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Sectoral Growth Drivers and European Competitiveness

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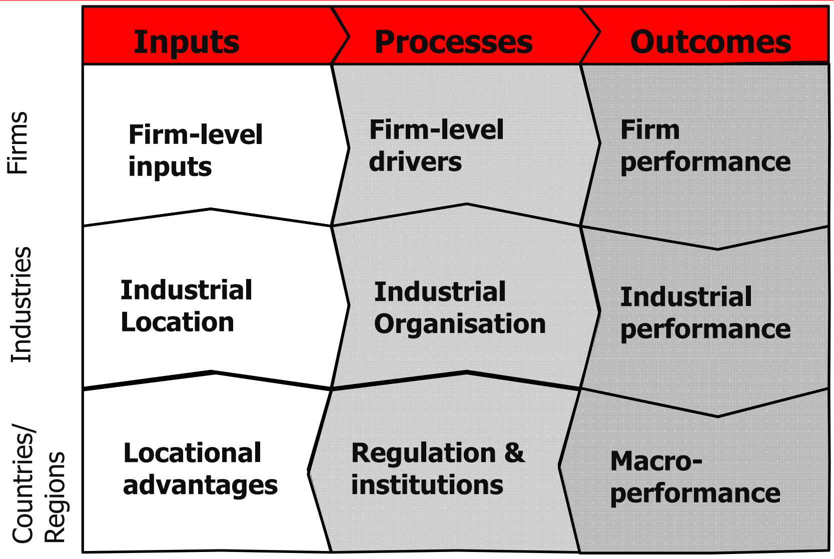
Competitiveness
An integrated puzzle



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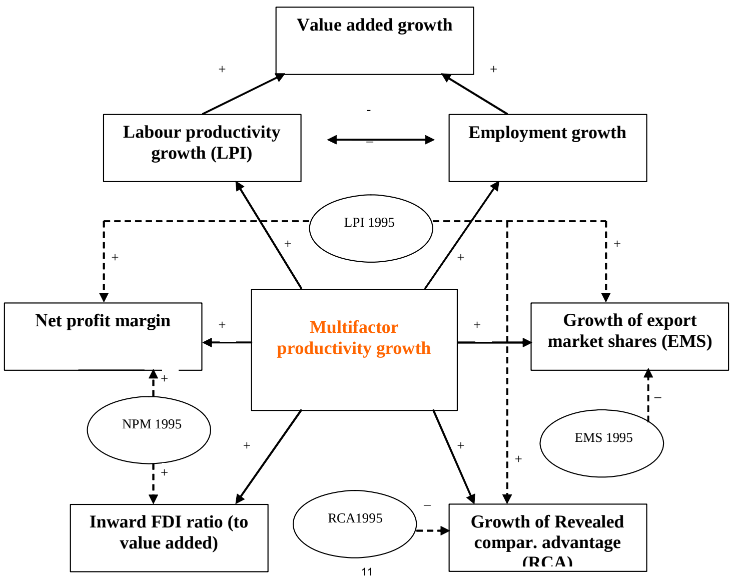
Sectoral performance
Estimated interdependencies



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Sectoral growth drivers
Summary characteristics (a)

Table II.12a — Summary of selected sectoral characteristics – manufacturing 1 = very high, 2 = high, 3 = intermediate, 4 = low, 5 = very low

NACE	Industry	Capital income share	ICT share in capital income	High skilled labour	Innovation intensity *	Firm turnover (1)	Firm net entry (1)	Average firm size(1)	Firm Concentration HHI	HHItc2	Trade openness Exports	Imports
15-16	Food, beverages, tobacco	2	4	4	4	4	4	3	3	3	.	.
15	Food and beverages	2	.	5	4	.	.	3	4	3	4	4
16	Tobacco	1	.	5	4	.	.	3	1	1	4	4
17t18	Textiles and clothing	4	2	5		2	4	3	3	4	.	.
17	Textiles	4	.	5	2	.	.	3	3	4	2	2
18	Clothing	4	.	5	5	.	.	3	3	5	2	2
19	Leather products	3	5	5	5	3	4	4	3	4	2	2
20	Wood, wood products	4	4	3	3	3	4	4	4	3	4	4
21t22	Pulp, paper, publishing	3	2	2	3	3	3	3	3	2	.	.
21	Pulp and paper	2	.	5	3	.	.	3	2	2	3	3
22	Publishing and printing	3	.	4	4	.	.	4	3	3	5	5
23	Coke, refined petroleum	1	4	2	2	5	4	2	1	1	5	4
24	Chemicals	1	4	2	2	5	3	2	2	3	2	2
25	Rubber, plastics	3	4	3	2	4	3	3	3	3	3	3
26	Non-metallic mineral prod.	2	4	3	2	4	3	3	3	2	4	4
27t28	Basic metals and products	3	3	3	3	3	3	3	3	4	.	.
27	Basic metals	3	.	5	2	.	.	2	2	2	3	2
28	Fabricated metal products	4	.	5	3	.	.	4	4	4	4	4
29	Machinery and equipment	4	2	3	1	4	4	2	4	4	2	2
30t33	Electrical and optical equip.	3	2	2	1	4	3	2	2	3	.	.
30	Office machin., computers	2	.	1	1	.	.	4	1	2	1	2
31	Electric machinery	3	.	5	1	.	.	2	2	3	2	2
32	Radio, TV, communic. equip.	3	.	3	1	.	.	2	1	2	1	1
33	Precision instruments	4	.	3	1	.	.	3	3	3	2	2
34t35	Transport equipment	3	3	3	2	4	3	1	2	2	.	.
34	Motor vehicles, trailers	2	.	5	2	.	.	.	2	3	2	2
35	Other transport equipm.	5	.	4	2	.	.	.	1	1	2	2
36t37	Furniture, recycling	4	3	4		3	3	4	3	4	.	.
36	Furniture, other manufact.	4	.	5	3	.	.	4	4	4	3	4

NB: Relative importance is calculated as the mean of the quintiles of the sector ranking by countries, except for *, where the classification was produced by multivariate cluster analyses based on microdata from the Third Community Innovation Survey (see Peneder, 2008).
1 Employment weighted.; 2 Trade corrected Hirschman-Herfindahl Index

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Sectoral growth drivers
Summary characteristics (b)

Table II.12b — Summary of selected sectoral characteristics — market services 1 = very high, 2 = high, 3 = intermediate, 4 = low, 5 = very low

NACE	Industry	Capital income share	ICT share in capital income	High skilled labour	Innovation intensity *	Firm turnover1	Firm net entry1	Average firm size1	Supplier Concentration (HHI)
40t41	Electricity, gas and water supply	1	4	2	4	4	3	1	2
40	Electricity, gas, steam and hot water	1	.	5	4	4	3	.	2
41	Water supply (coll., purification, distrib.)	2	.	.	4	4	3	.	2
45	Construction	4	4	5	.	2	2	4	5
50	Sale and repair of motor vehicles, fuel retail	3	3	4	.	2	3	5	4
51	Wholesale trade	2	2	3	5	2	3	4	5
52	Retail trade	4	2	4	.	2	4	3	5
55	Hotels and restaurants	4	3	4	.	1	2	4	5
60t63	Transport services	3	3	5	.	.	.	.	.
60	Land transport	4	.	5	5	3	3	2	4
61	Water transport	3	.	5	5	3	3	4	2
62	Air transport	3	.	4	3	4	3	3	1
63	Auxiliary transport activities	2	.	5	5	3	2	3	4
64	Post and telecommunications	1	1	2	2	4	2	1	1
65t67	Financial services	2	1	1	4	.	.	.	.
65	Financial intermediation	2	.	2	3	4	3	.	.
66	Insurance and pension funds	4	.	3	4	5	3	.	.
67	Auxiliary financial services	3	.	.	5	1	2	.	.
70	Real estate	1	5	1	.	1	2	5	5
71t74	Business services	3	1	1	2	.	.	.	.
71	Renting of machinery and equipment	1	.	4	.	1	2	5	3
72	Computer & related services	4	.	1	.	1	1	4	4
73	Research & development	5	.	1	1	2	2	4	2
74	Other business services	4	.	1	3	1	1	3	5

NB: Relative importance is calculated as the mean of the quintiles of the sector ranking by countries, except for *, where the classification was produced by multivariate cluster analyses based on microdata from the Third Community Innovation Survey (see Peneder, 2008).
1Employment weighted.

Source: WIFO calculations.

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Sectoral growth drivers
Industrial policy

- **Study provides much detail by sector on what the most important determinants are !**
- **Differential impact of various growth drivers on *heterogeneous* sectors substantiates the case for the New Industrial Policy approach**
  - **Get over the dichotomy between *vertical* and *horizontal* policies (state activism vs. laissez-faire)**
  - **Start from horizontal measures, then adjust and fine-tune the meso-environment of particular sectors**

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Thank you for your attention!