



# OECD perspectives on competitiveness and better regulation

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## Selected OECD member's approaches

OECD member	Definition of competitiveness	<u>Selected</u> indicators
AUS	Mentions competitiveness in relation to regulatory impacts on competition and on trade but does not define it	N/A
BEL	The capacity of a firm, an industry, or a territory to provide one or several goods/services under competitive market conditions in the long term	Costs of factors of production; ease of administration, labour productivity, innovation, creativity, resilience
FRA	Should disclose potential economic impacts, which includes any effect on competitiveness, trade balance, GDP and inflation as well as effects on investment and new obligations on firms, but does not define competitiveness	N/A
IRL	The ability to achieve success in international markets leading to better standards of living for all. It stems from a number of factors, notably firm level strategies and a business environment that supports innovation and investment, which combined lead to strong productivity growth, real income gains and sustainable development	Business and work environment, namely economic and technological infrastructure, entrepreneurship and enterprise development, innovation and creativity



## ***Competitiveness: A concept in search of a definition***

[There] is probably no concept in all of economics that is at once more fundamental and pervasive, yet less satisfactorily developed, than the concept of competition (McNulty, 1968)

A major problem is the different definitions of competitiveness that abound in the literature (Boltho, 1995)

The term “competitiveness” is a multi-dimensional and somewhat nebulous concept. There is no single means to define competitiveness and it can include a wide array of context-specific factors (Davidson, P., C. Kauffmann and M. de Liedekerke, 2021)

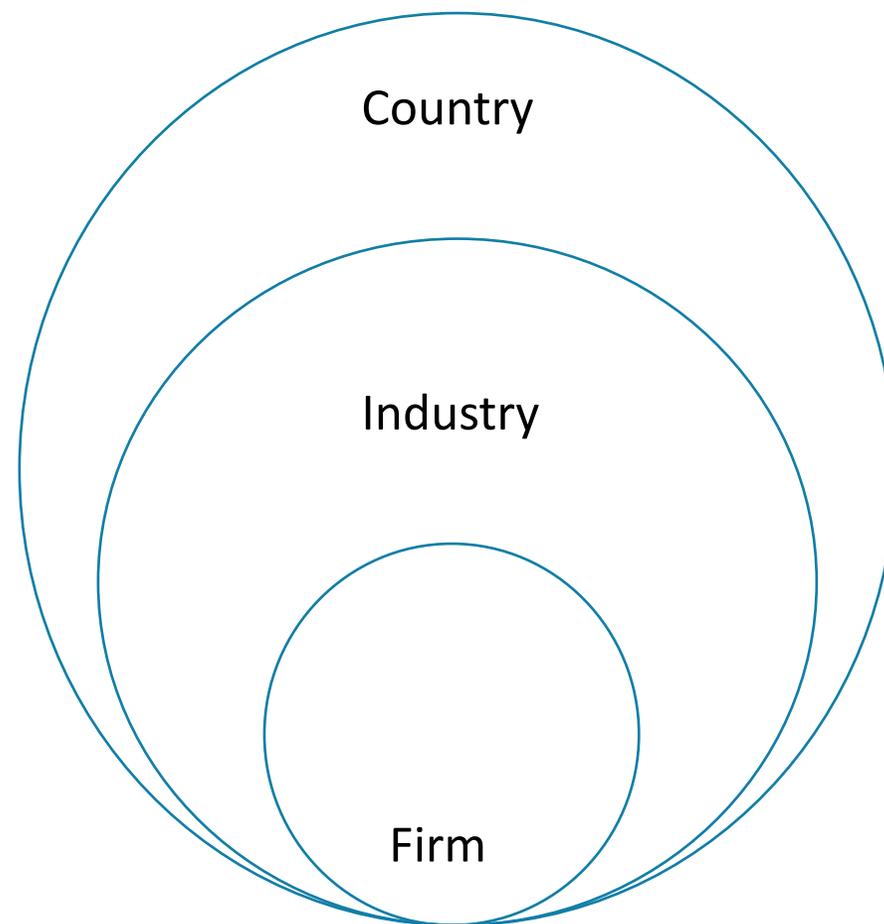
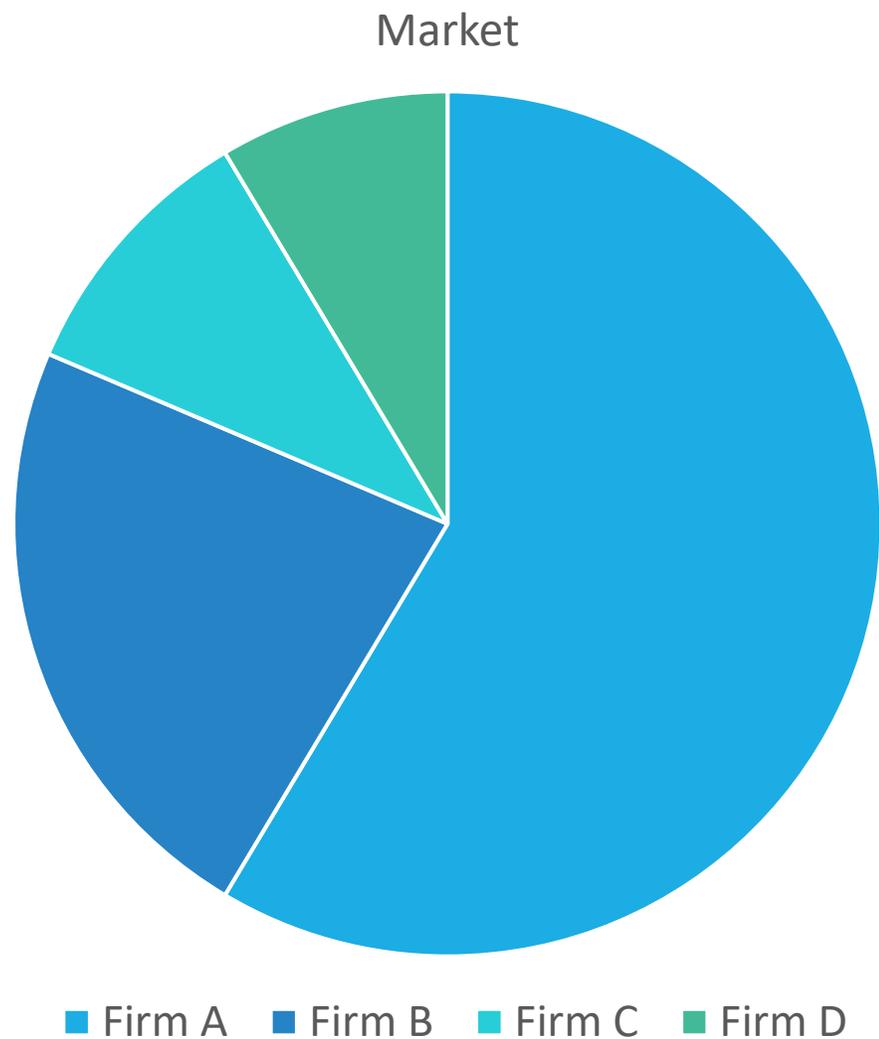


## *Common elements of competitiveness*

1. an “entity” element, usually a firm although it can also refer to a sector, industry, or a nation;
2. a “growth” element e.g. productivity or GDP;
3. a “geographical dimension” e.g. a region, a country, and/or internationally; and
4. a timeframe.



# Competition vis-à-vis competitiveness





## *Policy implications*

- The “what” question is currently inadequately addressed, making the optimality discussion somewhat redundant
- **If** competitiveness is linked to productivity, then a priori thinking longer-term may be more instructive (e.g. Krugman, 1994)
- Existing policy settings may well have a significant influence on competitiveness (e.g. Delgado et al. 2012; Medeiros, V., Godoi, L. G., and E. C. Teixeira, 2019)



# References

- Davidson, P., C. Kauffmann and M. de Liedekerke (2021), "How do laws and regulations affect competitiveness: The role for regulatory impact assessment", *OECD Regulatory Policy Working Papers, No. 15*, OECD Publishing, Paris, <https://doi.org/10.1787/7c11f5d5-en>.
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**Thank you for attention!**

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