



Co-financed by the European Regional Development Fund

Inspire Policy Making with Territorial Evidence

The World in Europe

Växjö, 2 October 2018

The study consists of 12 reports

1 Synthesis report

Summing up all conclusions and recommendations



3 Main reports

1. Extra-European FDI
2. Intra-European FDI
3. FDI by European SMEs



8 Scientific reports

Supporting and documenting the results and details of the project



The study combines detailed data on FDI with firm-level information

GLOBAL FDI TRANSACTIONS 2003-2016*

Size, type, status, sector, origin, destination region, detailed description of greenfield projects



INVESTOR/ACQUIRER

M&As and GREENFIELD
PROJECTS

TARGET FIRM



FIRM-LEVEL INFORMATION

Sector, turnover, number of employees, wage costs, ownership information etc.

Structure of presentation

PART 1

FDI into Europe
Extra- and intra-European FDI

PART 2

Drivers of FDI across European
regions

PART 3

Impacts of FDI across European
regions

PART 4

Concluding remarks

1

FDI into Europe

Extra- and intra-European FDI



128,000 FDI recorded projects into Europe during 2003-2015

~ 128,000 FDI projects

~ EUR 6.4 trillion



47% **M&As** – EUR 135 million per deal

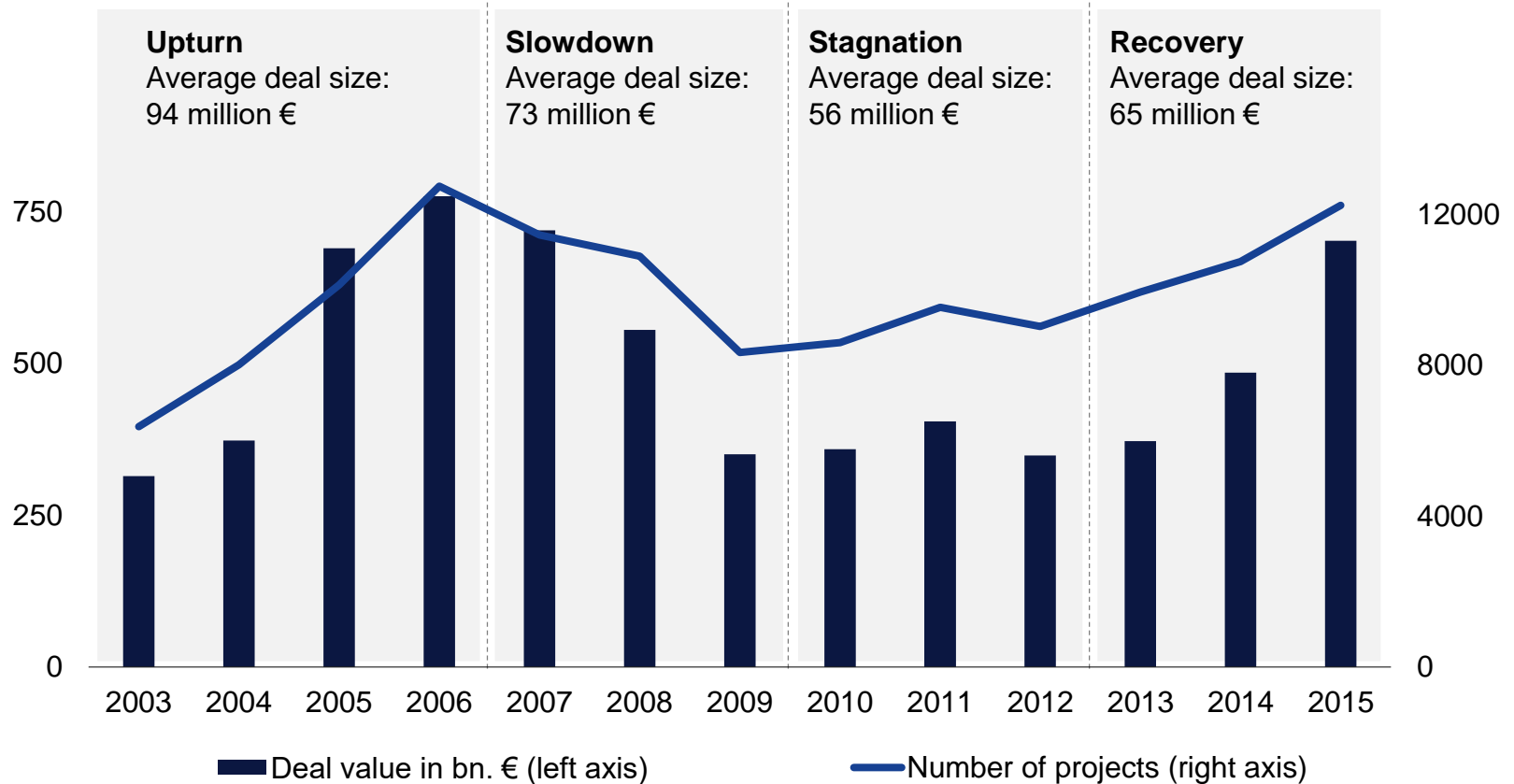
53% **greenfield investments** – EUR 34 million per deal

56% in **services** – EUR 67 million per deal

36% in **manufacturing** – EUR 60 million per deal

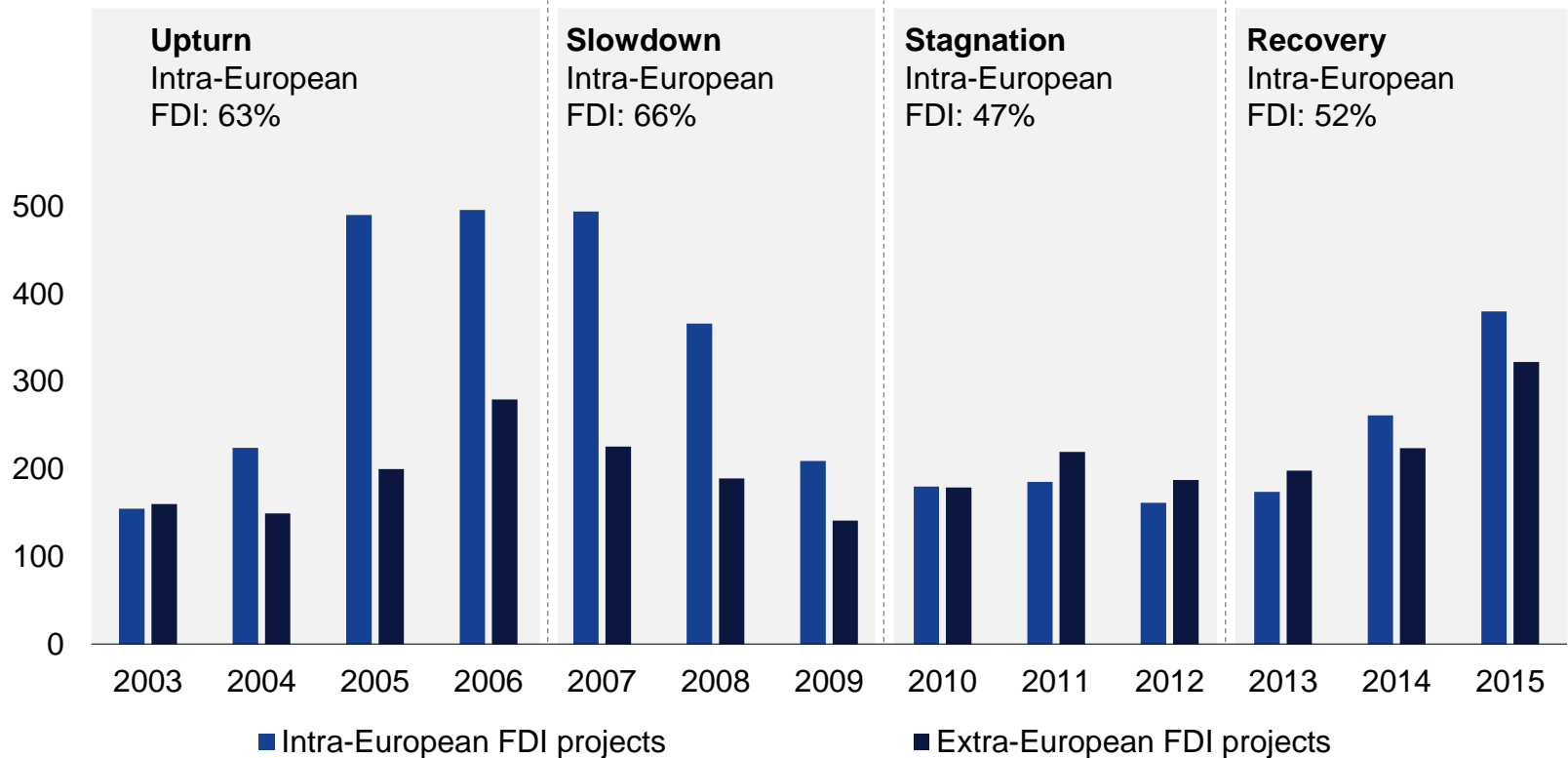
2% by **public investors** – EUR 272 million per deal (only M&As)

FDI into Europe has gone through different phases



More intra-European than extra-European FDI in most phases

Deal value in bn. EUR

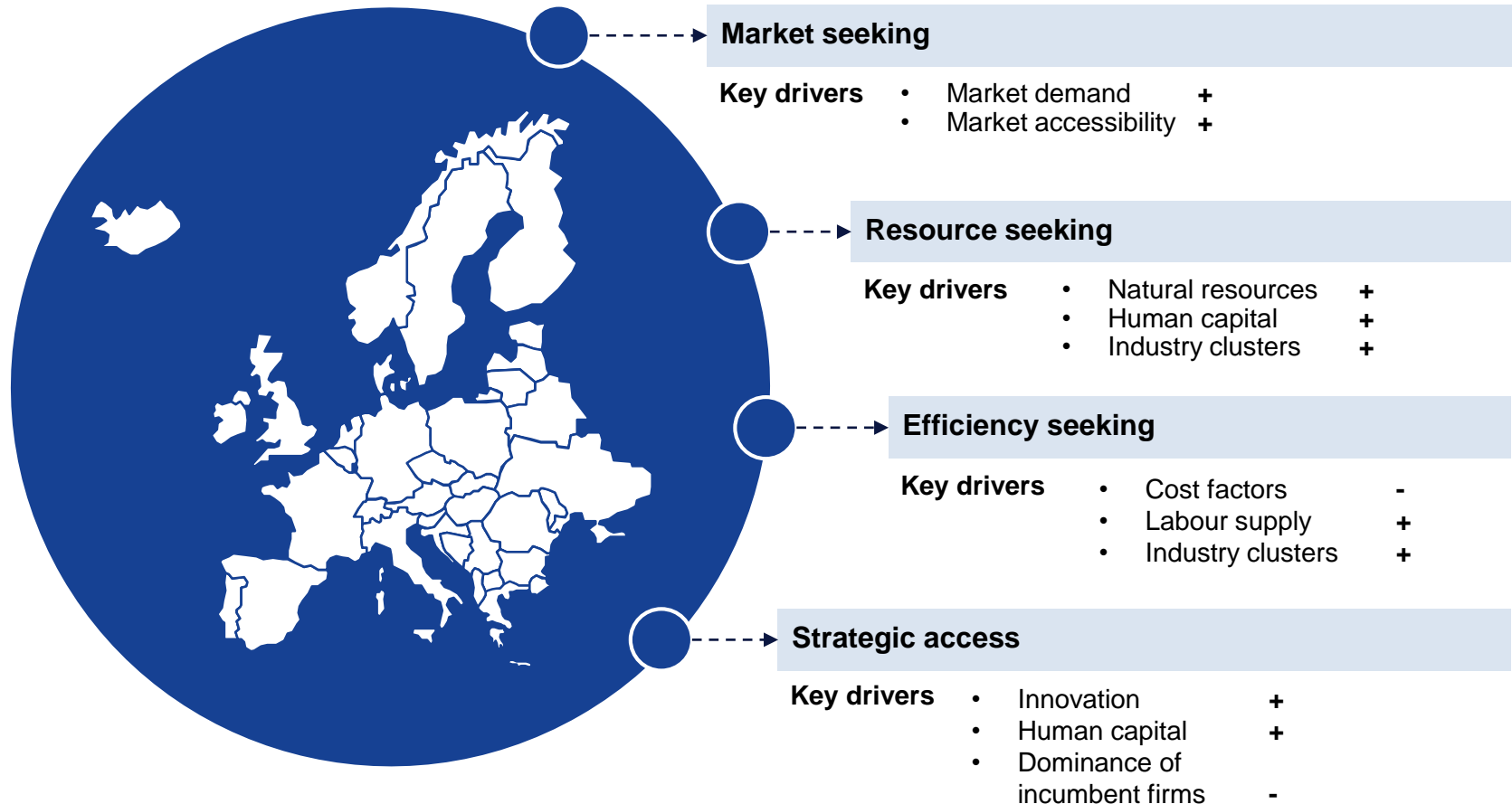


2

Drivers of FDI across European regions



Investors have different motives for investing in Europe



FDI drivers differ across territorial groups of regions

Urban-rural regions

1. Urban regions
2. Intermediate regions
3. Rural regions

Metropolitan regions

1. Capital metropolitan regions
2. Other metropolitan regions
3. Non-metropolitan regions

Regions with different levels of development

1. More developed regions
2. Transition regions
3. Less developed regions



Why expect different FDI drivers?

1

Different motives for investing in different types of regions

2

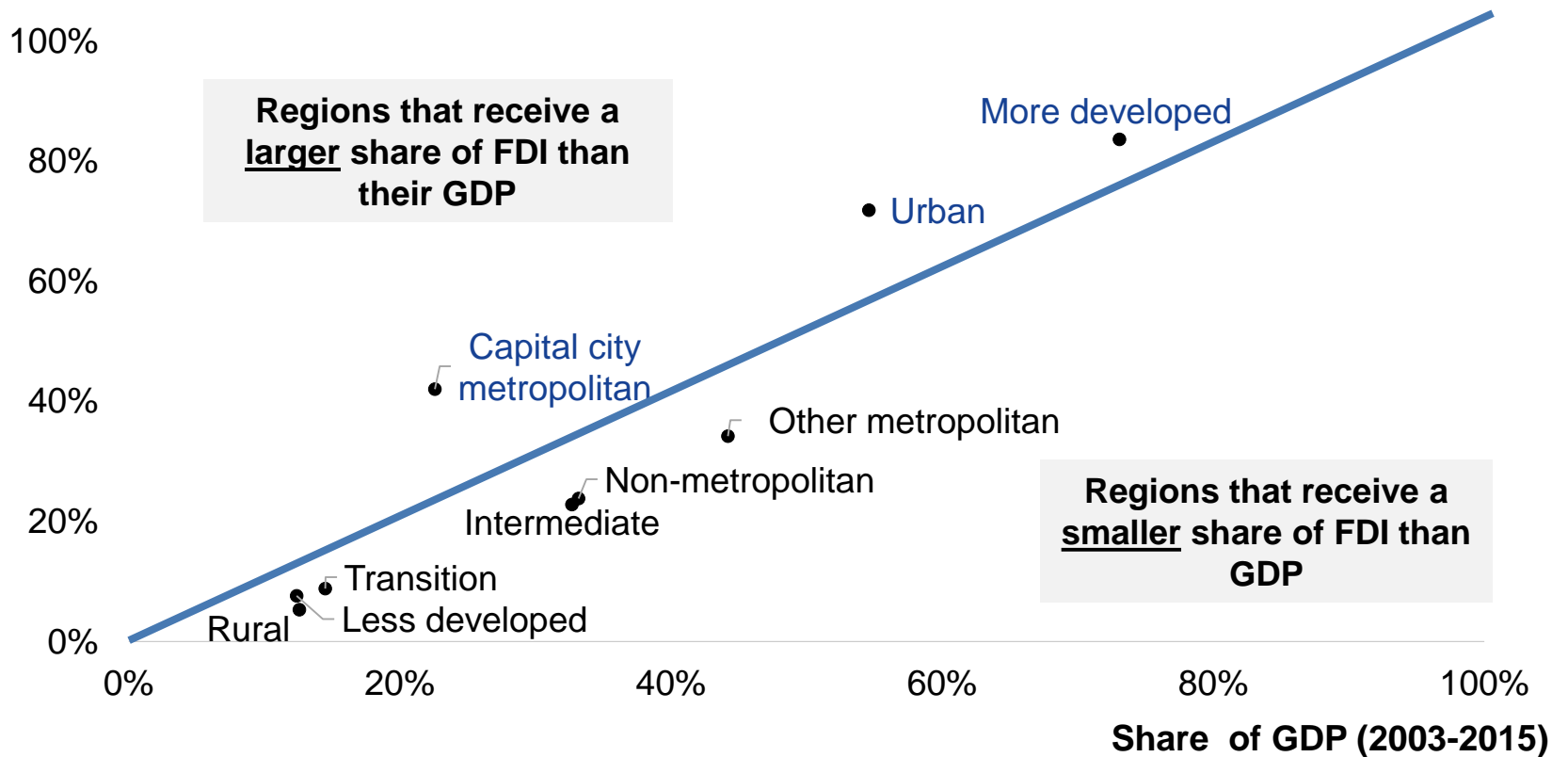
FDI type differs across regions (e.g. HQ in capital regions)

3

The cost of doing business may differ across regions

FDI is unequally distributed across European regions

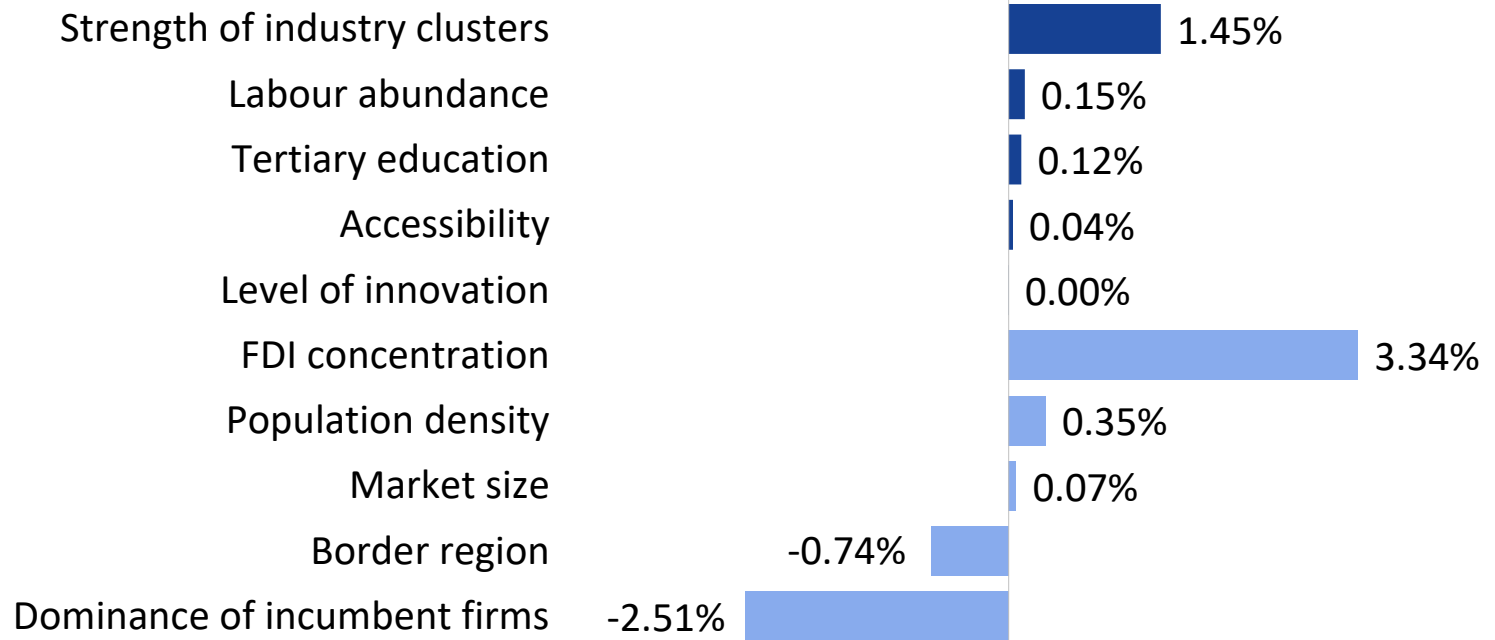
Share of non-European FDI inflows (2003-2015)



FDI concentration, strong industry clusters and a level playing field are main drivers

1% increase in the regional FDI driver

x% increase in the likelihood of receiving an FDI project



Findings for intra-European FDI are similar, but...

- 1 European investors place *more* emphasis on strong industrial clusters and large regional markets
- 2 European investors place *less* emphasis on FDI concentration, population density, labour abundance and higher education
- 3 More evenly distributed across regions than extra-European FDI
- 4 Rural, non-metropolitan and less developed regions receive a larger share of intra-European greenfield FDI than their economic size would predict

Economic convergence

3

Impacts of FDI across European regions

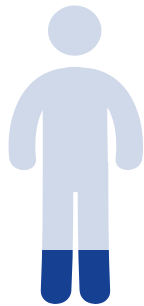


Foreign firms have a disproportionately large footprint in the EU



Foreign firms account for **3%** of the number of firms but...

18% of employment



32% of production value



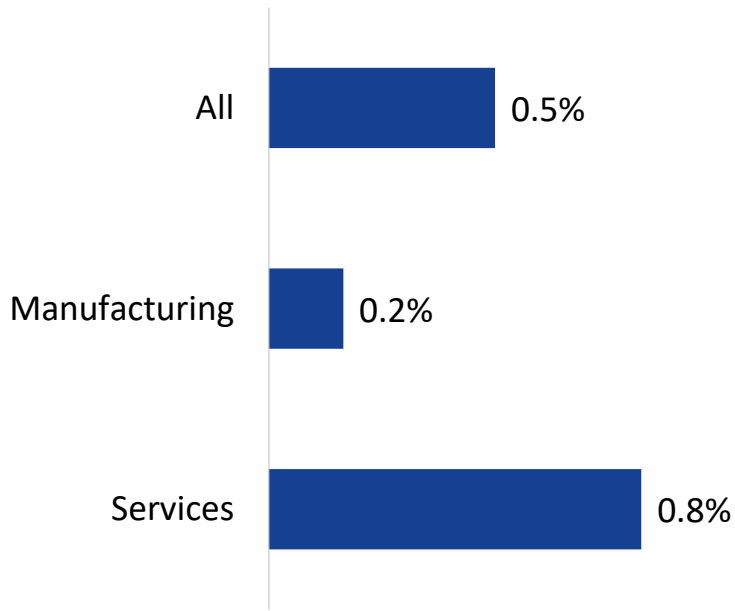
28% of value added



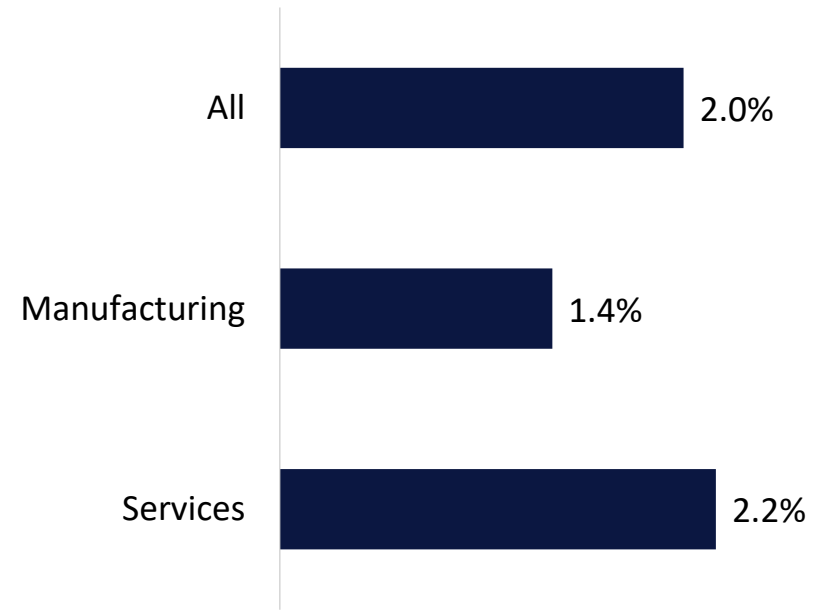
FDI brings significant regional productivity spillovers

One percentage point increase in FDI concentration increases the labour productivity of local firms by...

Intra-industry productivity spillovers

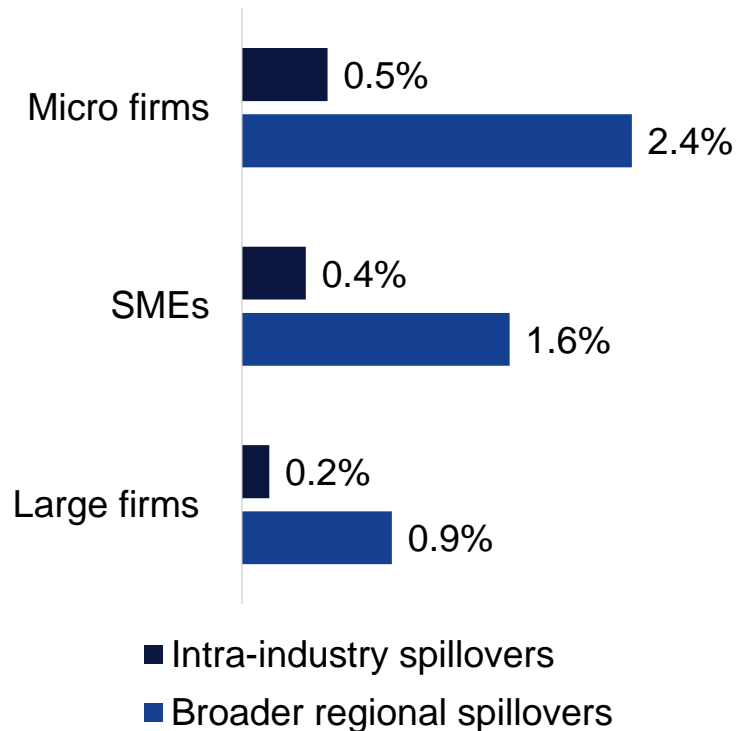


Broader regional productivity spillovers

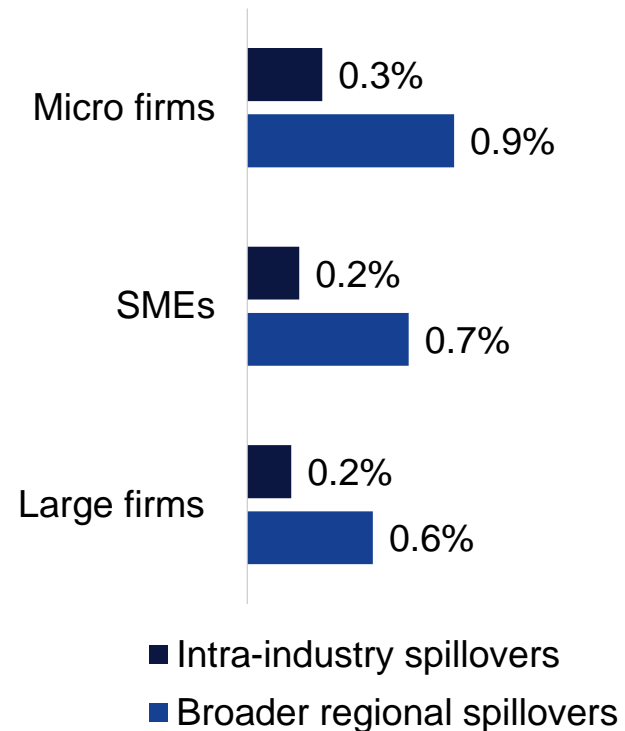


Productivity spillovers are larger for smaller firms – and for extra-European FDI

Extra-European FDI



Intra-European FDI

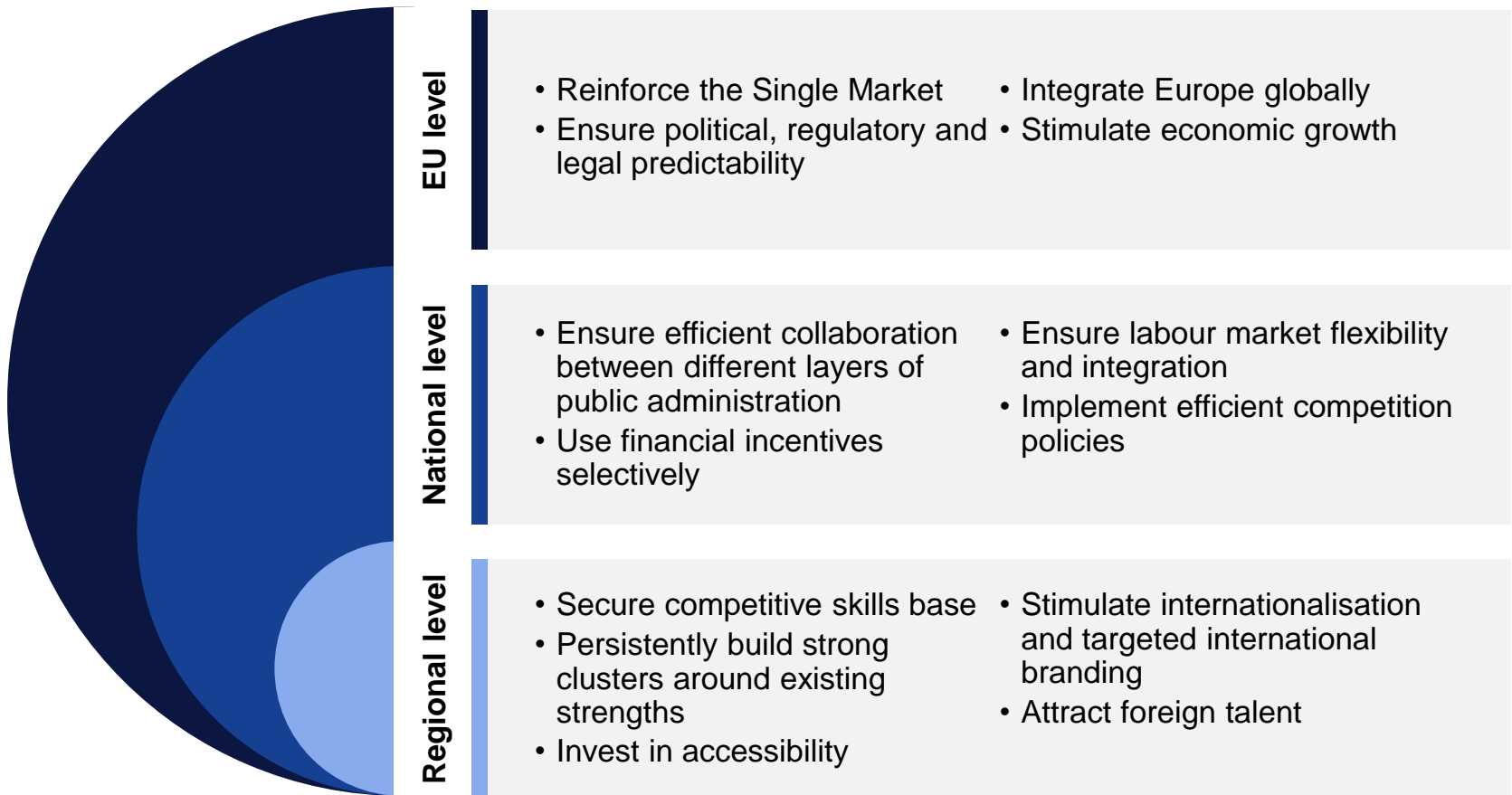


4

Concluding remarks



Much is done to attract FDI – but more can be done



Policies to increase the benefits of FDI inflows

Optimise spillovers and integrate foreign firms in the local economy

Offer after-care support

Improve the integration of SMEs with foreign firms

Key focus on non-European investors



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Thank you for your attention!

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