

The National Productivity Boards

This document presents some features of the National Productivity Boards (previously proposed as Competitiveness Boards), introduced in the context of the deepening of the Economic and Monetary Union.

It also provides some information on the status of implementation of National Productivity Boards in the Euro area Member States.

National Productivity Boards were introduced in 2016 through the [Council Recommendation](#) "On the establishment of National Competitiveness Boards within the Euro Area", which specifies their objectives and tasks, their organisational and functional characteristics and their relationships with the EC, particularly in the context of the European Semester. Member States were required to implement the Recommendation within 18 months from its approval on 19 September 2016, i.e. by March 2018. The Commission is expected to prepare a progress report by March 2019.

Main functions, objectives and tasks

As regards their functions, the Recommendation proposes that the Member States will set up independent National Productivity Boards (NPBs), tasked "*to analyse developments and policies in productivity and competitiveness, thereby contributing to foster ownership and implementation of the necessary reforms at the national level, and hence foster sustained economic growth and convergence*".

The analysis should take into account factors related to the euro area, as well as the EU policies implemented in this field. These Boards should review long-term drivers of productivity. Their analysis should address the role of innovation, as well as the capacity to attract investments, businesses and human capital, and other factors that can affect prices and the quality of goods and services, relative to those of the competitors.

The Recommendation indicates that the analysis of competitiveness should be underpinned by transparent indicators and, as far as possible, susceptible to a certain homogeneity across countries. In this connection, it notes that competitiveness is a broad concept, encompassing both developments in price and cost competitiveness and drivers of productivity, together with other considerations relating to exchange rates and certain factors affecting the ability to sell products. In contrast with the [Independent Fiscal Institutions](#), which have an explicit mandate and act with binding numerical references that are coordinated at national and supra-national level, the NPBs do not have a reference framework. Accordingly, specifying NPB objectives, subsequent assessment of progress towards them and coordination at euro area level is difficult.

Additionally, these Boards are required to conduct an independent analysis of economic policy challenges in the fields of productivity and competitiveness. In this case, the Recommendation provides a certain degree of country discretion in defining the final mandate for NPB in each corresponding national transposition. Thus, each country decides whether the competencies of the NPB include proposing



economic policy alternatives and monitoring those approved, or only analysing indicators. Restricting the role of NPBs to the latter tasks could limit the role of these institutions as catalysts and evaluators of the national reform agenda, although the existence of multiple interactions among structural policies makes it difficult to identify “best practices”.

Organisation and independence

The Recommendation allows for different types of institutional design, provided certain minimum requirements are met, which guarantee functional independence, analytical rigour and transparency. These requirements aim to give credibility to these institutions. On this aspect, the Recommendation approved by the Council is highly flexible. Thus, NPBs may be newly created institutions, or be set up based on existing institutions, in order to harness accumulated knowledge and save in terms of administrative costs. In the latter case, the necessary measures should be taken to ensure their independence from national and European public authorities in designing and implementing competitiveness and productivity policies.

Although the Recommendation requires that each Member State sets up only one NPB to fulfil the mandate, not all functions need to be directly addressed within the NPB; some can be developed in other bodies that would report directly to the Board, provided that their independence regarding performance and analytical rigour are guaranteed.

NPBs should also be underpinned by a national legal provision, although its rank has not been specified. In addition, the legal status should contribute to reinforcing the independence of the Board, endowing it with greater stability and guarantees of continuity.

Under the Council Recommendation, NPB heads should be appointed on the basis of the candidates’ experience and competence. The resources available to them to fulfil their functions should be appropriate, and NPBs should have access to any information sources required to fulfil the mandate. Analyses and recommendations should be disclosed regularly; specifically, it is suggested that an annual report be published or that analyses be included in an already existing report.

Links with EU Semester and role of the Commission

The Recommendation highlights that the Commission’s role in coordinating economic policy at European level is not altered, and that the NPBs’ conclusions and independent expertise could be used in the context of Commission’s country specific recommendations within the the European Semester and in the Macroeconomic Imbalance Procedure. Furthermore, the Commission could

[The Five Presidents’ Report](#) (p. 8)

The creation by each euro area Member State of a national body in charge of tracking performance and policies in the field of competitiveness is recommended.

This would help to prevent economic divergence and it would increase ownership of the necessary reforms at the national level. These Competitiveness Authorities (CAs) should be independent entities with a mandate to ‘assess whether wages are evolving in line with productivity and compare with developments in other euro area countries and in the main comparable trading partners’, as already agreed by a large majority of Member States under the Euro Plus Pact. In addition, these bodies could be mandated to assess progress made with economic reforms to enhance competitiveness more generally. In the end, a competitive economy is one in which institutions and policies allow productive firms to thrive. In turn, the development of these firms supports the expansion of employment, investment and trade.

A euro area system of CAs should bring together these national bodies and the Commission, which would coordinate the actions of national CAs on an annual basis. The Commission should then take into account the outcome of this coordination when it decides on steps under the European Semester, in particular for its Annual Growth Survey and for decisions to be taken under the Macroeconomic Imbalance Procedure (MIP), including whether to recommend the activation of the Excessive Imbalance Procedure.

facilitate exchanges of views among PNBs, and a regular discussion should take place between PNBs and the [Economic Policy Committee](#).

Background

In June 2015, the [Five Presidents' Report](#) on Completing Europe's Economic and Monetary Union set up a roadmap towards a deep, genuine and fair Economic and Monetary Union (EMU). According to the report, during the first stage (1 July 2015 - 30 June 2017) concrete progress towards an Economic Union of convergence, growth and jobs would rest on four pillars, one of which was the creation of **a euro area system of Competitiveness Authorities** (see Box). Another pillar was the establishment of an Advisory Fiscal Board at the EU-level (for details, see a separate [briefing](#)).

As part of the [package](#) of measures for a Deeper and Fairer Economic and Monetary Union adopted on 21 October 2015, the European Commission presented a [Recommendation for a Council Recommendation](#) on the establishment of **National Competitiveness Boards** within the Euro Area.

On [20 September 2016](#), the Council adopted the [Recommendation](#) on the establishment of **National Productivity Boards**, following its endorsement by the European Council, in accordance to Article 121(2) of the TFEU. The Council text was prepared by the Economic and Financial Committee and differed substantially from the Commission proposal. In particular, the Council revision reduced the tasks of the Boards and the role of the Commission. It also changed the timing for their implementation. Annex 1 presents the main differences between the two texts.

In its [resolution of 17 December 2015 on completing Europe's Economic and Monetary Union](#), the **European Parliament** regretted that the Commission chose not to use the ordinary legislative procedure for the decisions regarding National Competitiveness Boards, and called on the Commission to make a legislative proposal to that effect.

Progress in setting up NPBs or similar bodies

The table below provides a summary overview of the current status of implementation of NPBs in Euro Area Member States. It is based on information found in the National Reform Programs (NRPs) and other publicly available sources. It shows that:

- **10 Euro Area Member States have or are planning** to set up a National Productivity Board.
- **Austria, Cyprus and Germany** have other institutions analysing productivity and competitiveness related issues, but they are not officially appointed as NPBs.
- **6 Euro Area Member States do not have**, nor seem to have, any institution that could act as a NPB: Italy, Latvia, Malta, Slovakia and Spain.

In addition, three non-Euro Area Member States have already established NPBs, or similar: Denmark, Hungary and Romania.

Annex 2 provides more details and the textual references to and quotations on the information available in the [National Reform Programmes](#) or other public/official sources.

Current status of NPBs and similar institutions in the Euro Area Member States

Euro Area Member State	Information on NPBs from National Reform Programmes or other public sources	Institutions analysing developments in productivity and competitiveness
Austria		Austrian Institute of Economic Research (WIFO)
Belgium	Conseil national de la productivité (NRP 2018 , p. 31)	Federal Planning Bureau Conseil Central de l'Économie Banque National de Belgique
Cyprus		The Competitiveness Report (NRP 2018 , p. 29*)
Greece	National Productivity Board	
Finland	Ministry of Finance 2018*	
France	Conseil National de Productivité	France Strategie
Ireland	National Competitiveness Council (NRP 2018 , p. 74)	
Germany		German Council of Economic Experts IFO ; IWH ; IfW-Kiel
Lithuania	National Productivity Board (NPB) NRP 2018 , p. 15	
Luxembourg	Conseil national de la productivité (NRP 2018 , p. 44)	Observatoire de la compétitivité du ministère de l'Économie (ODC), Institut national de la statistique et des études économiques (STATEC) Conseil économique et social (CES).
Netherlands	Netherlands Bureau for Economic Policy Analysis	
Portugal	Conselho para a Produtividade	
Slovenia	Institute of Macroeconomic Analysis and Development	

Sources: EGOV, [NRPs](#) and [Banco d'España](#) (2016)

* Not implemented yet

ANNEX 1

Comparison between the [Commission proposal](#) and the [Council Recommendation](#)

Competitiveness and Productivity

The Council replaced the *Competitiveness Boards* with *Productivity Boards*.

Tasks of the Boards

In the Commission text, the Boards were tasked:

- to monitor performance and policies in the field of competitiveness in Member States;
- informing the wage setting process by providing relevant information; and
- assessing policy challenges and formulating policy advice in the field of competitiveness and on the implementation of Country Specific Recommendations.

According to the text adopted by the Council, the Boards are tasked with:

- diagnosis and analysis of productivity and competitiveness developments;
- independent analysis of policy challenges in the field of productivity and competitiveness.

The role of the Commission

According to the Commission text, the Commission was tasked to coordinate the activities of the Boards and take into account inputs from the system of Boards in the context of the European Semester, including the Macroeconomic Imbalance Procedure and the Country Specific Recommendations.

The Council text reads: *“the Commission could facilitate the exchange of views among the national boards”*, and discussions should take place with the Economic Policy Committee. The annual reports could be used by Member States and the Commission in the context of the European Semester.

Composition and independence

According to the Commission, Competitiveness Boards should be structurally independent and underpinned by national legal provisions, including a statutory regime grounded in national laws and adequate resources.

According to the Council, Productivity Boards should be endowed with functional autonomy *vis-a-vis* any public authority. To fulfil their tasks, they should be underpinned by national provisions ensuring a *“high degree of functional autonomy and accountability”*, including:

- the capacity to communicate publicly in a timely manner;
- procedures for nominating members on the basis of their experience and competence;
- appropriate access to information to carry out their mandate (the reference to appropriate resources in the Commission text was dropped).

The analysis could be produced by existing and separate bodies provided that it is of the same high quality.

Transparency and accountability

Both the Commission and the Council text states that the Productivity Boards should make their analyses publicly available.

Timing

The original deadlines proposed by the Commission for the implementation of the recommendation and for the Commission progress report were 6 months and 12 months respectively since the adoption of the decision. The Council changed these two deadlines into 18 months and 30 months respectively.

ANNEX 2

References and quotations

Member State	Information in the National Reform Programmes or official sources	Institutions currently analysing developments in productivity and competitiveness
Austria	n.a.	<p><u>Institute of Economic Research</u></p> <p>“WIFO is a non-profit organisation that analyses and forecasts economic developments in Austria and abroad. It is independent of politics and business and is one of its kind in Austria. Its core task is bridging basic academic research and economic policy applications by conducting careful empirical analysis. WIFO comprises of five Research Groups and it has a Management Board formed of the Director and three Deputy Directors. Research Group 3 analyses the structure and dynamics of markets, internationalisation strategies, the innovation system and productivity of enterprises, sectors and countries against a background of international competition.”</p>
Belgium	<p>“As the European Council recommended, Belgium establishes a “Conseil national de la productivité”. The proposed law regarding the NPB is currently being debated in the Parliament. The proposal provides for collaboration between existing institutions at the federal level (Secretariat of the Central Economic Council, National Bank of Belgium and Federal Planning Bureau) and at the regional level (the three Regions). Work should begin in June.” (NRP 2018, p. 31.)</p>	<p><u>Federal Planning Bureau</u></p> <p>“The Federal Planning Bureau (FPB) is an independent public agency. It draws up studies and projections on economic social and environmental policy issues and on the integration of these policies with a context of sustainable development.”</p> <p><u>Conseil Central de l'Économie</u></p> <p>“It is an institution at the service of the social dialogue. The CEC consists of two bodies, the Political bodies approve the opinions and reports and Technical bodies in which sub-committees prepare the work and draw up opinions.”</p>
Cyprus	n.a.	<p>“The Competitiveness Report will be the analytical tool for the assessment of the current situation regarding the performance of Cyprus vis-a-vis other countries and through time. It will also include an in depth sectoral analysis. The purpose is to guide policy makers in the prioritisation of reforms and policy development. An outline of the report prepared by the UAR (Unit of Administrative Reform) has already been presented to the National Economic Council, the Fiscal Council and other representatives of the academia. The competitiveness report will be published on an annual basis and will be made available to the wide audience. The first report is expected to be published in October 2018.” (NRP 2018, p. 29.)</p>
Greece	National Productivity Board	
Finland	<p>No NPB established in Finland yet, and no mention of it in the NRP. However, the Finnish Ministry of Finance proposed for the productivity board to be established as part of the Economics Department, since it is independent from all entities of public authority in charge of the design and implementation of policies in the fields of productivity and competitiveness. (Ministry of Finance 2018)</p>	

France	<p><u>Conseil national de productivité (CNP)</u></p> <p>« Institué en France le 23 juin 2018, le CNP siège au sein de France Stratégie. Présidé par le président délégué du Conseil d'analyse économique, Philippe Martin, il est composé de onze experts indépendants. Il procède à des analyses indépendantes et renforce le dialogue au niveau national. Le CNP élabore un rapport annuel et organise une consultation des organisations syndicales et des organisations d'employeurs avant son adoption définitive. Si ces organisations émettent un avis sur le rapport, il lui est annexé. Le rapport annuel fait également l'objet d'une phase de consultation du public et de la société civile.</p> <p>Le collège d'experts peut saisir les organismes et administrations compétents pour mener des travaux et avoir accès aux informations utiles. Il bénéficie de l'appui d'un rapporteur général, Vincent Aussilloux, directeur du département Économie de France Stratégie, et de rapporteurs issus des administrations compétentes. France Stratégie assure le secrétariat général du CNP.</p> <p>L'ensemble des CNP européens seront organisés en réseau afin de procéder à des échanges et éventuellement de confronter leurs analyses. »</p>	
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Germany	<p><u>German Council of Economic Experts</u></p> <p>“The CEE is an academic body advising German policy makers on questions of economic policy. It was set up by law in 1963 with the objective to assess the macroeconomic development of Germany. It also aims to aid the public and economically relevant institutions in making informed judgements about economic developments. It enjoys complete independence with respect to its advisory activities. The Council's reports and assessments have since become an essential part of German economic policy making and have notably influenced political decisions.”</p> <p><u>Ifo</u> : Information and Forschung (research)</p> <p>“The ifo Institute was founded in January 1949. Its legal form is that of a registered, non-profit association. The ifo Institute is one of the leading economic research institutes in Europe and the most often quoted in the German media. A co-operative agreement links it closely with the Ludwig Maximilian University in Munich, and in 2002 it was officially proclaimed an “Institute at the University of Munich”. In the CESifo Group it co-operates closely with the Center for Economic Studies (CES) and CESifo GmbH. CESifo is also the brand name under which the international activities of ifo, CES and CESifo GmbH are united. The Institute is an independent body that provides its services to the public regardless of their political orientation.”</p> <p><u>IWH</u> : The Halle Institute for Economic Research</p> <p>“It was founded on January 1, 1992. It is a member of the Leibniz Association. It receives its institutional budget from the federal government and the German federal states in equal parts, respectively. In terms of its legal status, the IWH is a registered association. In accordance with its statutes, the institute pursues aims directly and exclusively related to the public interest, especially research interests. Within this framework, the IWH carries out both institutionally financed tasks as well as research for third parties.”</p> <p><u>IfW</u> : The Institut für Weltwirtschaft, The Kiel Institute for World Economy “was founded in 1914 by Bernhard Harms. The Institute, which is an independent institution, is affiliated with the Christian-Albrechts-University of Kiel. Since January 1, 2007 the Kiel Institute for the World Economy is an independent foundation under public law of the federal state of Schleswig-Holstein (IfW Establishing Act; Charter of the IfW Foundation).”</p>
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Ireland	<p>“The National Competitiveness Council reports to the Taoiseach and the Government, through the Minister for Business, Enterprise and Innovation, on key competitiveness issues facing the Irish economy and offers recommendations on policy actions required to enhance Ireland’s competitive position. In March 2018, in accordance with the European Council recommendation on the establishment of National Productivity Boards by Eurozone countries, the Government approved changes to the Council’s terms of reference to make it the body responsible for analysing developments and policies in the field of productivity and competitiveness in Ireland. Members include representatives of the employer and trade union social partnership pillars, people with relevant expertise in competitiveness and a representative of the Department of Business, Enterprise and Innovation. Representatives from other Government Departments attend Council meetings in an advisory capacity.” (NRP 2018, p. 74.)</p>	
Lithuania	<p>“At the end of 2017, the Lithuanian National Productivity Board (NPB) was established at the Ministry of Economy that performs an analysis of the development of competitiveness and productivity as well as the factors stimulating them and prepares proposals for improvement of further policies. It is planned that by the end of 2018, the NPB will draw up its first annual productivity report, which will be shared with other national and EU Member States’ authorities. It is also planned to strengthen the analytical capabilities of the NPB through the development of cooperation with the authorities of other EU Member States, Global Productivity Forum of OECD, the OECD experts performing the productivity analysis with the view of more active analytic discussion between Lithuania and the OECD, the participation of Lithuanian experts in OECD productivity events and wider opportunities for Lithuanian experts to use the OECD productivity statistics.” (NRP 2018, p. 15.)</p>	
Luxembourg	<p>Conseil national de la productivité</p> <p>« Les ministres réunis en conseil ont marqué leur accord avec la mise en place d’un Conseil national de la productivité au Luxembourg.</p> <p>Afin de mettre en œuvre la recommandation du Conseil de l’Union européenne sur la création de conseils nationaux de la productivité, il est proposé de s’appuyer sur trois organismes nationaux existants. En occurrence il s’agit de l’Observatoire de la</p>	

	<p>compétitivité du ministère de l'Économie (ODC), l'Institut national de la statistique et des études économiques (STATEC) et le Conseil économique et social (CES). »</p> <p>No mention of an NPB in the NRP; but "The Tripartite Coordination Committee considered that it would be opportune to publish a "Competitiveness scoreboard" on an annual basis. The Observatory of competitiveness of the Ministry of the Economy has since updated this national scoreboard up until 2016." (NRP 2018, p. 44.)</p>	
Netherlands	<p><u>Netherlands Bureau for Economic Policy Analysis</u></p> <p>"In April 2017, the Dutch Cabinet appointed CPB to be the National Productivity Board for the Netherlands. CPB is in a unique position, as, in the EU, it is often regarded as a model. In this first communication, CPB describes how it will be fulfilling its NPB role."</p>	<p><u>Netherlands Bureau for Economic Policy Analysis</u></p> <p>"The Netherlands Bureau for Economic Policy Analysis (CPB) was founded in 1945. Research at CPB is carried out on CPB's own initiative, or at the request of the government, parliament, individual members of parliament, national trade unions or employers' federations. CPB works at the crossroads of the economic sciences and public policy."</p>
Portugal		<u>Conselho Nacional da Productividade</u>
Slovenia	<p><u>Institute of Macroeconomic Analysis and Development</u></p> <p>"As of this week, the Institute of Macroeconomic Analysis and Development is assuming the tasks of national productivity board. The Government of the Republic of Slovenia adopted the Ordinance on the Organisation and Work of the Institute of Macroeconomic Analysis and Development of the Republic of Slovenia, by which it extended the scope of the Institute's work. Following the Council recommendation on the establishment of national productivity boards, the Government decided to assign the tasks of the productivity board (monitoring and analysing developments in the field of competitiveness and making them publicly available in an annual report) to IMAD. These are areas of work where IMAD has already been engaged for many years."</p>	<p><u>Institute of Macroeconomic Analysis and Development</u></p> <p>"The Institute of Macroeconomic Analysis and Development of the Republic of Slovenia is an independent government office. Its Director answers directly to the President of the Government."</p>

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