

Inward FDI and Regional Performance in Europe after the Crisis

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1. Regional Recovery and FDI

- Recovery from the 2008 financial and economic crisis is still central in the scholarly and policy debate in Europe.
- Major spatial imbalances in terms of pre-crisis conditions and recovery capabilities.
- “Openness” and “internationalisation” seen as “causes” (or transmission channels) of the crisis, but also as possible leverages for recovery.
- Foreign investment is central to the process of regional “re-structuring” and recovery, but limited evidence on:
 - ✓ Does FDI help short-term regional productivity growth?
 - ✓ What kind of FDI drives regional re-structuring? Are “specialised” FDI flows more conducive to productivity gains than “diversified” ones?
 - ✓ Do they work in “all regions”?

2. The Paper in a Nutshell

- Analysis of the relationship between inward greenfield FDI and regional economic performance in the European Union:
 - ✓ over the short-run post-crisis period (2008-2014) – focus on the “recovery” dimension of resilience, i.e. how fast regions bounce back after an adverse shock;
 - ✓ testing the impact of FDI on regional labour productivity growth;
 - ✓ looking at two dimensions of FDI:
 - overall effect;
 - sectoral structure (and its matching with regional specialisation);
 - ✓ innovative identification strategy based on comparison between Europe and the US.

3. Preliminary Results

- Inward greenfield FDI seems to positively influence regional labour productivity growth:
 - ✓ regional recovery benefits from sectoral concentration of inward FDI;
 - ✓ only sectoral concentrated regions benefit from (sectoral concentrated) inward FDI;
 - ✓ FDI in the services industry outperform those in the production industry:
 - services FDI matters for regions characterised by a high level of services endowment only.

4. Concluding Remarks

➤ Policy implications:

- ✓ attraction policies should be region-specific;
- ✓ they should target inward FDI with specific characteristics in order to produce positive effects on the regional economy.