Key to EU Productivity: Services and ICT?

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Introduction

• EU economic growth (GDP per capita)
  ↘ Productivity (TFP)
  ↘ Services
Services TFP

• Services policy reform (domestic & “contestability”)
• ICT services, or ICT embedded in services; also policy
Reform

European Union

Services restrictions in 2015

Services restrictions in 2014

Austria
Belgium
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Ireland
Italy
Luxembourg
Netherlands
Poland
Portugal
Slovak Republic
Slovenia
Spain
Sweden
United Kingdom

Latvia

0.10 0.12 0.14 0.16 0.18 0.20 0.22 0.24 0.26

0.10 0.12 0.14 0.16 0.18 0.20 0.22 0.24 0.26
Reform

“Regulatory transparency” / Mode 4 mobility

“Regulatory transparency”: Ease of starting up business
TFP and embedded ICT stock

TFP over time in EU (1995-2010)

Real capital stock per worker in EU (2010)
Romanian firm-level data: TFP and data
Complementary Policy to embed ICT

**TFP**

- Temporary employment protection
- Product Market Regulations
- Patent applications non-residents
- Private sector credit
- R&D expenditure as % GDP (OECD)
- Share R&D financed by abroad
- R&D expenditure as % GDP (WDI)

**TFP growth**

- Temporary employment protection (3)
- Trade secret protection index
- Procedure required to start business
- Temporary employment protection (1)
- Private sector credit
Conclusion

• Reform in services themselves
• Reform how to embed ICT in services