ABSTRACT WP4.19

FIRM EXPORTS, INNOVATION, ... AND REGIONS.
Lessons from Spain.

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This paper uses firm-level data for each of the Spanish NUTS2 regions to estimate the effect of product and process innovations on firm’s export performance. It shows that the firm’s propensity to innovate and its export activity vary substantially across regions. Remarkably, results prove that the effect of innovation on exports is far from regionally uniform. The gap in the propensity to export between innovative and non-innovative firms, conditional to other sources of firm heterogeneity, is shown to be particularly wide in regions with high extensive margin of exports. However, differences in the propensity to innovate do not originate regional disparities in the share of sales abroad by exporting firms. The evidence from Spanish firms allows us to derive some implications for the ENC. For instance, the effectiveness of the stimulus of firm’s innovation to increase the share of exporting firms in these countries, and the emergence of regional polarisation due to the concentration of exporting firms in the best-endowed areas of each ENC.