

CASE STUDIES

EXPORTING TO THE WORLD: EU REGIONS AND TRADE



About the study

The research was commissioned by the American Chamber of Commerce to the EU (AmCham EU) and conducted independently by LE Europe.

About AmCham EU

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About LE Europe

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Executive summary

By every metric, Europe's regions are diverse. The case studies presented in the following pages aim to supplement the findings of the study. By profiling a broad geographic range of countries and regions in greater depth, they provide a snapshot of the industrial make-up of the regions, the principal drivers of economic growth and competitiveness in regions, as well as their longer-term prospects. The case studies highlight that:

1. Relative wealth of a region is not a factor in the level of benefit a region derives from export activity;
2. Regions with a stronger manufacturing footprint tend to benefit to a greater degree from exports;
3. Socio-economic factors, such as levels of education and skill in the local workforce, play a role in the region's economic outlook;
4. Export activity is not the only factor in a region's economic success.

1 Poland: export-led economic growth

Between 2010 and 2019, Poland registered export growth of 84%. Over the same period, the Polish economy grew by 38%.

2 Hungary: selling abroad creates jobs at home

The Hungarian goods export market is dominated by three manufacturing industries. These industries in turn support 146,500 jobs.

3 Southern, Ireland and Kontinentalna Hrvatska: a comparison

The impact of exports on employment and output in Southern Ireland is much more pronounced than in Kontinentalna Hrvatska (Continental Croatia) due to the largely different economic environment. The sectoral structure of economic activity in Southern, Ireland favour manufacturing, whereas services are the biggest sectors in Continental Croatia. Furthermore, the difference in skills levels of the labour force plays out.

4 Stuttgart, Germany: strong value chains, more jobs

Manufacturing is by far the largest industry in Stuttgart. Manufacturing exports in turn account for 1.05 million jobs. The presence of a value chain in automotive products has led to an ecosystem of economic activity in the region around this sector. Stuttgart scores highly in competitiveness, indicating that it is ready for the future.

5 Área Metropolitana de Lisboa, Portugal: a different industrial fabric

The Área Metropolitana de Lisboa (Lisbon) region's industrial fabric differs from the country as a whole, with manufacturing relatively less important, and services much more important. Goods exports from the region come principally from the less labour-intensive mineral products industries. However, the relatively low competitiveness score of the region suggests this could be an area of concern going forward.

6 West-Vlaanderen, Belgium: where the traditional industry meets the new

The West-Vlaanderen (West Flanders) region is home to a healthy manufacturing sector. Exports from the region are heavily concentrated in the traditional manufacturing industries such as food products, beverages and tobacco products. However, the manufacture of computer and electricals sector is the fastest growing export industry in the region.

7 Vzhodna Slovenija, Slovenia: manufacturing as a driver of growth

In Vzhodna Slovenija (Eastern Slovenia), a relatively less wealthy region, manufacturing contributes a much greater proportion of wealth to the regional economy than to the national economy. Exports contribute 68.3% of the region's economic output, and comprise many goods from high tech industries. The region is well positioned to benefit from global demand for high- and medium-tech products.

8 Etelä-Suomi: moving with the times?

Manufacturing in Etelä-Suomi (Southern Finland) contributes significantly more to the region's economic output than the same industry contributes nationally. Many of the region's industries are heavily export focused. The challenge for Southern Finland will be to upskill the regional labour force as demand shifts to high-technology sectors.

9 Nord-Vest, Romania: growing an economy independent of exports

The Nord-Vest (North Western) Romania region's output has been growing significantly faster than the national economy – in spite of the fact that the region is relatively less dependent on exports than the national economy. However, the relative dearth of skilled labour could hamper the development of industry going forward.

10 Comunidad de Madrid, Spain: low exports, no problem

The Comunidad de Madrid region is a strong performing region in Spain's national economy. However, in part due to the fact that manufacturing is not a significant economic activity for the region, the ratio of goods exports in the region's total economic output is low. Key sectors for the region going forward are financial services, businesses services and high-tech and logistics industries.

11 Normandie, France: tapping international markets

Normandie (Normandy) is an export-oriented region. The region accounts for a proportion of French goods exports above its contribution to French GDP. The region is pursuing an economic strategy which targets international markets with strong growth. However, the need to upskill the region's workforce represents a challenge for the future performance of the region.

Poland: export-led economic growth



Population

37.9 million
(2019)



GDP

€532.3 billion
3.8%
(of EU GDP)
(2019)



Exports of goods
and services

€295.6 billion
4.3%
(of EU exports)
(2019)

Katowice city center panorama



This case study showcases an EU Member State where exports were a major source of economic growth.

At a glance

- The Polish economy grew by 38% from 2010 to 2019 while the EU-27 economy expanded by only 14%.¹ This robust economic performance was driven in large part by very rapid growth in the exports of goods and services over this period.
- Exports grew by 84% from 2010 to 2019, the fourth highest export growth among EU-27 Member States after Ireland, Romania and Lithuania, and almost twice as rapidly as EU-27 exports of goods and services.²
- By 2019, the ratio of exports to GDP stood at 55.5%, 6.1 percentage points higher than in the EU-27 overall.
- Total employment increased by 6.5% over this period and the unemployment rate declined from 9.7% in 2010 to 3.3% in 2019.

In-depth

The mix of exports changed somewhat from 2010 to 2019 with the share of exports of services in total exports increasing from 18.2% in 2010 to 21.2% in 2019. As a result of the faster growth in services exports than in goods exports, Poland's mix of goods and service exports is becoming more similar to that of the EU-27³. Most of the Polish goods and services exports are destined for the EU market – 81.4% of all Polish goods exports in 2019, up from 76.8% in 2010. Polish exports gained market share in almost all EU Member States over the period 2010-2018.⁴

Polish exports are also heavily concentrated in a few industries. Among the goods exporting industries, six industries accounted for 59.3% of the total value of Polish goods exports in 2018, with two industries alone contributing 32.9% of total goods exports value ('manufacture of motor vehicles, trailers and semi-trailers industry' (16.5%) and the 'wholesale and retail trade; repair of motor vehicles and motorcycles' industry (16.4%). Among Polish services exports, three categories of services exports ('transport', 'other business services' and 'travel') accounted in 2018 for 71% of all Polish services exports in value and together with 'telecommunications, computer and information services' they comprised 82.7% of all Polish services exports.

Poland ranks tenth among EU Member States in terms of the integration of its economy into global value chains (GVC). The combined value of Poland's forward and backward (GVC) integration shares⁵ stood at 48.4% in 2015/16, only slightly higher than the EU-27 average of 45.7%. However, Poland's forward GVC integration share stood at 21.5%, considerably higher than the EU-27 average of 17.7%, meaning that Poland relies markedly more on sales of goods and services into GVCs for its exports than the average EU-27 Member State.

Hungary:

selling abroad creates jobs at home



Population

9.8 million
(2019)



GDP

€146.1 billion
1%
(of EU GDP)
(2019)



Exports of goods
and services

€120 billion
1.7%
(of EU exports)
(2019)

Bend of Danube river in Predikatoszek, Hungary



This case study shows a strong export performance results in significant employment growth.

At a glance

- The Hungarian economy grew by 30% from 2010 to 2019 while the EU-27 economy expanded by only 14%.
- The good economic performance was driven in large part by solid growth in the Hungarian exports of goods and services over this period.
- Exports grew by 57% from 2010 to 2019, marginally higher than the EU-27 average growth of 56%.
- By 2019 the ratio of exports to GDP stood at 82%, the seventh highest level among EU-27 Member States.
- Total employment increased by 19.5% over this period and the unemployment rate declined from 6.1% in 2010 to 2.2% in 2019.

In-depth

Hungary's mix of services and goods exports has changed somewhat from 2010 to 2019 with the share of exports of goods in total exports falling from 81.27% in 2010 to 77.5% in 2019. Despite the drop in the share of goods exports, Hungary still ranked 7th highest in the EU for share of goods exports in total exports 2019.

Hungarian exports of goods accounted, on average, for 54% of total employment⁶ in the goods producing sector from 2012 to 2018 and this share has remained broadly stable of this period.

Hungarian goods are heavily concentrated in a few sectors. Three industries ('manufacture of motor vehicles, trailers and semi-trailers', 'manufacture of computer, electronic and optical products' and 'manufacture of machinery and equipment not elsewhere classified') accounted in 2018 for 50% of all Hungarian goods exports, of which the 'manufacture of motor vehicles, trailers and semi-trailers' alone was the source of almost 30% of all Hungarian goods exports. Together, these three industries supported 146,500 jobs in the goods producing sector or 34% of all jobs resulting from exports by the goods-producing sector.

While the share of export-supported jobs in the goods-producing sector remained broadly stable from 2012 to 2018, the number of such jobs increased by 23% of this period. The industry 'manufacture of motor vehicles, trailers and semi-trailers' alone accounted for 43% of the increase in export-supported jobs and the three industries mentioned above created 66% of the additional export-supported jobs from 2012 to 2018.

Hungary is strongly involved in global value chains. The overall index of global value chain (GVC) participation stood at 60.3% in 2015/2016, the fourth highest level in the EU-27 after Luxembourg, Malta and Slovakia and much higher than the EU-27 average of 45.7%.⁷ A very high level of foreign goods and services embedded in Hungarian exports (44.1%) is the main reason of the high GVC index.

Southern, Ireland and Kontinentalna Hrvatska: a comparison



Population

Southern, Ireland region

1.6 million
33.1%
(of Irish population)
(2019)

Kontinentalna Hrvatska

2.7 million
66.3%
(of Croatian population)
(2019)



GDP

€147.154 billion
41.3%
(of total GDP)
(2019)

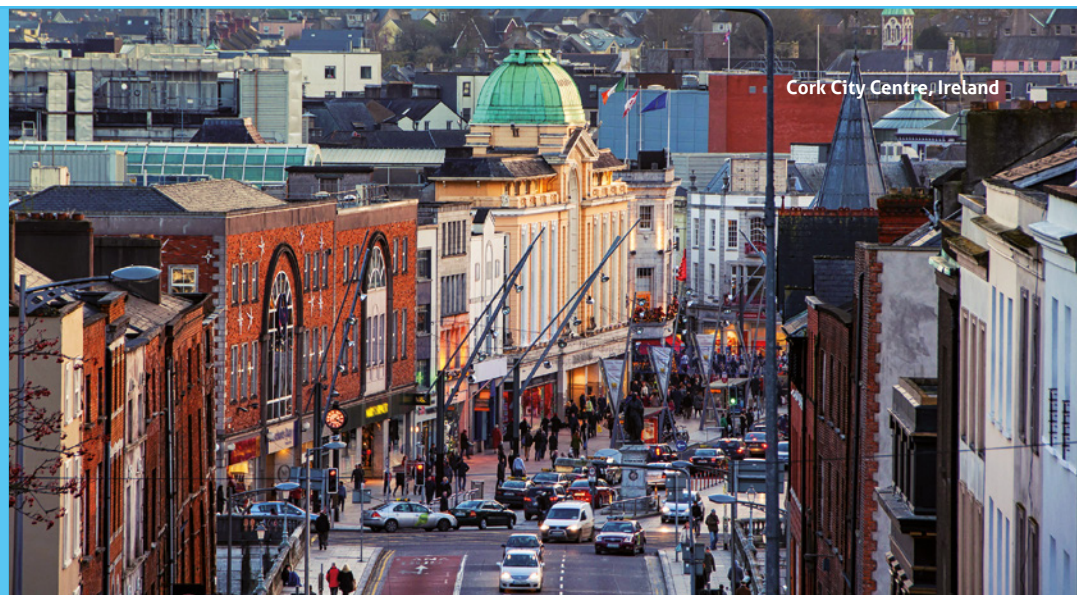
€146.1 billion
67.6%
(of total GDP)
(2019)



Per capita GDP

€90,000
(versus €72,300
nationally)
(2019)

€13,500
(versus €13,300
nationally)
(2019)



Cork City Centre, Ireland



Zagreb panoramic view, Croatia

This case study compares the two regions which differ markedly in both economic characteristics and estimated output and employment impact of increases in exports.

At a glance

- The Southern region of Ireland encompasses the whole of the southern part of the Republic of Ireland and its major cities and metropolitan areas are Cork, Limerick-Shannon and Waterford.
- The region hosts many multinationals and its GDP accounted for 39.2% of Ireland's GDP.
- The region's GDP per capita in 2018 was the second highest in the EU-27 and 161% higher than the EU-27 GDP per capita.
- The region's economy grew by 19.9% from 2015 to 2019⁸ and the region's unemployment rate stood at 5.5% in 2019.
- The Kontinentalna Hrvatska region consists of the Eastern (Pannonian) and Northwest Croatian regions. Its largest cities Zagreb, Osijek, Slavonski Brod, Karlovac, Sisak and Varaždin.
- The region is characterised by a large number of enterprise closures over the last decade - half of the region's manufacturing companies have closed down.⁹
- Its GDP per capita was 57% lower than the EU-27 average. However, the region's GDP (at current prices) grew by 15.1% from 2015 to 2018, slightly faster than EU-27.
- The region's unemployment rate stood at 6.7% in 2019.

In-depth

The differences in the economic situation of the two regions reflect a combination of broader country-wide macroeconomic and structural developments, and a number of region-specific factors. At the country level, it is worth noting that, in terms of overall competitiveness Ireland ranked 12th out of 63 countries in 2020 while Croatia ranked only 60th.¹⁰ Many of the factors which contribute to this marked difference in country-level competitiveness are also observed at the regional level.

The sectoral structure of economic activity differs markedly. Manufacturing accounted in 2017 for 57.1% of regional GVA in the Irish region but only for 16.1% in the Croatian region.¹¹ In contrast, the services sectors 'wholesale and retail trade, transport, accommodation and food service activities' and 'public administration, defence, education, human health and social work activities' accounted together for 35.4% of regional GVA in the Croatian region but only 17.7% in the Irish Region.

Moreover, the nature of the manufacturing activities undertaken in the region differs markedly. In the Irish region, 4.2% of all jobs in the region were in high technology sectors while only 1.1% of all jobs were in such sectors in the Croatian region. In contrast, 17.1% jobs in the Croatian region were in medium-low and low technology sectors while in the Irish region only 9.2% of all jobs were in such industries.

The labour force is also better educated in the Irish region with 49.1% of the labour force having had tertiary education and/or being employed in science and technology in 2019. By contrast, only 37.3% of the labour force in the Croatian region is in the same situation.

Due to the many differences in economic environment and conditions, the output and employment impact of an increase in exports is much smaller in the Croatian region than in the Irish region although, in both cases, the impact is larger than in the other regions of the country.

Stuttgart, Germany: strong value chains, more jobs



Population

4.14 million
5%
(of German population)
(2019)



GDP

€224.06 billion
6.5%
(of total GDP)
(2019)



Per capita GDP

€54,000
(versus €41,500 nationally)
(2019)

Weinstadt near the vineyards of Stuttgart



This case focuses on a region with a high regional employment impact of exports.

At a glance

- The Stuttgart region's economy is largely driven by automotive and machinery equipment manufacturing. It has grown (in real terms) by 20.2% from 2010 to 2018, about one quarter more than the German economy overall.
- Manufacturing accounted for 37% of the region's production value¹² in 2017¹³ (in contrast to 23% at national level). It is by far the largest industry in the region.
- Only three other industries accounted for more than 10% of the region's production value (wholesale trade (13% versus 16% at the national level, public administration (12% versus 18% at national level and wholesale trade 13% versus 16% at national level).
- While ICT accounted for only 4% of the region's production value, it is viewed by local policymakers as a major future growth area.¹⁴
- The automotive cluster accounted for about 215,500 jobs in 2018 in the Stuttgart region (17.1% of all jobs in the region) and mechanical and plant engineering for another 104,585 jobs (or 8.3% of all regional jobs).

In-depth

According to the IHK Region Stuttgart, in 2018 exports accounted for 67% of the turnover of manufacturing businesses located in the region. This very high export orientation of the region reflects to a large extent the export focus of the automotive and the machinery and equipment sectors and is the highest of all the regions in Germany. The automotive cluster includes automotive manufacturers, parts and equipment suppliers, systems and modules suppliers, engineering research and services, and production equipment suppliers. Many of the businesses active in the automotive clusters are large companies operating on a global scale. But it also includes about 450 small and medium-sized enterprises (SMEs), some of which may not export directly but only indirectly by being part of the automotive value chain.

Manufacturing accounted in 2018 for 24.7% of all jobs in the region and manufacturing exports for about 1.05 million jobs or 17% of all jobs in the region. In other words, the strong direct and indirect export performance of businesses is a major factor driving the region's employment growth.

Reflecting the strong economic and structural characteristics of the region, Stuttgart scores 87.8 on the EU Regional Competitiveness Index 2019 (on a scale of 0 to 100) and is ranked 18th out of 233 EU-27 regions for which such a rating was established.¹⁵

Whether the very strong export performance of the region can be sustained over the medium term depends on whether a) businesses in the automotive cluster will be able to successfully transition to the production of non-carbon using vehicles and more generally to carbon-free mobility and b) businesses in the production technology cluster will successfully meet the demand for industry 4.0, digital intense, production technologies and remain competitive relative to emerging new competitors. Such adjustments depend not only on successful R&D and innovation by the cluster participants but also, among other, on the availability of required skills.

Área Metropolitana de Lisboa, Portugal

a different industrial fabric



2.85 million
27.7%
 (of Portuguese population)
 (2019)



€76.776 billion
36%
 (of total GDP)
 (2019)



€26,900
 (versus €20,700 nationally)
 (2019)

Lisbon aerial panorama, Portugal



The case study presents a region with a low employment impact of growth in exports.

At a glance

- The Metropolitan region of Lisbon comprises the regions of Greater Lisbon and the Peninsula of Setúbal.
- The economy of the region (as reflected by the region's gross value added (GVA)) stagnated over the period 2010-2018. After declining from 2010 to 2015, it recovered gradually thereafter to grow back to its 2010 level by 2018.
- The region's unemployment rate stood at 7% in 2019 compared to 6.4% at the national level. At 21.2% in 2019 in the region and 18.3% nationally, youth unemployment remains a major economic challenge.
- The region ranks only 128th out of 233 EU-27 regions on the EU Regional Competitiveness Index and its score was 63.1 on a scale of one to 100.¹⁶

In-depth

As the region includes the capital and is the seat of many Portuguese companies, the region's industry mix differs somewhat from that of the country as a whole with manufacturing being relatively less important and services much more important. The latter generated 83.8% of the region's GVA in 2017.

Goods exports by the Lisbon region accounted for 23.8% of regional GDP in 2018, while at the national level this figure stood at 28.3%.¹⁷

Among the goods exported by the Lisbon region, two categories stand out. In 2018, 'mineral products' and 'vehicles, aircraft, vessels and associated transport equipment' accounted respectively for 20.9% and 20.3% of all goods exports, in sharp contrast to 8.9% and 12.9% of total Portuguese goods exports. However, the employment impact of these export categories was limited over the last 10 years because: i) typically, exports of 'mineral products' do not employ many people; and ii) the high productivity of the main car manufacturer in region dampened the employment impact of the growth in the regional employment in recent year. Moreover, regional export of motor vehicles grew much more slowly than at the national level from 2011 to 2018 (16.6% versus 32.8%).

The large share of 'vehicles, aircraft, vessels and associated transport equipment' in total goods reflects the activities of Volkswagen Autoeuropa, an automotive assembly plant near Lisbon. It is the largest foreign industrial investment in Portugal and one of the most modern car plants in Europe.¹⁸ The plant uses parts from about 750 suppliers, not all of them located in the region.

Overall, the developments in the region's main export categories suggest that the region faces a number of challenges in sustaining growth in goods exports over the coming years.

West-Vlaanderen, Belgium: where the traditional industry meets the new



Population

1.2 million
10.4%
(of Belgian population)
(2019)



GDP

€48.3 billion
10.2%
(of total GDP)
(2019)



Per capita GDP

€40,300
(versus €41,400 nationally)
(2019)

Oostende, Belgium



The case study presents a region with a medium employment impact of growth in exports.

At a glance

- Situated in the Flemish region, West Flanders is the only coastal province in Belgium. The region's main cities are Bruges, Kortrijk, Ostend, Roeselare and Ypres.
- The regional economy accounts for 10.2% of Belgian GDP and grew slightly faster than the Belgian economy overall (13.6% from 2010 to 2018 versus 12.0% in the case of Belgium).
- Over the same period, total employment in West Flanders increased slightly less rapidly than in Belgium overall (5.0% versus 5.9%).
- At 2.5%, the region's unemployment rate was in 2019 the lowest of all NUTS 2 regions in Belgium and less than half the national unemployment rate of 5.4%.
- However, at 47.3% the region of West Flanders has the lowest proportion of persons in the labour force with tertiary education and/or employed in science and technology among all the Belgian NUTS 2 regions.
- Overall, with a score of 63.0¹⁹, the region is ranked 128th out 233 EU-27 regions²⁰ in terms of its regional competitiveness.

In-depth

According to Voka, the Chamber of Commerce and Industry of West Flanders, the region's economy is characterised by a mix of SMEs (which are mostly family-owned companies) and multinationals such as CNH, Barco, Bekaert, etc.²¹ Manufacturing plays a greater role in the region's economy than in the Belgian economy overall, accounting for 17.8% of the region's output compared to 13.8% in the case of Belgium. The most important manufacturing sectors in West Flanders include metalworking, which is the largest industrial sector, food-processing and textile. Among newer, growth industries are mechatronics engineering (which comprise the engineering of both electrical and mechanical systems, and the combination of robotics, electronics, computer, telecommunications, systems, control, and product engineering) and the green and blue energy sectors.²²

In 2017, exports by the region were heavily concentrated in a few sectors. Overall, exports of goods accounted for 81.2% of the region's total exports with 18.7% of these total exports being undertaken by the 'manufacture of food products, beverages and tobacco products' sector and 29% by the 'wholesale and retail trade, repair of motor vehicles and motorcycles' sector. While total exports grew by 19.3% from 2013 to 2017, the 'manufacture of computer, electronic and optical products' sector stands out for its much faster export growth of 48.4%.²³ These three sectors vary somewhat in labour intensity with 'food manufacturing' requiring 10 employees to produce €1 million in value added, 'computer manufacturing' 11 employees and 'wholesale and retail' 13 employees.

Looking ahead, the region's export performance will depend on the extent to which the various clusters will help develop new, cutting-edge products for a world-wide market. This will help reduce its dependency on its core export products for which the market is likely to grow less rapidly. The development and sale of these new products on the global market will generate new employment opportunities for a well-educated and skilled labour force.

Vzhodna Slovenija, Slovenia: manufacturing as a driver of growth



Population

1.1 million
52.6%
(of Slovenian population)
(2019)



GDP

€21.02 billion
43.4%
(of total GDP)
(2019)



Per capita GDP

€19,100
(versus €23,200 nationally)
(2019)

Aerial view of Maribor and Drava river, Slovenia



This case study highlights how a relatively less well-off region can benefit from exports.

At a glance

- Vzhodna Slovenija or Eastern Slovenia is the largest, in terms of population, and least prosperous region of two NUTS 2 regions in Slovenia.
- The region's major cities are Maribor, Celje and Velenje.
- Its economy expanded by 13.7% from 2010 to 2018, slightly less than the country's economic growth of 16.4%.
- Eastern Slovenia is characterised by marked differences of industrial make-up among its sub-regions.
- Eastern Slovenia's unemployment rate stood at 9.7% in 2019, 1.6 percentage points higher than at the national level.
- The region's competitiveness index stood at 68.0 on a scale of 0 to 100 and the region was ranked 107th out of 233 in the EU-27 in 2019.²⁴

In-depth

Economic activity in Eastern Slovenia is characterised by a much greater contribution of manufacturing to the regional economy than to the national economy – the manufacturing sector accounted for 26.0% of the region's GVA in 2018, 5.9% more than at the national level. Moreover, this high contribution of manufacturing to regional GVA puts the region in 19th place among all the 213 NUTS 2 regions for which such information is available.

A large Slovene multinational pharmaceutical company, Krka, has its headquarters and production facilities in Eastern Slovenia. The region also hosts a car manufacturer, Revoz which is part of the Renault Group, as well as many automotive part suppliers, other manufacturers of pharmaceuticals and chemical products, electrical and electronics products, machining and metalworking products and wood-processing products. Much of the production of these industries is exported and a large proportion of these exports enter global value chains as they consist largely of intermediate products. Overall, 46.9% of the total value of Slovene exports originated in 2019 from the Eastern Slovenia region. The main export market of the region was the EU-27 which took 85.4% of the region's exports and, within the EU-27, Austria, Germany and Italy were the main markets²⁵, accounting together for 53.7% of the region's exports. These exports are a key driver of regional economic growth - the region's ratio of exports of goods to GDP stood at 68.3% in 2018. The region's exports comprise many goods from high-tech and medium-high-tech industries. This is reflected in the fact that these industries account for 12.3% of total regional employment. The region is well positioned to benefit from the continued growth in the global demand for high-tech and medium-high-tech products provided the region's skills and knowledge keep up with the rapidly evolving demands of industry 4.0.

Etelä-Suomi, Finland: moving with the times?



Population

1.15 million
20.9%
(of Finnish population)
(2019)



GDP

€43.88 billion
18.7%
(of total GDP)
(2019)



Per capita GDP

€38,000
(versus €42,500 nationally)
(2019)

Helsinki, Finland



This case study highlights a region where exports have a high impact on regional output.

At a glance

- The Etelä-Suomi or Southern Finland NUTS 2 region is characterised by a large number of cities surrounded with more sparsely settled rural areas.
- Its economy grew by 8.5% from 2010 to 2018, somewhat faster than the Finnish economy's growth of 6.7% over the same period.
- However, regional employment declined by 0.4% over this period while national employment grew by 2.3%.
- The regional unemployment rate stood at 5.8% in 2019, slightly lower than the national employment rate of 6.1%.
- At 50.5%, the proportion of persons with a tertiary education and/or employed in science and technology in the region was somewhat lower in 2019 than the national figure of 54.7%.
- In 2019, Southern Finland's regional competitiveness index rating stood at 70.93 on a scale of 0 to 100 and the region ranked 98th out of 233 EU-27 NUTS 2 regions²⁶.

In-depth

The main industries in the region are 'food processing', 'forestry', 'machinery and equipment', 'metals and metal products', 'pharmaceuticals', 'plastics' 'pulp and paper', 'shipbuilding' and 'wood products'. The region also hosts a number of enterprises in the newer economy such as, for example, in the 'bioeconomy', 'cleantech', 'intelligent logistics' and 'packaging'.²⁷

Reflecting the fact that many of the region's industries are heavily export focused, the region's ratio of exports of goods to GDP stood 37.0% in 2018, 9.8 percentage points higher than at the country level and the region's exports accounted for 25.5% of the value of all Finnish exports of goods.²⁸

Moreover, foreign-owned enterprises in the region were the source of 36.2% of the region's exports in 2018, somewhat less than at the national level.

The challenge for the region over the coming years will be to grow the 'new economy' part of its economy to meet the domestic and international demand for such new products and services. This will require a significant upskilling of the regional labour force. At the present time, only 4.1% of employed persons in the region work in high-technology sectors (high-technology manufacturing and knowledge-intensive high-technology services) compared to 6.1% nationally, only 50.5% of the labour force have a tertiary education and/or employed in science and technology compared to 54.7% nationally and the lack of skilled persons seeking employment is cited by some enterprises in the region as a factor holding back their growth.²⁹

Nord-Vest, Romania: growing an economy independent of exports



Population

2.55 million
13,1%
(of Romanian population)
(2019)



GDP

€26.84 billion
12%
(of total GDP)
(2019)



Per capita GDP

€10,500
(versus €11,500 nationally)
(2019)

Oradea, Romania



This case study focuses on a region where exports have a medium impact on regional output.

At a glance

- The Nord-Vest is slightly less prosperous than the country as a whole and, in 2018, the region's GDP per capita was the 13th lowest among the NUTS 2 regions for which this information is available.
- However, its economy grew much faster than the national economy from 2010 to 2018, posting a GVA³⁰ increase of 45.7% over this period compared to 35.1% at the national level.
- The region's unemployment rate stood at 2.9% in 2019 compared to 3.7% at the national level. The region's skill base is among the least developed of all NUTS 2 regions.
- With only 26.9% of the regional labour force having a tertiary education and/or being employed in science and technology³¹, the region ranks 10th last out of all NUTS 2 regions for which such data exist.
- Overall, out of 233 regions, in 2019, the Nord-Vest region ranked 211th on the EC Regional Competitiveness Index with a score of 17.5 on a scale of 0 to 100.³²

In-depth

Overall, 'manufacturing' and 'wholesale and retail trade, transport, accommodation and food service activities' were the two largest economic sectors in the region in 2017, accounting respectively for 26.1% and 20.4% of the region's GVA.³³

The region's ratio of goods exports to GDP stood at 30.4% in 2017, slightly lower than the national figure of 33.4%.³⁴ and 11.0% of Romania's exports originated from the Nord-Vest region in 2019. 'Mechanical and electrical equipment' was by far the largest goods export category³⁵, accounting for 33.9% of the total value of regional goods exports. Only two other categories, 'base metals and articles of base metal' and 'miscellaneous manufactured articles' accounted for more than 10% of total regional goods exports.³⁶

Looking ahead, the low skills base of the region will hamper the region's capacity to grow its exports, especially of higher value-added products. For example, in the case of 'machinery and equipment', the move worldwide to industry 4.0 will stimulate the demand for 'smart machinery and equipment' whose production requires a skilled labour force. In the absence of any significant upgrading of its product range and labour skills, the region risks losing out on the expected rapid growth of the worldwide demand for such higher value-added products. The broader challenge of increasing the competitiveness of the region is clearly recognised in the region's development plan³⁷ for 2021 to 2027 which aims to foster the development of an economy based on innovation and digitalisation, develop its human and social capital and create a high physical and digital connectivity.³⁸

Comunidad de Madrid, Spain: low exports, no problem



Population

6.64 million
14.2%
(of Spanish population)
(2019)



GDP

€240.13 billion
19.3%
(of total GDP)
(2019)



Per capita GDP

€35,900
(versus €26,400 nationally)
(2019)



Madrid, Spain

This case study focuses on a region where the regional output impact of exports is modest.

At a glance

- The NUTS 2 region Comunidad de Madrid encompasses the country's capital Madrid and the areas surrounding Madrid.
- The region's economy³⁹ grew by 13.7% from 2010 to 2019, 3.0 percentage points faster than the national economy.
- The region's overall unemployment rate stood at 13.8% in 2019 and the youth unemployment rate was 29.0%.⁴⁰
- In 2019, 56.3% of the labour force had a tertiary education and/or were in science and technology⁴¹. Moreover, in the region, 8.0% of employed persons worked in high-technology sectors (high-technology manufacturing and knowledge-intensive high-technology services) in 2019⁴².
- With a regional competitiveness score of 70.8 (on a scale of 0 to 100), the region ranked 98th out of the 233 EU-27 NUTS 2 regions⁴³ in 2019.

In-depth

The region's economic structure reflects the fact that the national capital is located in the region and many companies have their headquarters in that area.

As manufacturing accounts for much smaller proportion of regional production than national production, it is not surprising that, in 2019, the regional ratio of exports of goods to GVA is low in absolute terms and relative to the national ratio (13.0% versus 23.3%)⁴⁴. Regional exports of goods accounted for only 10.7% of total Spanish exports of goods in 2019 even though the region generated 19.3% of the country's GDP in 2019. Due to the relatively small value of regional goods exports, growth in the latter can only have a limited impact on regional output and employment.

The region's major goods export categories in 2019 were machinery and equipment (38.5% of total value of goods exports by the region, semi-manufactured goods (25.2%) and consumer goods (10.8%). Particularly striking is the importance of machinery and equipment exports at the regional level (at the national level, this goods category accounts for only 20.4% of the total value of goods exports). The EU-27 is a relatively less important export market for the region than for the country with only 50.6% of the region's goods exports having been shipped to EU-27 in 2019 while 58% of national goods exported went to the EU-27.

Looking ahead, the key strategic sectors for Madrid are financial services, business services, high-tech industries and logistics.⁴⁵ The region should benefit not only from domestic demand but also from international demand for the products and services provided by enterprises operating in these strategic sectors if the latter continue to grow and successfully manage to remain at the cutting edge of market developments.

Normandie, France: tapping international markets



Population

3.32 million
4.9%
(of French population)
(2019)



GDP

€96.87 billion
4%
(of total GDP)
(2019)



Per capita GDP

€28,600
(versus €36,000 nationally)
(2019)

Le Havre, France



This case study focuses on an export-oriented region.

At a glance

- Normandy is an export-oriented region – its ratio of regional goods exports to total regional gross value added (GVA) stood at 36.7% in 2018 versus 20.5% at the national level.
- The region's share of French exports of goods has consistently exceeded its share of French GVA from 2014 to 2019 and, over this period, this share fluctuated between 6.9% and 7.5%.⁴⁶
- The economic tissue of the region differs markedly from that of France overall, with manufacturing accounting for 18.8% of the region's gross value added (GVA) in 2016⁴⁷ versus 11.1% nationally. Agriculture and public services accounted for a larger share of regional GVA than of national GVA.
- The region's unemployment rate stood at 9.2% in 2019 versus 8.5% at the national level.
- Although the region hosts industries requiring advanced levels of education, in 2019, only 28.5% of the population⁴⁸ had a tertiary education (37.9% at the national level). The competitiveness index of Normandy's two sub-regions, namely Haute Normandie and Basse Normandie stood respectively at 62.0 and 55.9 on a scale of 0 to 100 and were ranked 96th and 117th out of 233 regions in the EU-27 in 2019.⁴⁹

In-depth

The region hosts two of France's major ports (Le Havre and Rouen) and two of the region's major industries, namely petroleum refining and petrochemicals, are located in these port areas.⁵⁰

The region's key exports in over the period 2019Q4-2020Q3 were pharmaceuticals (19.7% of value of total goods export), chemical products (15.6%), processed foods and drinks (14.0%), machinery and equipment (10.1%), refined petroleum and coke (7.2%), agricultural products (6.9%), automotive and aeronautical (6.8%), and perfumes, cosmetics and household products (2.5%).

The region's main export markets are a mix of EU-27 Member States and countries outside the EU. In fact, over the period 2019Q4-2020Q3, the non-EU-27 market was relatively more important for exports from Normandy with 42.8% of the region's exports (in value) having been shipped to the Single Market and 57.2% to outside the EU-27. The main individual export markets were Germany (which took 10.4% of Normandy's exports), Italy (8.8%), USA (7.7%), Belgium (7.6%), China (5.8%), the United Kingdom (5.7%), the Netherlands (5.1%) and Spain (4.5%).

The region's economic strategy aims to target international markets with strong growth and to distinguish itself from other participants in the global economy through the quality and innovation of its products and services.⁵¹ The achievement of such objectives requires a skilled and well-educated labour force. However, the fact that the proportion of the regional population with tertiary education is markedly lower than at the national level may well hamper the region's future export growth performance if no measures are taken to address current and future skills shortages. In particular, the skills shortage will make it challenging for enterprises from Normandy to remain at the forefront of technological innovation and increase the production and exports of higher value products at a time when its main competitors move to industry 4.0.

- 1 The growth rates refer to the increase in GDP (in volume terms, 2010=100).
- 2 EU-27 exports grew by 45.1% from 2010 to 2020.
- 3 EU-27 exports of services accounted for 28.4% of total exports in 2019.
- 4 The market share is defined as the ratio of Polish exports to country X to final domestic demand in country X.
- 5 The forward share in this case study is a country's domestic value added embedded in exports by the world as a share of total exports by the world (see OECD, Trade in Value Added (TiVA)). The backward share is the share of foreign value added in a country's exports. In the case of Poland, the forward share is equal to 21.5% and the backward share is 26.9%.
- 6 Exports of goods supported about 435,000 direct jobs in 2018.
- 7 The index is the sum of a country's forward and backward GVC integration indicator. The forward share is a country's domestic value added embedded in exports by the world as a share of total exports by the world (see OECD, Trade in Value Added (TiVA)). The backward share is the share of foreign value added in a country's exports.
- 8 Growth in GDP at constant prices of 2015. Due to a change in accounting for the activities of multinationals in 2015, the GDP data from 2015 onwards are not comparable to the pre-2015 GDP data. In 2015, the reported growth in regional reported GDP is 67%. See, for example, WDC Insights (2018), Leprechauns in Invisible Regions: Regional GVA (GDP) in 2015.
- 9 EURES, Labour market information, <https://ec.europa.eu/eures/main.jsp?catId=10564&acro=lm&lang=en&countryId=HR®ionId=HR0&nuts2Code=HR04&nuts3Code=null>.
- 10 See, IMD, World Competitiveness Ranking 2020 at https://www.imd.org/contentassets/6333be1d9a884a90ba7e6f3103ed0bea/wcy2020_overall_competitiveness_rankings_2020.pdf.
- 11 2017 is the latest year for which data on regional GVA by industry are available from Eurostat.
- 12 Gross value added.
- 13 2017 is the last year for which such detailed regional data are available from Eurostat.
- 14 See, for example, Verband Region Stuttgart, Handwerkskammer Region Stuttgart, Industrie und Handelskammer Region Stuttgart, IG Metall Region Stuttgart, (2019), Strukturbericht Region Stuttgart.
- 15 See European Commission (2019) The EU Regional Competitiveness Index 2019 and the relevant data available at https://ec.europa.eu/regional_policy/sources/docgener/work/rci2019_scorecards.pdf.
- 16 A broad definition of services is used here. This broad definition includes 'wholesale and retail trade, transport, accommodation and food service activities', 'financial and insurance activities', 'information and communication', 'real estate activities', 'professional, scientific and technical activities; administrative and support service activities' and 'public administration, defence, education, human health and social work activities'.
- 17 See European Commission (2019) The EU Regional Competitiveness Index 2019 and the relevant data available at https://ec.europa.eu/regional_policy/sources/docgener/work/rci2019_scorecards.pdf.
- 18 VW newsroom (2019) Volkswagen Autoeuropa Lda. <https://www.volkswagen-newsroom.com/en/press-releases/volkswagen-autoeuropa-lda-399>.
- 19 On a scale of 0 to 100.
- 20 See European Commission (2019), The EU Regional Competitiveness Index. The used in building the index are available at https://ec.europa.eu/regional_policy/sources/docgener/work/rci2019_scorecards.pdf.
- 21 Voka (2017), West Flanders, a unique ecosystem of SMEs and multinationals.
- 22 Voka (2017), West Flanders, a unique ecosystem of SMEs and multinationals.
- 23 Regional export data are from National Bank of Belgium.
- 24 See European Commission (2019), The EU Regional Competitiveness Index. The used in building the index are available at https://ec.europa.eu/regional_policy/sources/docgener/work/rci2019_scorecards.pdf.
- 25 Germany 31.2%, Austria 11.5% and Italy 11.0%.
- 26 See European Commission (2019), The EU Regional Competitiveness Index. The used in building the index are available at https://ec.europa.eu/regional_policy/sources/docgener/work/rci2019_scorecards.pdf.
- 27 Information taken from EURES website <https://ec.europa.eu/eures/main.jsp?countryId=FI&acro=lw&lang=en&parentId=0&catId=0®ionIdForAdvisor=®ionIdForSE=®ionString=FI0%20>.
- 28 Trade data are from Finnish Customs (2020) Tavaroiden ulkomaankauppa maakunnittain vuonna 2019.
- 29 In this regard, it should be noted that the skills shortage is a national issue and not only a regional. recent research shows that the skills shortage in Finland has grown by 20 percentage points a year, and now as many as 67% of employers say they have difficulty in filling vacancies (ManpowerGroup, Finland, 10/3/2020).

- 30 At constant prices.
- 31 The corresponding figure for Romania is 26.4%.
- 32 See European Commission (2019), The EU Regional Competitiveness Index. The used in building the index are available at https://ec.europa.eu/regional_policy/sources/docgener/work/rci2019_scorecards.pdf.
- 33 In value terms. The national figures are respectively 22.0% and 20.3%. Regional production data are only available to 2017.
- 34 All the trade related data are from the Romanian National Institute of Statistics. Detailed regional trade are available to August 2020.
- 35 This category includes 'machinery/mechanical appliances; electrical equipment; parts; sound recorders/reproducers, tv image, sound recorders/reproducers, parts/accessories'.
- 36 The respective figures are 11.1% and 12.3%.
- 37 Agenția de Dezvoltare Regională Nord-Vest PLANUL DE DEZVOLTARE AL REGIUNII NORD-VEST 2021-2027
- 38 The two other core objectives of the development plan are ensuring a sustainable, attractive and authentic living space and responsible use of the environment.
- 39 Measured by GDP at constant prices. The 2019 production are preliminary estimates from the INE, the Spanish statistical office.
- 40 The corresponding national figures were 13.8% and 32.5%.
- 41 45.3% at national level.
- 42 3.7% at national level.
- 43 See European Commission (2019), The EU Regional Competitiveness Index. The used in building the index are available at https://ec.europa.eu/regional_policy/sources/docgener/work/rci2019_scorecards.pdf.
- 44 The trade data are from the Ministry of Industry, Trade and Tourism.
- 45 Madrid Investment Attraction, <https://madridinvestmentattraction.com/>.
- 46 The regional and national trade data are from 'Le chiffre du commerce extérieur', a website of the direction générale des douanes et droits indirects, <https://lekiosque.finances.gouv.fr/Default.asp>.
- 47 2016 is the last year for which data on gross value added generated in different economic sectors were available at the time that the report was prepared.
- 48 Population aged 25-64.
- 49 See European Commission (2019), The EU Regional Competitiveness Index. The used in building the index are available at https://ec.europa.eu/regional_policy/sources/docgener/work/rci2019_scorecards.pdf.
- 50 INSEE (2016) La Normandie, première région française pour la part de l'industrie dans le PIB.
- 51 Région Normandie (2016), La Normandie, ses entreprises, l'économie de demain, Schéma régional de développement économique des entreprises, pour l'Innovation et l'Internationalisation, Novembre, <https://www.adcf.org/files/DOCS/SRDEII/Normandie.pdf>.

Exporting to the world: EU regions and trade explores the impact of international exports on regional employment and production of goods and services across the EU. The report outlines worldwide trends in international trade and global value chains as well as briefly discusses the impact of COVID-19. It reviews how exports contribute to the growth of the EU economy, provides detailed analysis reflecting the diversity of EU regions and puts forward a number of recommendations for action at local, national and EU level.