

STATISTICS DIRECTORATE

National Accounts and Economic Statistics

**NEW OECD INITIATIVES FOR IMPROVING INTERNATIONAL COMPARISONS OF
PRODUCTIVITY**

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NEW OECD INITIATIVES FOR IMPROVING INTERNATIONAL COMPARISONS OF PRODUCTIVITY

1. This paper is for decision of the WPNA. Productivity is a central measure of economic performance. The OECD has long used it in its economic analyses and released the *OECD Productivity Database* at the beginning of 2004. The recent meeting of the OECD Committee on Statistics has confirmed that the OECD should play a leadership role in ensuring the international comparability of measures of productivity, in growth as in levels.
2. The OECD is already carrying out several initiatives (see box) to improve the comparability of productivity estimates. In particular, workshops are organised, methodological recommendations have been prepared, papers have been written and presented in OECD meetings and international conferences, and an original reference website and a new database have been developed.

Box 2: Recent OECD Initiatives on Productivity Measurement

- OECD workshop on productivity measurement in 17-19 October 2005 in Madrid (jointly with Directorate for Science, Technology and Industry), see http://www.oecd.org/document/27/0,2340,en_2649_33715_35100379_1_1_1_1,00.html; this workshop is coordinated with the KLEMS project financed by the European Commission.
- At the occasion of the above workshop, an OECD compendium on productivity indicators will be published jointly with the Directorate for Science, Technology and Industry;
- OECD workshop on productivity analysis in 2006 (jointly with Directorate for Science, Technology and Industry), hosted by Switzerland.

3. Nevertheless, the demand for a substantial improvement of availability, accuracy and comparability of productivity measures is still very high and it is growing over time. The OECD is therefore launching two other initiatives during 2006.

1. Productivity of non market sector

4. Productivity measures for the non-market sector have recently attracted considerable attention (Atkinson report in the UK). There is a need for exchange of best practices and improvement of international comparability. With the support of the Committee on Statistics, the Statistics Directorate, in conjunction with the Education and Health Directorates of the OECD, is launching a project on *measurement of output, prices, and productivity of the non market sector, with focus on health and education*. This would entail:
 - the organisation of an international seminar on this issue in the second quarter of 2006; the originality of the seminar is that it will gather experts in health and education statistics as well as national accountants.

- the development of an implementation manual giving international recommendations regarding the measure of the output and productivity in the domain of health and education, taking also into account the forthcoming revision of the SNA.

To carry out this project, the OECD requires:

- commitment by countries to mobilise national accounts experts and statisticians specialised in the analysis of health and education;
- financial support to recruit an expert consultant for the preparation of the seminar, including a scoping paper on international comparability, and to develop the implementation manual.

2. Improving measure of depreciation

5. International comparisons of economic well-being frequently focus on a single measure, GDP per capita. The Secretariat has started to develop accompanying alternative measures that permit broader assessment of the question. Examples are net measures of output, or income-based measures instead of production-based measures. The Committee on Statistics recommended that the OECD propose a model publication of complementary measures to GDP per capita, such as GNI and NDP, in order to educate users on the relevance of each measure. To be analytically useful, these ‘neighbouring’ data have to be at least as reliable as GDP comparisons. To date, question marks remain about the reliability and comparability of some of these series, in particular net measures, given the weak empirical basis for estimates of depreciation in many OECD countries. With support of the Committee on Statistics, the OECD is launching a project for advancing the measurement of depreciation. This would entail:

- the organisation of a seminar on the *measurement of depreciation* with focus on empirical and implementation issues;
- a special effort by some OECD countries to improve the quality of their capital stock and depreciation estimates;
- the development of international guidance and coordinated methodology in the context of a revision of the OECD Capital Stock Manual to accompany the new System of National Accounts, with more precise recommendations on how to produce estimates of depreciation.

6. To carry out this project, the OECD would require financial support to recruit an expert consultant for the preparation of the seminar, including a scoping paper on international comparability of depreciation, and to develop the implementation manual.