

**Introductory Speech**  
**Korea-Japan Workshop on the Industrial Productivity Database**

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As an organizer of this workshop, I would like to thank all the participants for coming to Fukuoka.

Before starting the first session, I would like to ask you to briefly introduce yourselves?

I am Kyoji Fukao from Hitotsubashi University. My main research topic is international economics and productivity issues.

Thank you for the introduction.

Before starting my own presentation, I would like to make an introductory speech for this workshop. I hope that my talk will clarify issues, such as, “why we are here?” “what is the purpose of this workshop?” and “what is the long-run goal of our collaboration?”

This workshop was initially proposed by Prof. Pyo. I think that it was last summer, when he visited Hitotsubashi University, he told me that he was planning to construct a database for the analysis of total factor productivity in the Korean economy at relatively detailed industry level. Last spring Prof. Miyagawa, Prof. Kawai, Prof. Inui, I, and other young researchers here finished the compilation of the Japan Industrial Productivity Database for 84 industries. Therefore, Prof. Pyo proposed to have an annual workshop series on to conduct an international comparison of industrial productivity in Korea and Japan.

Recently, Korea and Japan started negotiations on a free trade agreement. If tariff and non-tariff barriers between the two countries are going to be abolished as a result, the relative productivity level in each industry of the two countries will become a very important issue.

When I visited Groningen University this winter, I met with Professor van Ark, Professor Timmer, and Mr. Inklaar and I found that scholars at Groningen have a similar plan. And recently, we heard the good news that Groningen University received a large science research grant from the EU to analyze TFP in European countries. In order to examine the potential for future collaboration, we invited Mr. Inklaar to this workshop.

Fortunately, Hitotsubashi University also received a relatively large science research grant for a statistical analysis project from the FY 2003 to 2007. The project is called “A 21st-Century COE

Program, Research Unit for Statistical Analysis in the Social Science,” or, abbreviated, the HI-STAT project. Therefore we decided to play the role of host for this year’s workshop. This workshop is mainly financed by the HI-STAT project.

Now that I have explained how this workshop – which, I hope, will become an annual workshop series - came about and how this year’s workshop is financed, let me talk about the goal of our future collaboration and the purpose of this workshop.

I think that our long-run goal is something like the following:

- 1. Construct database for total factor productivity analysis, which is open to the public, at a detailed industry level (about 60 to 90 industries), harmonized among countries so that we can use it for international comparison, and covers the macro-economy so that we can derive macroeconomic implications.**
- 2. Conduct economic analysis and international comparison. For this goal we need to measure PPP, evaluate the equivalence of each labor category, innovate new approaches, which are based on our industrial database, and compare results of industry level analysis with results based on micro data.**

In order to accomplish these goals, we need to carry out the following tasks in this workshop.

- 1. Understand the details of each other’s current database.**
- 2. Discuss how to accomplish the harmonization of our databases, especially with regard to factor inputs, output measures, deflators, etc.**
- 3. Decide logistics of future collaboration among us.**
- 4. Decide whether to invite scholars of other countries, such as the US, China, etc.**

I have presented my proposals of our goals and tasks in order to invite your comments. Please give me your comments now and later.

I hope that we will accomplish the above tasks through this workshop and start to share the same goals for our future collaboration.

This is my introductory speech. Thank you.