



“R&D and Innovation Policies for the Marketplace”

Workshop on firms, industries and productivity

*Jointly organised by the National Productivity Board of Portugal,
the OECD Working Party on Industry Analysis and the OECD Global Forum on Productivity*

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Lisbon, Portugal

Summary

On 16th of September the Global Forum on Productivity (GFP), the Working Party of Industry Analysis (WPIA) and the National Productivity Board of Portugal held a joint workshop around the theme “R&D and Innovation Policies for the Marketplace” in Portugal, Lisbon, at Statistics Portugal.

After an introduction by representatives of the organising and hosting organisations (**Francisco Lima** from Statistics Portugal, **Ricardo Pinheiro Alves** from Ministry of Economy Portugal, **Mariagrazia Squicciarini** from WPIA/OECD and **Peter Gal** from GFP/OECD), **Augusto Mateus** (former Portuguese Minister of the Economy, currently Economics Professor at ISEG-UTL and Head of Augusto Mateus e Associados) gave a **keynote speech** on R&D and productivity enhancing policies. He touched upon a wide range of issues, pointing out that today’s economies are experiencing three parallel changes: they are becoming increasingly demand driven, knowledge driven and service based. All of these changes bring their own challenges, not least in terms of measurement: economic value is more and more difficult to accurately capture as corrections for quality and price changes are also getting more complicated. He encouraged attendees to think about novel ways of measuring productivity, also with a view to internalise consumer value. He praised the trade in value added (TiVA) initiative of the OECD as a good example of trying to keep the measurement of trade up to date with reality.

The **first session** on “R&D, innovation and the scale-up of firms” – chaired by **Ricardo Alves** (Ministry of Economy, Portugal) – featured an example of a successful entrepreneur, **Gonçalo Quadros**, who created an IT company called “Critical Software” and described how he took his idea from the university to the marketplace. He stressed the crucial importance of the people he teamed up with, in particular their attitude

towards risk taking and their dedication and perseverance to push forward with the project. He acknowledged that the Portuguese eco-system and government support policies were also helpful, but mentioned that there still is room to reduce the amount of bureaucratic burden involved when dealing with public bodies. The second speaker in the session – **Marina Rybalka**, Statistics Norway – presented an empirical study that evaluates the R&D tax credit system in Norway. She showed that the tax credit was effective to boost firms' R&D spending, innovative activities as well as productivity, especially for those that had not done R&D before (extensive margin). She highlighted the difficulties of computing the overall macroeconomic benefits of the system due to potential positive spillover effects on other firms and sectors that would come on top of the estimated effects on the directly affected firms. The final speaker – **Matej Bajgar**, OECD – described the results of a distributed micro-data analysis called *MicroBerd*, aimed to investigate a similar issue: the role of R&D support systems in impacting firms' behaviour. He also found robust and positive effects for most countries, and confirmed that the largest ones accrue again to those firms that had not been R&D spenders in the past. In addition, he showed that experimental development was more positively affected than basic research. Finally, his work also highlighted the importance of the exact details in the design of the R&D tax credit system (for instance exemptions and their thresholds).

The **second session**, chaired by **Chiara Criscuolo** (OECD) gathered high-level officials from EU countries (Portugal, Ministry of Economy: **Ricardo Alves**; France, France Strategie: **Vincent Aussilloux**) and the European Commission (**Mary-Veronica Tovsak-Pleterski**) to discuss possibilities for enhancing cooperation on industry analysis and productivity across countries and across various global and EU bodies such as the GFP, WPIA and the National Productivity Boards (NPB) in the EU and the European Commission. **Ricardo Alves** outlined several avenues that involve different degrees of engagement and collaboration, with the primary aim to leverage on the joint expertise of these groups and able to provide more analysis and support for productivity enhancing public policies. He urged EU countries that are not yet members of the GFP to join, so that more resources are available to further increase the research and policy advice capacity of the OECD secretariat. **Mary-Veronica Tovsak-Pleterski** (European Commission) welcomed that 16 EU countries have already set up NPBs. She stressed that tailored designs are needed for each country, and highlighting the broader societal benefits of improving productivity should be a priority too. She also pointed out ongoing efforts to create and share new types of data (e.g. MultiProd, micro-aggregated source from firms, overseen by OECD/STI and WPIA) and update existing ones (EUKLEMS, industry level source). **Vincent Aussilloux** (France Stratégie) reinforced the importance of continuing with the detailed data collection and harmonisation activities to ensure the comparability of all aspects of statistics that are related to productivity. He mentioned the example of investment in ICT goods and services, for instance, but also touched on the area of micro data access and proposed to put forward more concrete steps at the EU level to make such access simpler for research purposes.

All panellists agreed that “quality over speed” is a good principle going forward, putting more weight on the depth and thorough nature of the analysis. Some participants from the audience cautioned against excessive collaboration across many bodies, since it is important to preserve diversity in policy views and proposals. Responding to a question from the audience on the distinct role of the GFP, **Chiara Criscuolo** explained that:

- Compared to OECD working parties and committees, its membership is more global and goes beyond the OECD;
- It carries out an additional, complementary research program, combining various expertise within the OECD; and
- It co-organises events with members, which can help to catalyse policy discussions and additional research in the country around productivity.

The event was closed by brief remarks from Ricardo Alves, Mariagrazia Squicciarini and Peter Gal that summarised the main takeaways and invited participants to follow our activities and attend future events.