



PRESS RELEASE

The global operations of European firms

Bruegel presents a new policy brief suggesting that growing individual firms to critical size is a key way to generate a significant increase in the value of European exports

Rome, 18 June 2010 – Bruegel, the international economics think tank, today published *The Global Operations of European firms*, a policy brief analysing the export and foreign investment performance of European firms, based on new cross-country data from 15,000 individual firms never available before.

The policy brief, written by Giorgio Barba Navaretti, Matteo Bugamelli, Gianmarco Ottaviano and Fabiano Schivardi, looks at the specific elements that make some European companies more competitive than others in foreign markets, revealing that firm characteristics -mainly size- are the primary determinants of export performance, even more so than country characteristics. Therefore the authors suggest that firm growth and consolidation in all European countries would generate a considerable increase in the value of European exports and thus help lift European growth.

These findings will be crucial for policymakers, who, in order to boost the chance of European firms' on foreign markets, should shift the policy discussion from the current focus on specific sectors and skill groups to structural reforms that allow firms across the board to grow and to develop more sophisticated forms of management.

Until now, evidence on European firms' competitiveness has been based on partial, non-comparable national data. But for the first time this paper is based on detailed results from a new large-scale survey of 15,000 manufacturing companies in seven EU countries (Austria, France, Germany, Hungary, Italy, Spain and the United Kingdom). The survey examines firms' exporting, importing, outsourcing and foreign investment activities. This survey data has then been combined with structural data about the individual firms taken from their balance-sheets such as governance, profits, number of employees.

The Policy Brief was presented today at a high-level event at the Bank of Italy in Rome, chaired by Salvatore Rossi, Managing Director, Head of Research Unit of the Bank of Italy. The speakers included: Fabrizio Saccomanni, Director General, Bank of Italy; Mario Draghi, Governor, the Bank of Italy; Alessandro Profumo, CEO, UniCredit Group; Giuseppe Recchi, CEO, General Electric - South Europe; Giorgio Squinzi, CEO, Mapei; Giorgio Barba Navaretti, University of Milan and LdA; Tony Venables, University of Oxford and CEPR; John Romalis, University of Chicago and Gianmarco Ottaviano, Bocconi University, Bruegel and CEPR. The key-note speech was delivered by Michel Barnier, EU Commissioner for Internal Market and Services, and the opening remarks were delivered by Mario Draghi, Governor of the Bank of Italy.

Click [here](#) to read the Policy Brief in full

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Notes to Editors:

The global operations of European firms Policy Brief has been prepared jointly by Centro Studi Luca d'Agliano (www.dagliano.unimi.it) and Bruegel (www.bruegel.org) for the project 'European Firms in the Global Economy: Internal Policies for External Competitiveness' (EFIGE), which is funded by the 7th Framework Programme of the European Commission and by Unicredit Group.

This Bruegel Policy Brief summarises the outcomes of a study by the same name to be published within the EFIGE project framework as the 2nd EFIGE Policy Report, which provides further details on the data obtained through a newly collected survey of 15.000 manufacturing companies in seven EU countries (Austria, France, Germany, Hungary, Italy, Spain and the United Kingdom).

The EFIGE project is coordinated by Bruegel in partnership with Centro Studi Luca d'Agliano (LdA), Universidad Carlos III de Madrid; Centre d'Etudes Prospectives et d'Informations Internationales, Centre for Economic Policy Research (CEPR), The Institute of Economics of Hungarian Academy of Sciences, Institute for Applied Economic Research and Unicredit Group. The scientific coordinator of EFIGE is Gianmarco Ottaviano (Bocconi University, Bruegel, LdA and CEPR).

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Giorgio Barba Navaretti is Professor of Economics at the University of Milan, Director of the Graduate School in Social, Economic and Political Sciences of the University of Milan and Scientific Director of the Centro Studi Luca d'Agliano. He has a PhD in Economics from Oxford University and a Degree in Economics from Bocconi University in Milan. He has been a consultant for the World Bank, the OECD, the European Commission, UNICEF and the Italian Ministry of Foreign Affairs. He is specialised in international and development economics.

Matteo Bugamelli

Matteo Bugamelli graduated in economics at the University of Bologna (Italy) and got his Ph.D in economics at Columbia University (New York). Since 1997 he works in the Research Department of the Bank of Italy. Currently, he is the head of the "Markets and Firms" unit within the Structural Economic Analysis Department. His research activity focuses on trade, international economics and industrial organization.

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Fabiano Schivardi

Fabiano Schivardi is professor of economics at the University of Cagliari and a research fellow of CEPR, EIEF and BRICK. After obtaining his PhD in Economics at Stanford University in 1998, he worked at the research department of the Bank of Italy until 2006, where he was the head of the "Sectoral and territorial analyses" unit since 2004. He has been visiting scholar at Harvard University. His main areas of interest are industrial organization and applied microeconomics.

About Bruegel

Bruegel is international economics think tank based in Brussels. It started operations in Brussels in 2005 as a Belgian non-profit international organisation supported by European governments and leading corporations. Bruegel seeks to contribute to the quality of economic policymaking in Europe through open, facts-based and policy-relevant research, analysis and discussion. Bruegel's research is independent and does not represent the views of its board or members.

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