

# CompNet

The Competitiveness Research Network

## Introductory remarks

**Filippo di Mauro**  
*Chairman of CompNet*

**CompNet-EIB-ENRI-IMF-IWH**  
**Joint Conference**

8th Annual CompNet  
Conference  
*Luxembourg 18-19 March 2019*

# Welcome

- This Joint Conference was a great collaborative effort, very much in line with CompNet spirit
- GREAT six months of constant interaction with IMF and EIB/ENRI
- ➔ A first step to repeat
- ➔ (Not TOO soon...very tired now...)
- Debora, Romain....**thanks very much**

## The last years of CompNet in a nutshell

1

Data

2

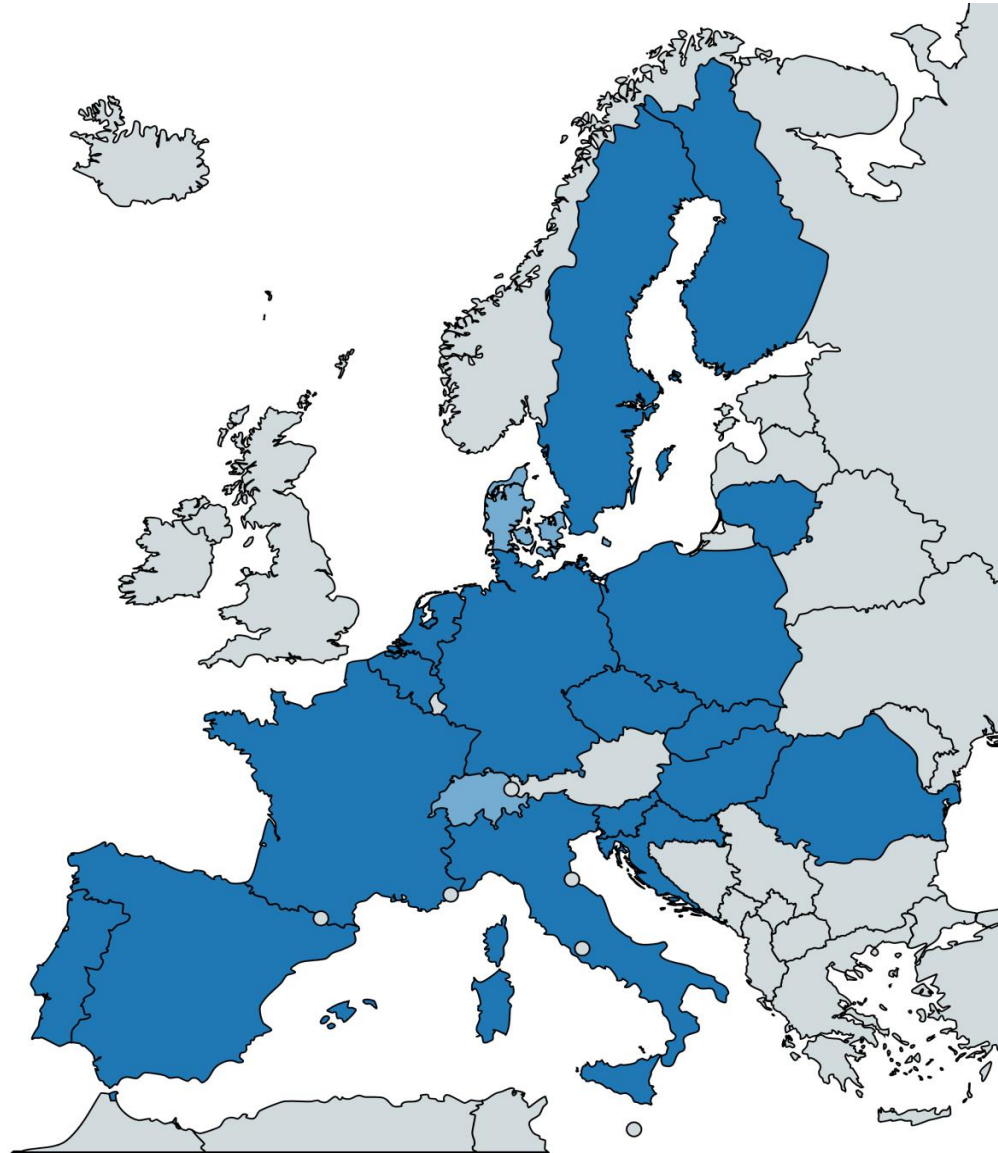
Research

3

Plans

# The 6<sup>th</sup> vintage of the CompNet database

- Time period:
  - **1999 – 2015 (added 2 years)**
- Data coverage:
  - (up to) **78% in firms**
  - (up to) **99% in employees**
- Geographical coverage:
  - **19 EU countries**
  - **and two other in pipeline (CH,TU)**
- Data collection:
  - Richer set of **variables**
  - More efficient **codes**
- Data are available:
  - **on line** for CompNet members
  - **upon request** for others



# 1. Five broad categories of variables are available

## Productivity and allocative efficiency

Labor productivity

TFP

ULC

LC per employee

Firm size

Capital intensity

Static Allocative Efficiency

Dynamic Allocative Efficiency

## Financial

Investment Ratio

RoA

Cash holdings

Leverage

Financing gap

Collateral

Equity to Debt

Cash flow

Implicit interest rate

Trade Credit/Debt

Debt burden

Credit constraint index

## Trade

% permanent exp.

% sporadic exp.

Export value

Export value added

Productivity premium of exporters

## Competition

Weighted PCM

Sector-specific mark-ups

Sector-specific collective bargaining power

Concentration measures

## Labour

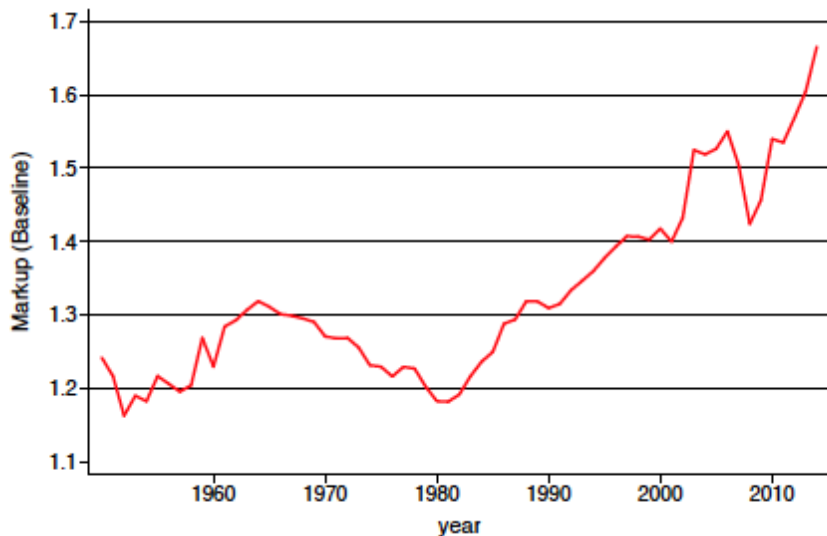
% firms that increase/decrease employment productivity or ULC between t and t+3

Characteristics of growing and shrinking firms

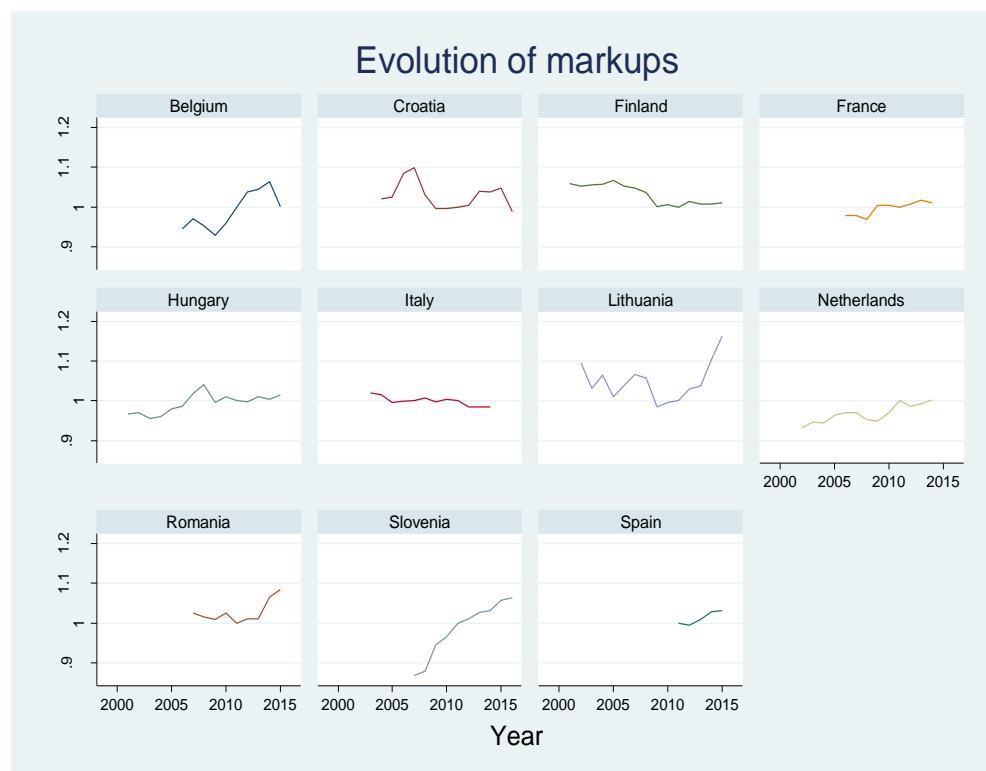
Share of High-growth firms

# Out of the dataset: mark-up findings

*From de Loecker (2017) –  
evidence on mark-ups for US*



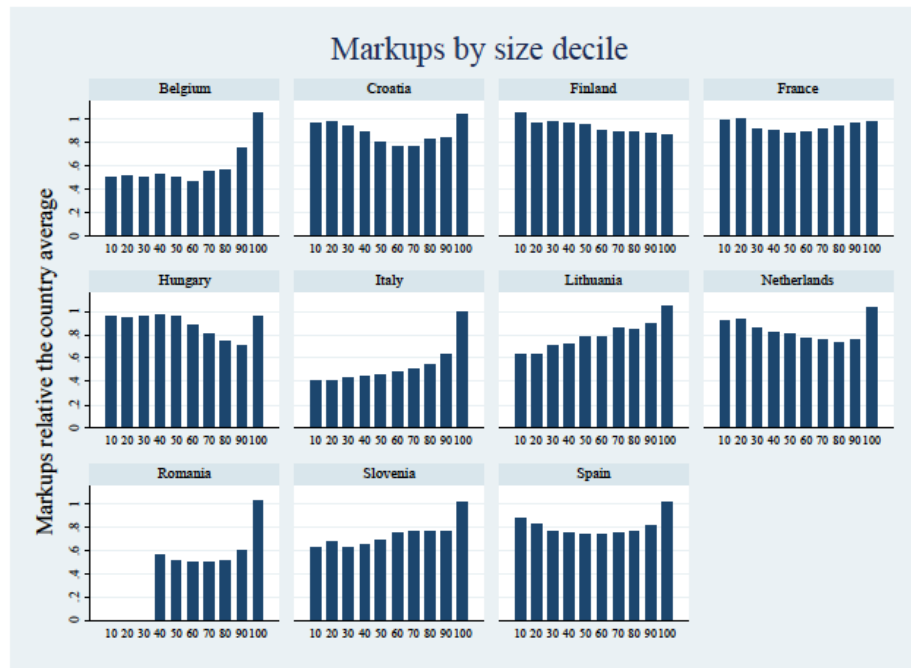
*In EU – generally positive trend, BUT much weaker than in US (de Loecker, 2017)  
(2011=1)*



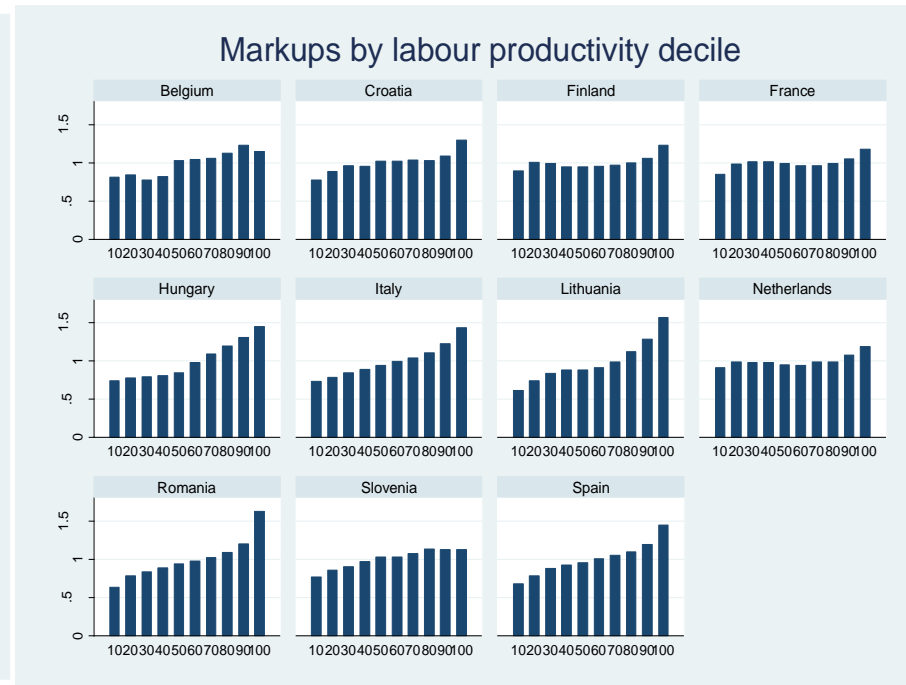
# Mark-ups: size and productivity dimension

➔ *Higher mark-ups are associated with higher firms size...  
.....and productivity*

Figure 4.15: Median manufacturing sector mark-ups  
across firm size deciles



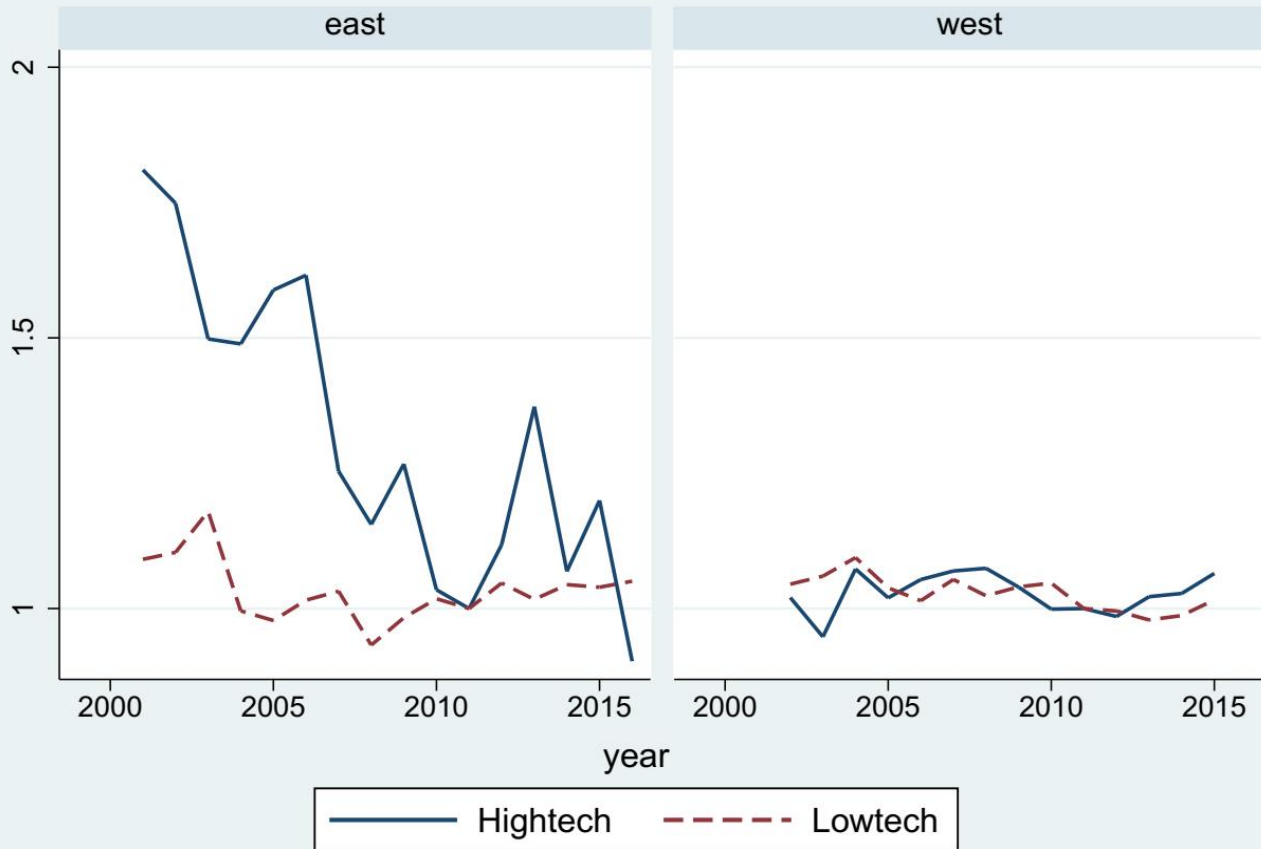
...and productivity deciles



Source: 6th vintage of CompNet data, full sample.  
Notes: Median mark-ups are normalized by country averages.

# Mark-ups by region and by technological content

➔ *Mark-ups shrinking in Eastern Europe for the high tech sectors*



Graphs by region

High-tech sectors including pharmaceutical, IT, manufacture of electrical equipment, machinery, motor vehicles and transport equipment.



## 2. CompNet latest achievements

- **Enlargement** of the Network:
  - More data providers (INSEE (France), Swiss Statistical institute, Central Bank of Turkey, Irish Statistical institute)
- Improvement of the **codes**
- Active in **research** ...
  - over **40 ongoing research projects** based on CompNet data
  - **25 Working Papers** since 2016
  - **31 refereed journal articles** from members of the CompNet network
  - New IWH-CompNet Discussion Paper Series
- ... and in **policy**
  - **European Commission: 9 Country Reports 2019** (Belgium, Germany, Croatia, France, Italy, Lithuania, Netherlands, Romania, Finland)
  - **VOX EU, February 2019, on 6th Vintage**
  - **ECB 2018 Non-Euro Area Surveillance Report**

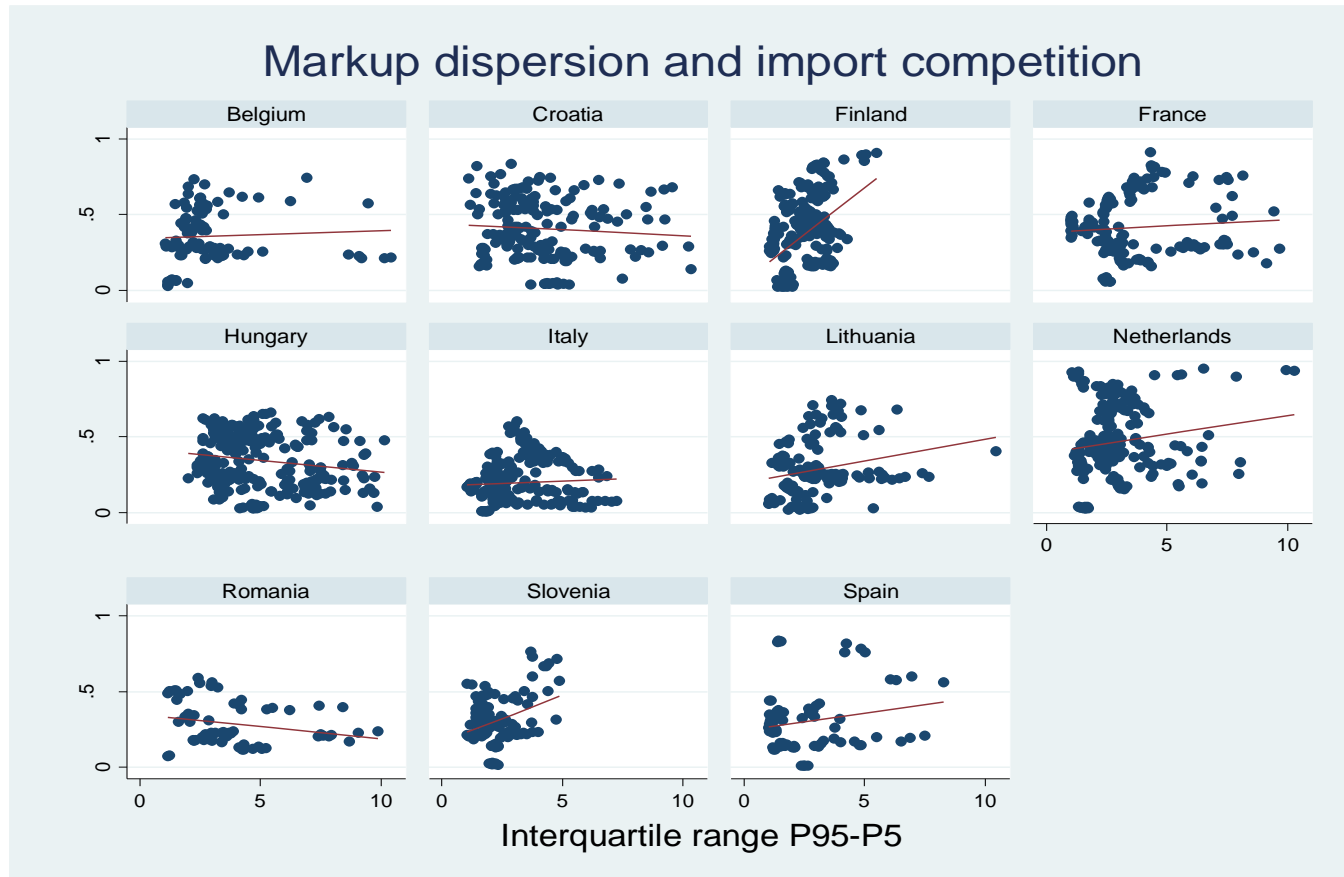
# 3. CompNet plans

- **New data collection (7th vintage):**
  - Data Provider Forum (6-7 May, IWH Halle) – to discuss improvements and timeline
- **Training**
  - “Research on Productivity, Trade and Growth” at Tinbergen Institute, Amsterdam (8-12 July 2019)
  - Others TBD
- **Conferences**
  - December 2019 at the EBRD on “Productivity and Finance”
  - Next year (2020) Conferences
    - ECB
    - Bank of Slovakia
- **MORE Collaborations**
  - Central banks
  - Statistical institutes

**Enjoy the Joint Conference!!**

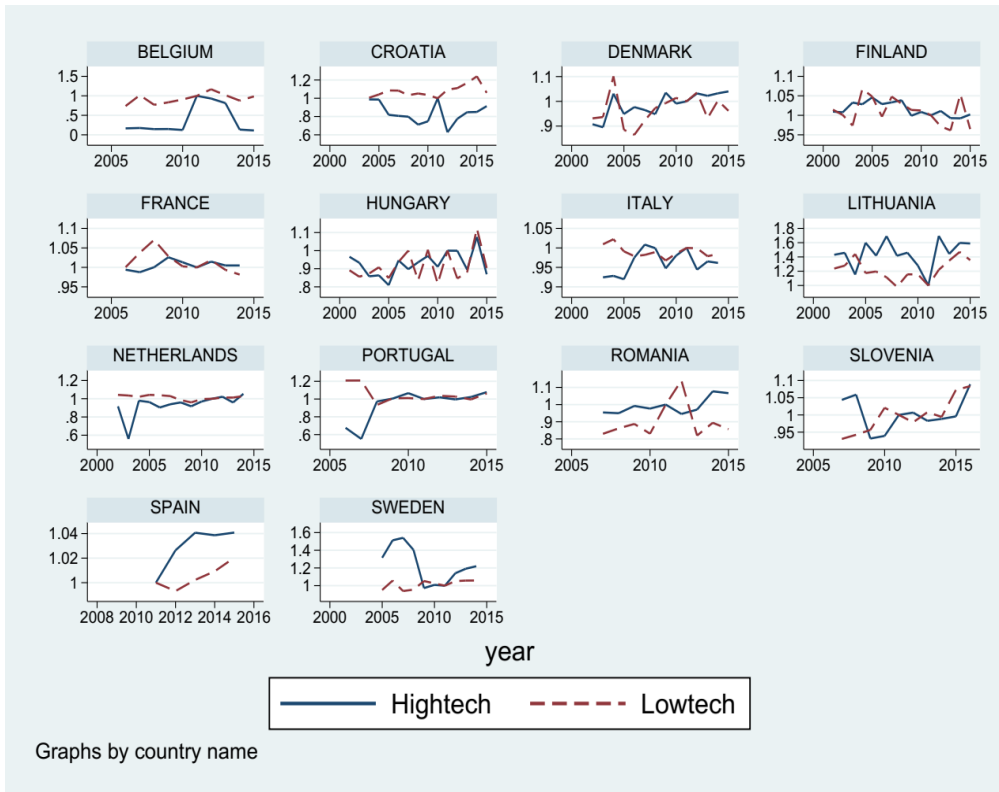
# Mark-ups: openness to trade and mark-up convergence

➔ **Higher mark-ups are mostly positively associated with import competition (contrary to expectations)**



Sources: 6th vintage of CompNet full sample (manufacturing sector) and United Nations Comtrade Database.  
Notes: Based on the full sample. We dropped outliers with respect the interquartile ranges.

# Mark-ups by country (2011=1)



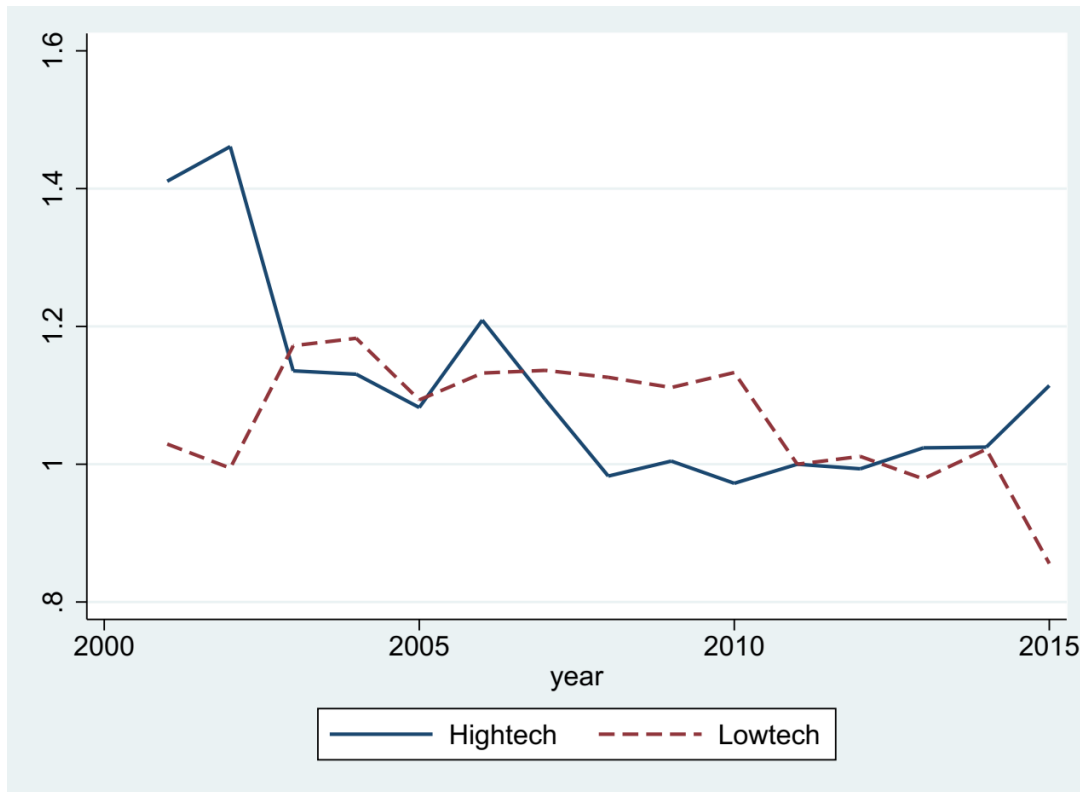
High-tech sectors including pharmaceutical, IT, manufacture of electrical equipment, machinery, motor vehicles and transport equipment.

## Mark-ups – all countries



High-tech sectors including pharmaceutical, IT, manufacture of electrical equipment, machinery, motor vehicles and transport equipment.

## Mark-ups – all countries with sector weights



High-tech sectors including pharmaceutical, IT, manufacture of electrical equipment, machinery, motor vehicles and transport equipment.