

ASSA 2025 Annual Meeting

NABE – Panel
Session:

Global Macroeconomic and Policy Outlook

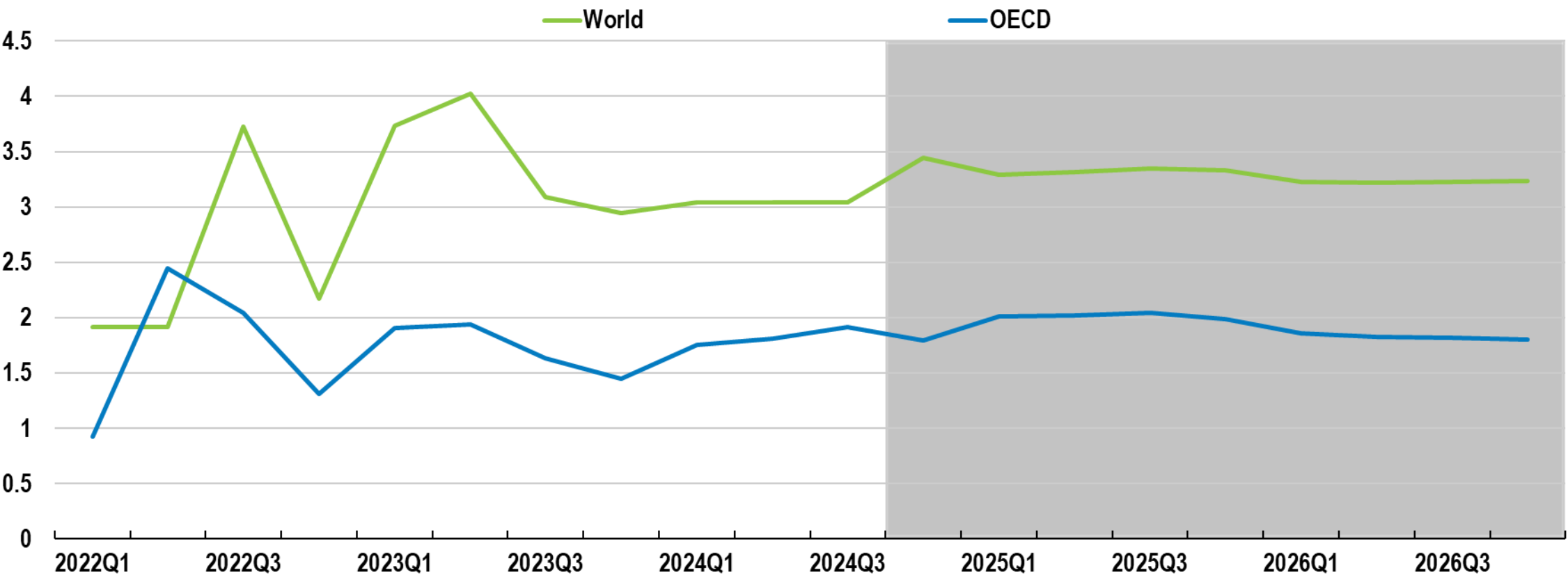
Alvaro Pereira, OECD

3 January 2025

Global growth has remained resilient

Real GDP growth

%, quarter-on-quarter at an annualised rate



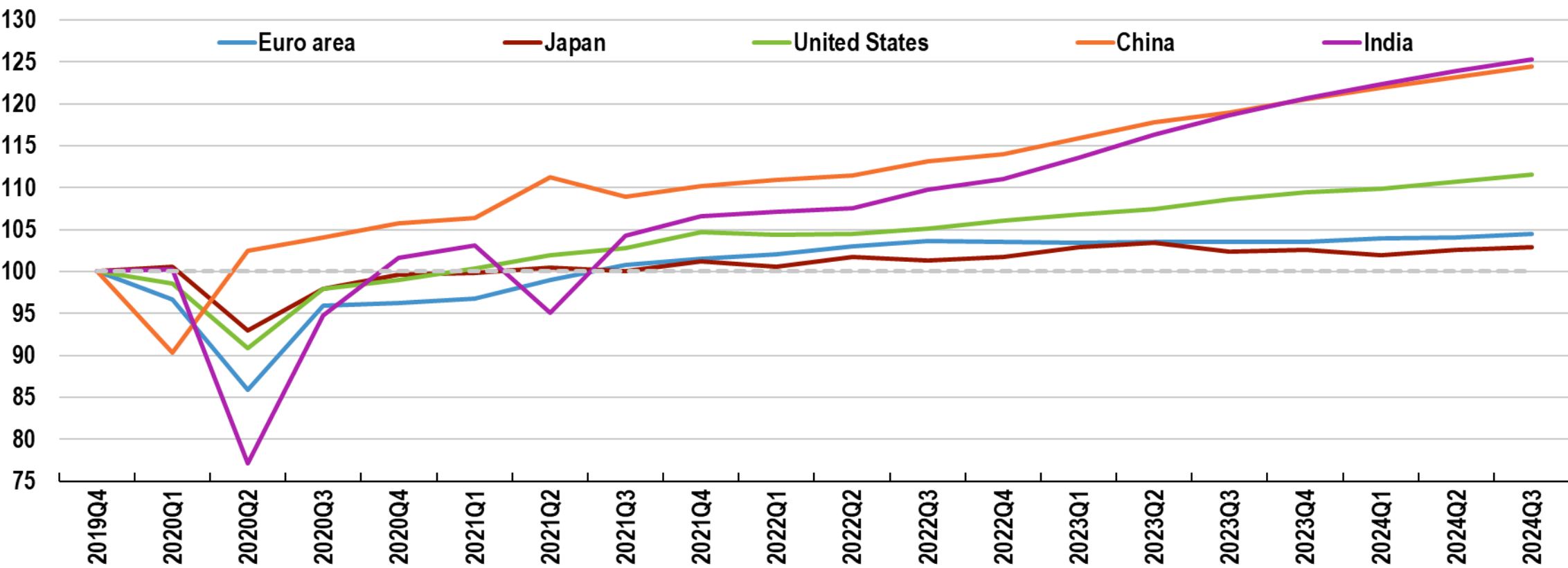
Note: Shaded area indicates the projection period.

Source: OECD Economic Outlook 116 database; and OECD calculations.

Disparities in economic growth across countries are significant

Real GDP

Index 2019Q4=100



Source: OECD Economic Outlook 116 database; and OECD calculations.

GDP growth projections

Real GDP growth, year-on-year, %

 Upward revision, by 0.3pp or more

 Downward revision, by 0.3pp or more

		2024	2025	2026			2024	2025	2026
 World		3.2	3.3	3.3	 OECD		1.7	1.9	1.9
 Australia		1.1	 1.9	2.5	 Argentina		-3.8	 3.6	3.8
 Canada		1.1	2.0	2.0	 Brazil		3.2	2.3	1.9
 Euro area		0.8	1.3	1.5	 China		4.9	4.7	4.4
 Germany		0.0	 0.7	1.2	 India		6.8	 6.9	6.8
 France		1.1	 0.9	1.0	 Indonesia		5.1	5.2	5.1
 Italy		0.5	 0.9	1.2	 Mexico		1.4	 1.2	1.6
 Spain		3.0	 2.3	2.0	 Russia		3.9	1.1	0.9
 Japan		-0.3	 1.5	0.6	 Saudi Arabia		1.0	 3.6	3.8
 Korea		2.3	2.1	2.1	 South Africa		1.0	1.5	1.7
 United Kingdom		0.9	 1.7	1.3	 Türkiye		3.5	 2.6	4.0
 United States		2.8	 2.4	2.1					

Note: Revisions relative to the latest estimates from the May 2024 Economic Outlook. India projections are based on fiscal years, starting in April. World and OECD aggregates use moving nominal GDP weights at purchasing power parities.

Source: OECD Economic Outlook 116 databases; and OECD Economic Outlook 115 database.

**ASSA 2025
Annual Meeting**

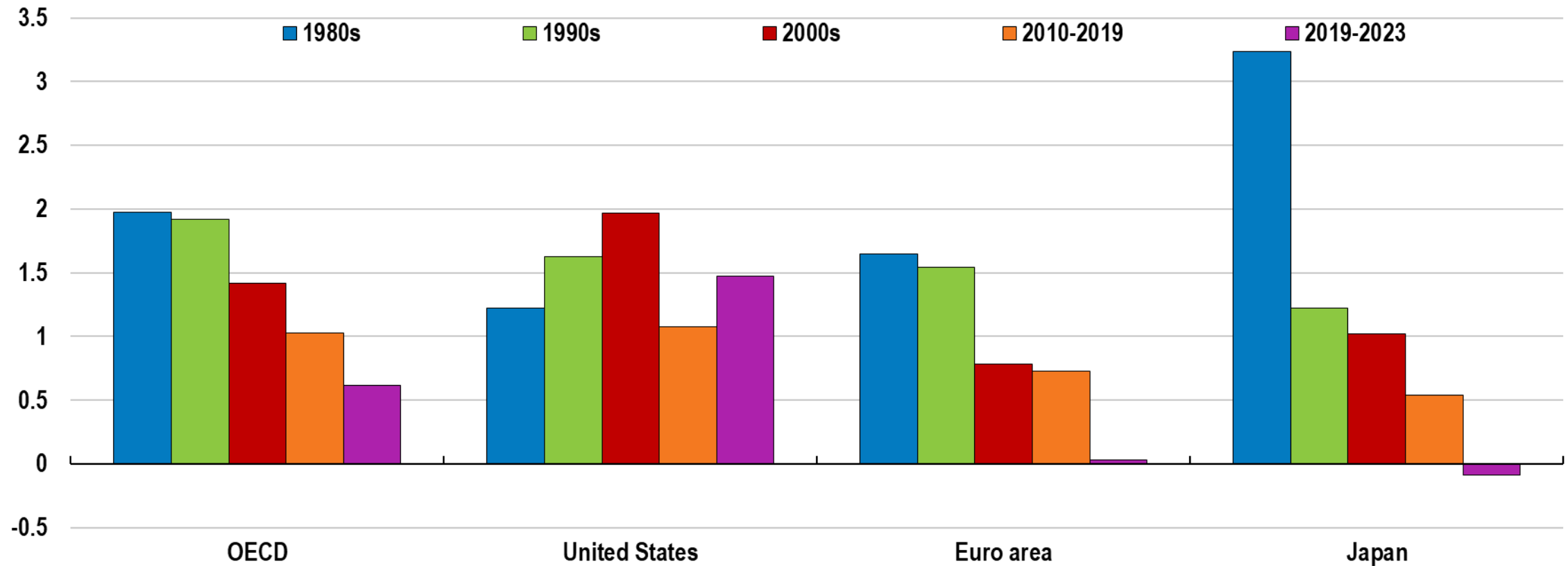
**NABE – Panel
Session:**

**Medium-term
challenges to
productivity
growth**

Productivity has been on a long-term decline in many countries

Labour productivity growth

%, annual averages



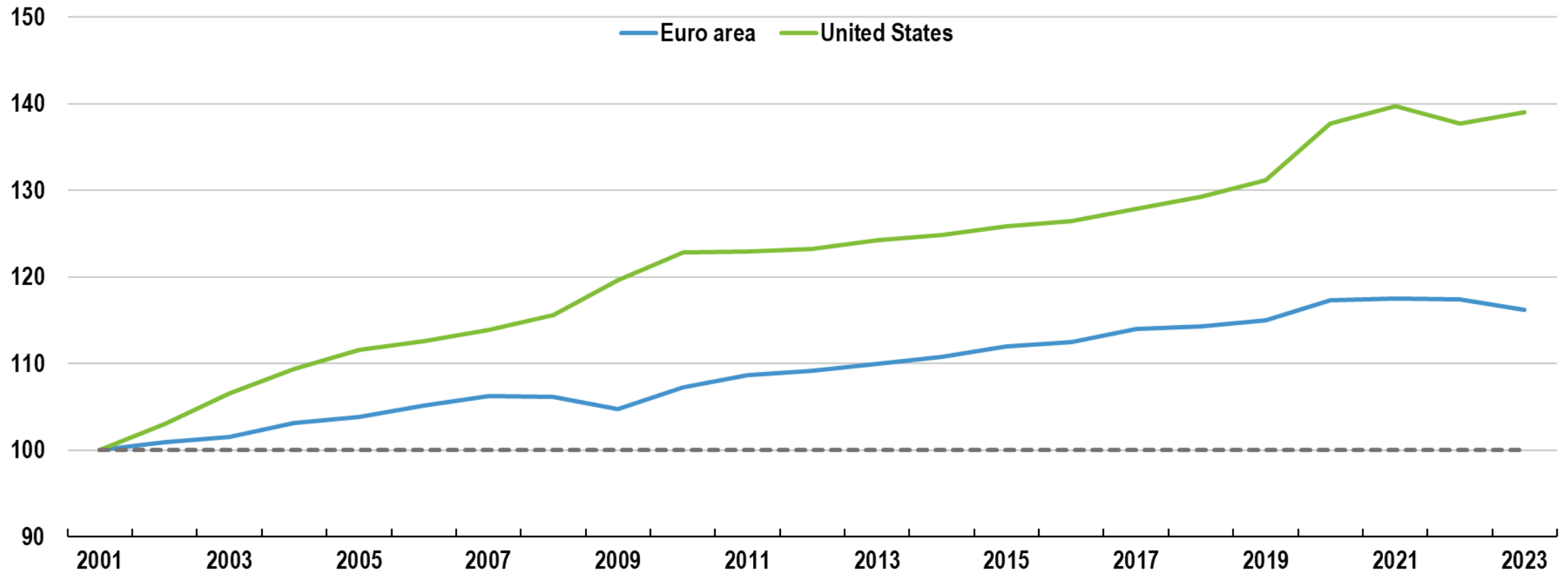
Note: chart shows real GDP per worker.

Source: OECD Economic Outlook 116 database; and OECD calculations.

Productivity has grown less in Europe than in the United States

Labour productivity

Index 2001 = 100

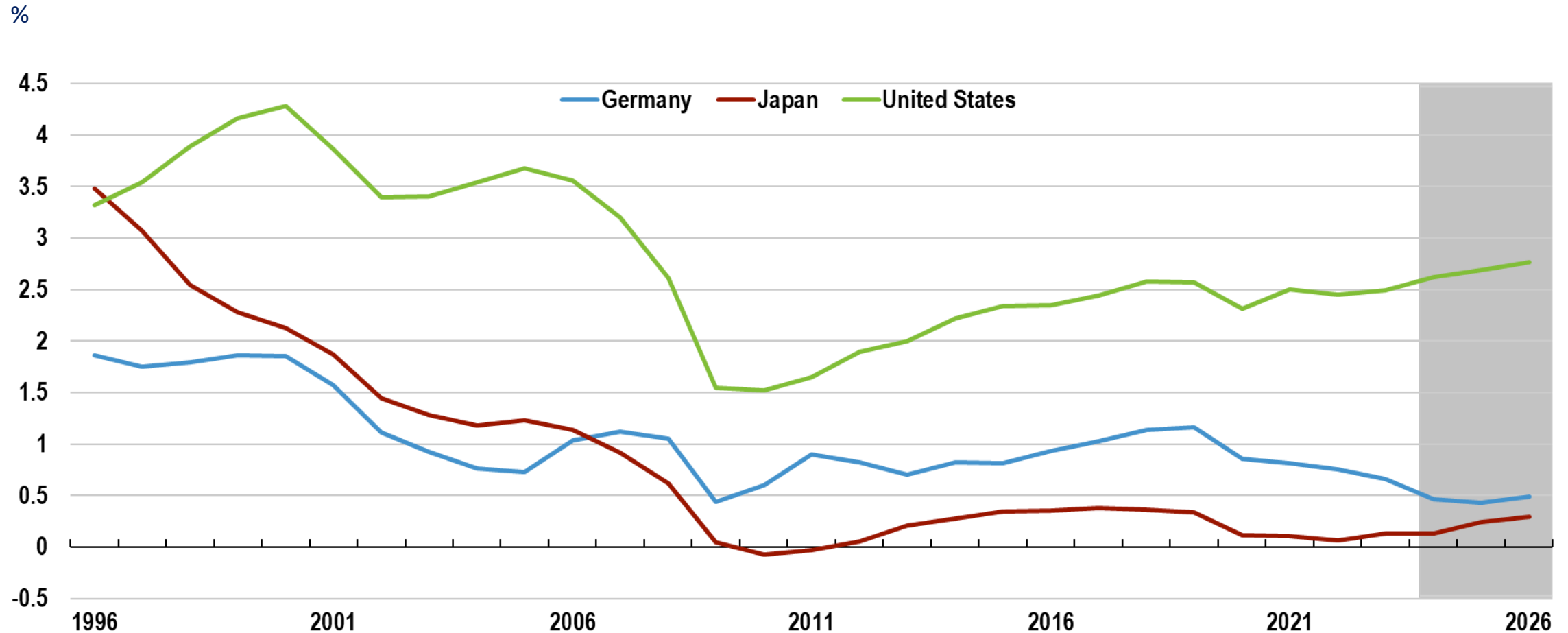


Note: Labour productivity is real GDP per hours worked.

Source: OECD Economic Outlook 116 database; and OECD calculations.

Investment in productive capital stock has also diverged

Growth of real productive capital stock



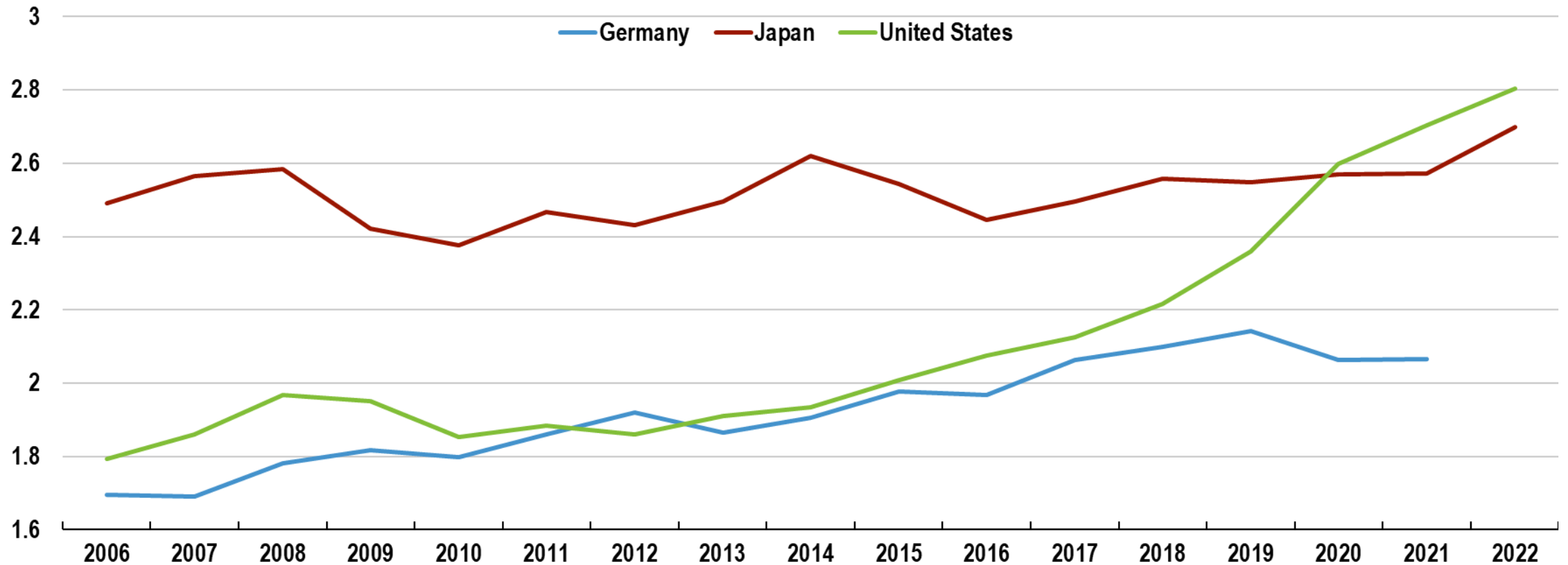
Note: Shaded area indicates the projection period.

Source: OECD Economic Outlook 116 database; and OECD calculations.

Business R&D investment has increased strongly in the United States

Business sector R&D expenditure

% of GDP

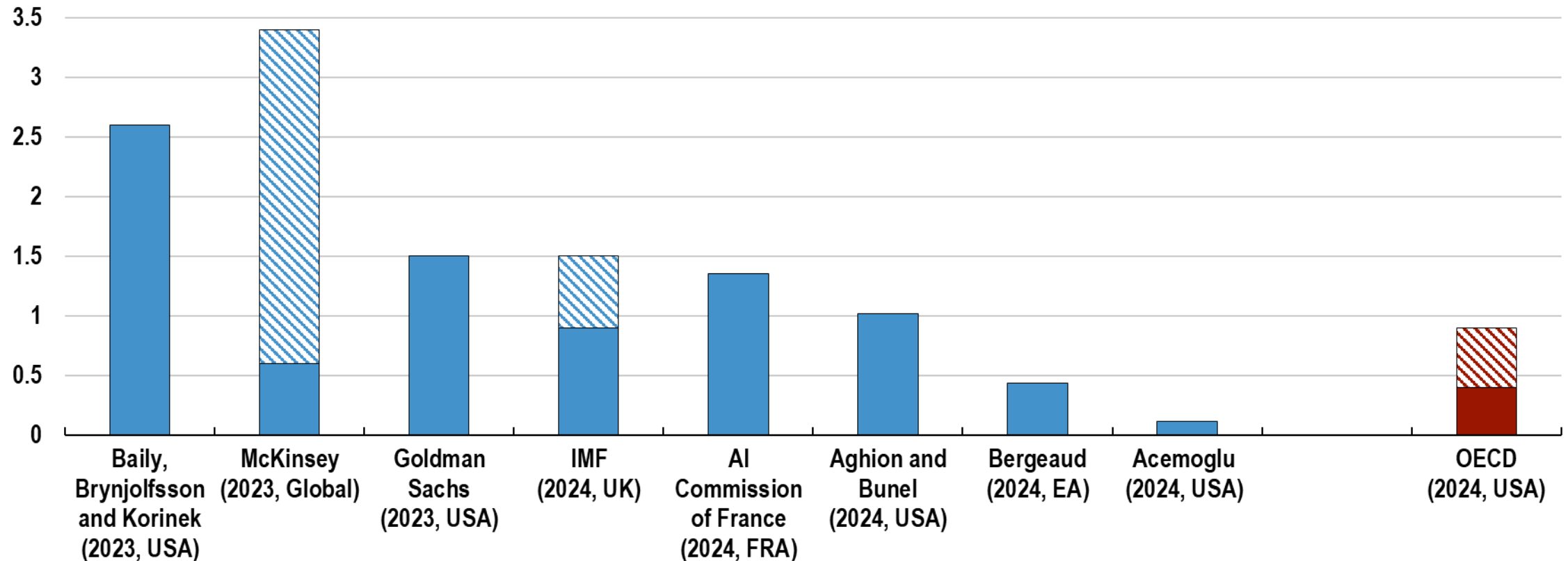


Source: OECD Productivity Database; OECD Economic Outlook 116 database; and OECD calculations.

AI has potential for large productivity gains

Predicted increase in annual labour productivity growth over a 10-year horizon due to AI

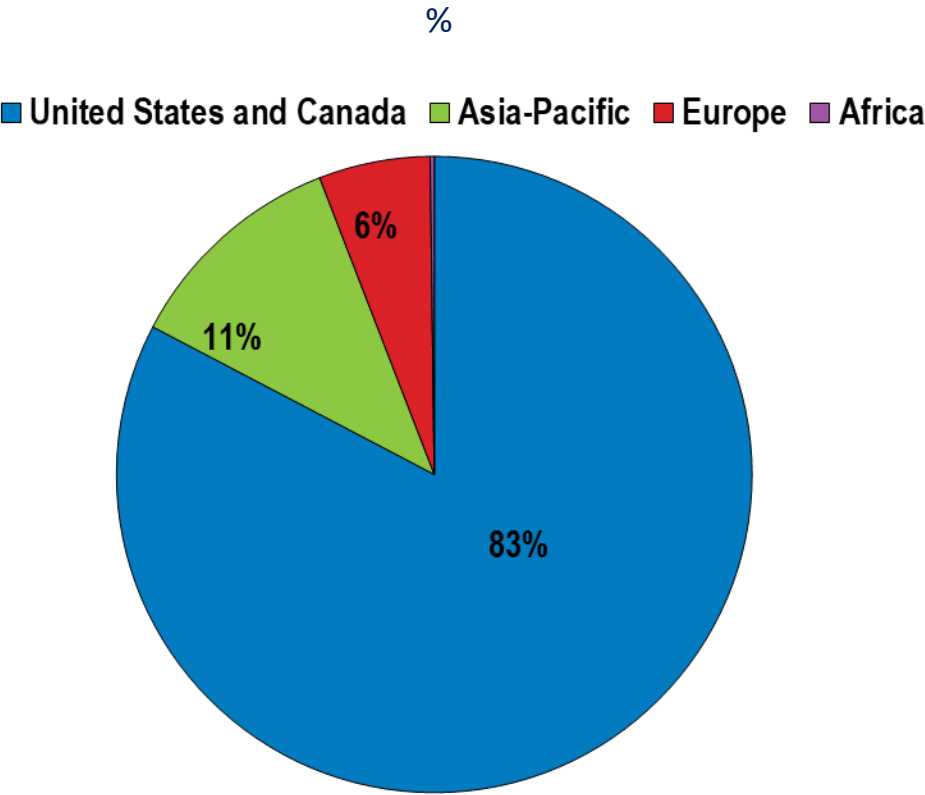
ppts



Note: When the source presents a range of estimates as the main result, the lower and upper bounds are indicated by striped areas. In cases where modelling predictions primarily focus on TFP, labour productivity is obtained using simple assumptions about the aggregate capital multiplier (Acemoglu, 2024; Aghion and Bunel, 2024; Bergeaud, 2024; our paper). The estimates refer to the countries shown in brackets. Sources: See Filippucci et al. (2024); for Goldman Sachs (2023), the underlying reference is Briggs and Kodnani (2023); for IMF (2024) the underlying reference is Rockall, Pizzinelli and Tavares (2024); for OECD, the range from this paper's main scenarios are shown (Table 2 last row in Section 3.1).

Digital tech is highly concentrated

Share of market capitalisation of the top 100 global tech firms

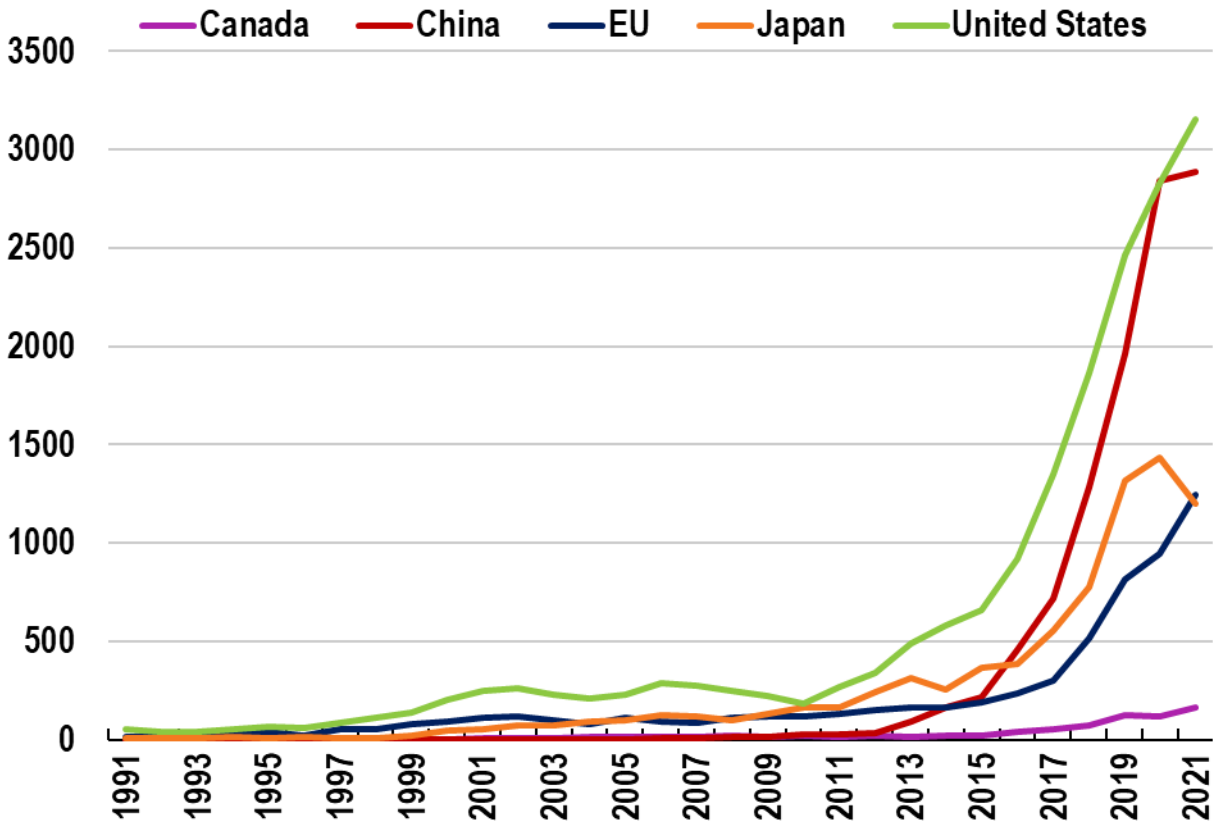


Note: The market value is the average of December 2023 and converted to million USD. Technology firms refer to firms that fall under the category of Computer Services, Internet, Software, Computer Hardware, Electronic Office Equipment, Semiconductors and Telecommunications Equipment.

Source: Datastream Global Equity Index; and OECD calculations.

AI-related patents

Number of AI-related PCT patent applications

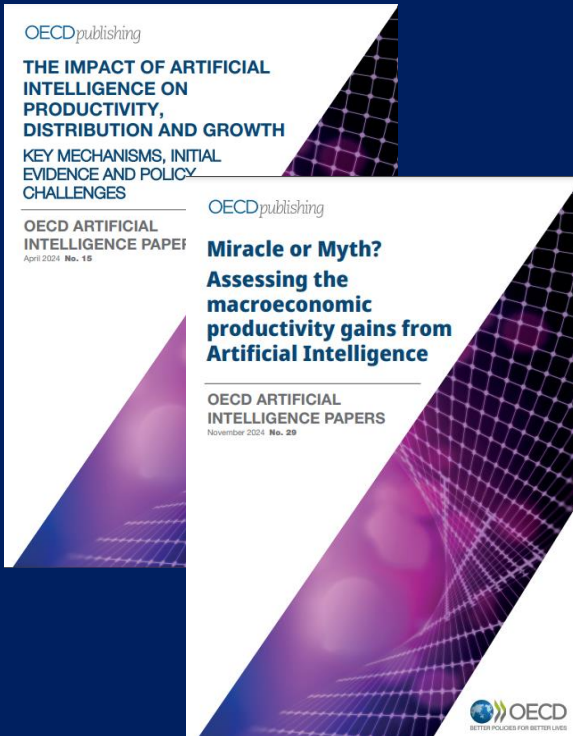


Note: Number of PCT patent applications in AI-related technologies. Data refer to patent applications filed under the Patent Cooperation Treaty (PCT), according to the filing date and the applicant's location, using fractional counts. AI-related patents are identified according to the methodology described in (Baruffaldi et al., 2020).

Source: WIPO; OECD.

NABE – Panel Session:

Global Macroeconomic and Policy Outlook



Can AI boost productivity? And who will stand to benefit?

- Seems very promising...
- But these are only a fraction of all economic activities...
 - Typically cognitive, knowledge intensive jobs
- AI adoption is still limited...
 - According to official surveys by statistical agencies, which ask about core business functions and regular use
- Aggregate productivity also depend on:
 - demand for certain goods and services (e.g. legal services?)
 - relative output prices and sectoral reallocation?
- Which countries, sectors and firms are best placed to benefit?

Thank you!

Find out more of our work:

 <https://www.oecd.org/economic-outlook>

 <https://twitter.com/oecdeconomy>

 eco.contact@oecd.org

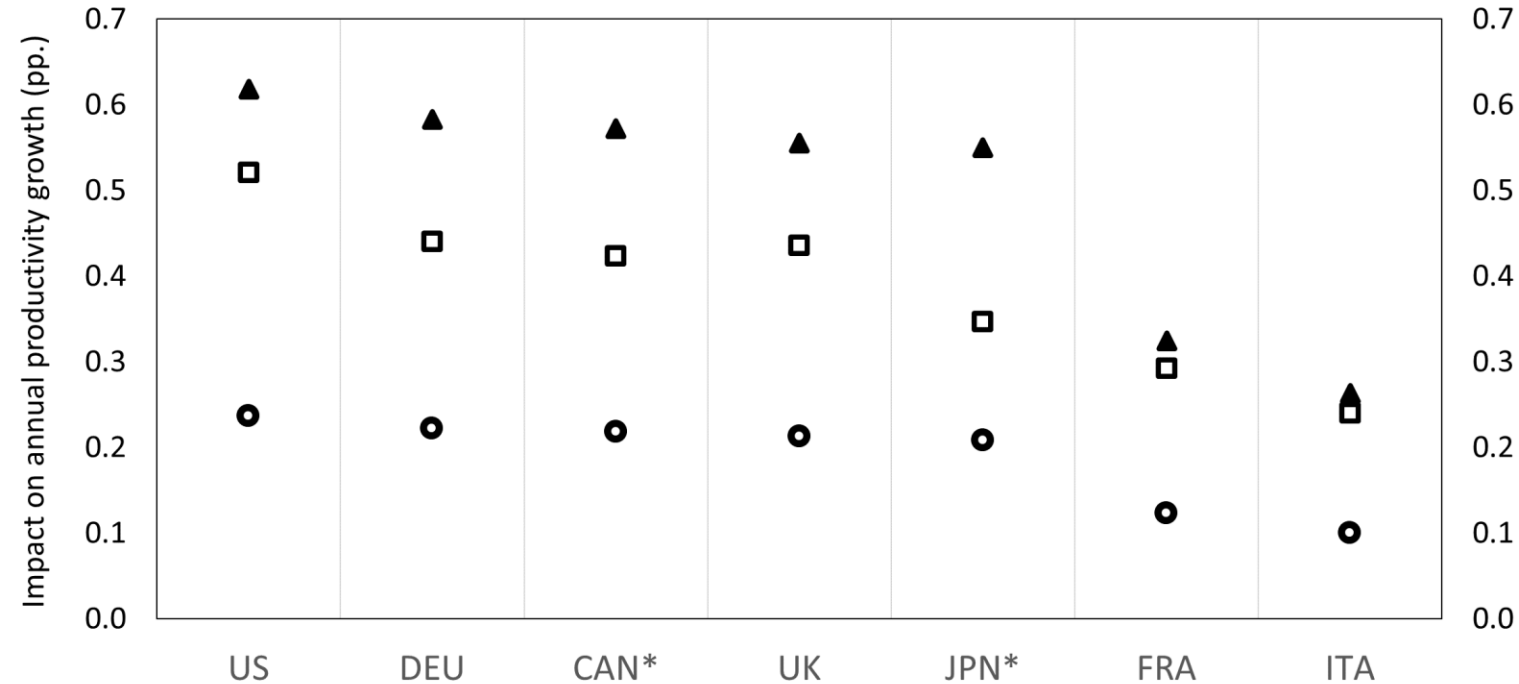
 <https://oecdecoscope.blog/>

 <https://www.linkedin.com/in/oecd-economy/>

AI may drive further divergence

Annualised TFP growth due to AI over the next 10 years

ppts



● Scenario 1: Low adoption

▲ Scenario 2: High adoption and expanded capabilities

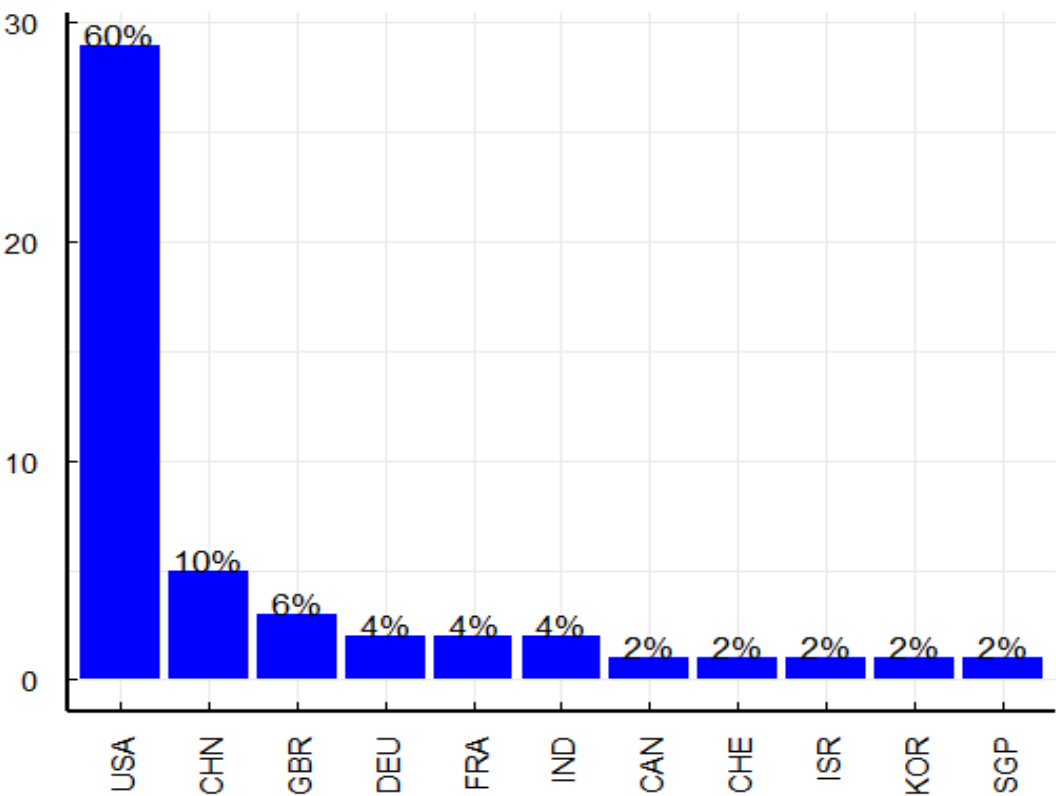
■ Scenario 3: High adoption and expanded capabilities + adjustment frictions and uneven gains across sectors

Note: *Sectoral AI exposure is approximated by US data given lack of country specific alternative.

Source: Flippucci, Gal and Schief (2024): "Miracle or Myth? Assessing the Macroeconomic Productivity Gains from Artificial Intelligence", OECD Artificial Intelligence Papers No. 29.

United States leads in generative AI provision and development

Number and share of AI cloud providers by country



Market share estimates of AI model developers by region

