

European Commission  
Regional Policy 

### Summary of potential Impact of Globalization on Europe's Stakeholders

=> Variable

*Real GDP Growth*

=> Opportunities

*Real growth in the EU has trended higher over the past decade, notwithstanding periods of weakness. Globalization has been a significant boon to the EU's exports, which have helped drive other elements of growth*

=> Challenges

*Dynamic growth has not been evenly distributed. It has been mostly concentrated in regions which can uphold competition and attract new economic activities.*

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*Trade*

=> Opportunities

*Rising trade has helped drive real growth in the EU benefiting various EU companies and industries, and their workers.*

=> Challenges

*For some EU regions and low tech sectors growing imports increased competition pressure to levels which are proving to be hard to bear (e.g. textile)*



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### *Investment*

=> Opportunities

*Net outflows have been the norm, although Europe remains one of the most attractive destinations in the world for multinationals. FDI inflows have helped create jobs and in some cases boost the incomes of workers.*

=> Challenges

*Inflow FDI may create tougher competitive environment for local enterprises and pressure on wages and salaries for unskilled labour.*



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### *Labour Mobility*

=> Opportunities

*Greater mobility within Europe and net inflows represent new sources of supply and demand; immigrants have been an offsetting variable to declining populations and EU's aging workforce; firms have benefited from infusion of labour.*

=> Challenges

*Poorer regions have experienced outflows of workers which have increased the problems of ageing population and created remarkable gender imbalances.*

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***Wages***

=> Opportunities  
*Real wages have increased over the past decade, a trend supported by lower inflation, greater competition, more product choice and availability.*

=> Challenges  
*The increase is not evenly spread among all sectors, but privileged highly skilled labour in certain sectors and regions.*

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### Summary of potential Impact of Globalization on Europe's Stakeholders

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***Diffusion of Technology***

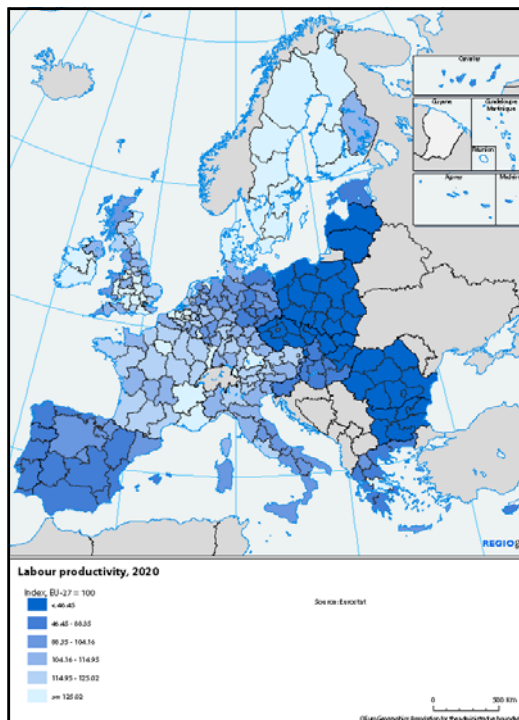
=> Opportunities  
*Greater dispersion of technology has allowed for greater trade in services and allowed corporate Europe to access more of the global technology skills.*

=> Challenges  
*Greater technology to be afforded implies an obligation for a knowledge based economies, higher education and higher skills.*



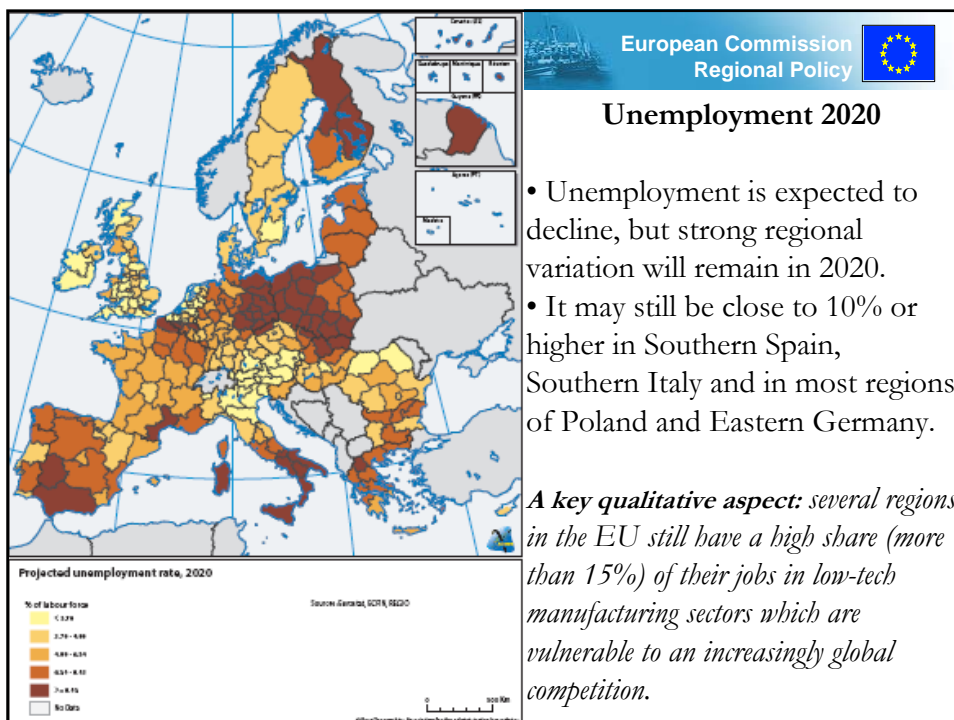
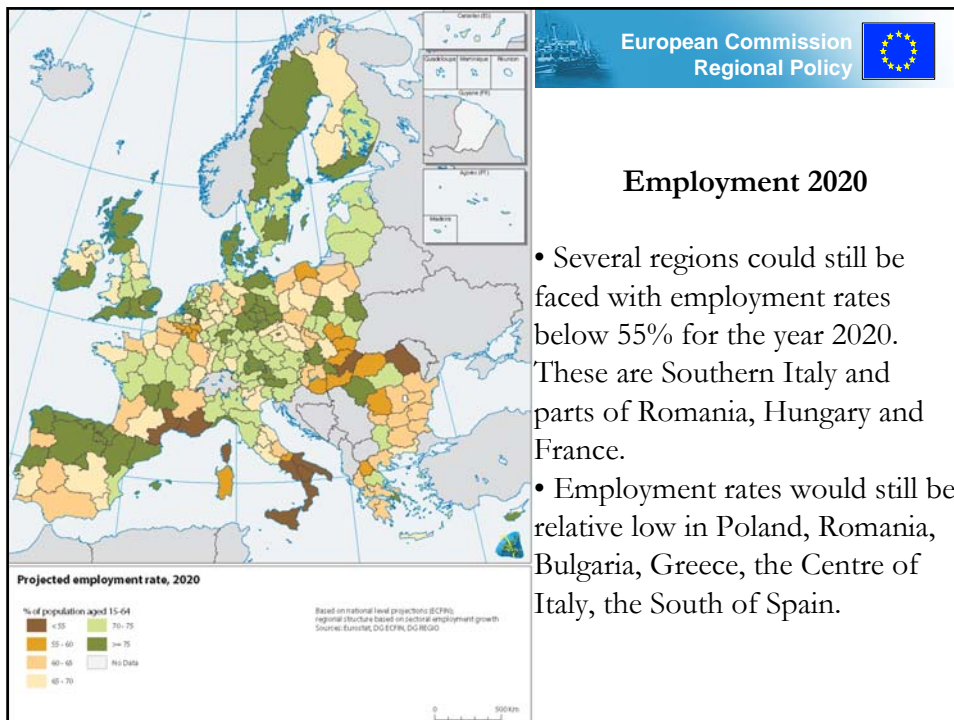
## Our globalisation index

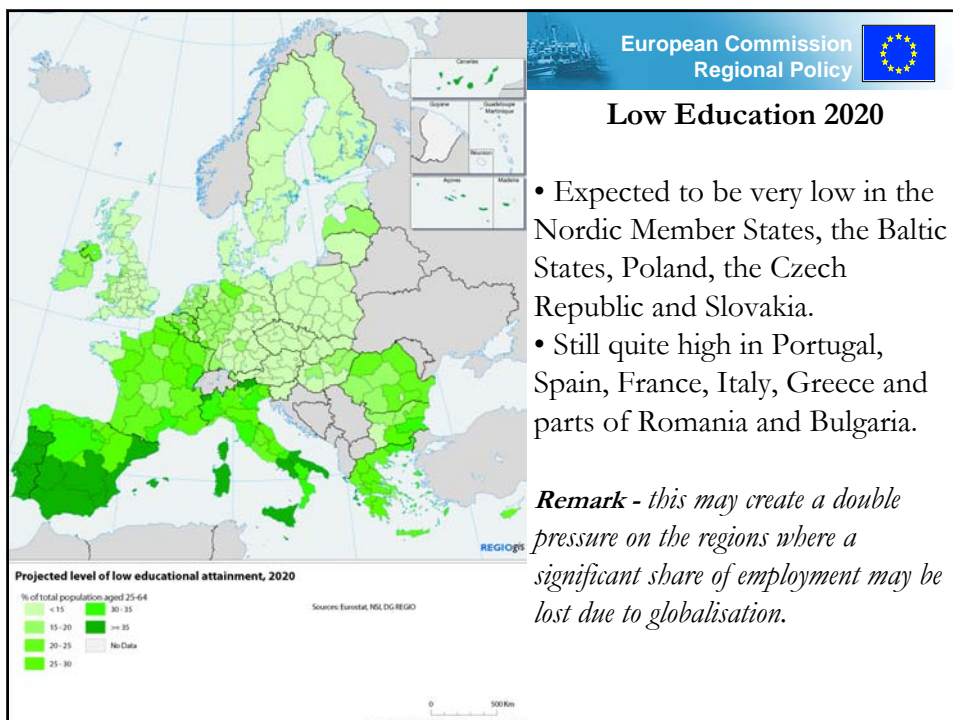
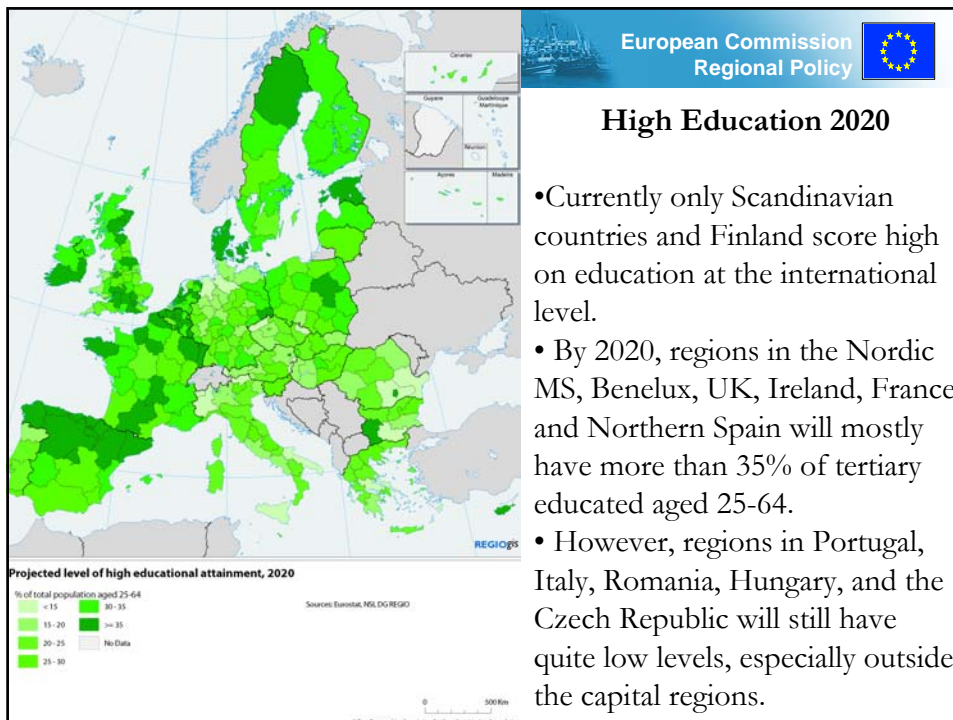
INDICATOR	RATIONALE
(1) <i>productivity growth 2020</i>	Productivity growth is not only key to ensuring a competitive economy in a global context, it will soon also be the only source of growth as demographic decline will make it difficult to increase total employment beyond 2017
(2) <i>employment rate 2020</i>	The employment rate projections show a substantial increase by 2020 to 70% from 63% in 2005. Nevertheless, major disparities will remain with several regions with levels below 55%.
(3) <i>unemployment rate 2020</i>	
(4) <i>high educational attainment 2020</i>	As the EU's economy moves towards a more service based economy and away from manufacturing, it will create less jobs for low skilled labour. Currently in the EU 29% of the people aged 25-64 lack a complete secondary education, this will only drop to 25% in 2020. The challenge will be to provide training to people without a complete secondary education and to find new ways of creating more low skilled jobs. Labour productivity depends to a large degree on the education level of the labour force. The education level projections indicate that the growth of tertiary education levels will not be sufficient to catch up with other large developed countries such as the US and that large disparity between EU regions will remain.
(5) <i>low education attainment 2020</i>	

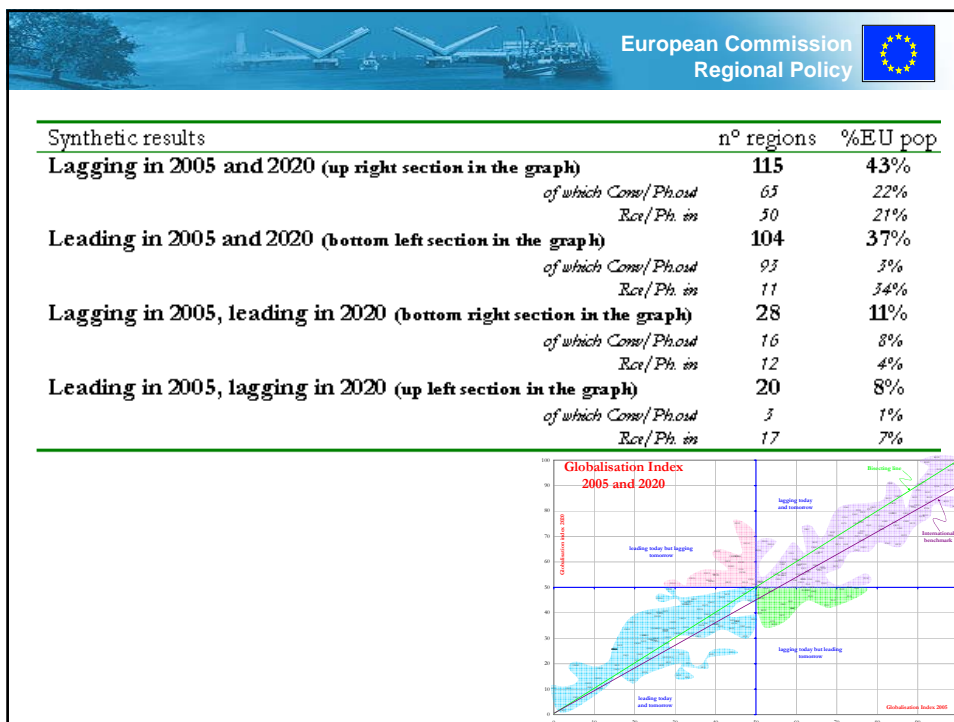
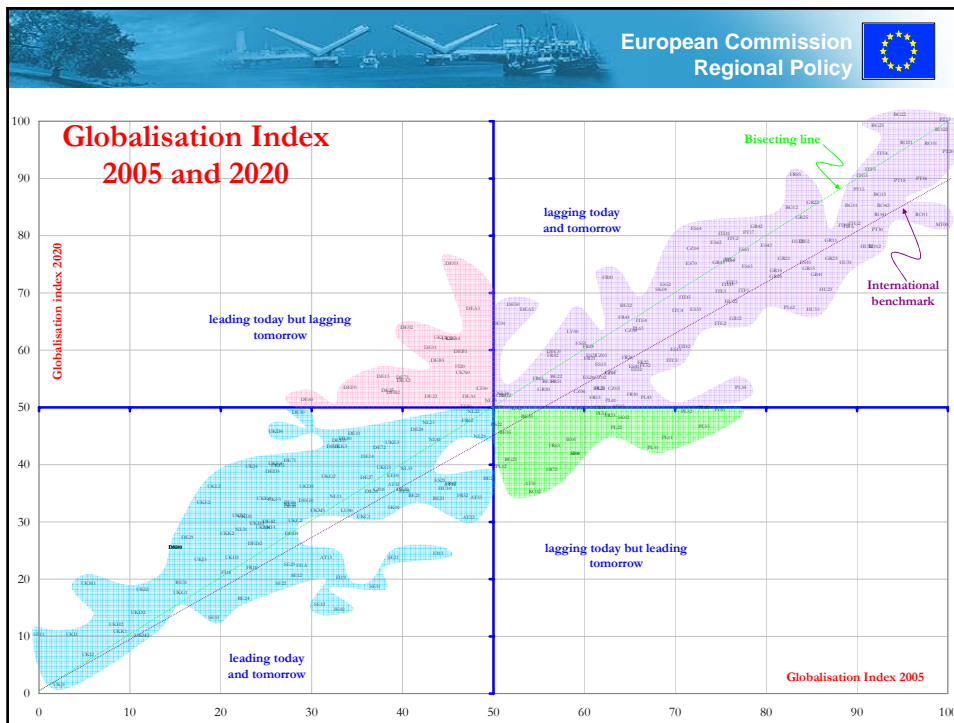


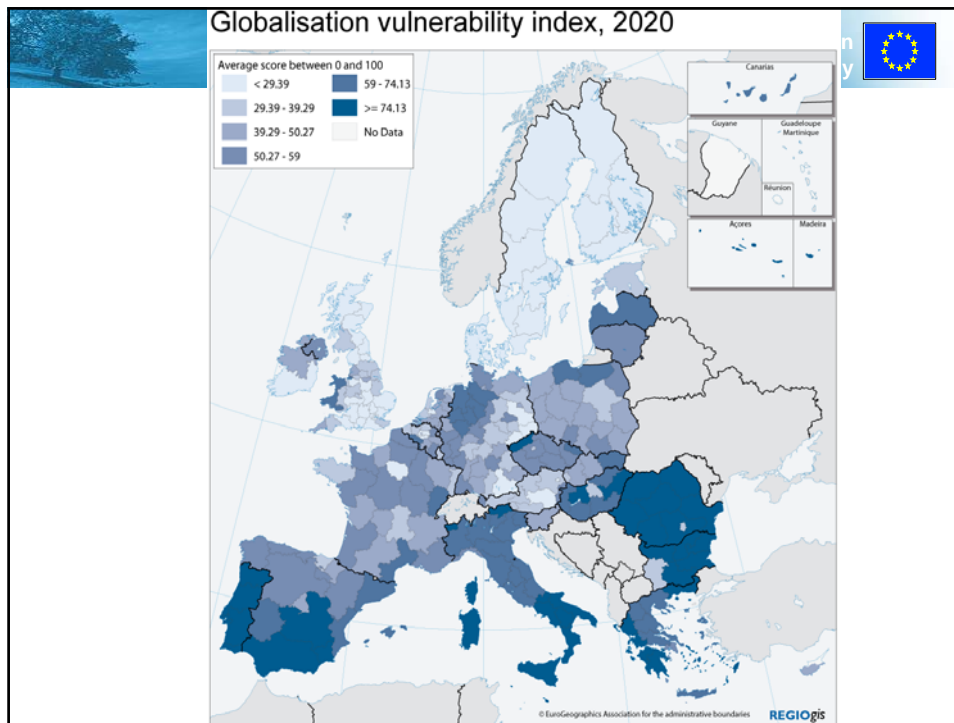
### Productivity 2020

- A strong dynamic - much higher than the EU average - in the Scandinavian region together with some scattered region of the old EU member states (Ireland, UK, France, Austria, etc.)
- Member States on the Far East (the Baltic, Romania, Bulgaria Poland and Slovakia) and, to a lesser extent, of Spain and Greece will remain below the EU average.









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**A synthetic view**

1. Many regions located in the **North-West periphery** of the EU appear to be in a rather **favourable position**. These regions are largely in **Finland, Sweden, Denmark, the UK and Ireland**. They are expected to benefit from a workforce with a high level of **educational attainment**, a high level of **employment**, a high share of employment in **advanced sectors** and a high level of labour **productivity**.
2. Most regions located in the **Southern and Eastern** parts of the Union, stretching from **Latvia, Eastern Slovakia, Hungary, Bulgaria and Romania to Greece, Italy, Spain and Portugal**, still appear in 2020 to be much **more exposed to the challenge of globalisation** despite, in some cases, they record a relatively good dynamic of the globalisation index between 2005 and 2020. This persistent vulnerability is predominantly due to the relatively **large share of low value added activities** in these regions and **weaknesses in workforce qualifications**, which may lead to difficulties in attracting investment and creating or maintaining jobs.



### A synthetic view

3. **No clear pattern** emerges in **Western** and **Central Europe**, where there are often strong **sub-national variations**. Some areas are expected to be in a **less favourable** position (e.g. some regions in the **North of Germany**) than others projected to achieve **higher levels** of productivity, employment and educational attainment (e.g. parts of **Austria, Germany, France**).
4. At the **sub-national level**, the analysis reveals that, in many Member States, regions with major urban centres and **metropolitan areas** should be relatively **well placed to respond** to the challenges linked to **globalisation**. These areas tend to benefit from a large share of highly educated residents, highly dynamic sectors and leading-edge economic activities. Yet, the concentration of economic activities in agglomerations **may also create negative externalities** (such as congestion, urban sprawl, drain on natural resources and ecosystem services) and may also lead to underutilised economic potential elsewhere.



# *Globalisation and the EU regions*

.....**THE END** 😊

[http://ec.europa.eu/regional\\_policy/sources/docoffic/working/regions2020](http://ec.europa.eu/regional_policy/sources/docoffic/working/regions2020)