

The Development of EU and EU Member States' External Competitiveness

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Highlights

- We revisit EU competitiveness scores using post-crisis data.
- While EU market share were at their 2000 level in 2007, they deteriorated afterwards, even for high-end and high-tech products.
- EU exports still embody 85% of value added created in the EU, despite increasing fragmentation of value chains. Therefore European exports are still predominantly "Made in Europe".
- EU manufacturing exports increasingly include value added in services.
- Competitiveness in services is an important determinant of future European industry.

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■ Abstract

We revisit competitiveness issues using recent data and show that the global financial crisis has taken a toll on European producers that before 2007 were maintaining their market positions. The EU competitiveness in goods has recently deteriorated, even in the upper and high-tech segments of the world market. The decline recorded by European exporters is attributable purely to performance and not to adverse orientation of their exports. However, European exports are predominantly "Made in Europe" and include an increasing share of services. The within Europe advantages in manufacturing seem to have been exhausted and further gains imply moves outside the EU with an enhanced focus on the competitiveness in services as an important determinant of future European industry.

■ Keywords

Competitiveness, trade in value added.

■ JEL

F14, F15.

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