

Bruxelles, 20th April 2015

Need for a New Growth Agenda for the EU

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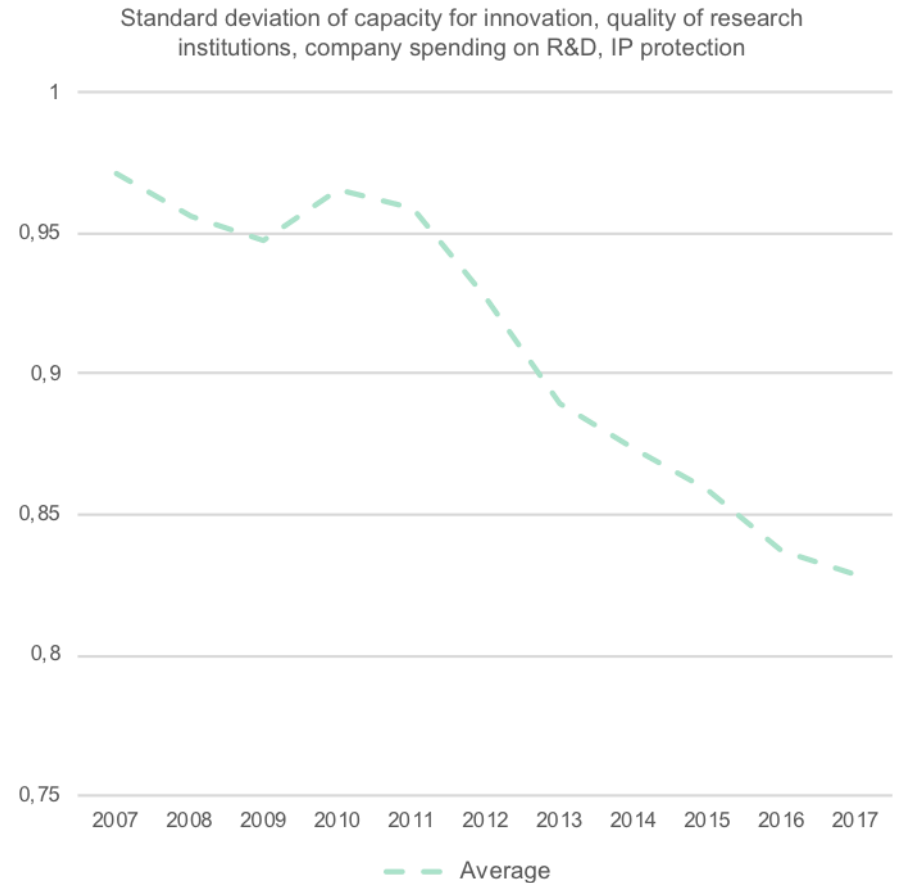
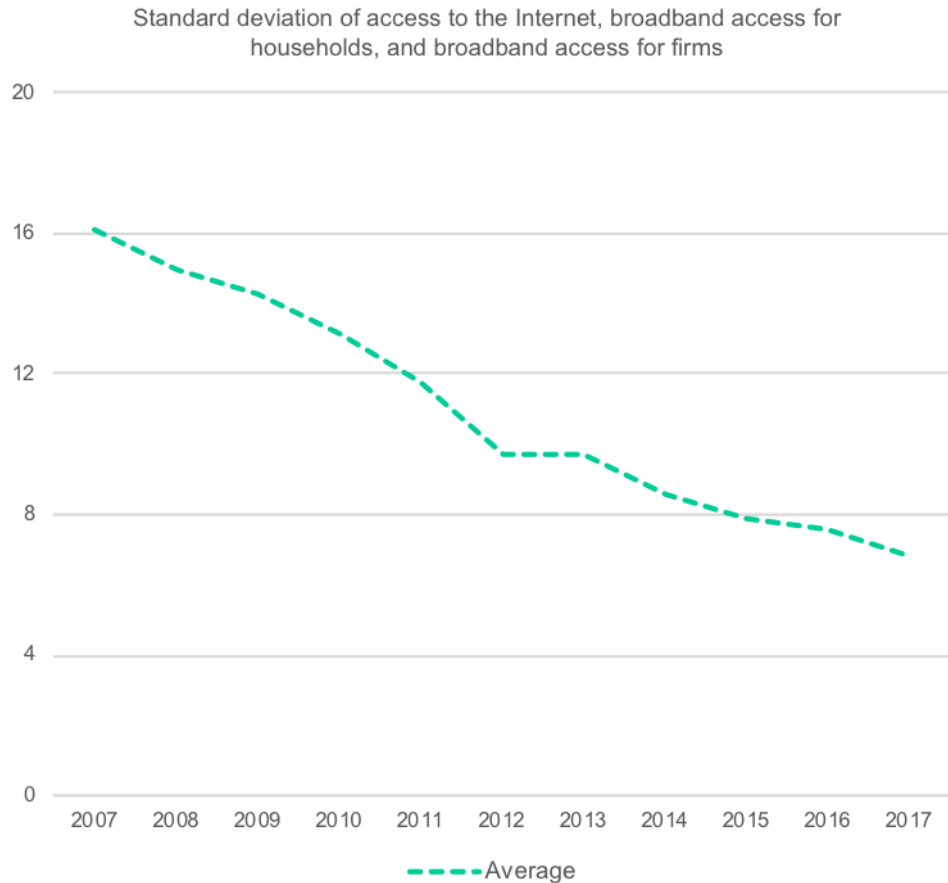
A Framework for Analysis

1. Digital Endowments
2. Digital Intensities
3. Digital Restrictions

Digital Endowments

- Europe has strong endowments when measured with other parts of the world (e.g. Internet use, educated labour, digital skills).
- Europe is converging – gradually declining differences between EU countries.

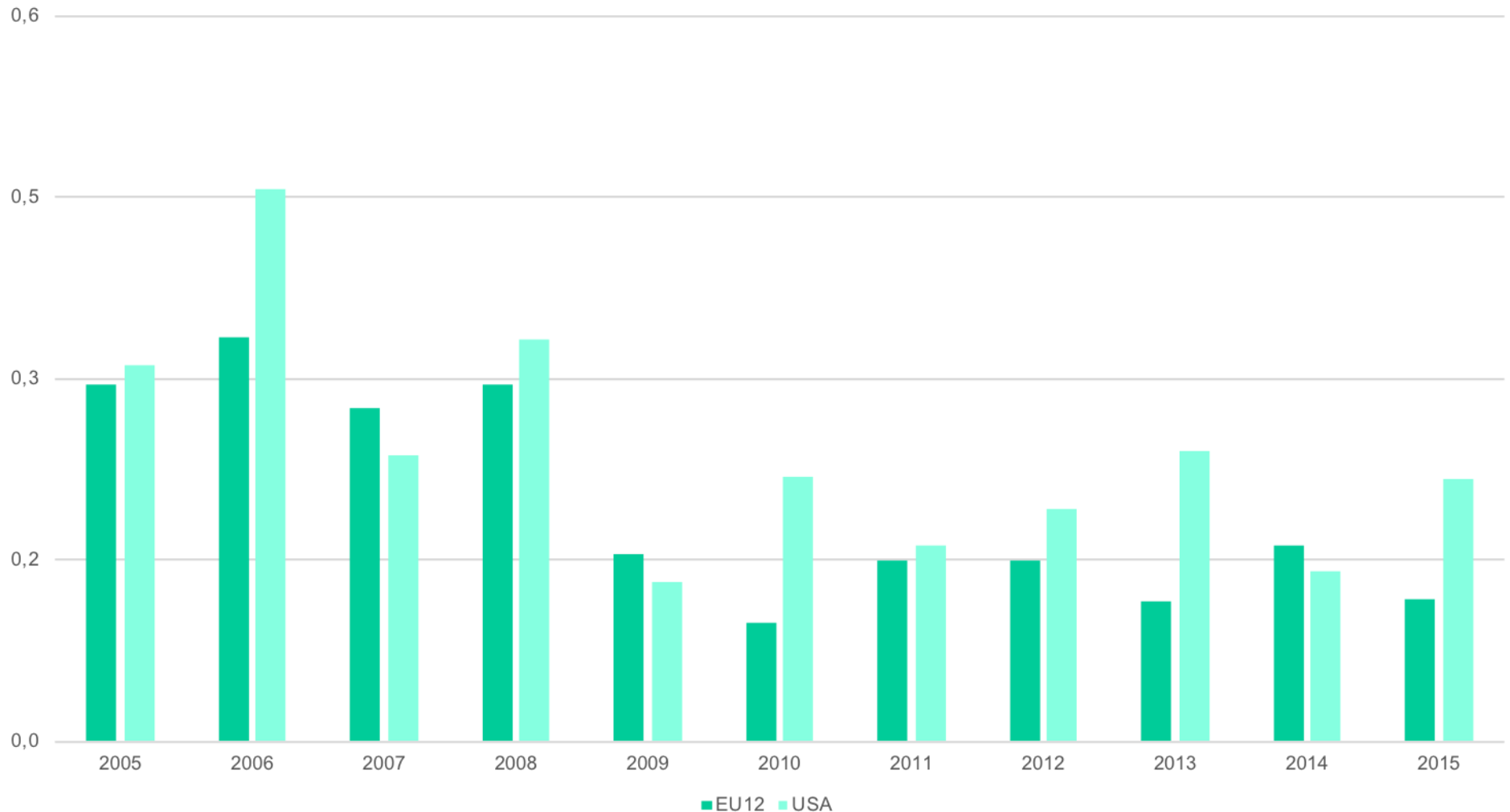
Endowments: Europe is converging



Digital Intensities: A Laggard Europe

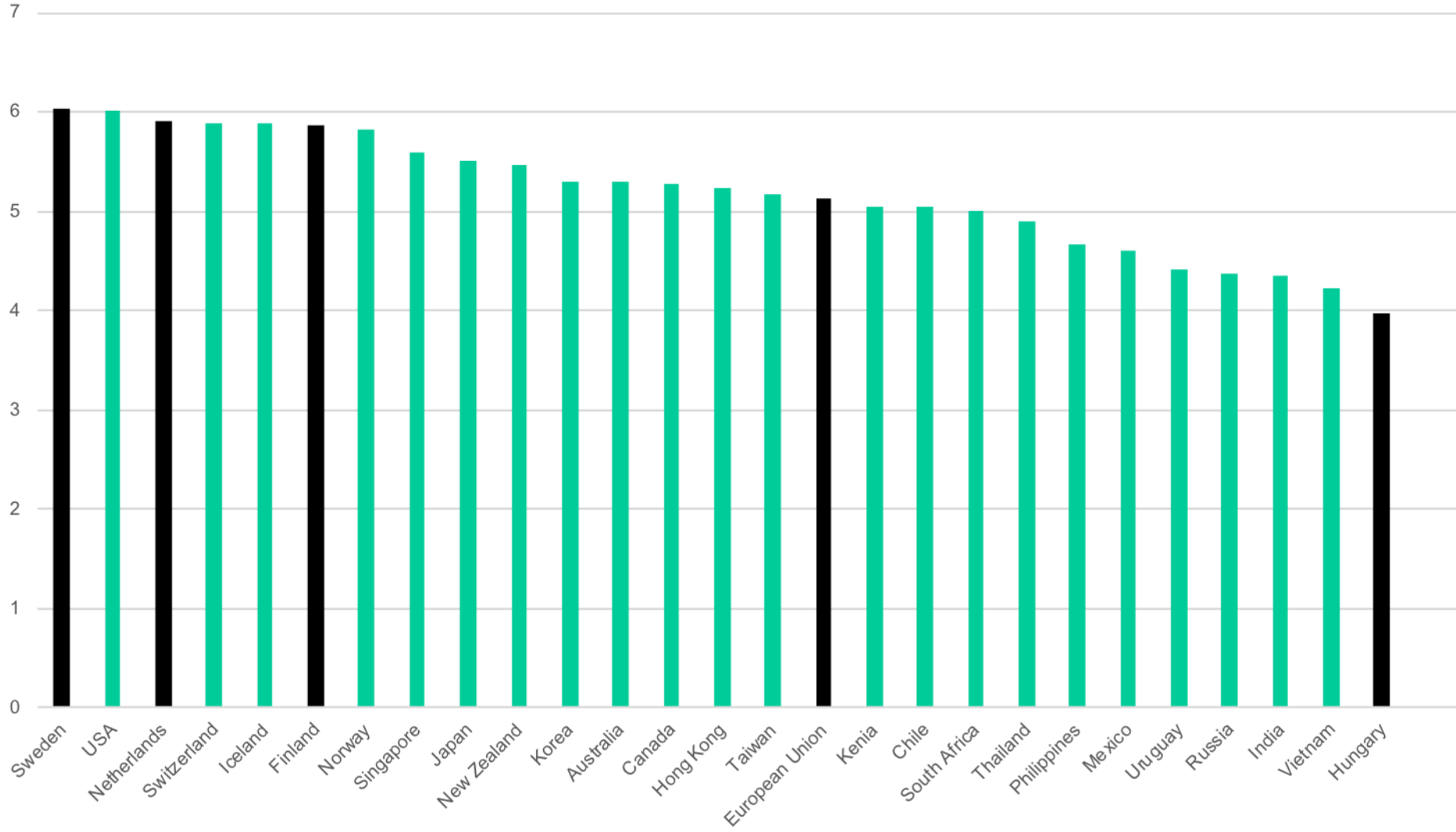
- Digital Intensities measure how much value-added is generated by investments in Digital Endowments.
- Strong and positive relation between Digital Endowments and Digital Intensities.
- Surprisingly weak growth in Digital Intensities in the past 10 years.
- Europe's is trailing comparable economies.

Contribution of ICT services to value-added growth (% points)

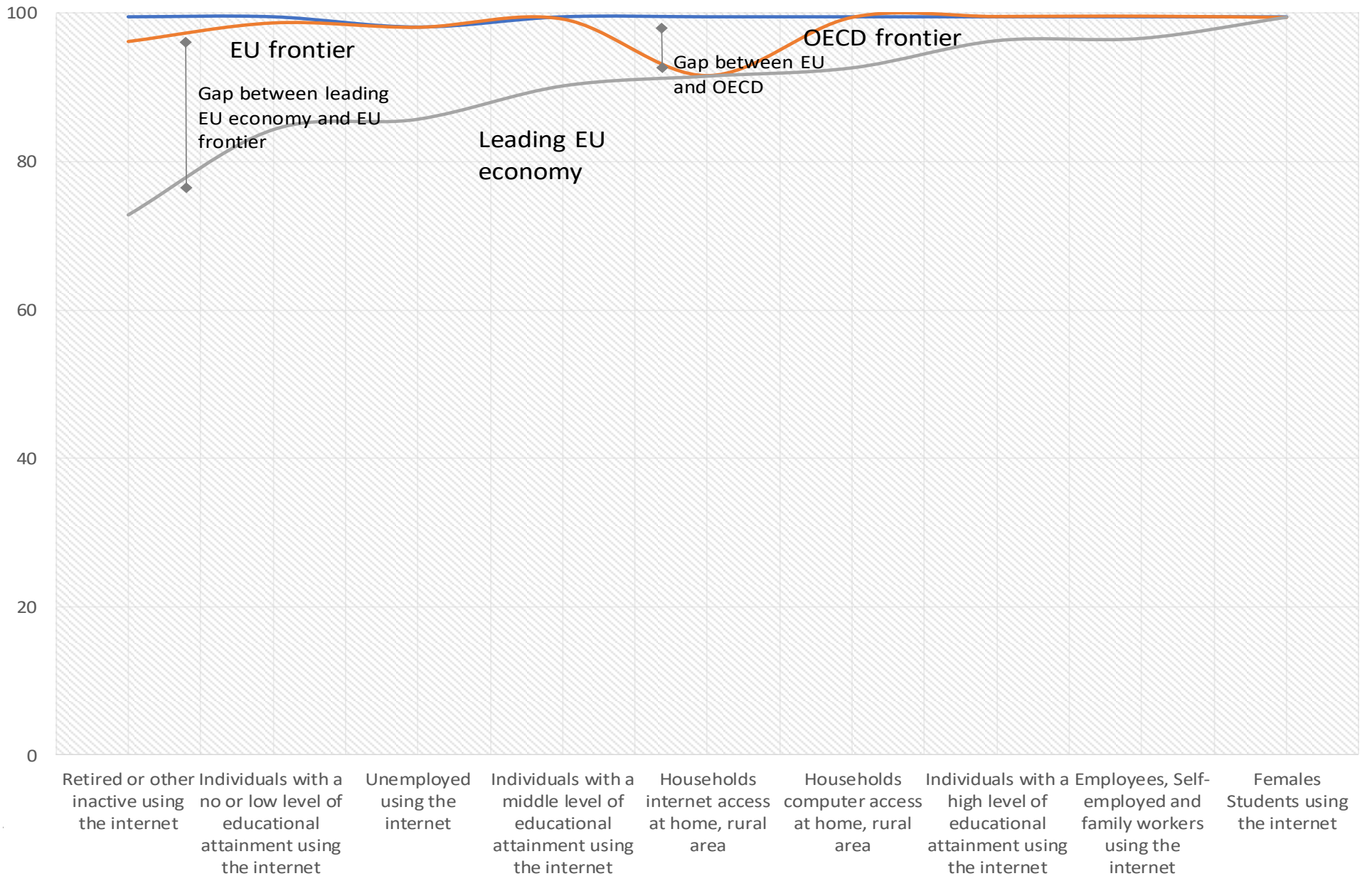


Who is lagging – firms or consumers?

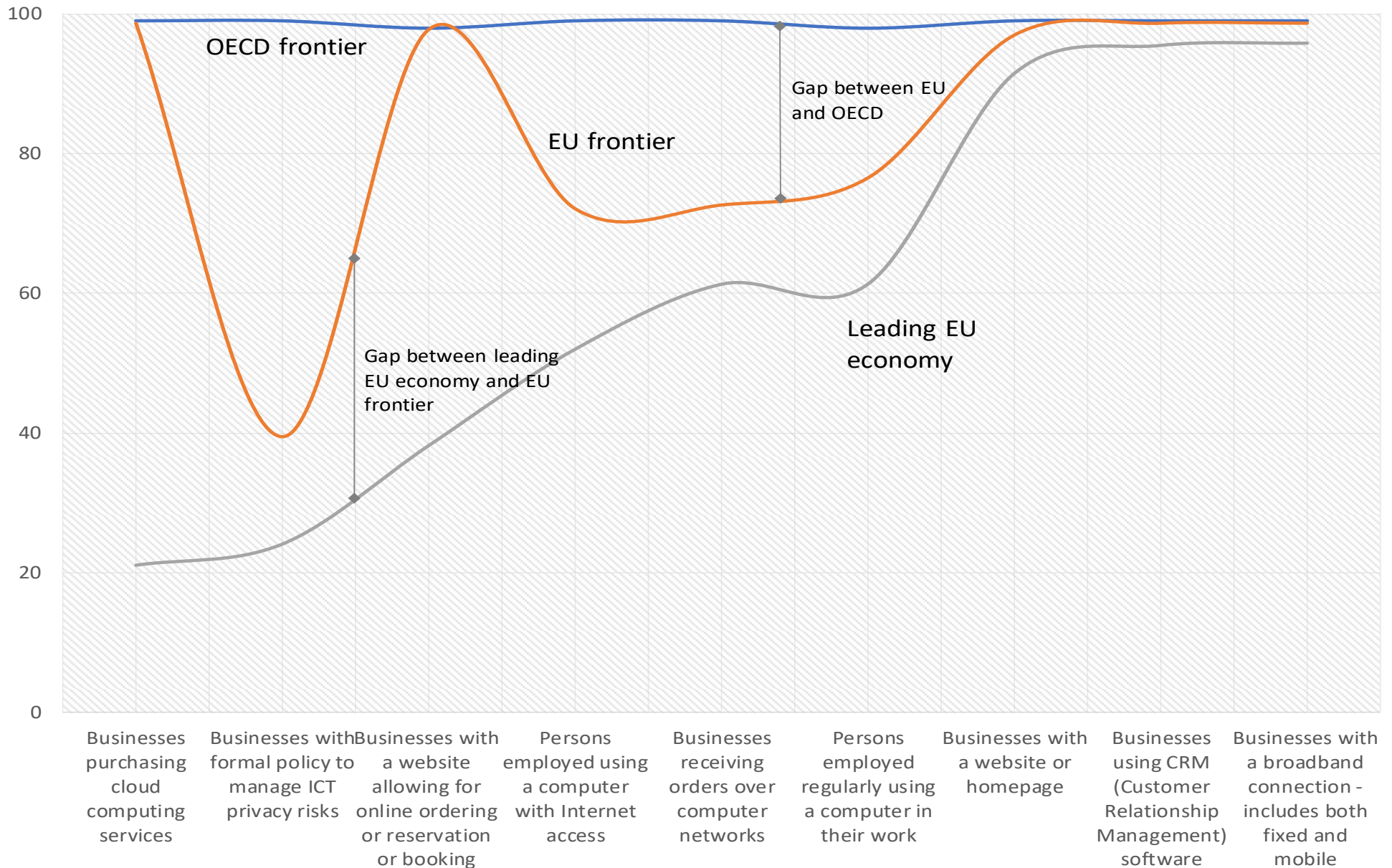
Firm-level Technology Absorption



Digital Consumer Absorptions Gap



Digital Business Absorption Gap



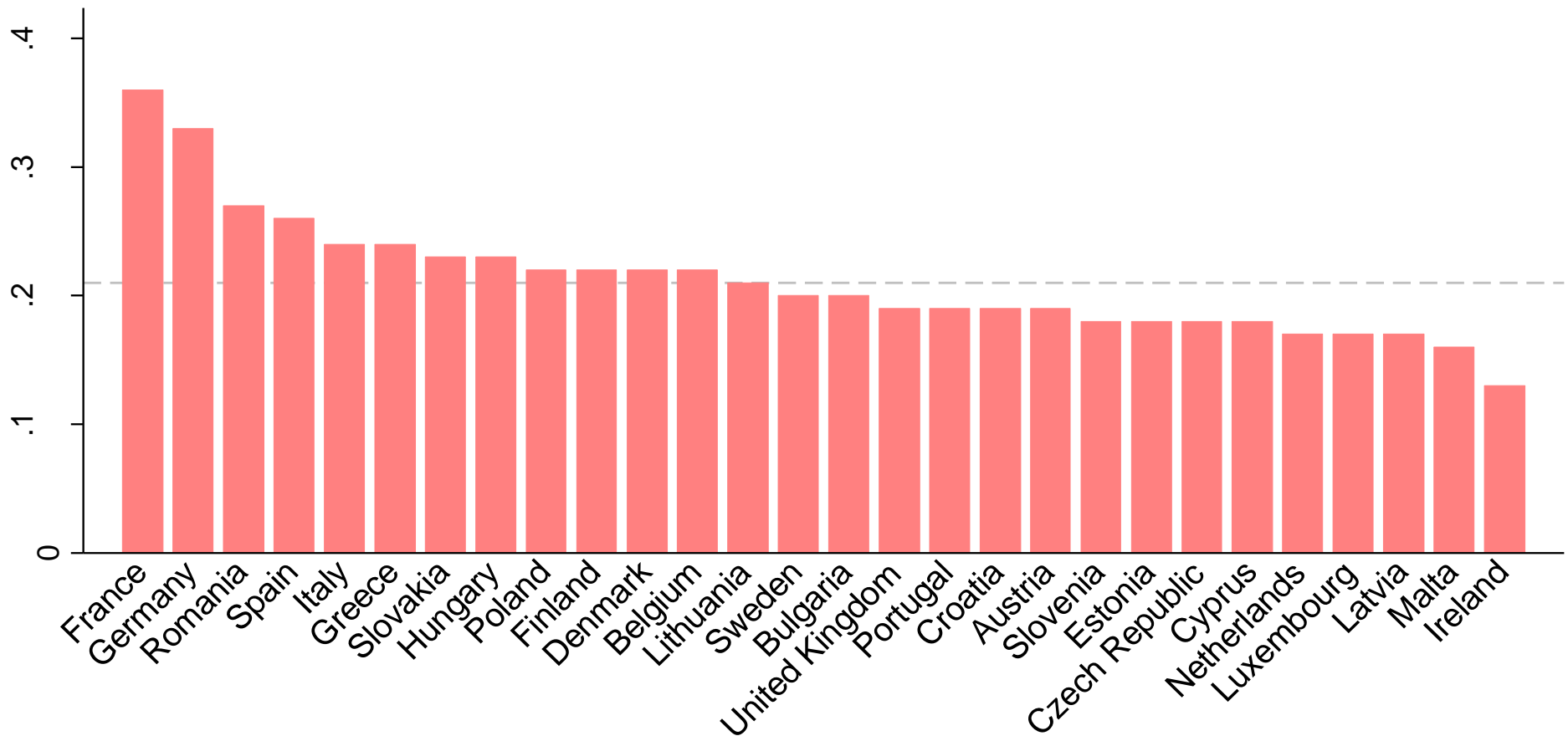
Digital Restrictions

Problem 1: Comparably restrictive environment

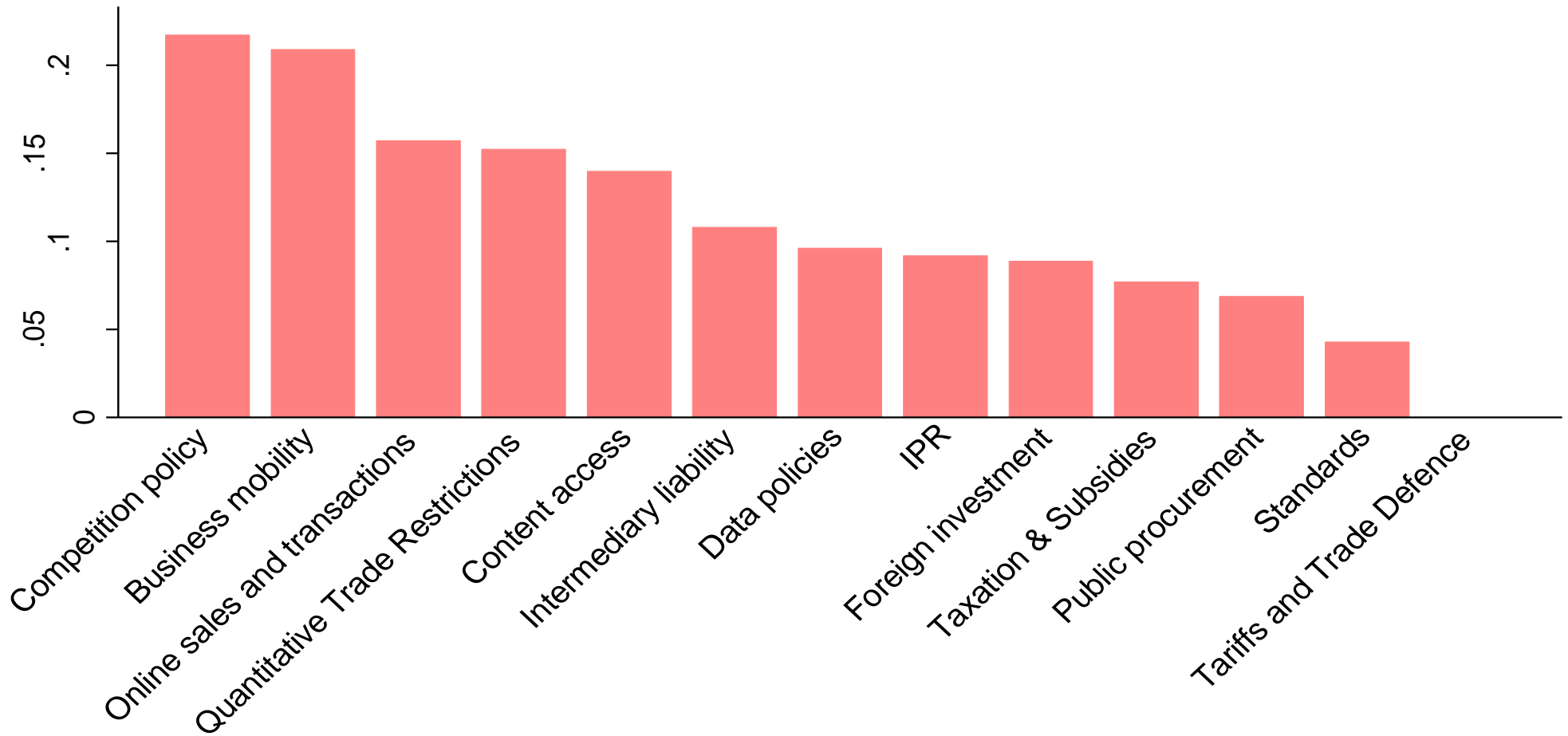
Problem 2: Regulatory heterogeneity

Digital Restrictions in EU (DTRI)

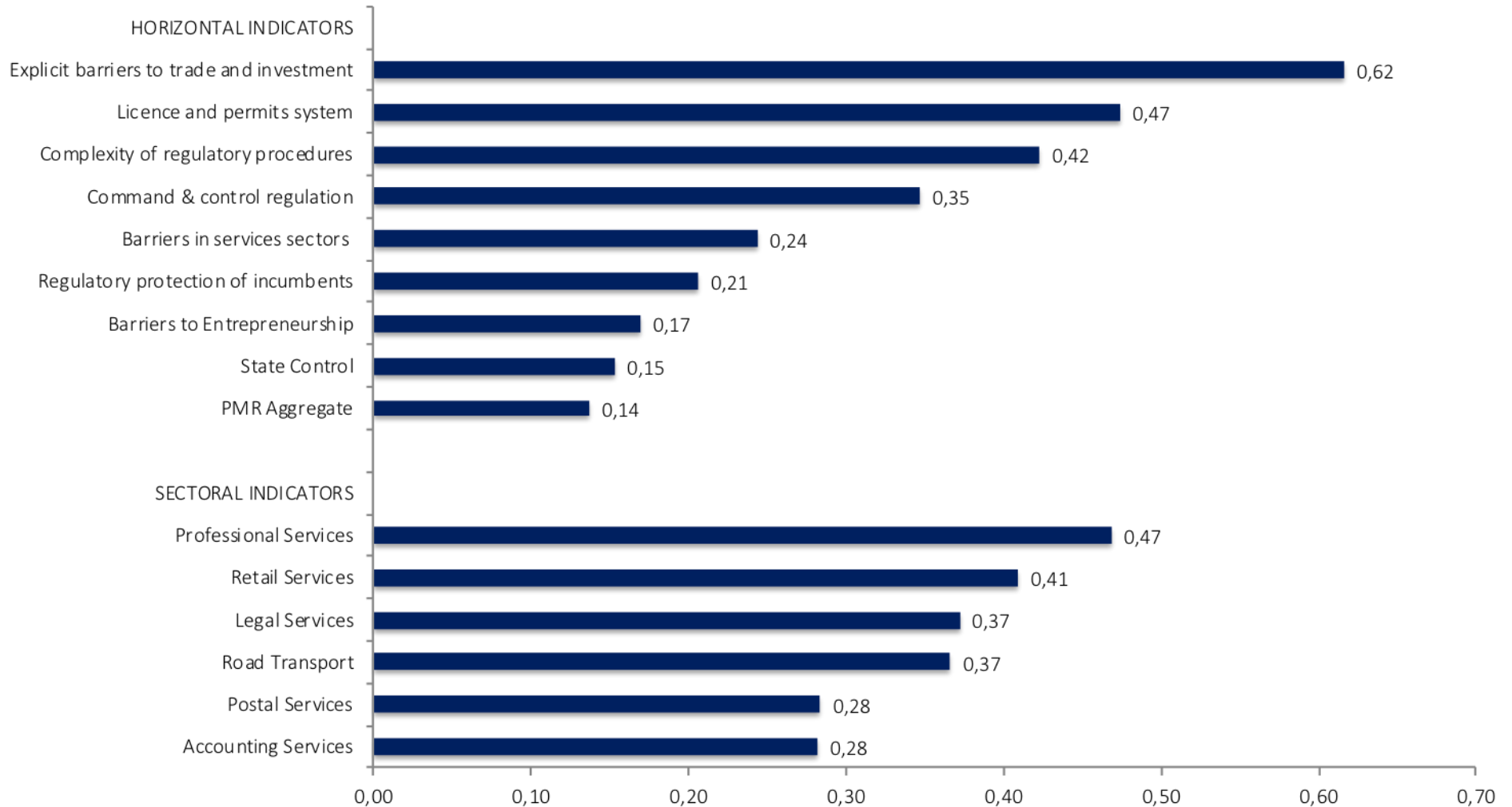
DTRI Across EU members



Heterogeneity in Digital Regulation



Heterogeneity in Market Regulation



Conclusion for Policy

- A new agenda for (digital) competitiveness is needed in the EU.
- Reduce the level of restrictiveness.
- Reduce heterogeneity in digital and market regulations.

Result 1: Improving absorption capacities – creating faster diffusion of technology.

Result 2: Improving the environment for digital entrepreneurship.