

Europe's productivity challenge

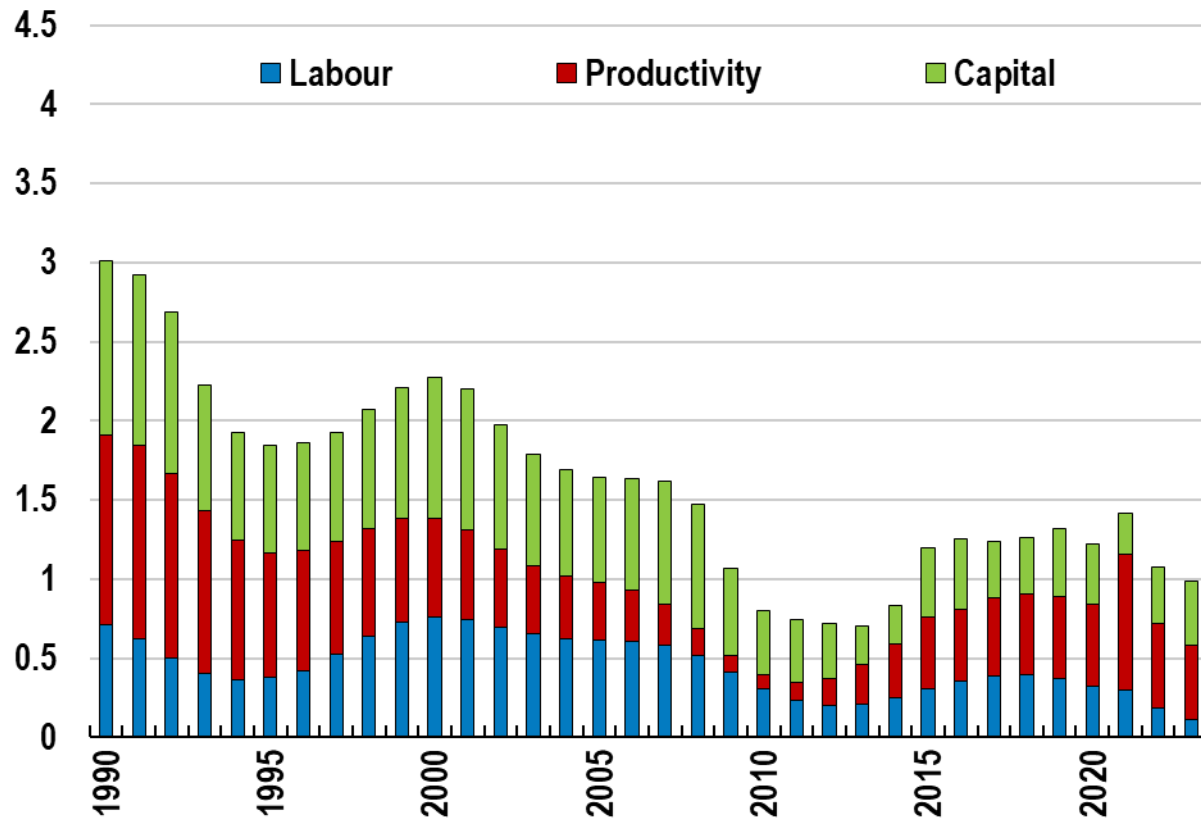
**Joint Conference of France Stratégie, the OECD, the
EC and the French National Productivity Council
30 June 2022**

**Laurence Boone
OECD Chief Economist and Deputy Secretary-General**

The EU risks returning to a low-growth path

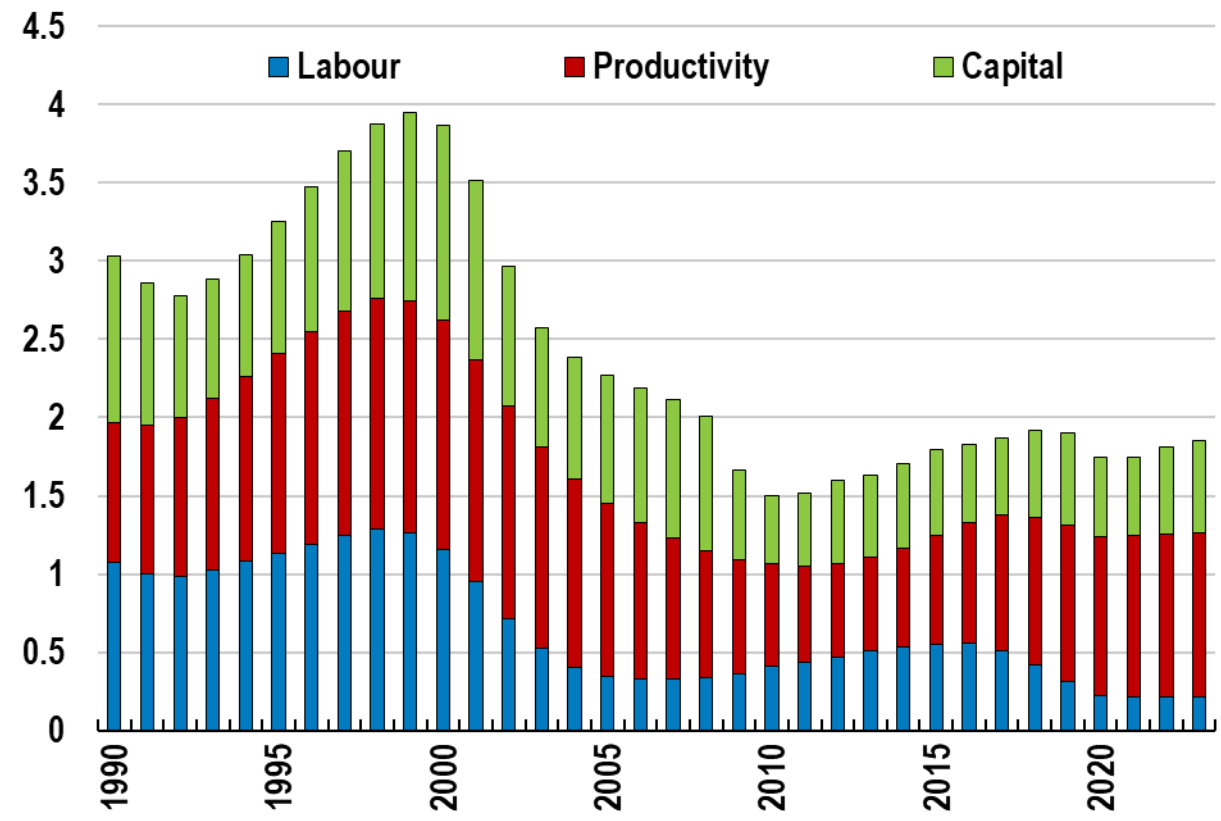
Euro area

Contribution to potential GDP growth, % points



USA

Contribution to potential GDP growth, % points



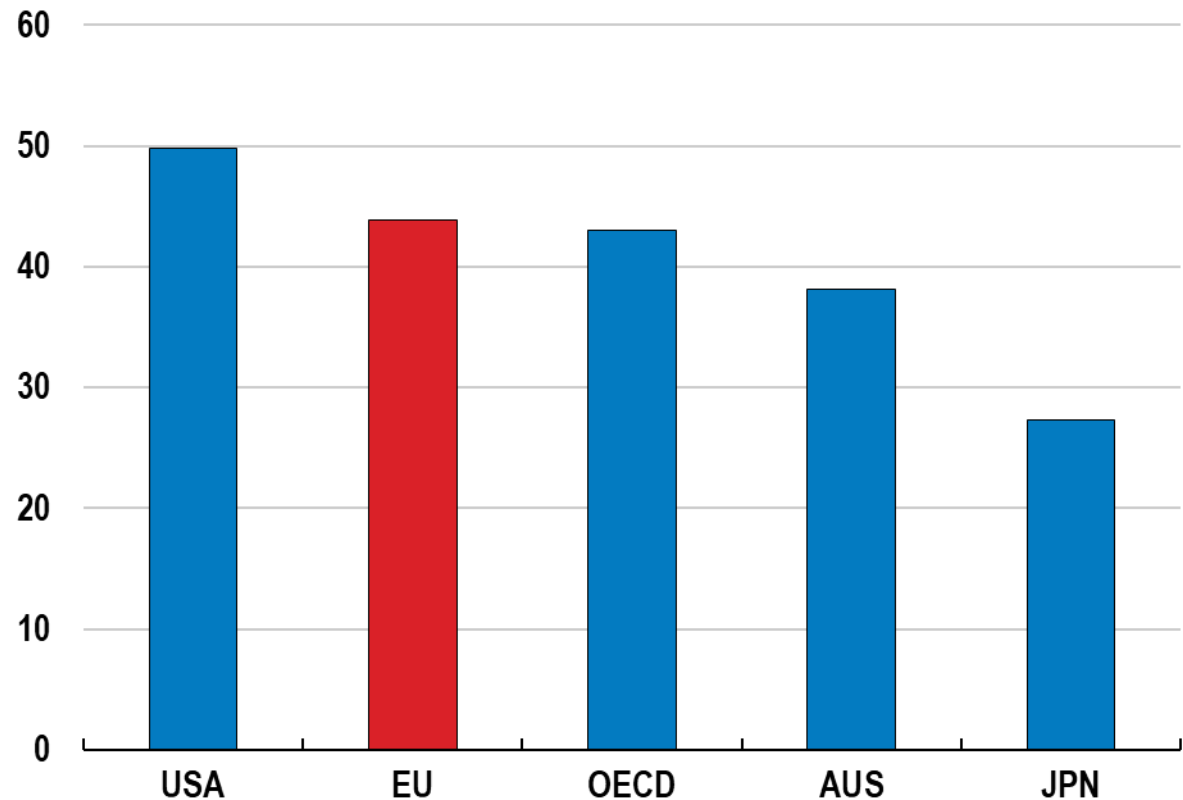
Note: Trend GDP growth refers to the growth rate of potential output. Euro area refers to the 17 member states of the euro area that are also members of the OECD.
Source: OECD Economic Outlook 111 database; OECD calculations.



Many Europeans lack the skills needed to become more productive

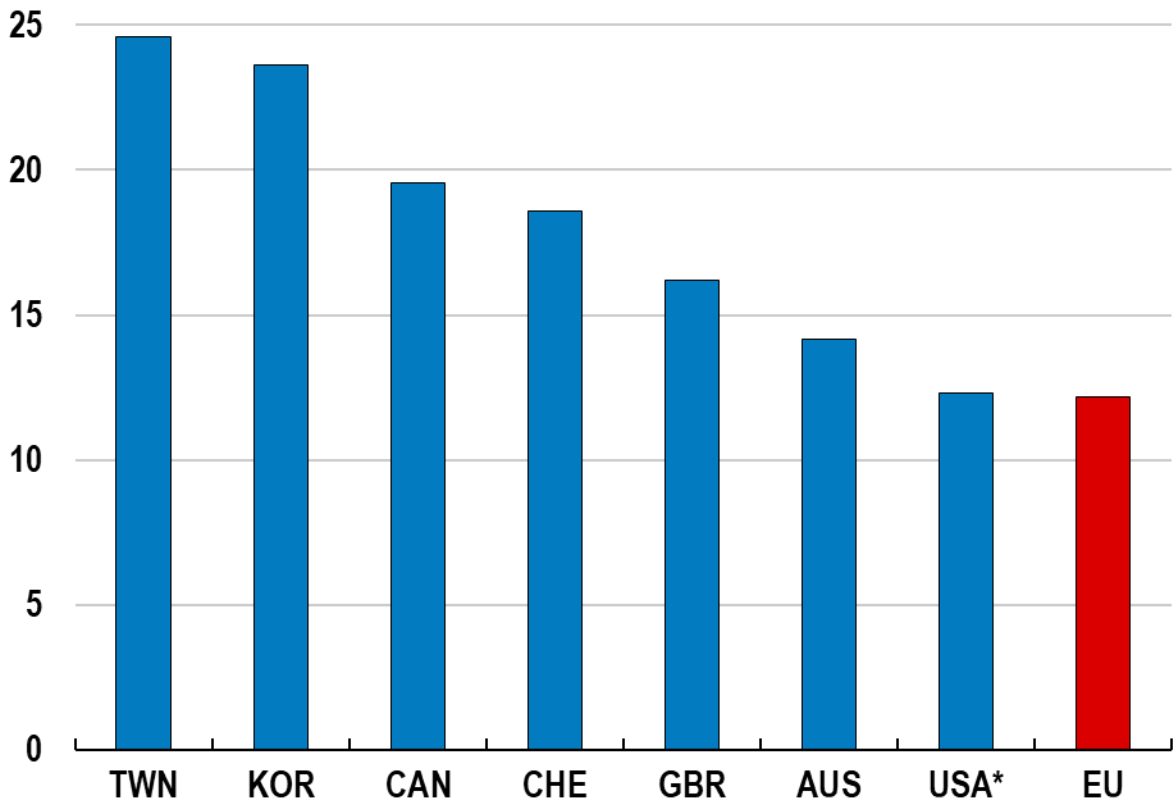
Poor ICT skills are common

% of survey participants with very low or no ICT skills



EU's share of top performers in maths and science is relatively low

% top performers in science and/or mathematics, 15-year-olds, 2018



Note: Very low or no ICT skills refers to level 1 or lower proficiency in problem solving in technology-rich environments. EU is the unweighted average of the following EU member states: AUT, CZE, DNK, EST, FIN, DEU, GRC, HUN, IRL, LTU, NLD, POL, SVK, SVN, SWE. Source: Survey of Adult Skills (PIAAC) (2012, 2015, 2018); and OECD calculations.

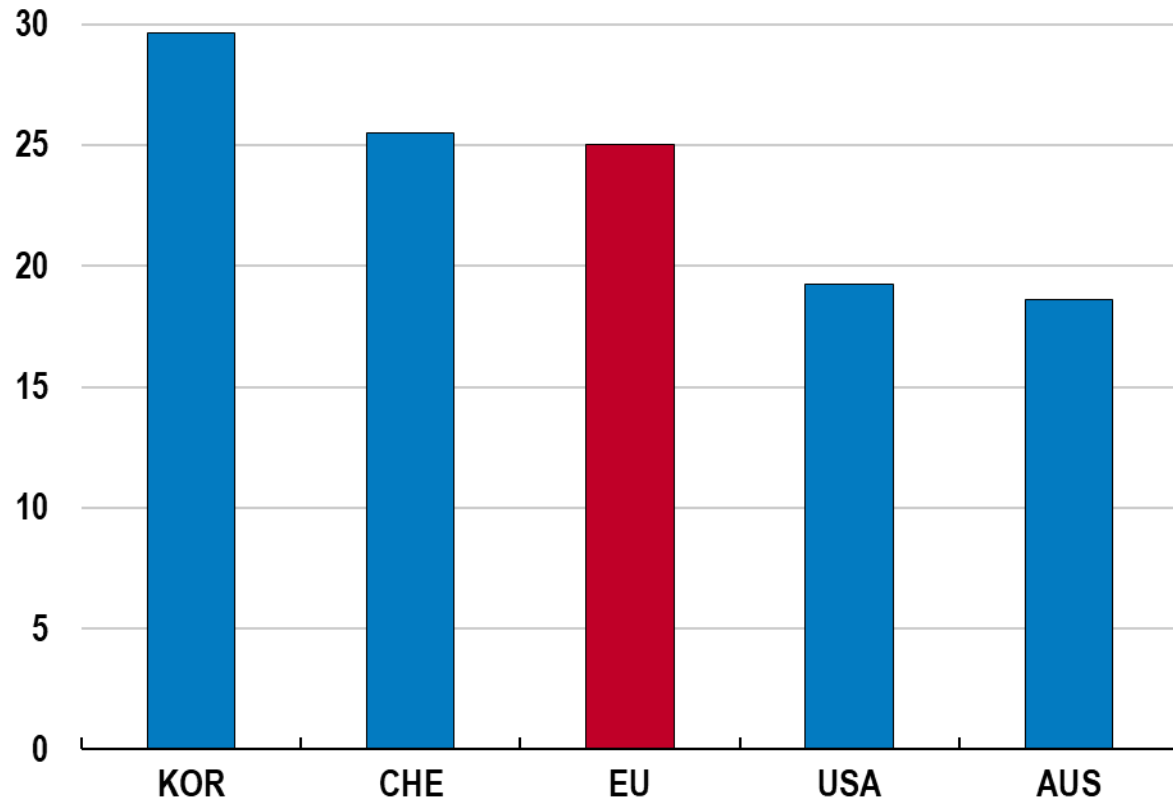
Note: top performers refer to students who have achieved at least Level 2 in all three core domains and at Level 5 in mathematics and/or science. EU is the unweighted average of EU27 countries. * Data did not meet the PISA technical standards but were accepted as largely comparable. TWN denotes Chinese Taipei. Source: PISA 2018; and OECD calculations



Europe struggles to attract foreign talent

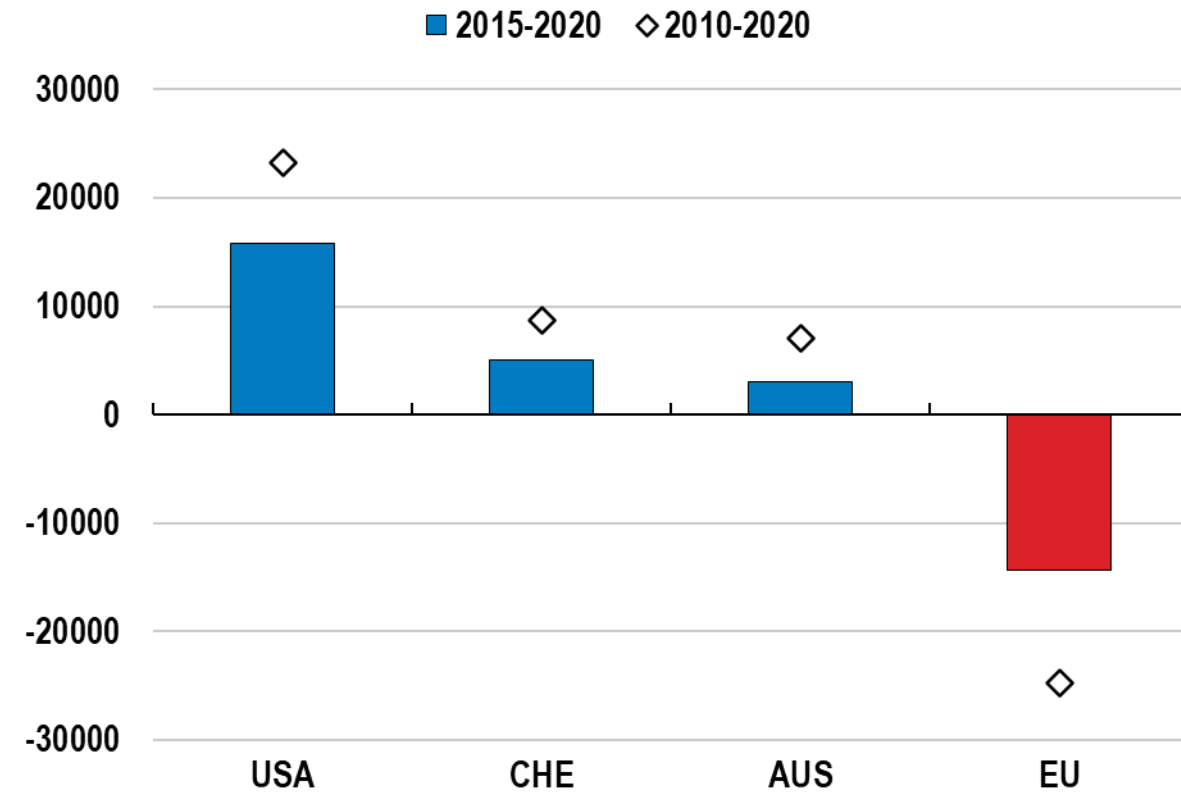
Europe trains scientists

Tertiary graduates in STEM as % of total tertiary graduates



But it struggles to retain them

International net flows of scientific authors, cumulative

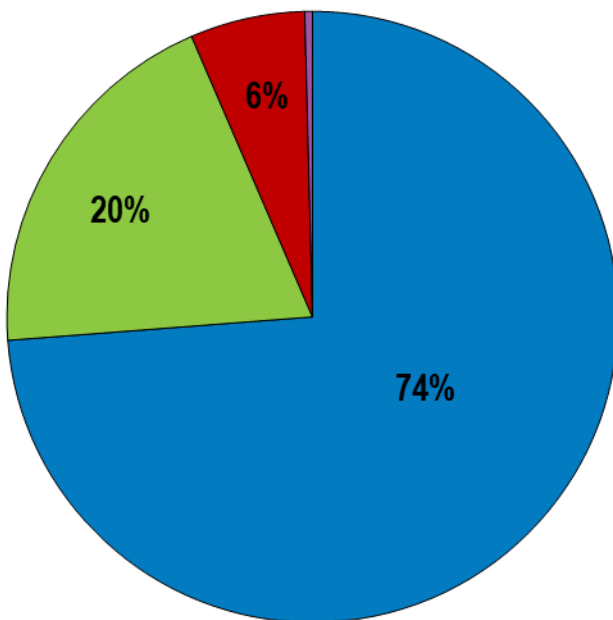


Few tech giants are European

Europe only represents 6% of the top 100 global tech firms

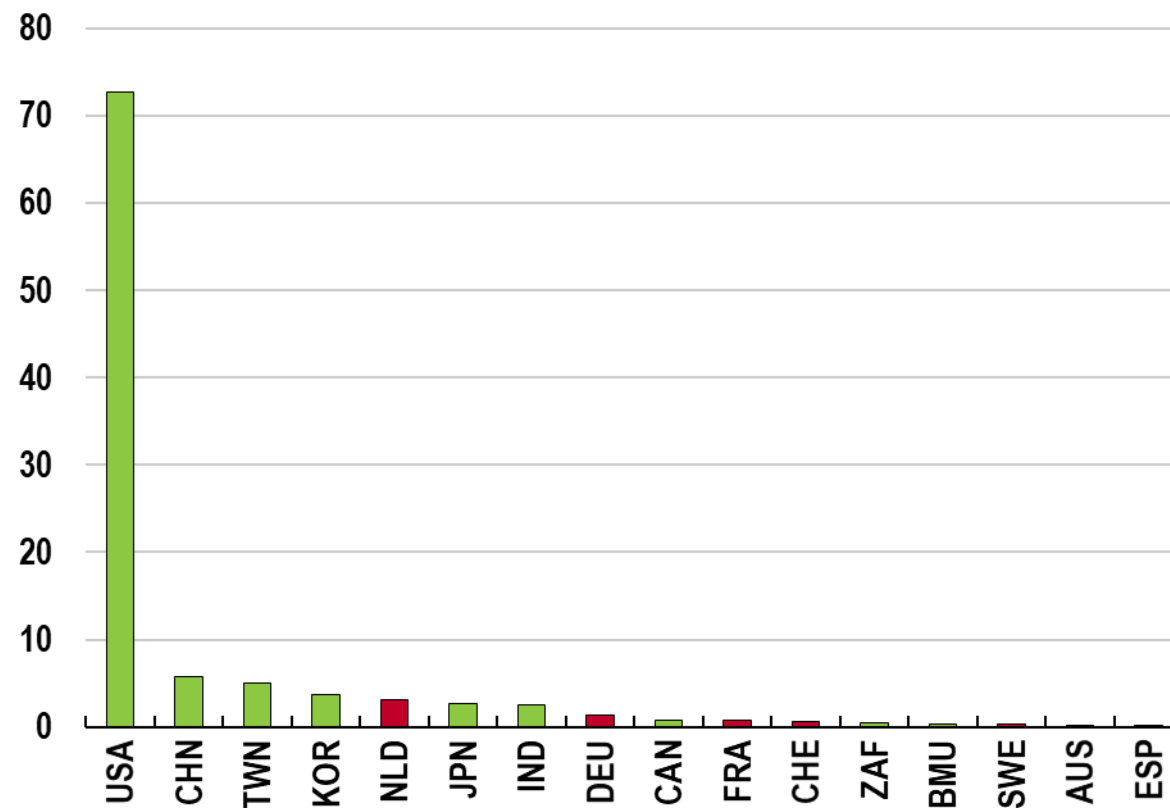
%, share of market capitalisation of the top 100 global tech firms

■ North America ■ Asia-Pacific ■ Europe ■ Africa



USA alone accounts for more than 70% top global tech firms

%, share of market capitalisation of the top 100 global tech firms



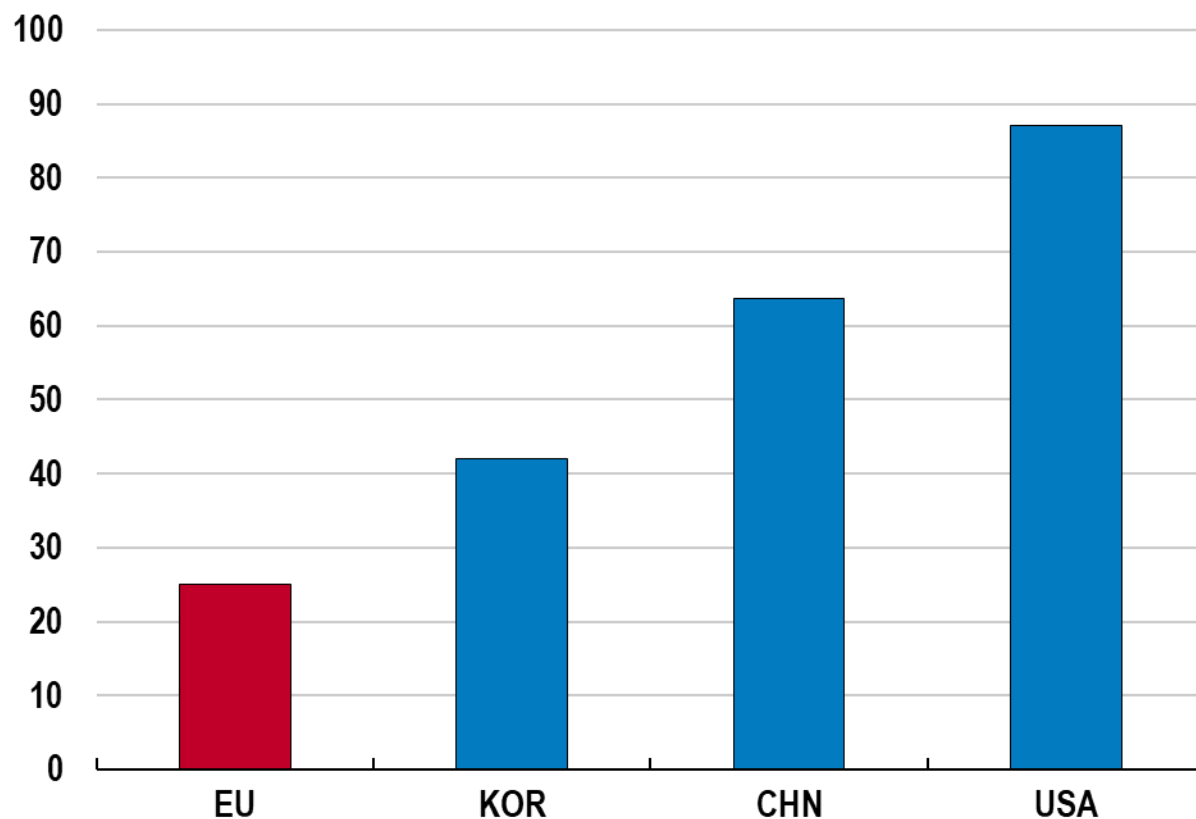
Note: The market value is the average of June 2022 and converted to million USD. Technology firms refer to firms that fall under the category of Computer Services, Internet, Software, Computer Hardware, Electronic Office Equipment, Semiconductors and Telecommunications Equipment. TWN denotes Chinese Taipei.
Source: DataStream Global Equity Index; and OECD calculations



Europe needs to pick up on digital investment

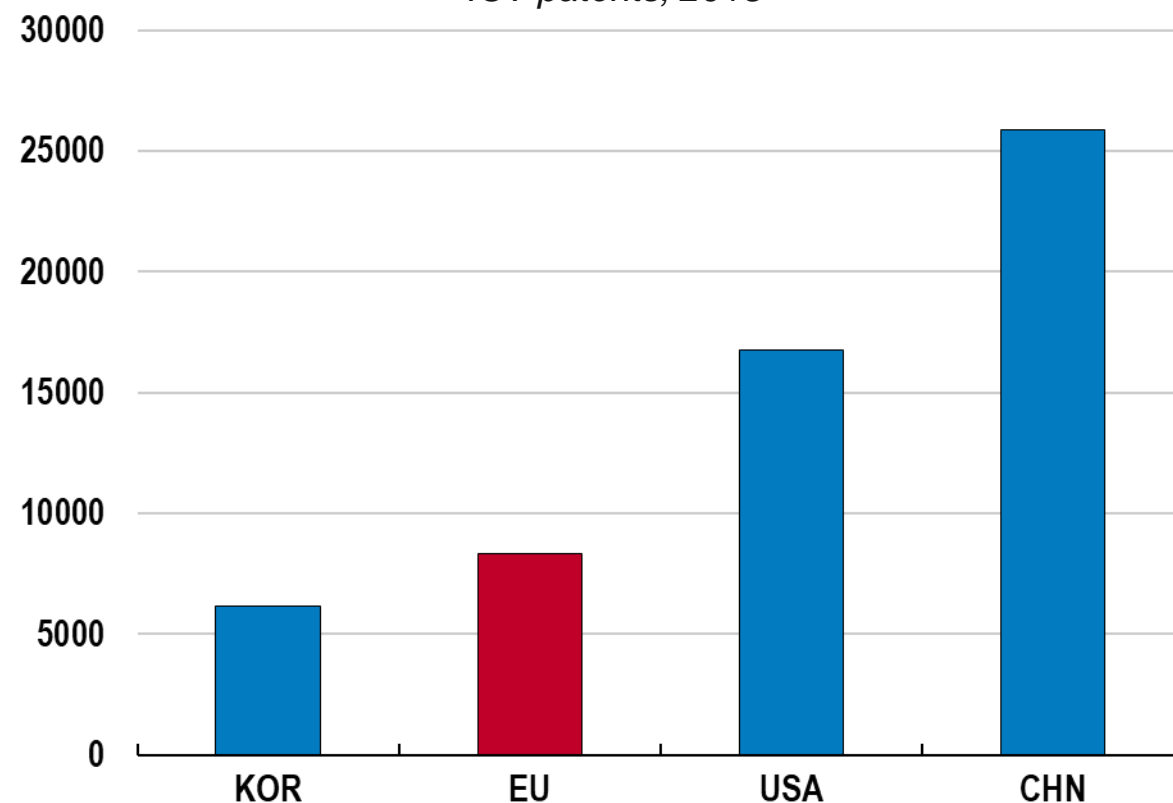
European digital business investment is low

*Business investment in computer and electronic industry,
billion USD PPP, 2019 or latest*



Considering its size, the EU lags behind on ICT patents

ICT patents, 2018



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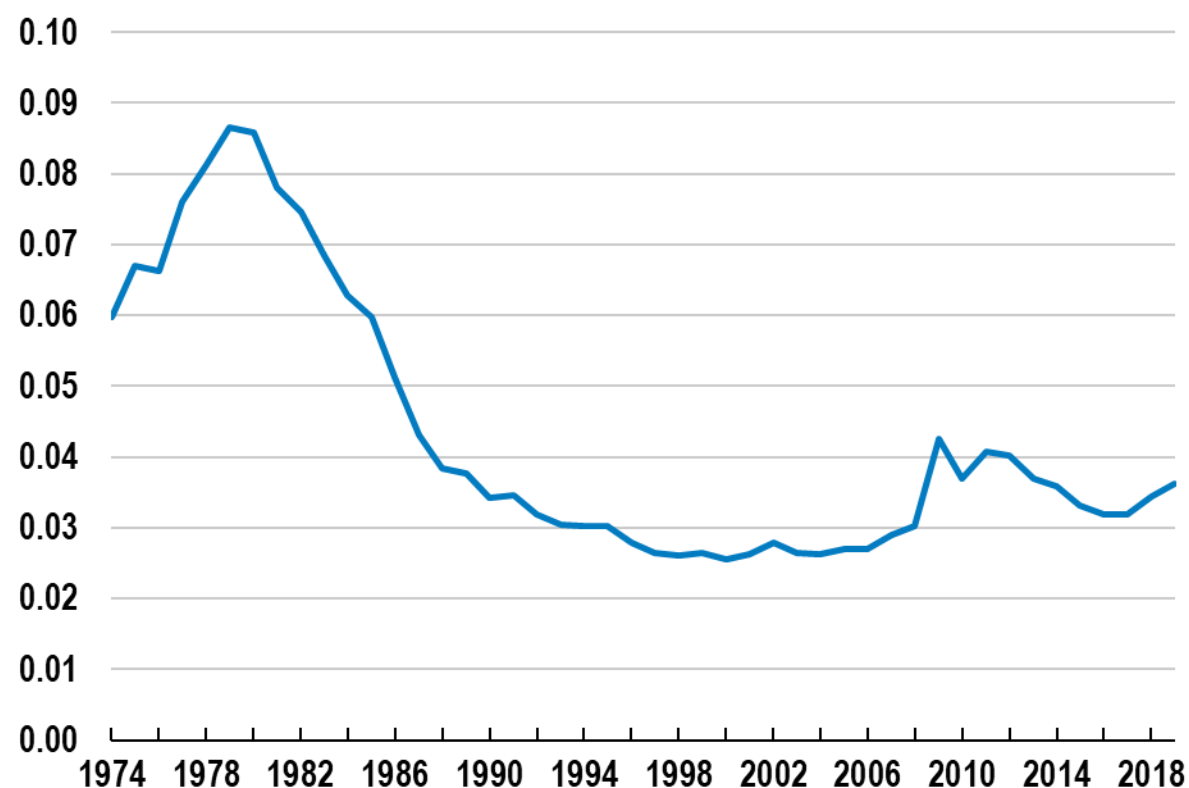
 <https://oecdecoscope.blog/>



Higher R&D spending is also key for the green transition

Public support for green innovation is insufficient

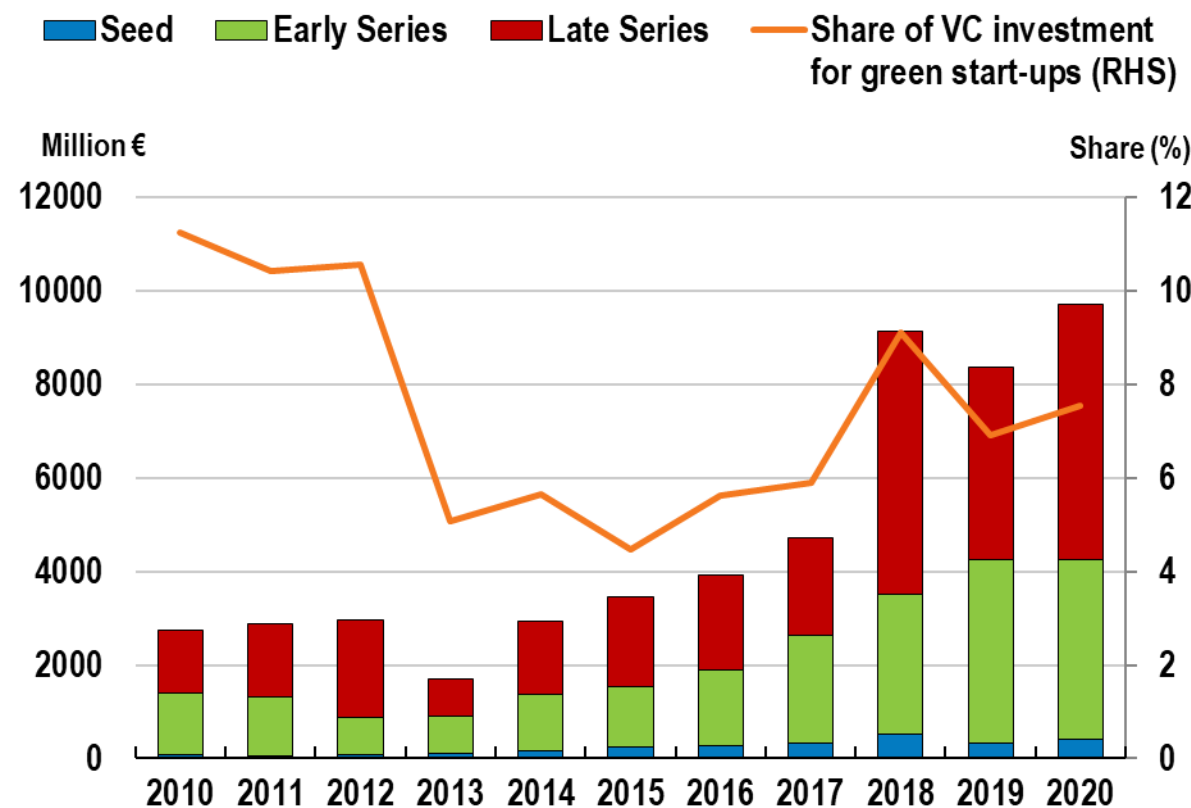
Low-carbon public R&D expenditure, OECD, % of GDP



Source : IEA Energy RD&D public expenditures (2021)

The share of venture capital going to green start-ups is lower than in 2010

Share of venture capital investment for green start-ups, %



Source: Crunchbase; Dealroom; OECD calculations.

