

Bruxelles, 20th April 2015

Presentation for High Level Group on Competitiveness and Growth

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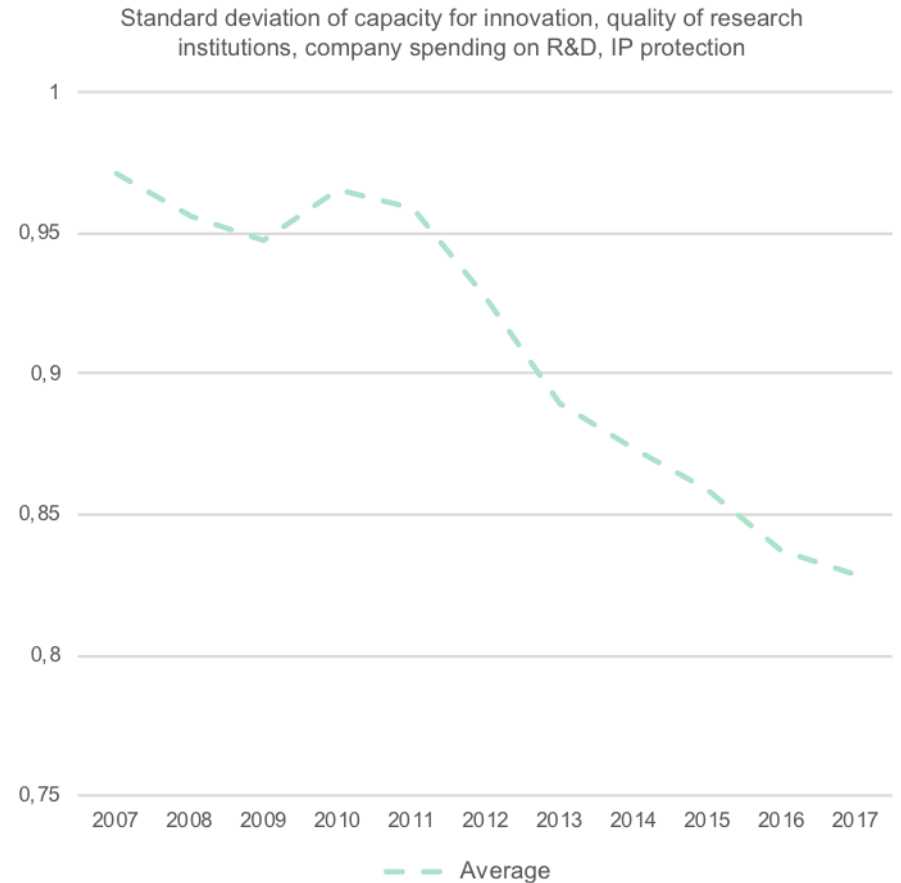
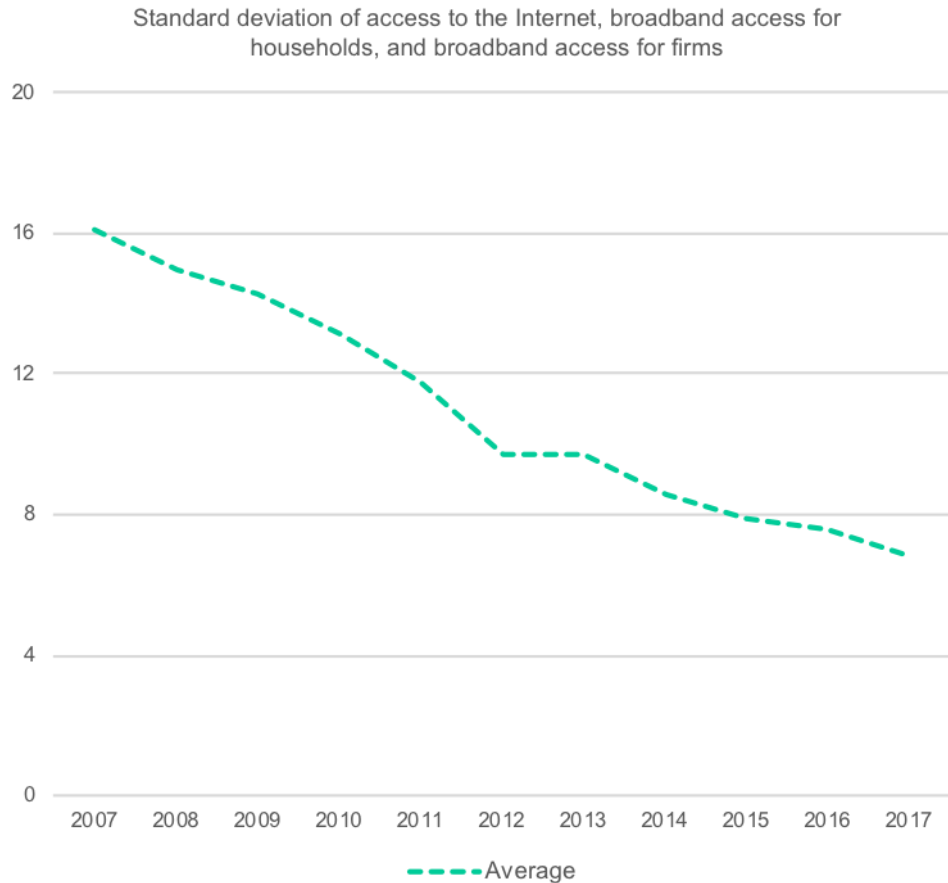
A Framework for Analysis

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.

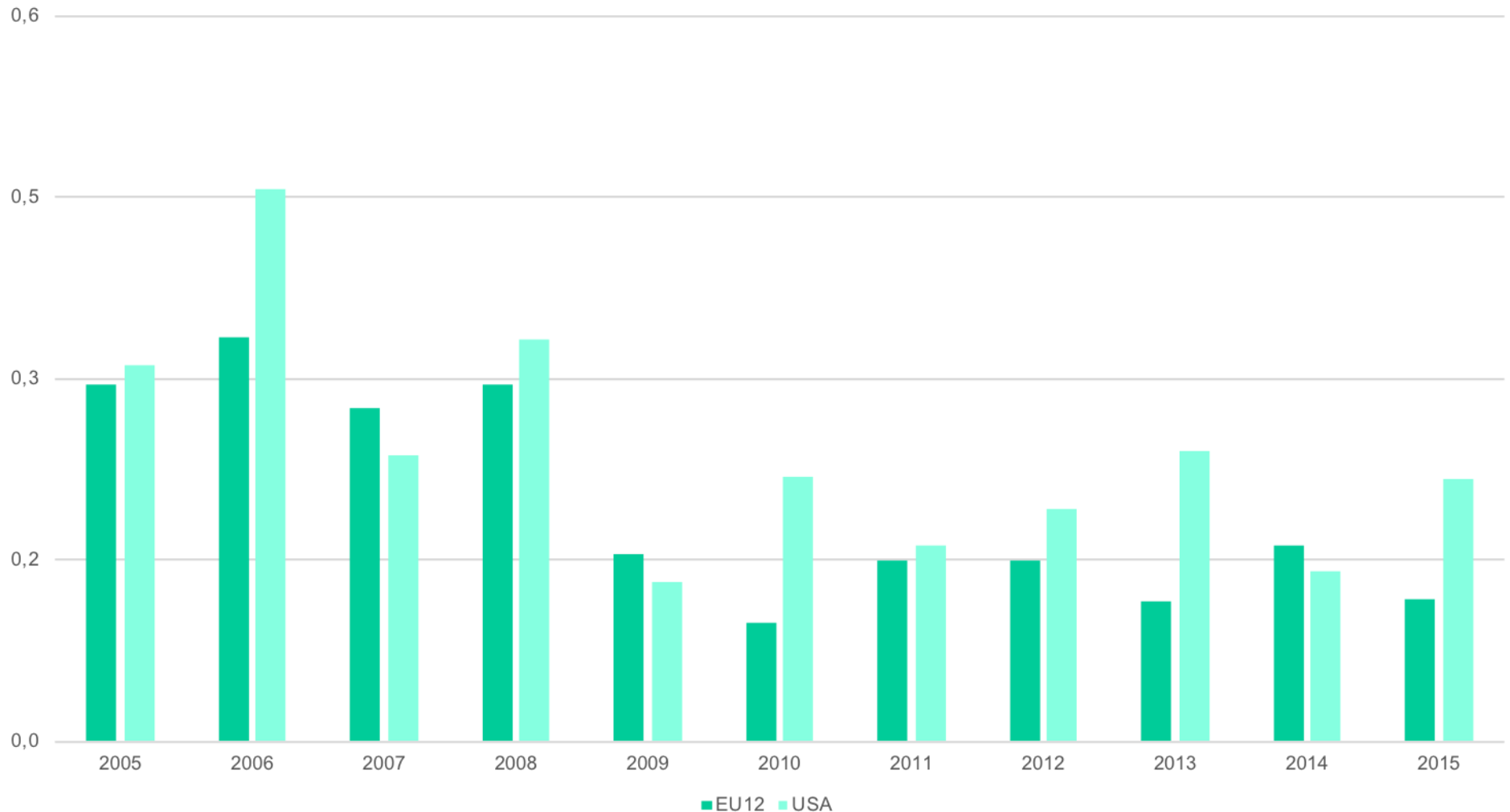
Endowments: Europe is converging



Digital Intensities: A Laggard Europe

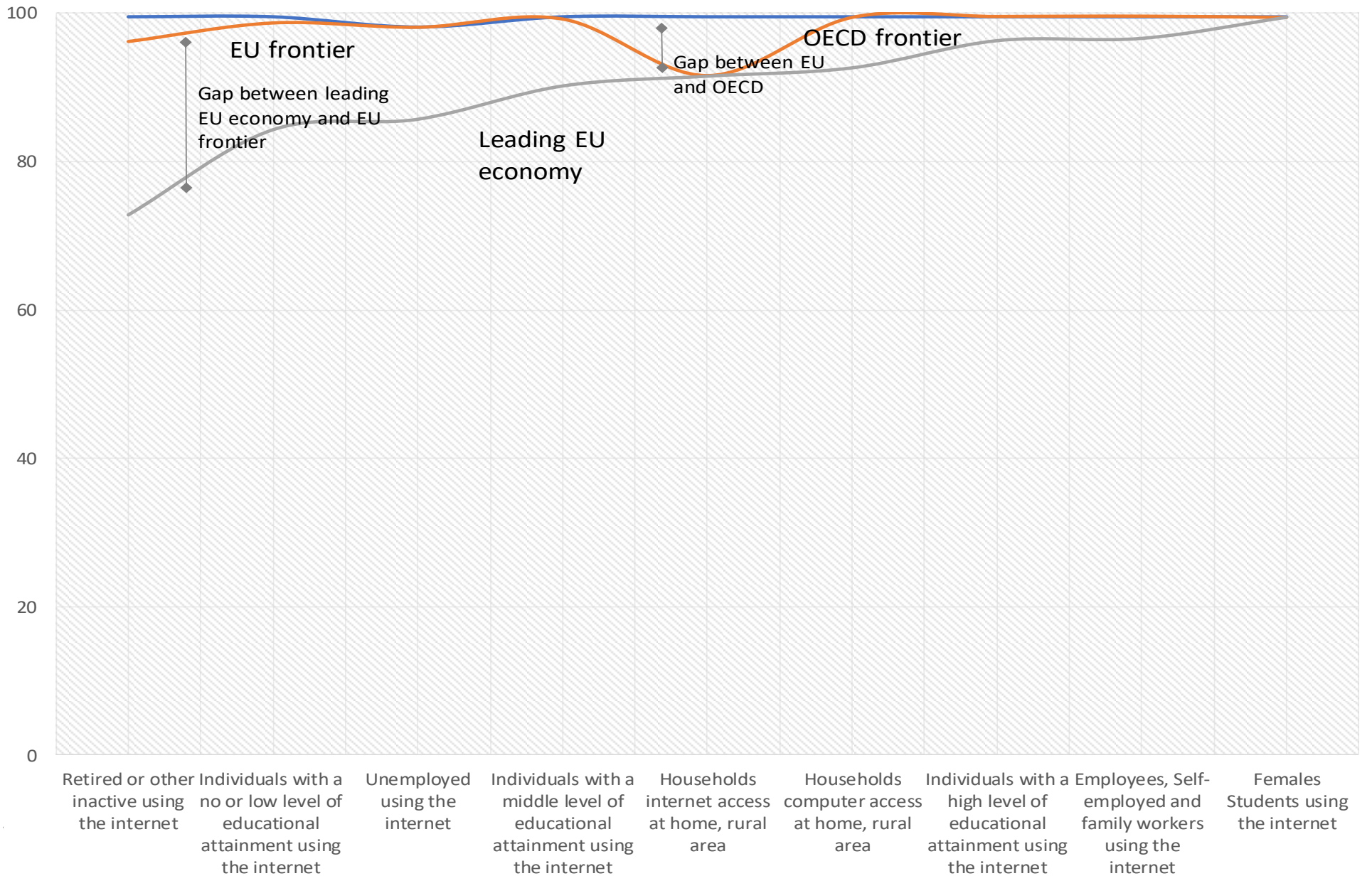
- Digital Intensities measure how much value-added is generated by investments in Digital Endowments.
- Strong and positive relation between Digital Endowments and Digital Intensities.
- Surprisingly weak growth in Digital Intensities in the past 10 years.
- Europe's is trailing comparable economies.

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

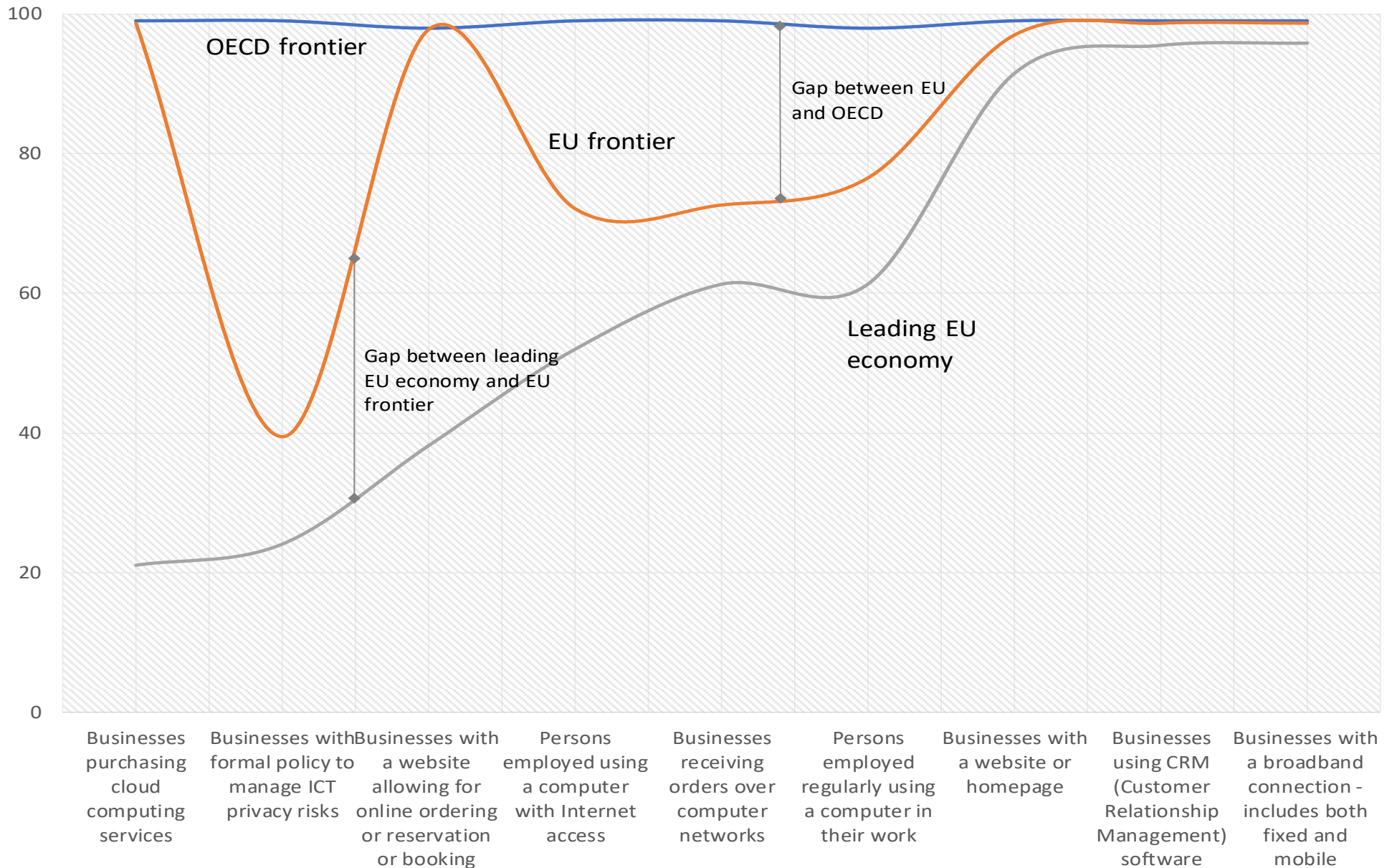


Who is lagging – firms or consumers?

Digital Consumer Absorptions Gap

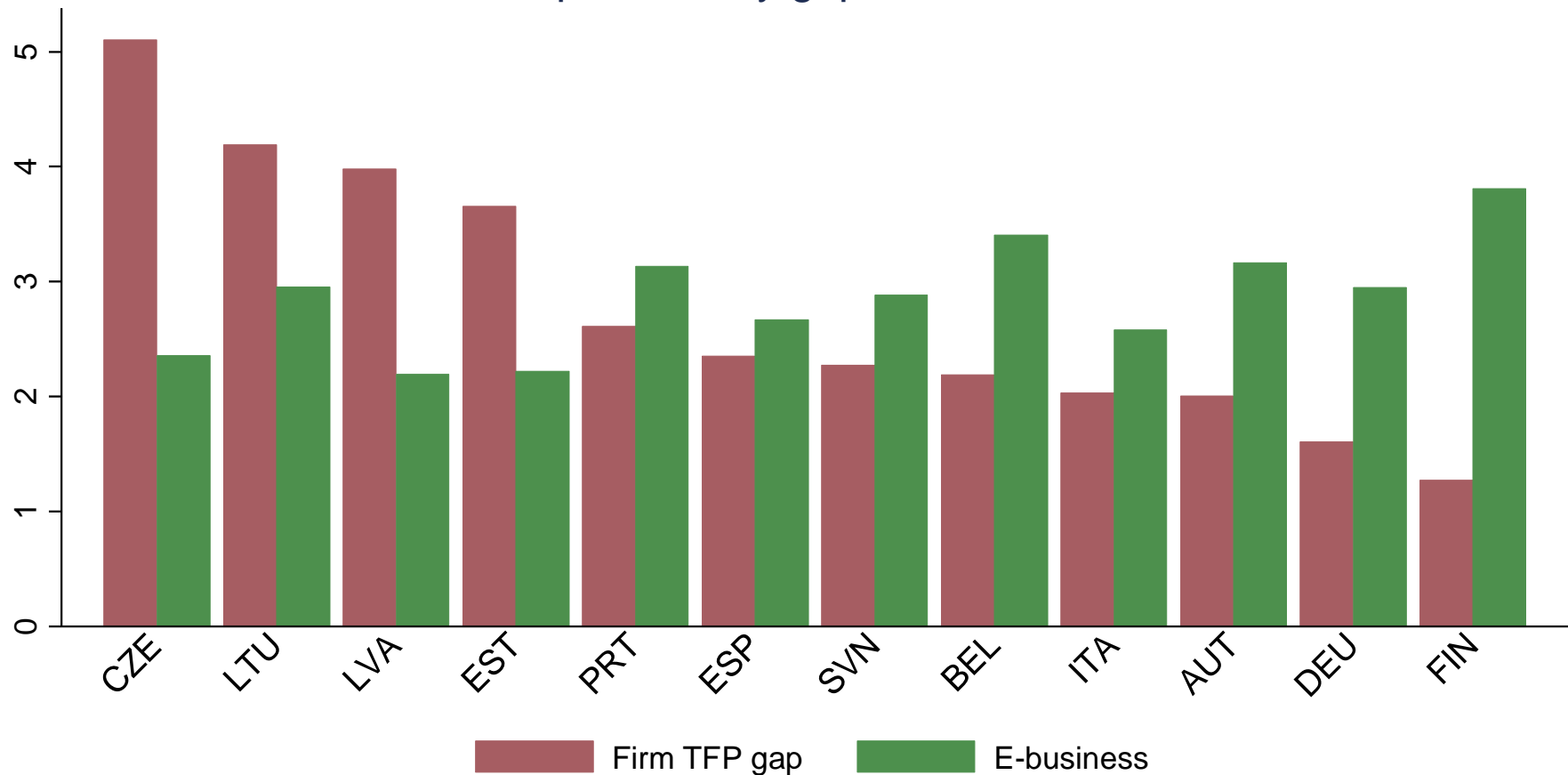


Digital Business Absorption Gap



Firm Productivity Gap and Digitalisation

Firm productivity gap and E-business



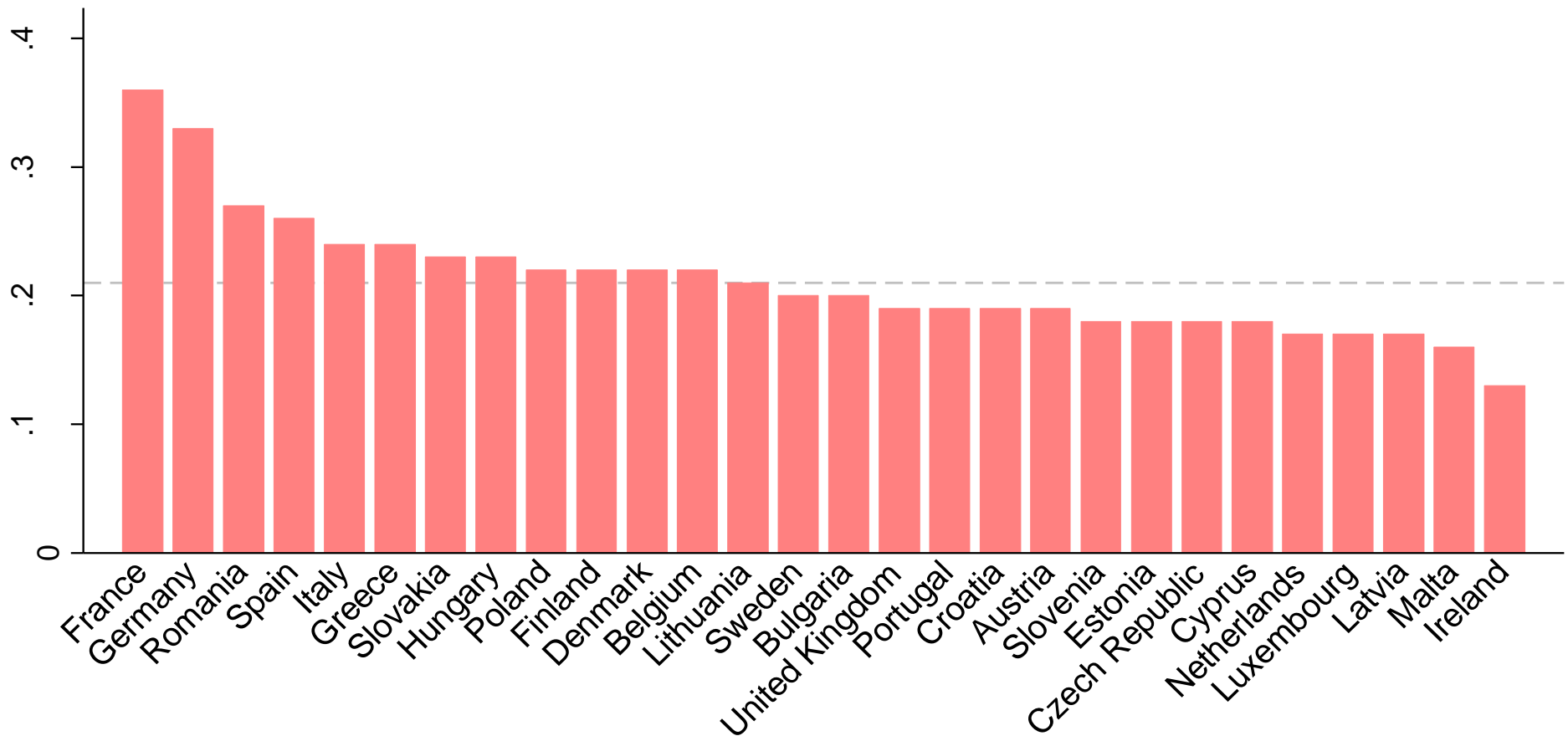
Digital Restrictions

Observation 1: Comparably restrictive environment

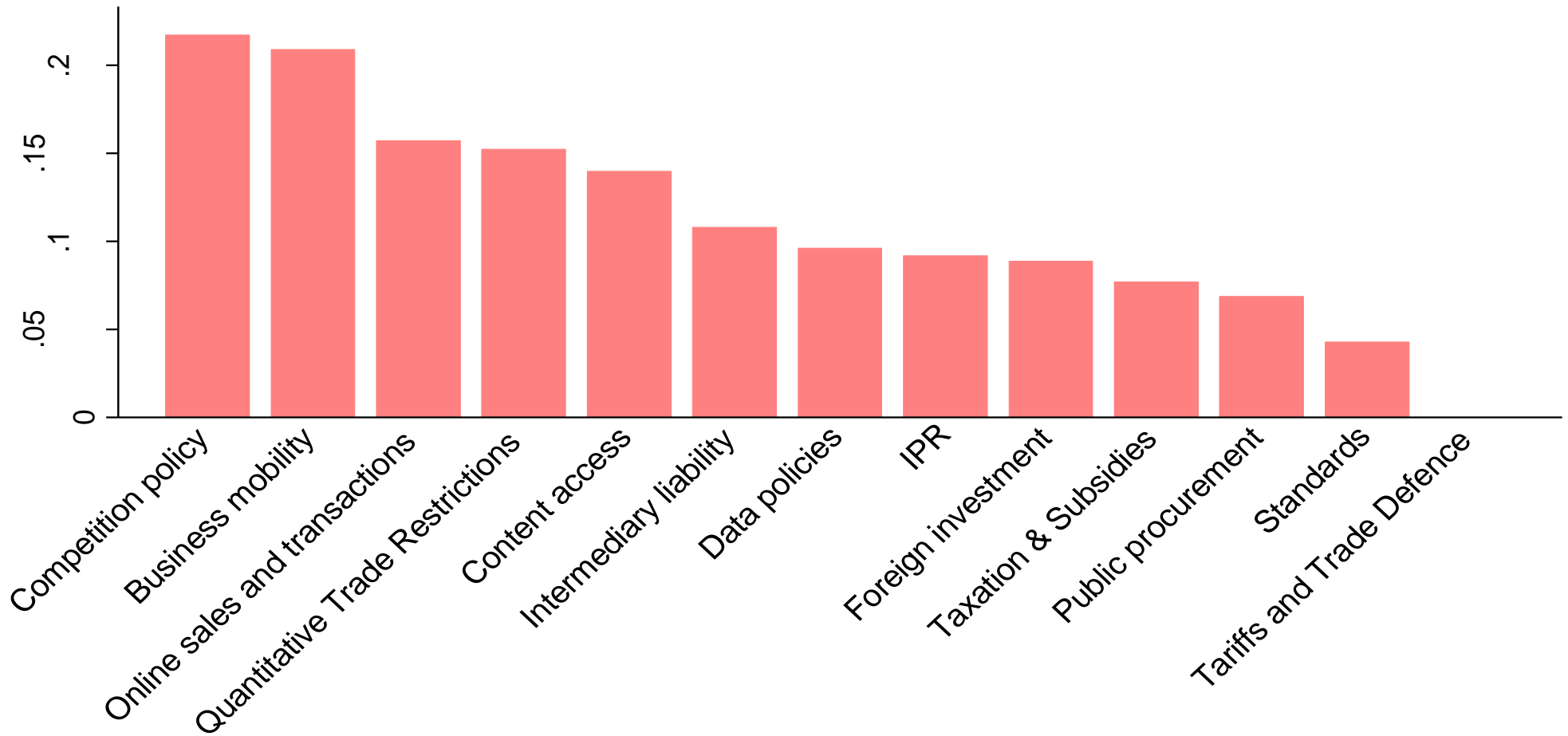
Observation 2: Regulatory heterogeneity

Digital Restrictions in EU (DTRI)

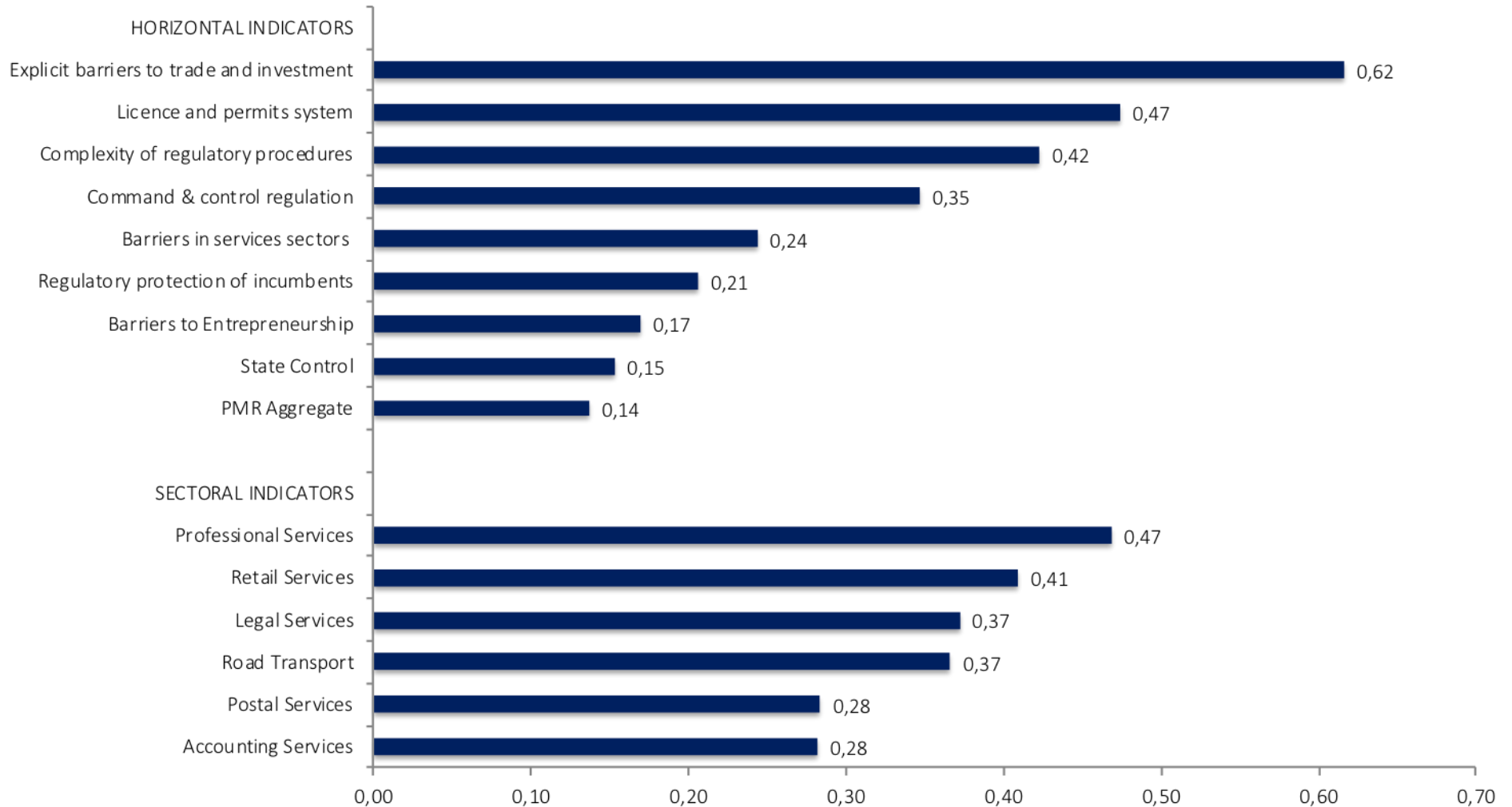
DTRI Across EU members



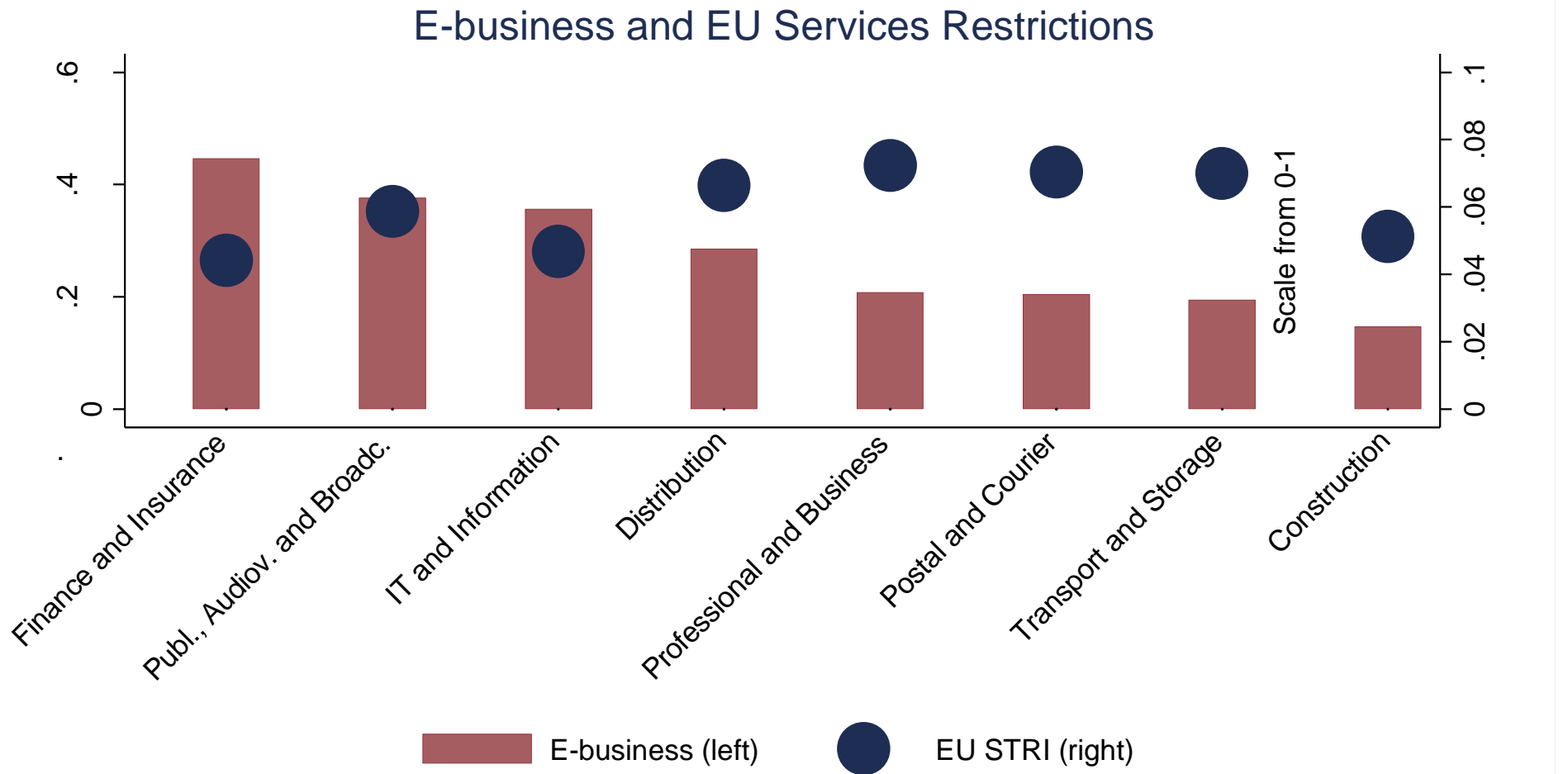
Heterogeneity in Digital Regulation



Heterogeneity in Market Regulation



Digitalisation and Internal EU Services Restrictions



Conclusion for Policy

- Services are in need of special attention
- A new agenda for (digital) competitiveness is needed in the EU.
- Focus on SMEs technology absorption and closing the firm productivity gap
- Reduce the level of restrictiveness.
- Reduce heterogeneity in digital and market regulations.

Thank you!

- All charts in this presentation come from:
ECIPE study, *Europe's Digital Future:
Strengthening Competitiveness and Performance*
ECIPE study, *Are Services Sick? How Going
Digital Can Cure Services Performance*
- For more information, please contact me at
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