



Productivity in the European Union: A Comparative Industry Approach (EUKLEMS2003)

Project Description

The aim of this research project is to analyse productivity in the European Union at the industry level. In order to be able to perform such analyses, a database on measures of economic growth, productivity, employment creation, capital formation and technological change at the industry level, using a 63-industry breakdown for the major of the EU's 25 Member States as well as for the US, Japan and Canada, from 1970 onwards (1990 for the recently acceded Member States). The project also also intends to collected aggregated estimates for the EU-15 and the EU-25.

The project will provide the tools to carry out an in-depth assessment of what explains the slowdown in EU productivity growth; what are the reasons behind the large cross-country differences in terms of productivity experiences; and what are the prospects which exist for a much-needed productivity recovery in the EU. The consortium itself intends to undertake a series of studies on the relationship between skill formation, technological progress and innovation on the one hand, and productivity, on the other. To facilitate this type of analysis a link will also be sought with existing micro (firm level) databases.

The project will provide an important input to policy evaluation, in particular for the assessment of the goals concerning the competitiveness and economic growth potential of the EU economy, as established by the Lisbon and Barcelona summit targets. This work will be complementary to that of the "Structural Indicators", representing an additional channel via which the Commission can influence the structural reform policy debate.

The construction of the database should facilitate the sustainable production of high quality statistics using the methodologies of national accounts and input-output analysis. The input measures will include various categories of capital, labour, energy, material and service inputs. Productivity measures will be developed, in particular with growth accounting techniques. Several measures on knowledge creation will also be constructed. Substantial methodological and data research on these measures will be carried out to improve international comparability. There will be ample attention for the development of a flexible database structure, and for the progressive implementation of the database in official statistics over the course of the project. This will be achieved by actively engaging with Eurostat, the OECD and the National Statistical Institutes (NSI's) over the next 3 years in order to agree, "best practice", statistical methodologies based on national accounts data sources and input-output analysis.

The balance in academic, statistical and policy input in this project is realised by the participation of 14 organisations from across the EU, representing a mix of academic institutions and national economic policy research institutes and with the support from various statistical offices and the OECD.