

# **Assessing the impact of the UK's withdrawal from the EU on regions and cities in EU27**

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**Territorial impact assessment workshop**  
European Committee of the Regions  
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# *Why focusing on trade:*

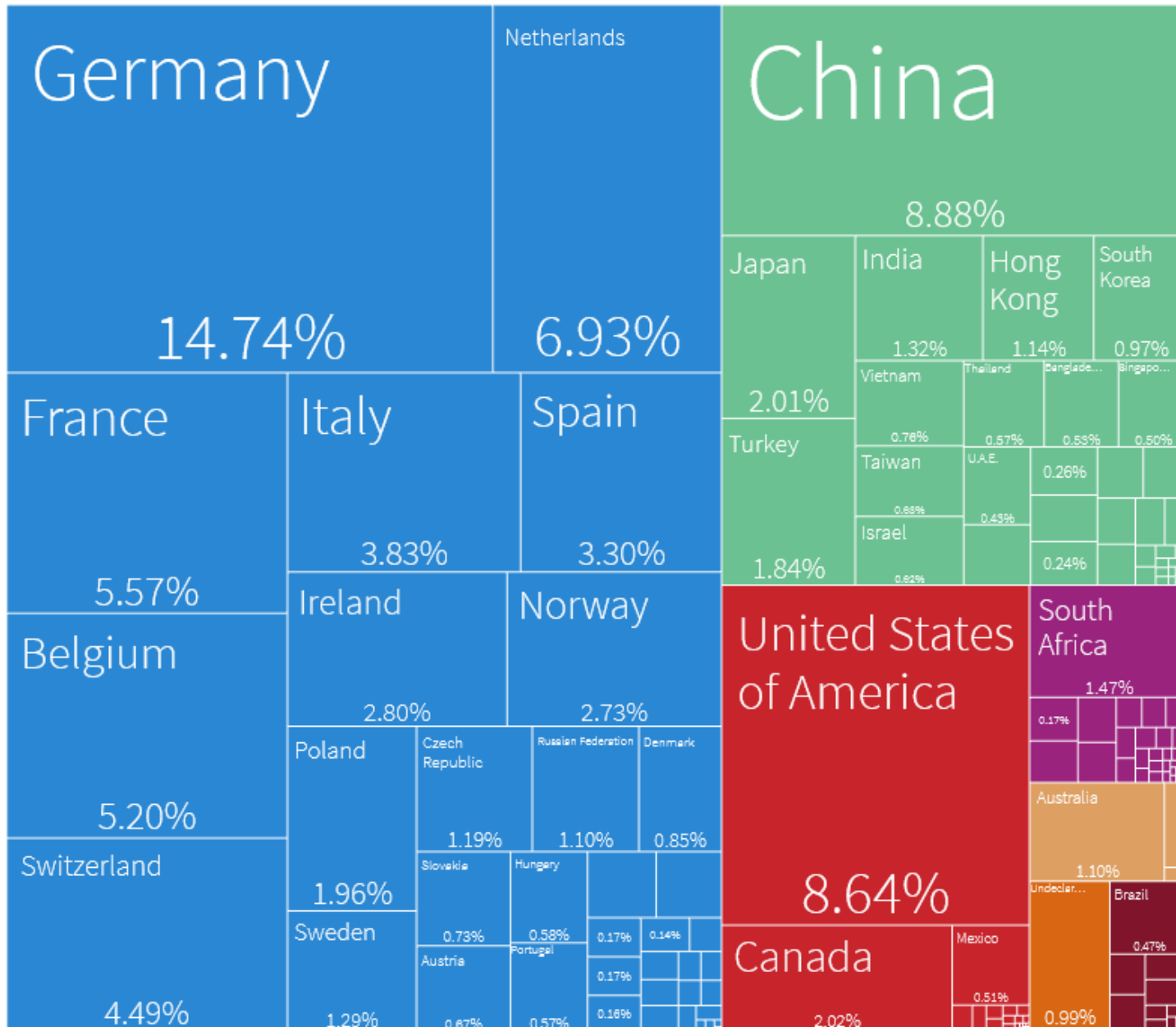
- **One of the most immediate impact on regions will depend on the trade agreement that will be reached for each sector and the weight that it has in the productive structure of regions.**
- **Knowing which trade sector(s) with the UK plays a major role within the economy of each region will be one of the most important elements to shape the negotiation proposal of various regions.**
- **Objective of the study; The objective of this study is to individuate whether there are regions which are particularly exposed in terms of trade in particular industrial sectors with UK. 7 Case-studies complete the analysis giving an outline of the overall socio-economic impacts.**

# Where do UK import from?

Tot. UK import in 2016: 603 Billion Euro



What do countries export to UK?



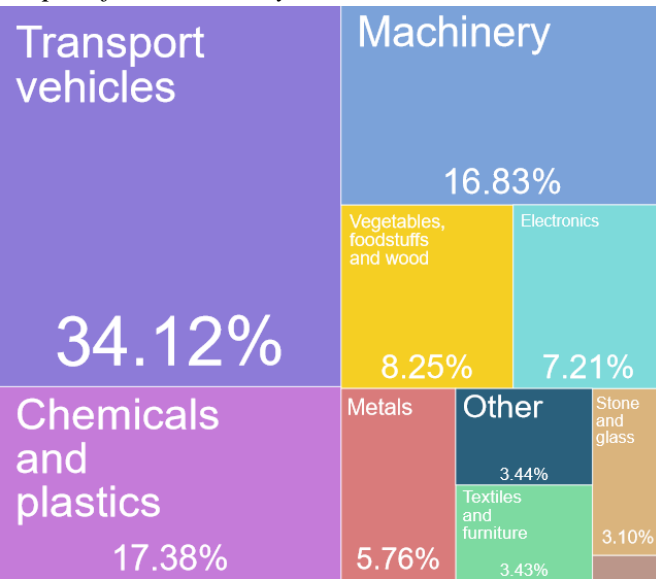
# What do UK import from each country?

What about regions?

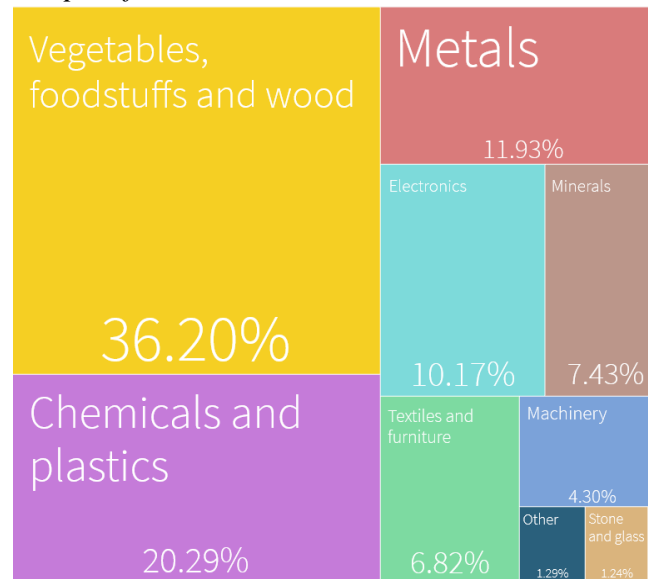


Measures of the goods exported to UK from each European regions (NUTS2) are not available (do exist estimations but with caveats\*).

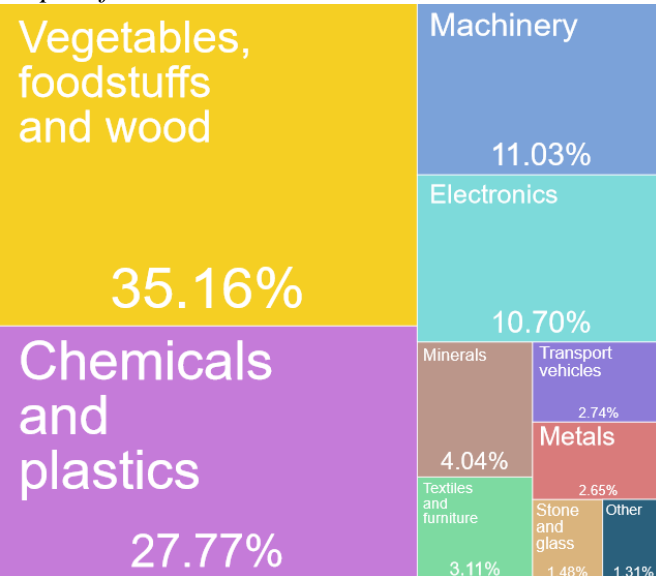
Import from Germany in 2016: 91 Billions Euro



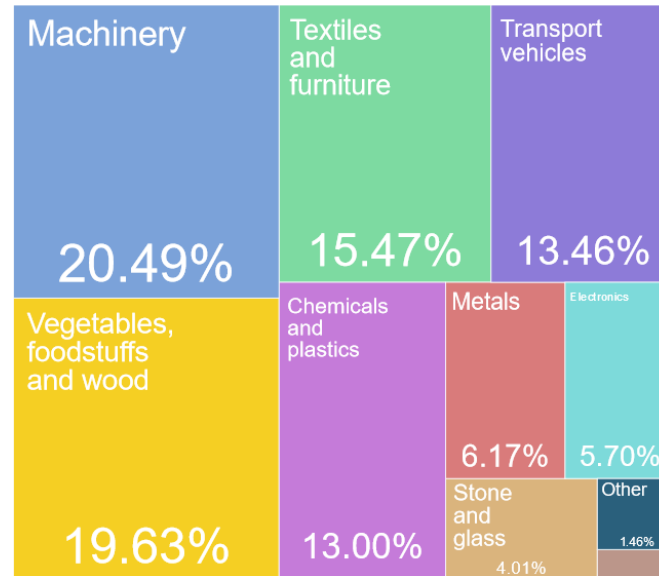
Import from Greece in 2016: 1 Billion Euro



Import from Ireland in 2016: 16,9 Billions Euro



Import from Italy in 2016: 23,4 Billions Euro



## ***Method:***

- **We select the top three exporting sectors to UK for each nation and then the regions (NUTS2) that are more specialised in the production of those sectors for each nation (BREI).**
- **An index of regional specialisation is also calculated, since it is supposed that a region mainly specialised in the production of goods exported to UK will be more at risk than a region with a highly differentiated production structure (HHI).**
- **Data: We use gross export data at the national level (Eurostat and Center for International Development of Harvard University) and regional business structure data for NUTS2 level (Eurostat).**

# *Values and indexes used in the Graphs and Maps:*

## **Graphs of Countries:**

➤ **Export in Million Euro**

➤ **Size Exposure Index:** it indicates the UK's overall importance as an export destination for a specific group of goods produced by a specific country.

$$\text{Size Exposure} = \frac{X_j^{i,UK}}{\sum_i X_j^{i,World}} = \frac{\text{Sector's Exports to the UK}}{\text{Total Country Exports to the World}}$$

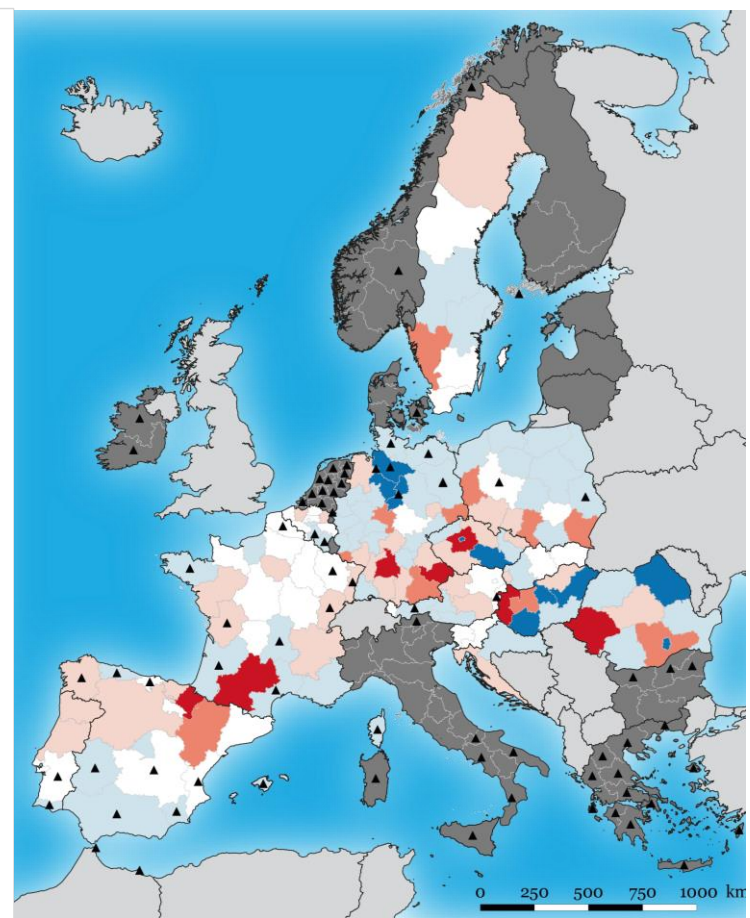
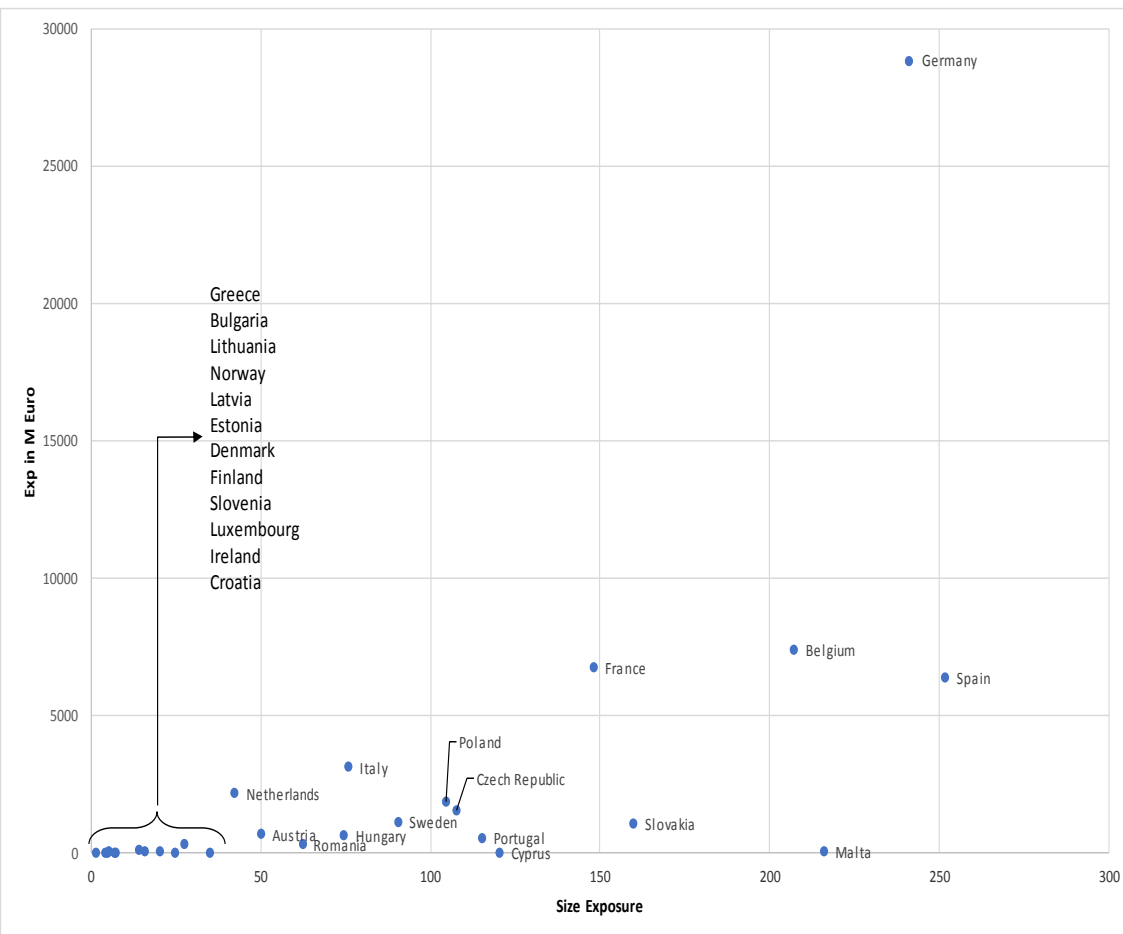
## **Maps of Regions:**

➤ **BREI:** it is calculated as the difference between the percentage of people employed within region j and sector i and the national average of the employees of sector i calculated across all regions of the country. Thus, the values of BREI reported on maps and graphs are percent points.

➤ **HHI:** The higher is the index the less differentiated (more specialized) the region.

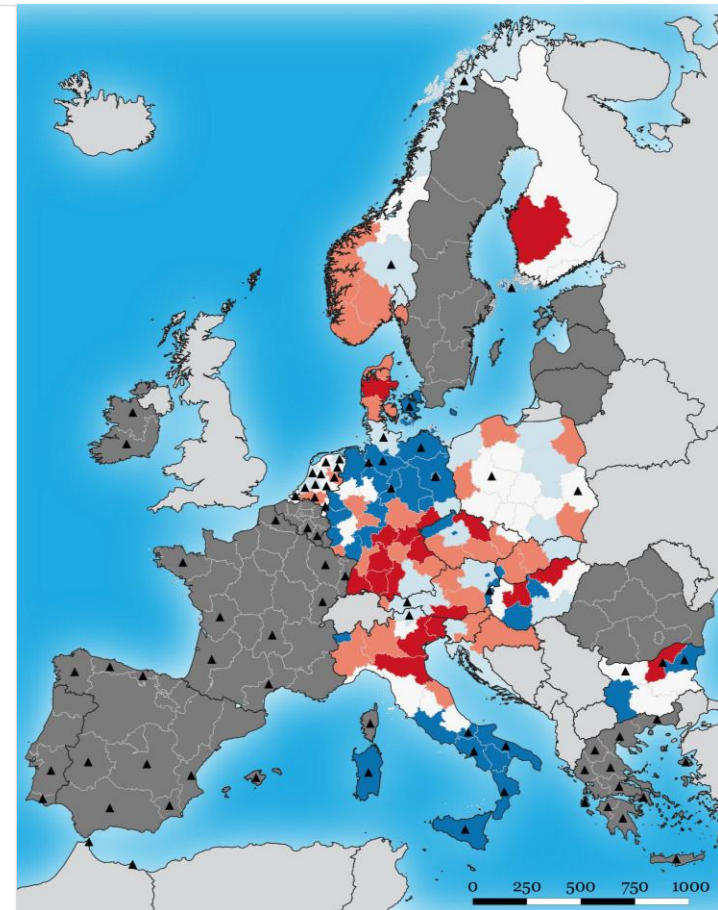
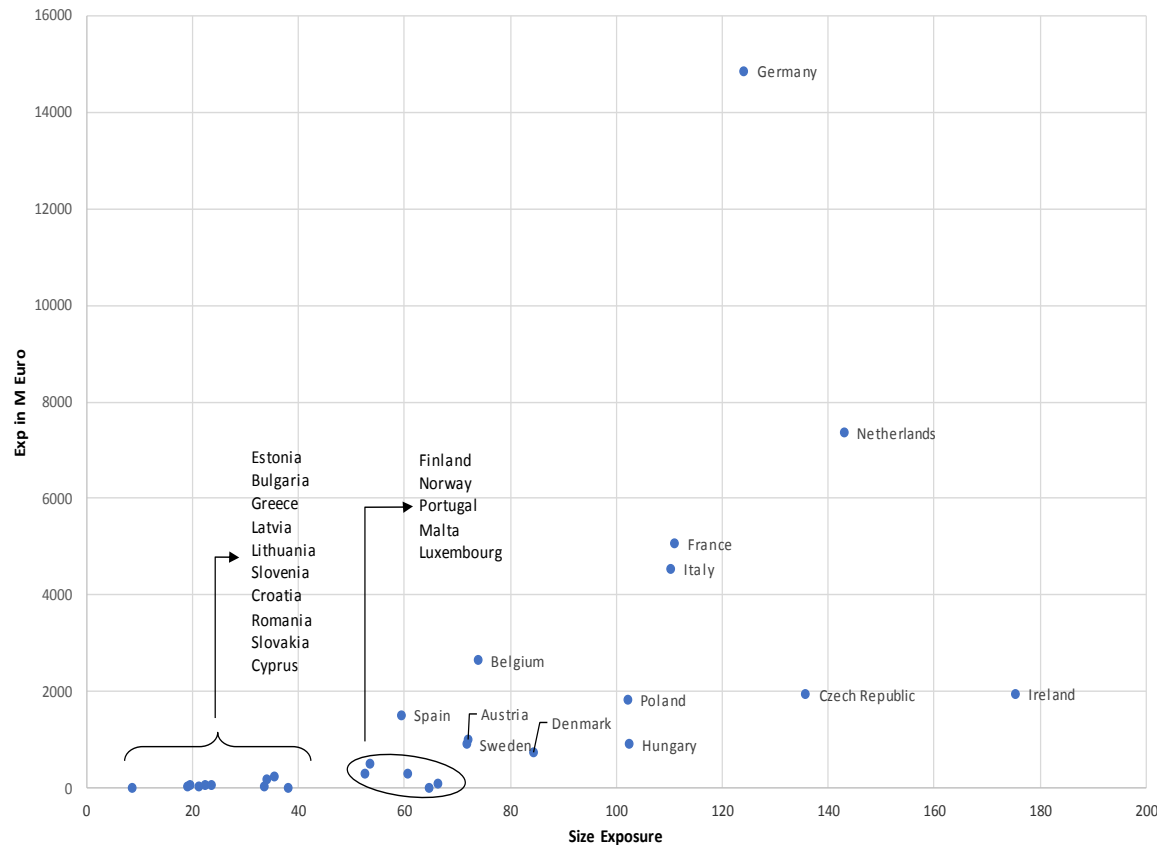
# Transport vehicles

In this sector some of the most exposed regions are Vest (RO), Stuttgart (DE); Niederbayern (DE) and Midi-Pyrénées (FR). Among smaller countries, Belgium is one of the most exposed



# Machinery

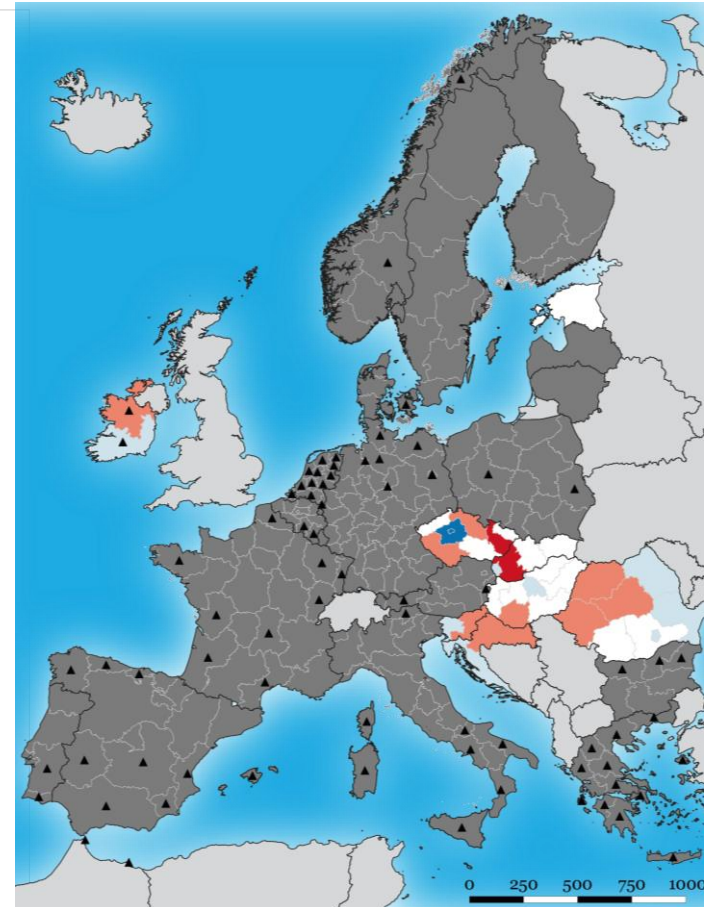
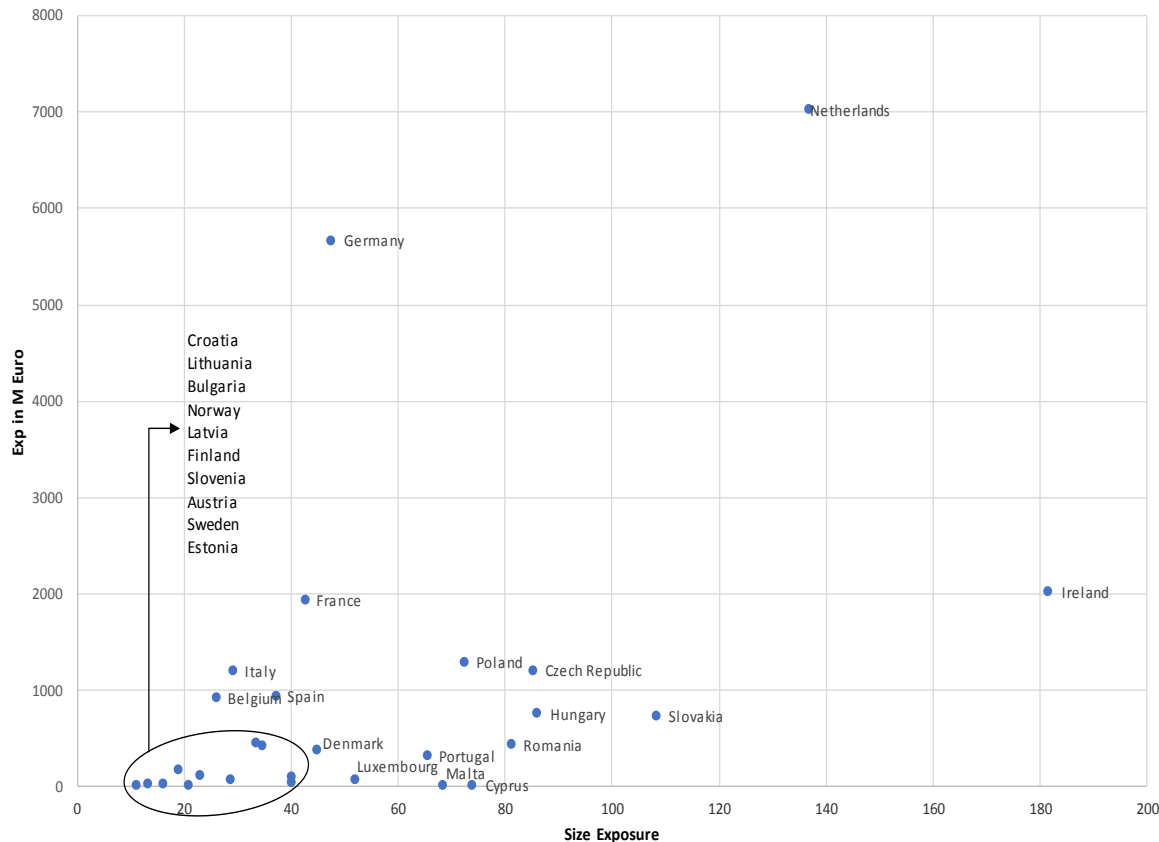
In this sector some of the most exposed regions are Tübingen (DE), and Emilia Romagna (IT), while among smaller countries the most exposed are Republic of Ireland, the Czech Republic and the Netherlands.





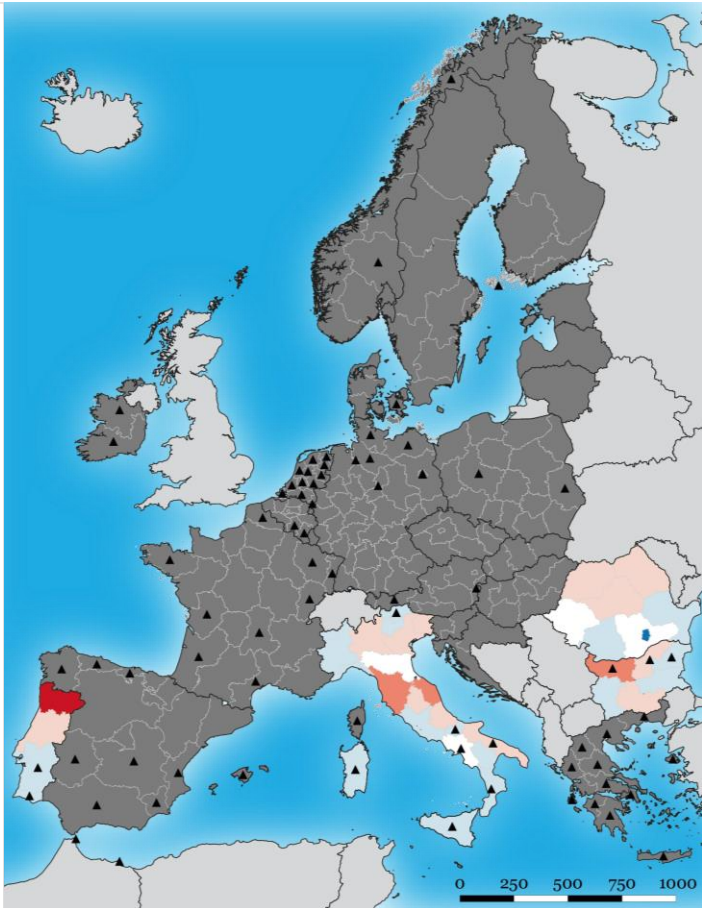
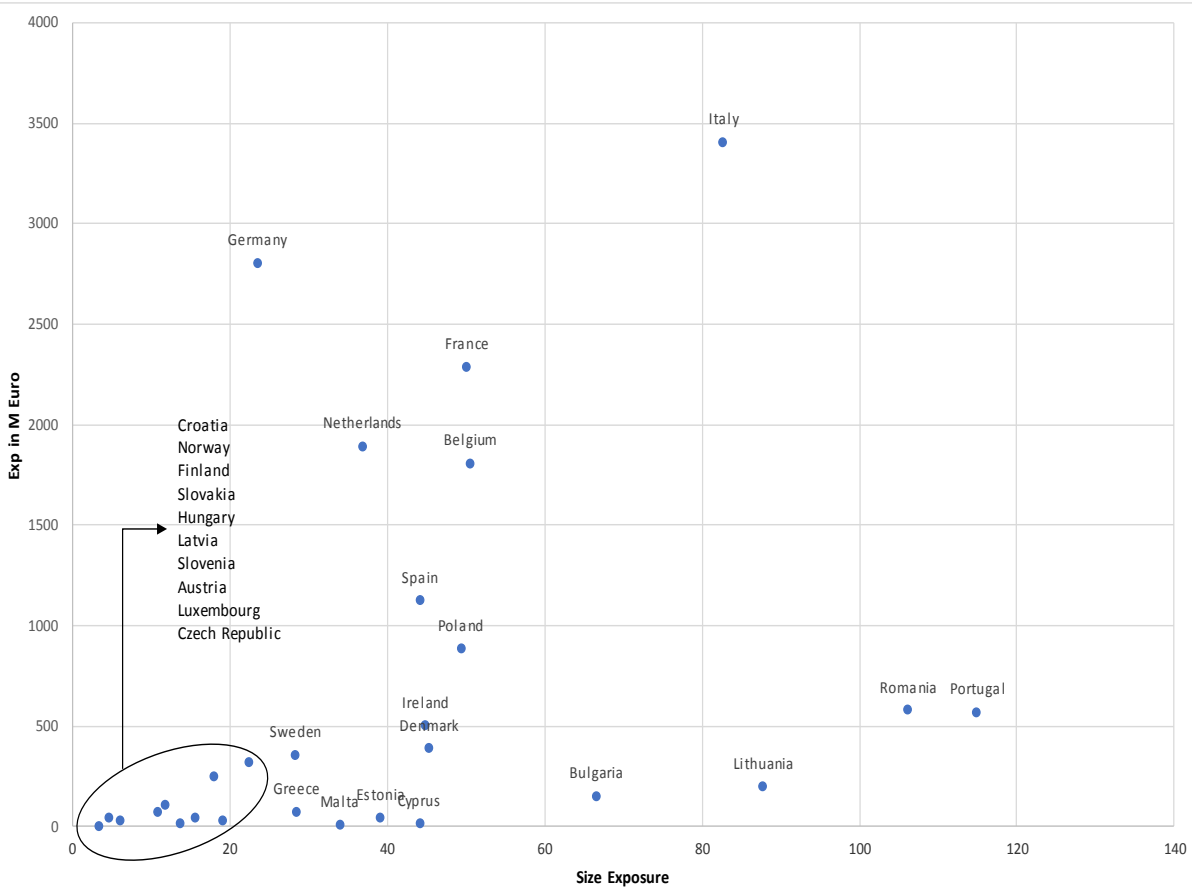
# Electronics

In this sector some of the most exposed regions are Zápádné Slovensko region (SK), Střední Morava region (CZ), Vest Development Region (RO), while among smaller countries the most exposed are Republic of Ireland and the Netherlands



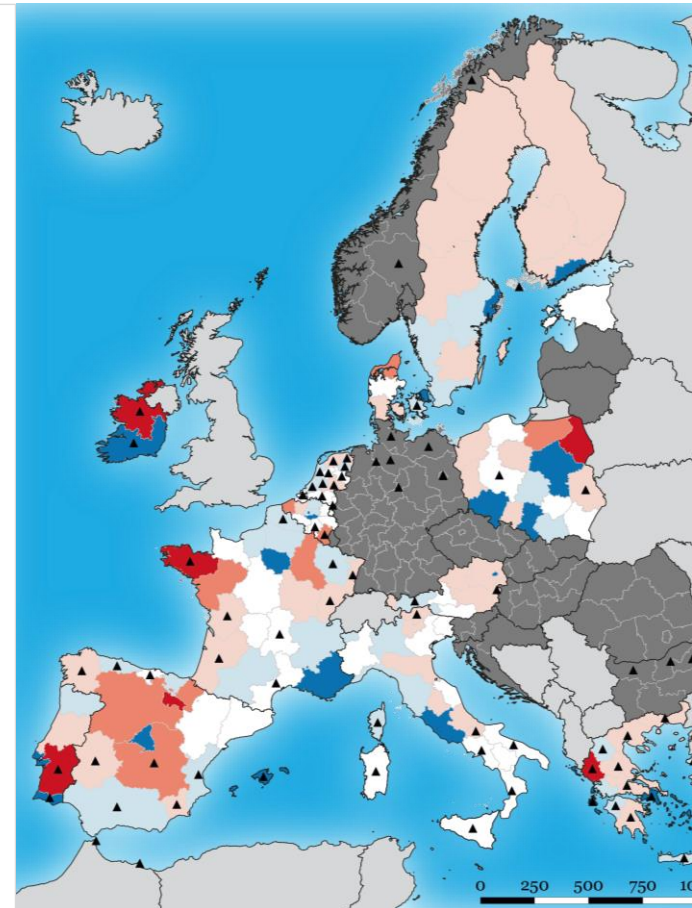
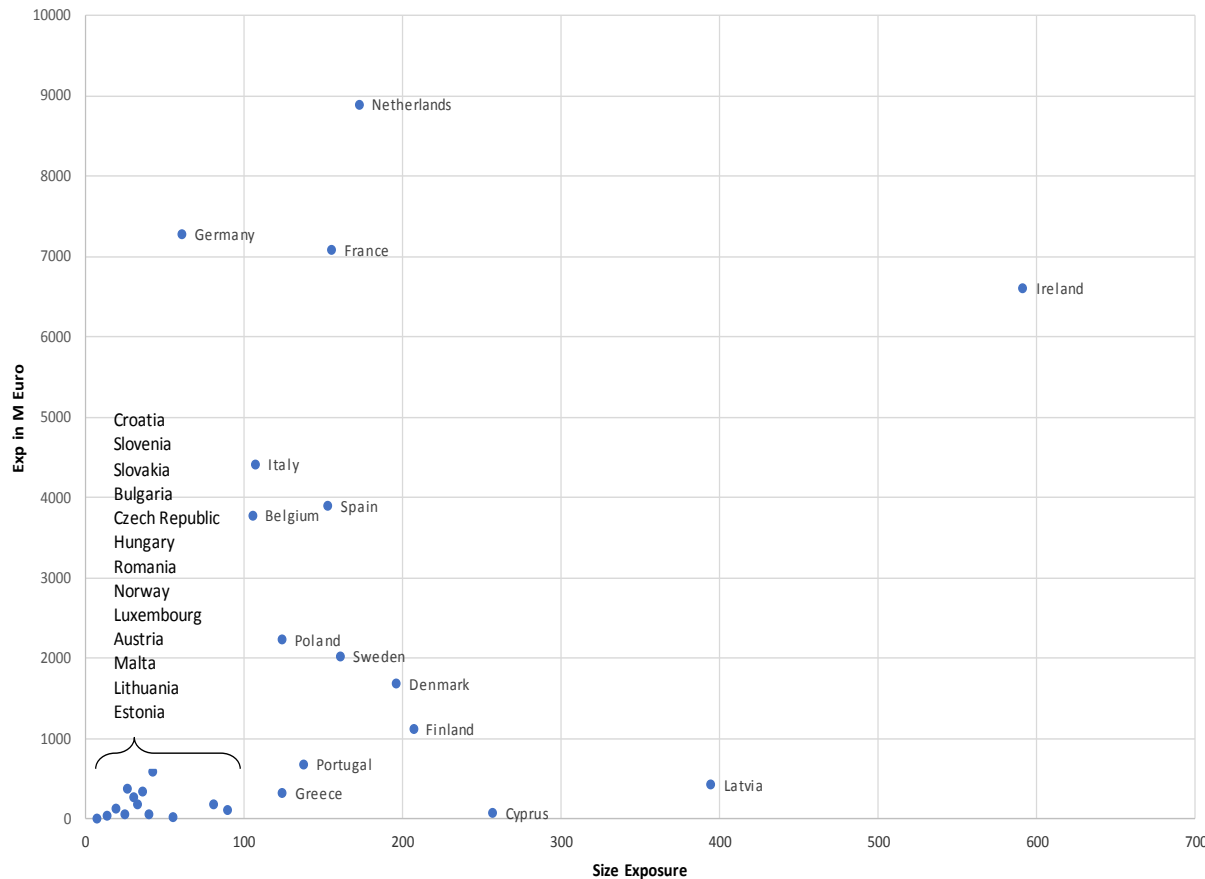
# Textile and furniture

In this sector some of the most exposed regions are Tuscany (IT), Marches (IT), Norte (PT) and Severozapaden (BG). There are no small countries particularly exposed in this sector.



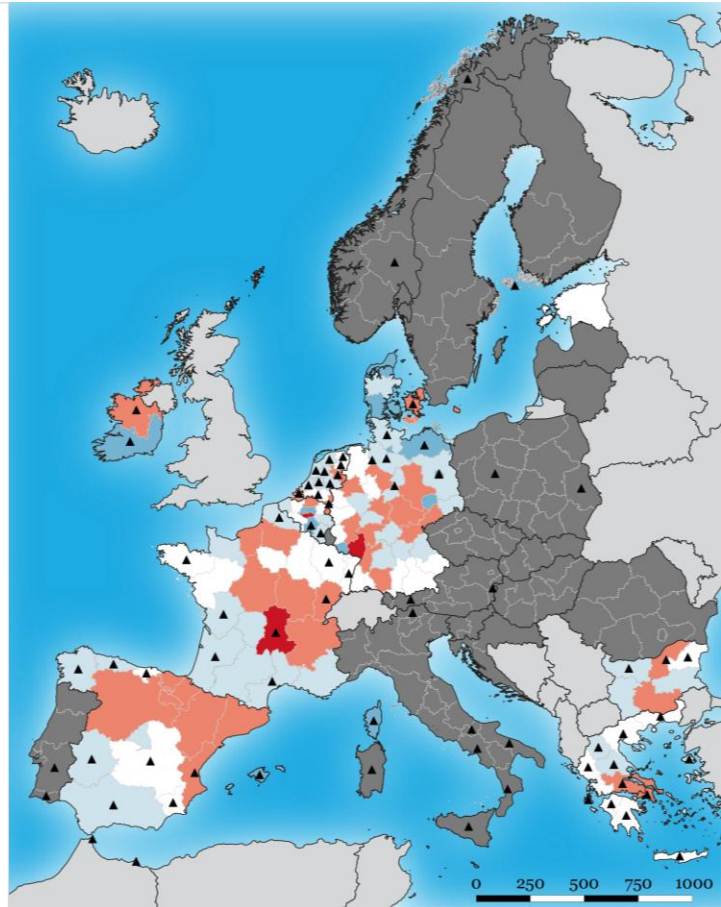
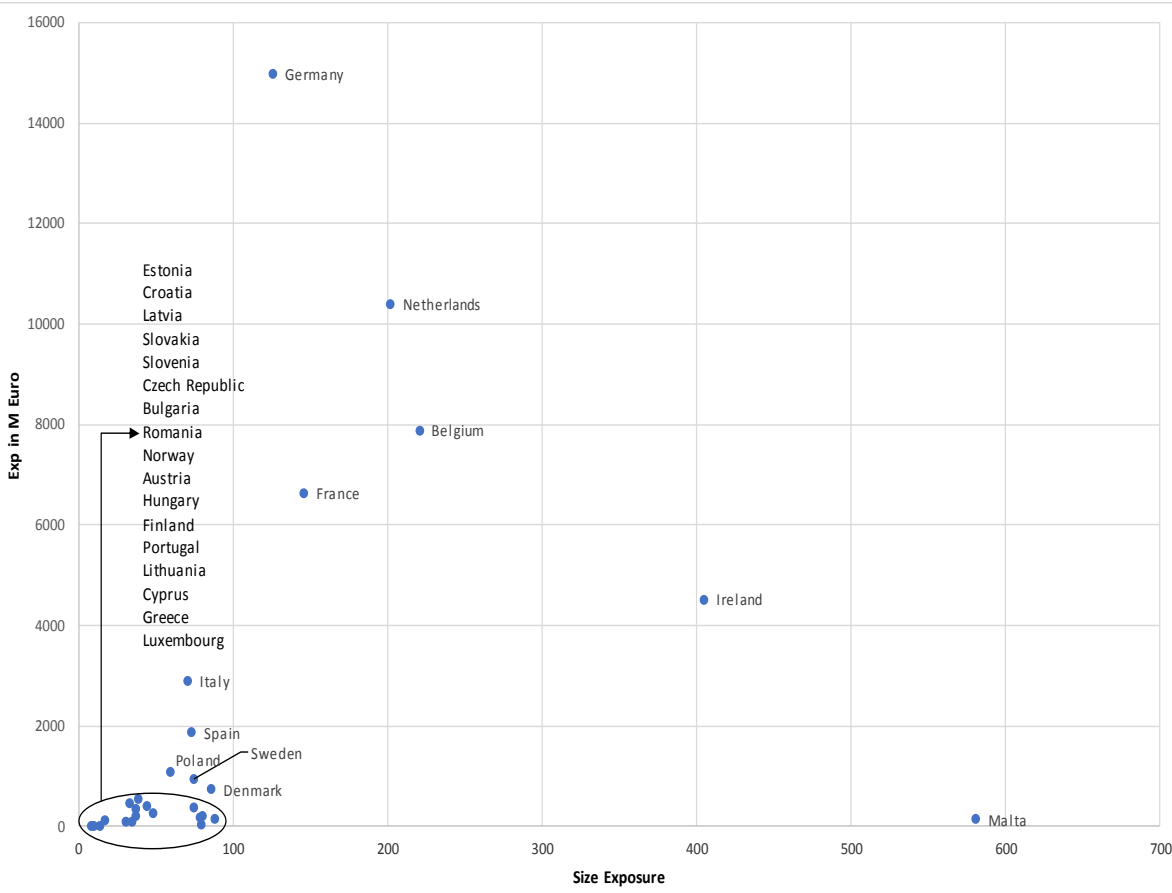
# Vegetables Foodstuff and Wood

In this sector some of the most exposed regions are Ipeiros (EL) and Bretagne (FR). Among smaller countries the most exposed are Republic of Ireland and Latvia.



# Chemical and Plastic

In this sector some of the most exposed regions are Auvergne (FR), Rheinessen-Pfalz (DE), Walloon Brabant (BE), Sterea Ellada (EL), Zeeland (NL). Among smaller countries the most exposed is again Republic of Ireland.



# Summary of Results

<u>Transport vehicles</u>	<u>Machinery</u>	<u>Electronics</u>	<u>Textile and furniture</u>	<u>Veget. Foodst. and Wood</u>	<u>Chemicals and Plastics</u>
<b>Countries</b>	<b>Countries</b>	<b>Countries</b>	<b>Countries</b>	<b>Countries</b>	<b>Countries</b>
Spain	Ireland	Ireland	Portugal	Ireland	Malta
Germany	Netherland	Netherland	Romania	Latvia	Ireland
<b>Regions</b>	<b>Regions</b>	<b>Regions</b>	<b>Regions</b>	<b>Regions</b>	<b>Regions</b>
Vest (RO)	Tuebingen (DE)	Zapadni Slovensko (SK)	Norte (PT)	Ipeiros (EL)	Auvergne (FR)
Niederbayern (DE)	Emilia-Romagna (IT)	Strednm Morava (CZ)	Marche (IT)	Bretagne (FR)	Rheinhessen-Pfalz (DE)
Stuttgart (DE)	Freiburg (DE)	Border, Midland and Western (IE)	Toscana (IT)	La Rioja (ES)	Prov. Brabant Wallon (BE)
Nyugat-Dunantzi (HU)	Stuttgart (DE)	Vest (RO)	Severozapaden (BG)	Alentejo (PT)	Stereia Ellada (EL)
Strednm Cechy (CZ)	Unterfranken (DE)	Nord-Vest (RO)	Nord-Vest (RO)	Border, Midland and Western (IE)	Sjlland (DK)
Midi-Pyrinies (FR)	Oberfranken (DE)	Dil-Dunantzi (HU)	Severen tsentralen (BG)	Podlaskie (PL)	Zeeland (NL)
Comunidad Foral de navarra (ES)	Schwaben (DE)	Kontinentalna Hrvatska (HR)	Nord-Est (RO)	Prov. Luxembourg (BE)	Border, Midland and Western (IE)
Kassel (DE)	Friuli-Venezia Giulia (IT)	Severovýchod (CZ)	Veneto (IT)	Pays de la Loire (FR)	Severen tsentralen (BG)
Dresden (DE)	Severen	Centru (RO)	Yuzhen	Champagne-	Haute-Normandie

## *Outlooks and fine tuning:*

- **A further analysis of the business structure of the selected region should be done in order to know the size of exporting firms. It is in fact in the case of small and medium firms exporting to UK that the intervention and support of LRAs is most requested.**
- **Furthermore, in order to evaluate the total exposure of regions, all sectors should be considered.**

## *Results of the case studies:*

- **7 case-studies : a Federal State (Hessen and related districts), a city (La linea della concepcìon, Spain) and 5 regions (Hauts-de-France, Bretagne, Flanders, Malopolskie and Lubelskie).**
- **Issues addressed related to Brexit are diverse (profile of regions is not the same) : trade of goods and services, Direct investment flow, migration and demography, infrastructure (logistic), access to exclusive economic zone (fishing), tourism, research and development activities, cross-border management...**
- **Some regions (LRAs) mentioned opportunities, e.g. in terms of FDI or in the financial sector (Hauts-de-France and Hessen); most regions are in a “grey-zone”.**

## *Results of the case studies:*

- **Some regions are more advanced in identification of strategies (all CS) other less (LRAs most exposed or the richest one).**
- **Remediation actions planned are mainly related to information (of people) and marketing activities to decision markers (promotion targeting UK business people and/or foreign potential investors); with the objective also to influence the negotiation process.**
- **Clear need of impact analysis at (a very local level) in a more systematic way (i.e. identified opportunities and threats).**



**Thank you for the attention!**