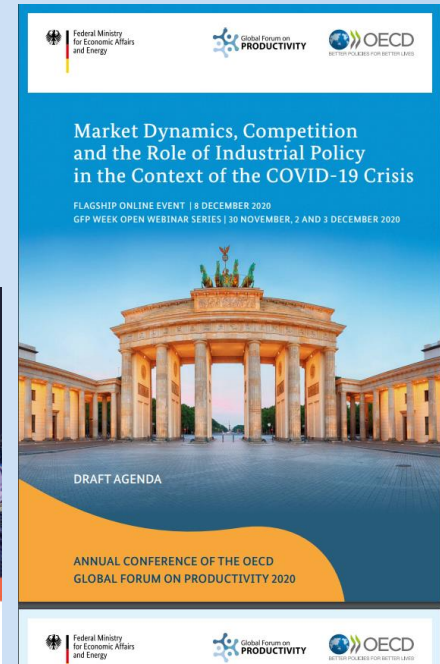
More info (e.g. working papers, webinar recordings) on our website:
[OE.CD/GFP](https://www.oecd.org/gfp/)





Annual GFP Conferences

Many thanks to the **German Federal Ministry for Economic Affairs and Energy** for hosting the 2020 Annual GFP Conference!



Mexico City

Lisbon

Budapest

Ottawa

Sydney

Berlin

Mexico

Portugal

Hungary

Canada

Australia

Germany

2015

2016

2017

2018

2019

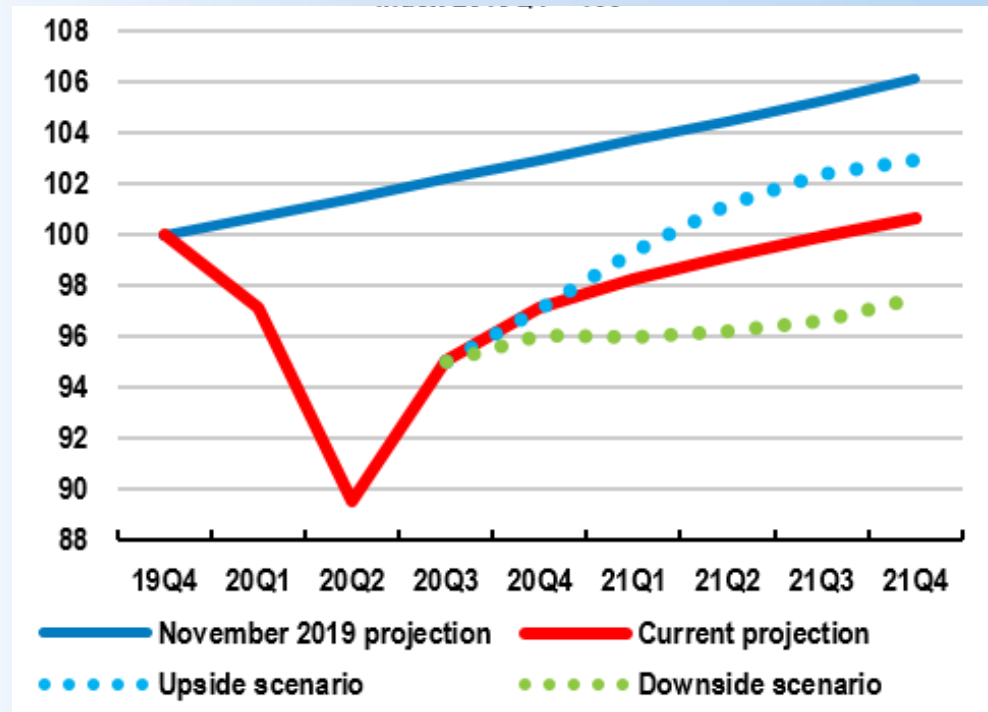
2020



Structural challenges of COVID-19

- Longer-term growth projections remain subdued
- Structural challenges related to COVID-19:
 - Preserving & rebuilding productive capacities
 - Stimulating investments
 - Reallocation, interrupted
 - Global co-operation
 - Scale back government debt
- **Achieving high productivity growth is key!**

Figure: Global GDP growth amidst COVID-19 uncertainties
2019 Q4 = 100



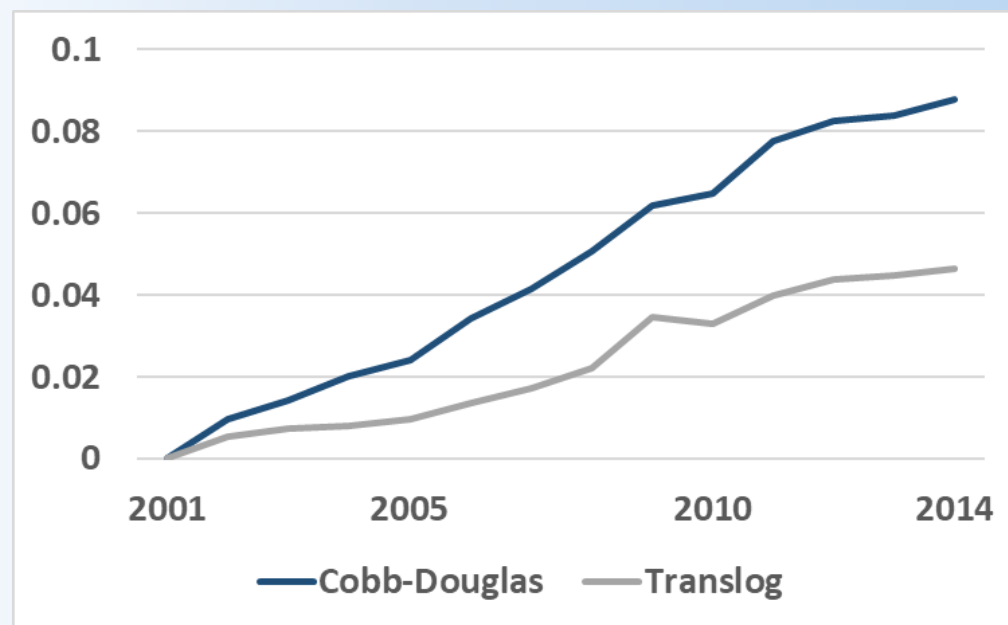
Source: OECD (2020), OECD Economic Outlook Interim Report



Mark-ups and growing dispersions between firms

- Long-standing structural challenge: Digitalization & polarisation of business environment
- OCED work is adding new pieces to the puzzle
(Calligaris et al., 2020):
 - Rising mark-ups across countries...
 - ...especially in digital intensive sectors...
 - ...associated with intangibles

Figure: Rise in average firm log mark-ups across 25 countries from 2001-2014



Note: Unconditional averages of firm-level log mark-ups, for all firms in the manufacturing and non-financial market service sectors included in the sample. The figure plots log mark-ups and indexes the 2001 level to 0, hence the vertical axes represent log-differences from the starting year which, given the magnitudes, approximates well for growth rates. Countries included: AUS, AUT, BEL, BUL, DNK, EST, FRA, FIN, HUN, DEU, IDN, IND, IRL, ITA, JPN, KOR, LUX, NLD, PRT, Slovenia, ESP, SWE, GBR, USA.

Source: Calligaris, Criscuolo and Marcolin (2020).

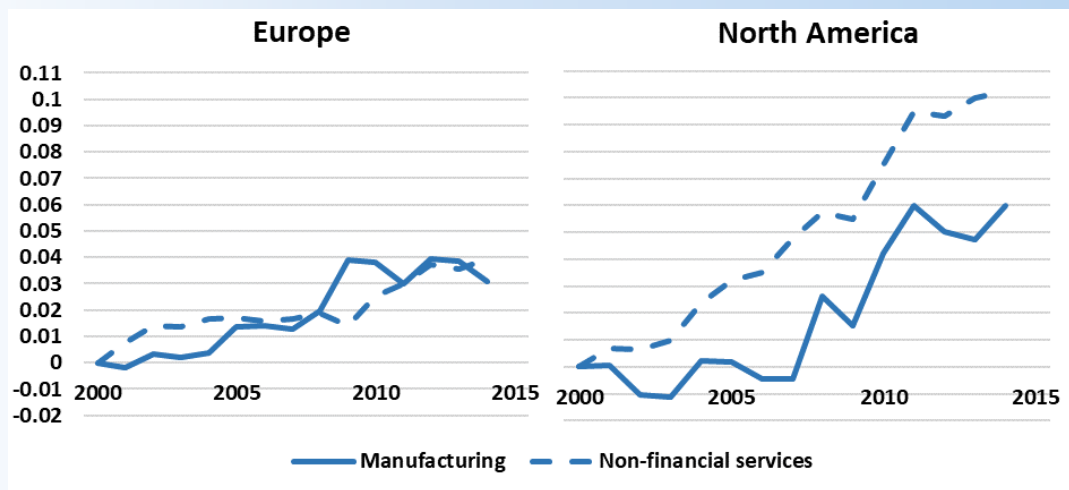


Industry concentration on the rise across countries

- Complementing previous GFP work
- Documented rise in industry concentration as global trend (*Bajgar et al., 2019*)
- Drivers: Competition policies versus globalization/digitalization

Pervasive trend suggests structural drivers (*globalization/digitalization*)

Figure: Rising concentration for manufacturing & services in Europe & North America



Note: The countries for Europe include BE, DE, DK, EE, ES, FI, FR, GB, GR, HU, IE, IT, LV, NL, NO, PL, PT, SI, SE, and for North America include CA and US. Included industries cover 2-digit manufacturing and non-financial market services. Concentration metrics reflect the share of the top 8 firms in each industry (CR8). The graphs can be interpreted as the cumulated absolute changes in levels of sales concentration for the mean 2-digit sector within each region. For instance, in 2014 the mean European services industry had 4 percentage point higher sales concentration than in 2000.

Source: Bajgar et al. (2019).



Global co-operation after COVID-19

- GFP work has shown importance of participation & position in Global Value Chains (GVCs) for productivity (*Criscuolo and Timmis, 2018; Gal and Witheridge, 2019*)
- COVID-19 triggered debate about trade-off inherent in GVCs...

Efficiency

Specialization & knowledge transfer

vs.

Security

Vulnerability & Lack of control of essential supplies

- ...recent OECD work suggests GVCs are crucial for both efficiency **and** security? (*Arriola et al., 2020; Miroudot, 2020*)



Source: The Economist (2020).