

# A sectoral view of the Flemish competitiveness and productivity

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## Abstract

The competitiveness of the Flemish economy is a continuously ongoing priority of policymakers. A comprehensive measure of productivity is total factor productivity, which does not focus only on the production factor labour but also takes into account the other production factors, such as capital. Total factor productivity is not available in the national accounts or other official databases. It is derived by imposing hypotheses and through econometric estimations, e.g. by using a Cobb-Douglas specification and a 2SLS estimation method to solve the endogeneity issue. In this paper sectoral total factor productivity for the Belgian regions is derived. A graphical instrument for policy making purposes, as proposed by Goesaert and Reynaerts (2012), is also shown. The graphical instrument allows to identify strong and weak sectoral branches.

**Keywords:** regional economics, total factor productivity

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