



The EU Wheel of Competitiveness

The European Statistical Reference Framework on Competitiveness

Isabelle Remond-Tiedrez
Eurostat

Letizia Montinari, Antonio F. Amores, Soeren Lindner, Teodora Corsatea, José M. Rueda-Cantuche
DG Joint Research Centre

Prague, April 21st -22nd 2016

Disclaimer:

The views expressed are purely those of the writers and may not in any circumstances be regarded as stating an official position of the European Commission

- The EU Wheel of Competitiveness is a **statistical reference framework** for the analysis of competitiveness in the EU28
- It is a joint project between DG JRC and EUROSTAT
- The European statistical reference framework comprises:
 - ✓ A **conceptual framework**: The EU Wheel of Competitiveness (EWOc)
 - ✓ The **EWOc indicator set** (35 indicators)
- The main objective of the project is to provide all Eurostat users with a **comprehensive framework and easy access to comparable and harmonized high quality statistical information** for the analysis of competitiveness in the EU 28

Outline

- The relevance of competitiveness in the agenda of the EU policy makers
- A **conceptual framework** for the analysis of competitiveness in the EU28: The EU Wheel of Competitiveness (EWoC)
- The **EWoC indicator set**: selection methods and core principles
- Examples of indicators
- Future work

The relevance of competitiveness in the agenda of the EU policy makers

- Competitiveness is at the heart of **key EU policies and strategies** (Europe 2020 strategy to make the EU a smart, sustainable and inclusive economy)
- A priority in the agenda of the **European Council:**
 - ✓ The **Competitiveness Council** was given a broad mandate by the March 2003 European Council to “(...) *actively assume its horizontal role of enhancing competitiveness and growth (...), reviewing on a regular basis both horizontal and sectoral issues.*”
 - ✓ February 2016: the Presidency of the European Council proposed the development of the **competitiveness check-up scoreboard**

The conceptual framework: The EU Wheel of Competitiveness (EWoC)

What is competitiveness?

- There is **no consensus on a single definition of competitiveness**. The Global Competitiveness Report of the World Economic Forum defines competitiveness as a *“set of institutions, policies, and factors that determine the level of productivity of a country”*
- The **EWoC does not use a single definition of competitiveness**, but refers to competitiveness as a broad concept which encompasses a large set of factors related to production, consumption, trade, globalization, the environment and socio-institutional factors

Five broad dimensions of competitiveness

- **Macroeconomic:** aspects related to the aggregate performance and structure of an economy (price and cost factors, R&D policy, infrastructure, etc.)
- **Microeconomic:** elements which affect firms' performance (business environment, business dynamics, etc.)
- **Globalisation:** changing patterns of production, trade and investment across the globe (GVCs, trade and FDI, etc.)
- **Environmental:** factors that are important to promote sustainable production and consumption patterns and to protect the quality of the environment (environmental innovation, resource efficiency, etc.)
- **Socio-institutional:** social and institutional factors that contribute to shaping the competitiveness profile of firms, industries and countries (quality of institutions, labour regulations, education, etc.)



Core features of the EWoC

- is in line with **key EU policies** and **strategies** (Europe 2020)
- is based on an **extensive survey of recent and relevant studies on competitiveness** (e.g. The Global Competitiveness Report of the WEF, OECD Compendium of Productivity Indicators)
- Benefited from **DG experts' inputs and discussions** (DG GROWTH, DG TRADE, DG ENV, DG ENER, etc.)

The EWoC indicator set

Selection methods

- Analysis of a broad number of competitiveness reports and academic articles to identify **the most used competitiveness indicators** and their **interpretation**
- A **group of experts was consulted** following a DELPHI-like process. Experts from DG CLIMA, DG ECFIN, DG EMPL, DG ENTR, DG ESTAT, DG GROW (former DG MARKT), DG RTD, DG TRADE, DG ENER, and DG ENV
- Development of a **first set of 90 indicators** (3 indicators per sub-dimension, 18 per dimension)
- Second round of consultation with DG experts (DELPHI-like process)
- Selection of a **final set of 35 indicators**

Core principles

- **Parsimony:** limited number of indicators
- **Systematic framework:** based on clear conceptual framework (EWoC)
- **Quality standard:** recent and reliable data with an extended coverage for EU28 MS
- **Transparency:** public accessibility of data and disclosure of data sources and methods
- **Stakeholders participation:** participation of various EC DGs
- **Effective communication:** visual tools and info-graphics
- **Continuity:** review and adjustments planned

Examples of EWoC indicators

- **Macroeconomic:**

- ✓ Real GDP growth rate (Eurostat)
- ✓ Real labour productivity per hour worked (Eurostat)
- ✓ Gross domestic expenditure on R&D (Eurostat)

- **Microeconomic:**

- ✓ Share of high-growth enterprises (Eurostat)
- ✓ Time required to start a business (World Bank)
- ✓ Total R&D expenditure in the business sector (Eurostat)

- **Globalization:**

- ✓ GVCs participation index (OECD)
- ✓ Domestic value added generated in a EU MS by extra-EU exports (DG TRADE/DG JRC)

- **Environment:**

- ✓ Resource productivity (Eurostat)
- ✓ Real unit energy cost (ECFIN)
- ✓ Eco-innovation index (Eurostat, EEA, etc.)

- **Socio-Institutional:**

- ✓ Real GDP per capita (Eurostat)
- ✓ Tertiary educational attainment (Eurostat)
- ✓ Control of corruption (World Bank)

Future work

- **June 2016:** Draft version of the final report which incorporates the last comments from DG experts
- **July 2016:** Publication of the final report
- **September 2016:** Dissemination of the EWOC indicators through EUROSTAT's website. Use of visual tools and graphics that will allow all users (specialists and non-specialists) to easily access and interpret key indicators

Thank you!

