

OECD Trento Centre for Local Development - OECD Local Development Forum -  
Friuli Venezia Giulia Autonomous Region (Italy)

## The Internationalisation of Smart Specialisation Strategies

Smart Specialisation Strategy and Internationalisation: challenges and  
opportunities for EU regions (and FVG)

Simona Iammarino, LSE

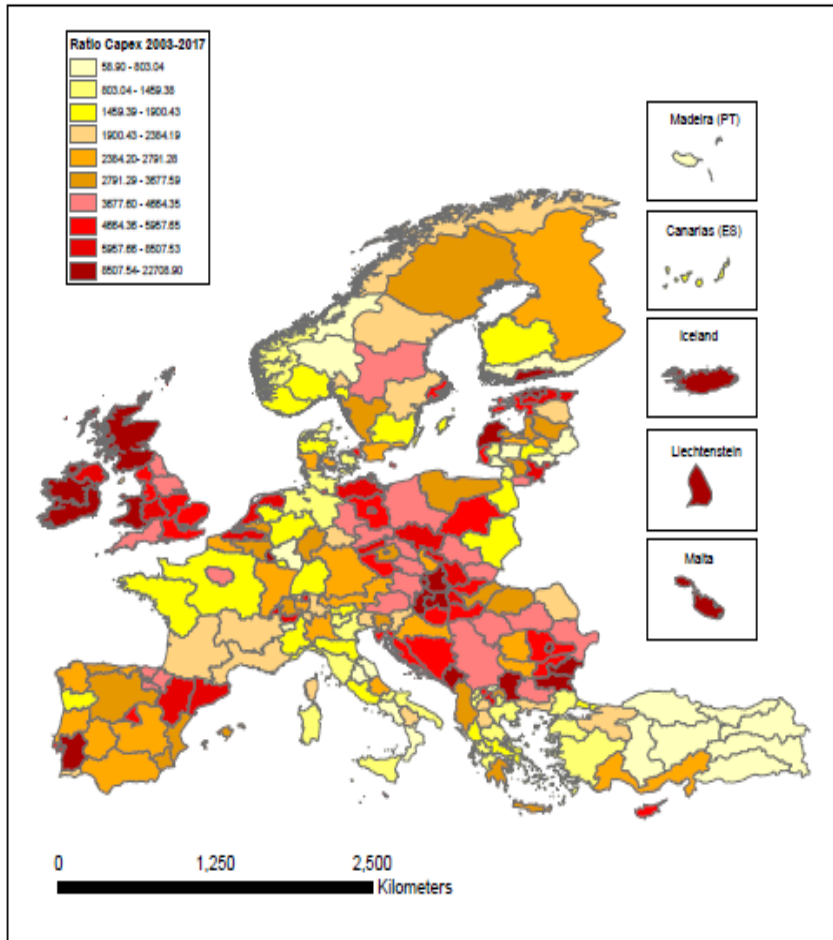


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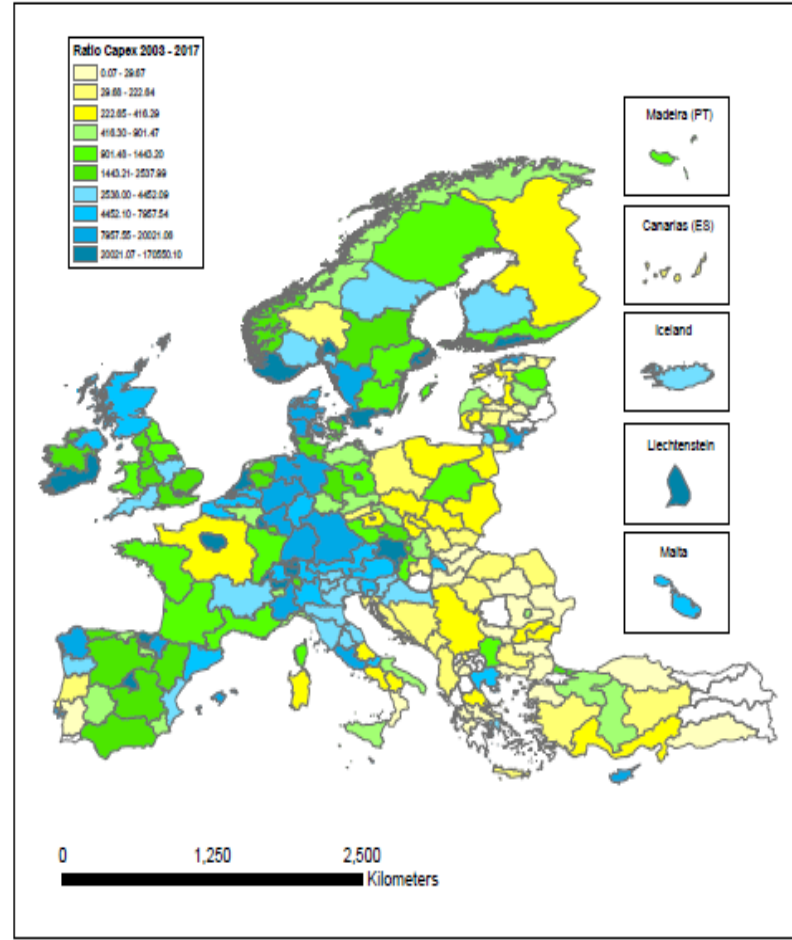
# Regional connectivity: some stylised facts

- Regional impact of transformations in the worldwide division of labour brought about by the interplay of globalisation and technological change
- Regional exposure to inflows/outflows of assets, knowledge, capabilities and expertise from/towards the rest of the world entails dynamic processes of specialisation and diversification able to reconfigure regional economic and institutional advantages
- European integration has generated strong patterns of intra-area regional interdependence, involvement in continental GVCs and GPNs is increasing over time
- Data constraints are severe, particularly at the subnational level: still very difficult to capture the features and evolution of interdependence and connectivity for European regions
- Consideration of regional connectivity through GVCs, GPNs, FDI remains a “missing strategy” (Bailey & Driffield, 2007; Bailey and Lenihan, 2015) also in recent RIS3 (e.g. Uyarra et al., 2014; Crescenzi & Iammarino, 2017; Iammarino, 2018; Radošević & Ciampi Stancova, 2018; Comotti, Crescenzi & Iammarino, 2020)

**Map 1 – Inward FDI into the European regions:  
cumulative capital expenditure (Capex) 2003-17  
normalised by regional population**



**Map 2 – Outward FDI from the European regions:  
cumulative capital expenditure (Capex) 2003-17  
normalised by regional population**



**Regional connectivity:  
global greenfield IFDI and  
OFDI in/from European  
regions (2003-17)**

*Source: fDi Market database and Regions & Cities- Eurostat  
See Crescenzi and Iammarino (2017) for further details.*

# Regional connectivity through greenfield FDI

IFDI cumulative flows, 2003-2017			OFDI cumulative flows, 2003-2017		
Regions	Total (million €)	Share	Regions	Total (million €)	Share
Lombardia	26481.26	29.10	Lazio	110080.69	38.00
Lazio	10892.98	11.97	Lombardia	72502.42	25.03
Emilia-Romagna	7852.75	8.63	Piemonte	51861.46	17.90
Piemonte	7387.76	8.12	Emilia-Romagna	13042.74	4.50
Sicilia	5890.59	6.47	Veneto	12692.26	4.38
Toscana	4987.02	5.48	Toscana	9109.06	3.14
Puglia	4891.11	5.38	Marche	4089.80	1.41
Veneto	4110.35	4.52	Friuli-Venezia Giulia	3831.48	1.32
Abruzzo	3491.65	3.84	Sicilia	2358.11	0.81
Campania	3341.93	3.67	Umbria	2196.68	0.76
Friuli-Venezia Giulia	2898.51	3.19	Puglia	1587.52	0.55
Liguria	2555.43	2.81	Trentino-Alto Adige	1571.34	0.54
Sardegna	1602.70	1.76	Molise	1470.00	0.51
Calabria	1232.70	1.35	Campania	1192.12	0.41
Basilicata	1172.21	1.29	Liguria	960.97	0.33
Trentino-Alto Adige	763.05	0.84	Sardegna	499.02	0.17
Marche	636.50	0.70	Abruzzo	424.35	0.15
Umbria	443.74	0.49	Basilicata	131.23	0.05
Molise	281.50	0.31	Valle d'Aosta	77.20	0.03
Valle d'Aosta	76.03	0.08	Calabria	28.91	0.01
Italy Total	90989.76	100	Italy Total	289707.36	100.00

**FVG very weakly internationally integrated: only 1.6% of all foreign-owned enterprises located in Italy in 2015 - lowest share of the Italian North - and very limited active internationalization of local firms abroad (ITA, 2018)**

FDI cumulative flows, 2003-2017, regional shares by GVC stage/function										
Regions	IFDI					OFDI				
	HQ	R&D	SALES	PROD	LOG&DIS T	HQ	R&D	SALES	PROD	LOG&DIST
Abruzzo	0.13	0.00	0.78	7.44	0.84	0.09	0.00	0.13	0.16	0.04
Basilicata	0.00	0.00	0.04	1.52	4.29	0.27	0.00	0.00	0.05	0.00
Calabria	0.00	0.00	0.15	2.80	0.00	0.00	0.00	0.00	0.01	0.00
Campania	2.59	1.38	2.80	4.95	2.32	0.24	0.00	1.29	0.15	1.85
Emilia-Romagna	4.82	3.38	3.03	12.60	10.33	4.71	6.43	11.29	2.68	7.05
<b>FVG</b>	<b>1.29</b>	<b>0.30</b>	<b>3.05</b>	<b>3.35</b>	<b>4.84</b>	<b>3.67</b>	<b>3.75</b>	<b>3.50</b>	<b>0.56</b>	<b>2.76</b>
Lazio	16.65	8.83	19.54	7.69	9.28	13.38	19.86	5.46	47.00	55.74
Liguria	3.48	6.50	2.47	1.10	8.12	0.63	1.12	0.35	0.25	1.71
Lombardia	55.72	34.20	42.42	15.36	33.13	58.24	34.90	39.62	19.47	22.41
Marche	0.13	0.00	0.38	0.00	4.44	0.33	2.26	4.09	0.83	0.66
Molise	0.00	0.20	0.00	0.64	0.00	0.00	0.00	0.00	0.69	0.00
Piemonte	3.33	16.43	4.99	10.90	4.97	7.56	24.71	9.03	21.22	3.05
Puglia	0.19	0.86	2.86	8.09	5.42	0.14	0.00	1.58	0.33	0.23
Sardegna	0.90	2.08	2.17	1.64	1.67	0.38	0.00	0.03	0.21	0.00
Sicilia	0.47	11.45	3.78	10.15	0.91	0.02	0.00	1.22	0.78	0.54
Toscana	2.67	11.95	4.85	6.79	1.67	6.28	3.04	7.06	2.08	0.87
Trentino-Alto Adige	1.53	1.29	1.76	0.26	0.37	0.23	0.17	0.82	0.42	2.40
Umbria	0.47	0.00	0.03	0.95	0.00	0.06	0.00	1.52	0.65	0.01
Valle d'Aosta	0.00	0.00	0.00	0.18	0.00	0.00	0.00	0.00	0.04	0.00
Veneto	5.63	1.18	4.90	3.60	7.41	3.77	3.74	13.03	2.42	0.69

Regional connectivity through FDI by function

FVG: connectivity through FDI by industry

Friuli-Venezia Giulia - top recipient and send sectors (share on regional total > 3%)			
	IFDI		OFDI
	% regional total		% regional total
Aerospace	4.7	Building & Construction Materials	4.2
Coal, Oil and Natural Gas	40.7	Coal, Oil and Natural Gas	7.3
Consumer Products	22.7	Consumer Products	3.3
Financial Services	3.0	Financial Services	47.5
Metals	5.0	Industrial Machinery, Equipment & Tools	7.0
Warehousing & Storage	14.8	Metals	3.4
		Non-Automotive Transport OEM	4.4
		Real Estate	9.1
		Wood Products	3.7

# Conclusions for FVG (Iammarino, Sodano and Vittorino, 2020)

- Study on relationship between intensity of firms' engagement in innovation and self-reported obstacles to innovation for a representative sample of FVG firms during big recession (2008 – 2010) and sovereign debt crisis (2010 – 2012): existence of severe financial and market obstacles hampering mostly non-innovator firms; barriers related to human resources more pervasive, affecting both innovation-active and deterred firms
- Sharp rise in FVG firms' perception of market risk and uncertainty closely linked to reduction in the propensity to invest and innovate
- During the credit crunch, downfall in FVG investments and exports sharper than in the rest of Italy
- FVG in the EU middle-income regional group, with developmental challenges (Iammarino et al., 2019): strong features – relatively high GDPpc and quality of local institutions – and weakness – skill -mismatch and slow-growing specialisation
- Place-sensitive, multilevel and integrated policy actions: innovation activities to be supported at all scales of intensity, away from R&D-only, through a system of incentives to stimulate firms' propensity to generate new ideas, along with significant investments in (all levels of) education and re-skilling (e.g. Lenzi, 2019)
- FVG RSI to be strengthened by promoting intra- and inter-regional networks facilitating the upgrading of traditional industrial clusters through both GPTs and complementary technologies, and fostering diversification (or specialisation?) towards higher value added productions (e.g. Calignano, 2019)
- Overcoming traditional internationalisation promotion based solely on export, supporting both inflows and active internationalisation of firms, especially SMEs

# Thank you!

s.iammarino@lse.ac.uk

