EFIGE country report: United Kingdom

UK firms, space and the crisis

Giordano Mion and Karen Helene Ulltveit-Moe

European Firms In a Global Economy

EFIGE

EFIGE IS A PROJECT DESIGNED TO HELP IDENTIFY THE INTERNAL POLICIES NEEDED TO IMPROVE EUROPE'S EXTERNAL COMPETITIVENESS

Funded under the Socio-economic Sciences and Humanities Programme of the Seventh Framework Programme of the European Union.

LEGAL NOTICE: The research leading to these results has received funding from the European Community's Seventh Framework Programme (FP7/2007-2013) under grant agreement n° 225551. The views expressed in this publication are the sole responsibility of the authors and do not necessarily reflect the views of the European Commission.

The EFIGE project is coordinated by Bruegel and involves the following partner organisations: Universidad Carlos III de Madrid, Centre for Economic Policy Research (CEPR), Institute of Economics Hungarian Academy of Sciences (IEHAS), Institut für Angewandte Wirtschafts-forschung (IAW), Centro Studi Luca D'Agliano (Ld'A), Unitcredit Group, Centre d'Etudes Prospectives et d'Informations Internationales (CEPII).

The EFIGE partners also work together with the following associate partners: Banque de France, Banco de España, Banca d'Italia, Deutsche Bundesbank, National Bank of Belgium, OECD Economics Department.

UK COUNTRY REPORT

UK firms, space and the crisis

By Giordano Mion and Karen Helene Ulltveit-Moe[1]

Main policy questions and policy implications

On the impact of the financial crisis, the main message to take from our analysis is that this was a crisis that hit firms relatively uniformly regardless of their location, ownership structure or internationalisation. In terms of the margins of the crisis, we document that the drop in turnover was not due to a reduction in the product portfolio of firms but rather to a drop in the value of products sold. This might be important to take into account when policy for the aftermath of the crisis is designed. But despite the fact that firms appears to have been hit equally hard by the crisis, what the present data does not tell us – which should be the subject of future research – is the extent to which their recovery was linked to any of the characteristics examined in this report. Did, for instance, exporters recover more quickly or slowly than non-exporters, did levels of R&D relate to the recovery time? These are questions that should be investigated.

Executive summary

Building on a unique data set collected via a pan-European survey run within the framework of the EU sponsored EFIGE project on 7 European countries, we provide some first descriptive statistics on UK firms' internationalisation. In particular, we focus on the spatial dimension of the available information and provide a number of indicators of the degree of internationalisation of UK firms across regions. Another contribution of this report, which is particularly relevant to policy makers, is to provide the first firm-level analysis of the response of UK firms to the 2008-09 financial crisis. By allowing firms characterised by different types and degrees of internationalisation to be distinguished, the EFIGE data allows us to investigate the extent to which the crisis has differentially affected firms. Thanks to the rich availability of data for both purely domestic and internationalised firms, we enrich the current state of knowledge about firms and the crisis by investigating its regional dimension.

Our analysis highlights small systematic differences across firms according to their ownership structure, size and internationalisation status. These findings for the UK complement those of Behrens *et al* (2010) for Belgium. Our results further indicate that there are no systematic regional differences with respect to the drop in firms' turnover during the crisis. Indeed, the share of firms experiencing a drop in turnover is very similar across all firm-type/region combinations. In terms of the margins of the crisis, we further document that the drop in turnover was not due to a reduction in the product portfolio of firms but rather to a decline in the value of product sold. Given the substantial amount of sunk-type investment costs involved in changing the product scope, the shadow of the crisis might thus be shorter than its scale initially suggested.

[1] Giordano Mion: Department of Geography and Environment, London School of Economics, Centre for Economic Policy Research (CEPR) amd Centre for Economic Performances (CEP). Karen Helene Ulltveit-Moe: Department of Economics, University of Oslo and Centre for Economic Policy Research (CEPR).

1. Background

This report is completed under the auspices of the pan-European project EFIGE (*European Firms in a Global Economy: internal policies for external competitiveness*) a European project carried out by eight partners and led by Bruegel. The aim of the project is to explore European firms' performance and international competitiveness, and how these are affected by different national policies and regulatory systems. The project has received the support from the European Commission's Directorate General for Research through the FP7 programme, and runs from 1 September 2008 to 31 August 2012.

The backbone of the EFIGE project is a harmonised cross-country dataset that will be used to provide input to economic research and help answer policy relevant questions like: How do European firms cope with international competition? What are the defining characteristics of firms that compete successfully? What bottlenecks do firms face in internationalising their activities?

The project is aimed at addressing the above questions by generating new data, and subsequent analysis. The latter has been achieved through a survey compiling both qualitative and quantitative information on a representative sample of the population of manufacturing firms with 10 employees or more across seven European countries. In order to ensure standard statistical representativeness of the collected data, a target was set at about 3,000 firms for large countries (Germany, France, Italy, Spain and the UK), and 500 firms for smaller countries (Austria and Hungary), ie we aimed for a total of 16,000 valid questionnaires. In April 2009, a competitive tendering process was set up to conduct the survey in the seven countries. The cross-country data collection started in January 2010 and was completed in June 2010.

One key objective of this report is to provide, based on the information collected through the survey, some first descriptive statistics for UK firms. In particular, we focus on the spatial dimension of the data and compare a number of measures of the degree of internationalisation of UK firms across regions. To the best of our knowledge, this is the first time that this type of exercise has been carried out for the UK. Indeed, the richness of the information available in the EFIGE survey allows us to go beyond the very few measures of firms' internationalisation, such as export status, that can be obtained from other UK firm-level datasets.

Another contribution of this report, which is particularly relevant for policy makers, is to provide the first firm-level analysis of the response of UK firms to the 2008-09 financial crisis. On the one hand, existing firm-level datasets for the UK do not currently allow for this type of analysis because there is a considerable time lag between the year to which the data refers and the year in which they become available to researchers. On the other hand, by allowing firms characterised by different types and degrees of internationalisation to be distinguished, the EFIGE data allows us to investigate to what extent the crisis has differentially affected firms. To the best of our knowledge, only Bricogne *et al* (2009) for France and Behrens *et al* (2010) for Belgium, have so far provided micro-level firm analysis of the crisis. Thanks to the rich availability of data for both purely domestic and internationalised firms, we enrich the current state of knowledge about firms and the crisis by investigating its regional dimension.

The rest of the report is organised in five sections. Section 2 describes the data and regional breakdown we employ. In Section 3 we provide a few descriptive figures about firms' size and workforce composition across the UK space. Section 4 provides a sharp portrait of the different forms and degrees of internationalisation of UK firms and explores their regional variation. Section 5 is devoted to the analysis of the behaviour of UK firms during the crisis. Section 6 concludes.

2. Data and methodology

The UK EFIGE survey contains information on 2,142 firms. As the location of some firms is missing, we restrict the analysis to 2,066 manufacturing firms. Our firm-specific observations relate to variables such as turnover, employment, R&D, exports, foreign direct investment (FDI), imports and ownership. The regional breakdown of the UK available in our data distinguishes between the following regions:

- East
- East Midlands
- London
- North East
- North West
- Northern Ireland
- Scotland
- South East
- South West
- Wales
- West Midlands
- Yorkshire and the Humber

In order to both simplify the analysis and work with a sufficiently large sample of firms per region, we follow standard practice in UK regional analyses and consider the subsequent aggregated regional breakdown:

- Far North: Scotland and Northern Ireland
- North: North West, North East, and Yorkshire and the Humber
- Centre: East Midlands, West Midlands and Wales
- South: South East, South West, East and London

Table 1 provides the number of firms for each of the four regions considered. Figures range from 191 firms for the Far North to 778 firms for the South.

Table1: Number of firms by region

Region	No. of firms
Far North	191
North	496
Centre	601
South	778

In the survey design, the sample of UK firms has been stratified by region and employment bands. In what follows, firms' shares have been obtained by using sampling weights.

3. UK firms size and workforce composition

Table 2 provides the share of firms by turnover range and employment band for each of the four regions we consider. Turnover ranges are:

- Less than €1 million
- Between €1 and €2 million
- Between €2 and €10 million
- Between €10 and €15 million
- Between €15 and €50 million
- Between €50 and €250 million
- More than €250 million

As for employment bands, data allows us to distinguish firms with:

- Between 10 and 19 employees
- Between 20 and 49 employees
- Between 50 and 249 employees
- 250 employees or more

Table 2: Share of firms by region, turnover range, and employment band

Empl. band	Region	Turn. less than 1 million €	Turn. 1-2 million €	Turnover 2-10 million €	Turn. 10-15 million €	Turn. 15-50 million €	Turnover 50-250 million €	Turn. more than 250 million €
10-19	Far North	51.01	29.79	17.35	1.86	0.00	0.00	0.00
	North	62.36	26.31	10.78	0.55	0.00	0.00	0.00
	Centre	67.40	22.37	9.37	0.54	0.33	0.00	0.00
	South	53.26	33.97	11.38	0.00	1.07	0.32	0.00
20-49	Far North	23.90	29.62	43.79	2.70	0.00	0.00	0.00
	North	17.97	39.16	39.05	2.29	1.53	0.00	0.00
	Centre	19.63	32.61	45.76	0.51	0.97	0.51	0.00
	South	16.60	37.61	41.92	1.94	1.93	0.00	0.00
50-249	Far North	2.26	4.52	58.75	17.00	15.11	2.36	0.00
	North	1.70	3.50	55.73	18.67	19.55	0.00	0.86
	Centre	2.13	7.64	57.45	11.97	16.95	3.87	0.00
	South	2.84	3.82	54.62	15.53	18.53	4.08	0.58
>249	Far North	0.00	0.00	0.00	0.00	28.08	23.64	48.29
	North	0.00	0.00	11.51	2.72	49.48	30.91	5.40
	Centre	0.00	6.88	6.32	5.20	45.80	20.57	15.22
	South	3.56	0.00	3.77	5.95	16.44	54.11	16.18
All	Far North	26.12	22.53	36.15	5.29	4.94	1.97	3.01
	North	27.31	25.34	32.72	5.45	7.31	1.43	0.44
	Centre	31.72	23.06	34.12	3.02	5.71	1.79	0.59
	South	25.60	26.88	31.97	4.45	6.06	3.89	1.14

The first entry on the upper left corner of Table 2 (51.01) means that 51.01% of firms in the Far North region with a number of employees in between 10 and 19 have a turnover of less than €1 million. Shares sum to one for every row, while the last rows of the tables provides the shares of firms in a region within a given turnover range irrespectively of their employment.

The key message to retain from Table 2 is that, with few exceptions, shares across regions look very much similar. Although the Far North and South have somewhat fewer firms with less than €1 million turnover and more firms with more than €250 million turnover, the turnover and size distribution of manufacturing firms across the UK is fairly homogeneous.

Table 3: Composition of the workforce by region

Region	Entrepreneurs/ executives	White collar	Skilled blue collar	Unskilled blue collar
Far North	19.41	12.04	43.12	25.25
North	18.02	13.42	41.36	27.2
Centre	20.28	13.06	43.34	23.32
South	19.84	17.36	43.62	19.18

Such homogeneity is also confirmed by Table 3 which provides the breakdown of firms' workforces into four different categories for each of the four regions considered:

- Entrepreneurs and executives
- White collar
- Skilled blue collar
- Unskilled blue collar

The four regions are surprisingly similar with respect to the composition of their labour forces. However, the South's relatively larger share of white collar workers stands out, and so does also the relatively larger share of unskilled blue collar workers in the Far North and North. However, differences are not stark and suggest that, despite some well known dissimilarities in industrial composition at a fine geographical scale highlighted in, for example, Duranton and Overman (2008), we do not see any clear tendencies to manufacturing specialisation across the four regions we consider.

4. UK firms internationalisation patterns

In this section we present descriptive statistics on the various forms and degrees of internationalisation of UK firms across regions. Table 4 provides the number and share of exporting firms (with respect to the total number of firms) by region and employment band. The share of exporting firms rises with firms' employment in all regions, and reaches a peak of about 80 to 100% for firms with 250 employees or more. These findings confirm abundant previous country-level evidence (see, for example, Bernard and Jensen (2004) for the US) that exporters are larger than non-exporters. The rationale for this relationship has been provided by the recent theoretical literature on heterogeneous firms and international trade, beginning with the seminal contribution of Melitz (2003).

Again, one is most surprised by the similarity of patterns rather than by the differences. However, we note that again it is the South and the Far North that to some extent stand out. Focusing on smaller firms (10-49 employees), these two regions have a distinctly higher share of exporters.

Table 4: Number and share of exporters by region and employment band

	Employees 10-19		Employees 20-49		Employees 50-249		Employees 250 or more	
Exporters	Number	Share	Number	Share	Number	Share	Number	Share
Far North	35	59.50	48	63.10	36	75.60	14	100.00
North	71	47.90	124	60.40	100	79.30	23	84.20
Centre	101	51.10	146	60.60	110	74.50	22	74.10
South	161	59.40	192	64.50	152	76.90	25	79.90

Table 5 reports the share of employees involved in R&D activities by region and export status. In terms of regional patterns, the Far North and South are characterised by a larger share of employees involved in R&D. Most of the difference between the latter regions and the other two regions can be ascribed to differences among exporting firms in terms of R&D activity. Exporting firms are also characterised by a greater share of employees involved in R&D across all regions. This confirms previous empirical findings of a positive relationship between export status and R&D effort in Bustos (2011) for Argentina. Bustos (2011) further provides the rationale for this result by developing a two-stage model in which firms invest in R&D in order to increase their productivity.

Table 5: Share of employees involved in R&D by region and export status

Region	Share		
	Non -Exporter	Exporter	All
Far North	4.76	9.07	7.64
North	4.92	6.32	5.79
Centre	5.31	7.63	6.72
South	6.54	9.34	8.39

Table 6 shows the share of firms by region that are characterised by the following forms of internationalisation:

- Firms doing FDI only
- Firm importing services only
- Firm importing goods only
- Firms doing two or more of the above
- Firms doing none of the above

The information contained in Table 6 is unique, as it cannot be obtained from any existing available database for the UK. Table 6 highlights the fact that import of goods is the most diffused alternative form of internationalisation for UK firms. Between 40 and 50 percent of the sampled UK firms import goods from abroad. This is a substantial share, but nevertheless considerably smaller than the share of firms that export. Between 60 and 80 percent of the sampled firms conduct exports.

In terms of regional variation, the first message is again homogeneity. Shares are indeed very stable across the UK with firms in the South being characterised by a somewhat greater involvement in alternative forms of internationalisation.

Moving on to firms that are involved in FDI but do not source internationally, we see that this is limited to an exclusive group of firms, that only accounts for between 3 and 4 percent of the sample – depending on the region. The South stands out with a distinctly higher share of firms involved in foreign direct investment. Importing services is pretty rare for manufacturing firms, and even in the South no more that 2-3 percent actually import some of their sourced services from abroad without engaging in FDI. Between 40 and 50 percent neither engage in FDI, nor source goods or services from abroad. Although there are no distinct regional differences, the Far North stands out as having the firms that are the least internationalised, while the South has the largest share of firms engaged in FDI and/or sourcing internationally.

Table 6: Share of firms by region and internationalisation status

Internationalisation Status	Far North	North	Centre	South
FDI	2.80	2.70	3.00	4.00
Import Services	1.80	1.10	1.80	2.60
Import Goods	39.20	40.80	40.10	38.60
Two or more of these	7.00	8.50	7.70	11.90
No FDI no Import Services no Import Goods	49.10	46.90	47.30	42.90

Table 7 also provides previously unavailable information by reporting the share of firms with domestic and foreign affiliates by employment band and region. Domestic affiliates are more common than foreign ones, with a ratio of domestic to foreign affiliates of around two. Between 3 and 8 percent of the sampled UK firms appear to be involved in international markets via the direct presence of an affiliate[2]. Shares, as expected, increase with the size of the firm's workforce while regional variation plays a very limited role.

[2] Shares of FDI firms in Table 6 and 7 are not comparable because, for example, a firm doing FDI and importing services would be classified in Table 6 as doing 'Two or more of these'.

Table 7: Share of firms with domestic and foreign affiliates by employment band and region

Region	Domestic Affiliates					Foreign Affiliates				
	10-19	20-49	50-249	>249	All Firms	10-19	20-49	50-249	>249	All Firms
Far North	10.06	10.45	6.65	0.00	8.88	3.83	2.79	6.65	12.38	4.52
North	3.29	8.17	14.38	20.07	8.60	0.39	0.98	8.25	12.16	2.94
Centre	6.09	9.50	15.46	27.40	10.22	1.30	3.03	8.07	27.94	4.41
South	10.39	10.87	15.55	49.64	13.85	5.36	5.97	12.80	12.45	7.62

Understanding firms' internationalisation and performance, we need to know where they go when they go abroad. Table 8 delivers some very interesting qualitative information. In particular, it reports the share of firms indicating that their main competitor is located in:

- The UK
- Another EU country
- A non-EU European country
- China or India
- Another country in Asia
- The US or Canada
- A country in Central or South America
- Other countries
- The firm has no competitor

Table 8 reveals that for almost 40 percent of UK firms face their main competitor at home. However, especially the EU and to a lesser degree, other European non-EU countries are quite often the location of UK firms' main competitors. In line with China's and India's rise as major world exporters, the main competitor of a UK firm is more often located in the fast developing China and India rather than in the US and Canada suggesting that 'Asian Tigers' are, although much less than what is typically described in the media, putting UK manufacturing under a considerable amount of competitive pressure. Finally, some regional variation in the country of location of the main competitor is present in the data with, for example, firms in the South facing relatively more competition from the US and Canada. However, as in previous cases, similarities stand out more than differences.

Table 8: Location of main competitor by region

Region	Home country	Other EU country	European non EU	China India	Other Asia	USA Canada	Central South America	Other areas	No competitors
Far North	39.10	19.40	7.40	11.00	6.90	8.90	3.30	3.70	0.30
North	39.40	18.90	7.20	10.00	7.20	9.30	3.60	4.10	0.50
Centre	36.10	18.50	8.70	10.20	7.50	9.80	4.20	4.40	0.60
South	35.20	19.10	7.90	10.30	6.80	12.90	3.40	3.80	0.50

5. UK firms facing the trade collapse

Finally, we provide the first analysis of the behaviour of UK firms during the 2008-09 financial crisis. In particular, we focus on the regional dimension of the data and provide information for both purely domestic and internationalised firms.

By reporting the percentage change in personnel for both exports and non-exporters by region, Figure 1 highlights that neither export status nor firms' location are useful to draw a boundary between firms that were more or less affected by the crisis. The big picture from Figure 1, which appears to be at odds with a number of catastrophic theories about the disruption of international value chains, the collapse of trade finance and the resurgence of protectionism (see Baldwin, 2009, for a survey), is that different firms have been equally affected. There may have been some limited disruption of the international value chain (to the benefit of domestic ones) and a resurgence of protectionism, but the numbers in Figure 1 indicate that both exporters and non-exporters were equally affected. In the Far North, if anything, non-exporters were more severely affected than exporters.

Figure 1: % change in personnel during the crisis by exporter status and region

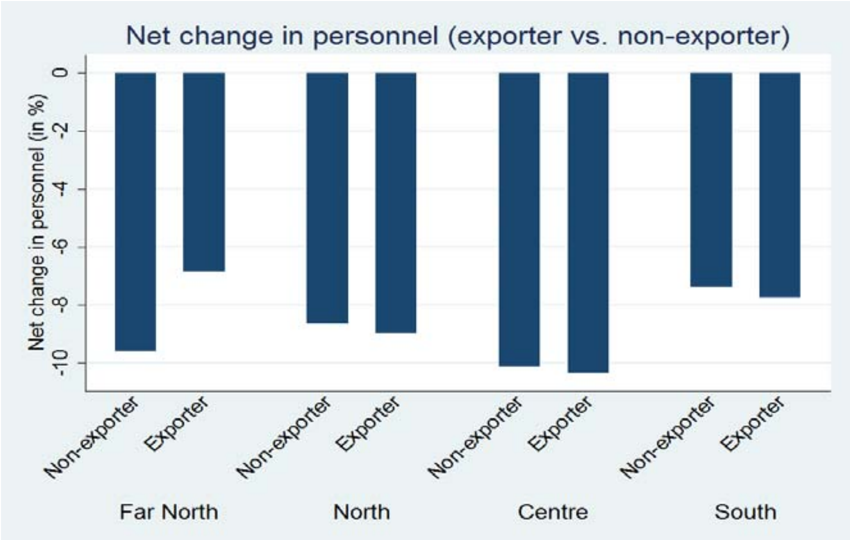

Table 9 reports the share of firms experiencing a drop in turnover during the crisis according to type of ownership and region. Three alternative firm types are considered:

- Family-owned vs non-family owned firms
- Firms belonging to a group vs firm that don't
- Firms that are foreign owned vs firms that are UK owned

We do not find any systematic difference across firms according to ownership. These findings for the UK complement those of Behrens *et al* (2010) for Belgium, where firms belonging to different industries were very symmetrically affected by the crisis. What our results further indicate is that there are no systematic regional differences with respect to the drop in firms' turnover during the crisis. Indeed, the share of firms experiencing a turnover drop is very similar across all firm-type/region combinations.

Table 9: Share of firms that have experienced a turnover drop during the crisis by firm type and region

Region	All Firms	Family Firms	Non Family Firms	Group	No Group	Foreign Owned	Domestic Owned
Far North	61.54	64.00	57.27	69.17	59.25	81.75	58.65
North	67.98	67.65	69.04	64.04	69.42	61.14	70.45
Centre	67.14	68.11	64.92	71.42	65.78	65.92	65.76
South	65.11	65.81	63.45	69.22	63.65	67.12	65.08

This argument is further corroborated by Table 10 which provides the share of firms that adopted a change in their strategic decision making during the crisis. Most firms did not change anything in their strategic decision making, while those that did change mainly opted for a more-centralised system. Crucially, firms reacted in a very similar way across the different regions, further confirming the idea that the crisis was simply a big crisis affecting more or less equally all UK firms, no matter their location.

Table 10: Share of firms that adopted a change in the strategic decision making during the crisis by region

Region	Centralisation	Decentralisation	No Change
Far North	15.29	6.13	78.58
North	15.77	5.91	78.32
Centre	14.50	5.05	80.45
South	13.95	4.23	81.82

Tables 11 and 12 provide specific evidence of the lack of an international trade specificity of the crisis. Table 11 provides the share of exporting firms suffering from a turnover reduction by region and percent turnover drop. The share of exporting firms experiencing a drop in turnover almost matches the overall manufacturing firms' share in Table 9. Table 11 further indicates that the medium turnover reduction for exporters was between 10 and 30 percent across our four UK regions. Table 12, which refers to exporting firms' international sourcing and foreign direct investments, further indicates that between 30 and 44 percent of the exporters reduced their imports from abroad, while only 2 to 6 percent reduced production abroad. This suggests that the potential for short-term adjustment is clearly stronger with respect to international sourcing than with respect to own foreign activities.

Table 11: Share of exporters that experienced a turnover drop during the crisis by % turnover reduction and region

Turnover reduction	Far North	North	Centre	South
<10%	18.90	19.90	16.20	19.20
10-30%	29.60	32.30	34.70	29.00
>30%	11.20	11.70	15.00	12.70
No reduction	39.40	34.70	33.80	38.60
Missing information	1.00	1.40	0.30	0.50

Table 12: Share of exporters that experienced other forms of reduction during the crisis by reduction type and region

Type of reduction	Far North	North	Centre	South
Percentage reporting reduction in inputs purchased from abroad	29.70	38.50	43.90	35.30
Percentage reporting reduction in production abroad	2.10	5.30	4.10	6.20
Closed production unit	0.80	2.00	1.50	0.70

Eventually, we address the issues of product range and price-cost margins. Tables 13 and 14 deliver two other important pieces of information. One key fear during the crisis was that firms were cutting down their product and/or market portfolios. With respect to a 'simple' drop in average sales by product and market, reducing the product and/or market portfolios can have substantial consequences for firms' subsequent recovery. Table 13 shows that, during the crisis, the vast majority of firms did not decrease, or even increased, their product ranges. This result applies uniformly across regions and echoes the findings in Behrens *et al* (2010) who show, by using micro trade data, that Belgian exporting firms did not experience any significant reduction in their portfolios of products and markets.

Table 14 further points to the main channel of adjustment on the revenue side. The majority of firms have either kept constant or decreased their price-cost margins during the crisis. A minority experienced an increase in margins. Again there are few signs of distinct regional differences. This means that, given the constant or increasing product ranges and the rather stable price-cost margins we observed in our data, most of the reduction in UK firms' turnover could be attributed to average quantities sold by product-market. This finding mirrors results in Behrens *et al* (2010) for exporting firms only. While extending the analysis to domestic firms, our data allows us to further indicate that firms' location has not played any major role during the crisis.

Table 13: Share of firms changing their product range during the crisis by region

	During the crisis the product range of your firm:			
Region	Has been widened	Has remained same	Has been reduced	No answer
Far North	56.50	36.60	6.80	0.00
North	54.80	39.30	5.00	0.80
Centre	57.90	34.80	6.70	0.70
South	62.00	32.40	5.30	0.40

Table 14: Share of firms changing their price-cost margin during the crisis by region

	During the crisis the size of your margin has:			
Region	Increased	Decreased	Remained constant	No answer
Far North	22.20	39.80	37.00	0.90
North	15.30	44.10	37.70	2.80
Centre	14.00	51.80	31.70	2.50
South	19.00	45.20	32.90	2.90

6. Conclusions

We have presented a first overview of the EFIGE data set for UK manufacturing firms. The data confirms the stylised facts about exporters being larger both in terms of employment and turnover. *A priori* one could have expected there to be regional differences with respect to firms' performance and internationalisation. However, we find very few signs of systematic regional differences. Neither with respect to exporting, importing and FDI, nor with respect to the location of main competitors, do we find evidence of distinct regional differences.

In terms of the impact of the financial crisis, the main message to take from our analysis is that this was a crisis that hit firms relatively uniformly regardless of their location, ownership structure or internationalisation. This might be important to take into account when policies for the aftermath of the crisis are designed. But despite the fact that firms appears to have been hit equally hard by the crisis, what the present data does not tell us – which should be the subject of future research – is the extent to which their recovery was linked to any of the characteristics examined in this report. Did for instance exporters recover more quickly or slowly than non-exporters; did levels of R&D have an impact on recovery times? These are questions that should be investigated.

References

Baldwin, R.E. (ed.) (2009) 'The great trade collapse: causes, consequences and prospects', CEPR: London, UK (available online at http://www.voxeu.org/index.php?q=node/4297)

Behrens, K., G. Corcos, and G. Mion (2010) 'Trade crisis: what trade crisis?' EFIGE deliverable, forthcoming

Bernard, A.B. and J.B. Jensen (2004) 'Why some firms export', *Review of Economics and Statistics* 86(2), 561–569

Bricongne, J.-C., L. Fontagné, G. Gaulier, D. Taglioni and V. Vicard (2009) 'Firms and the global crisis: French exports in the turmoil', *Working Paper* no. 265, Banque de France

Bustos, P. (2011) 'Trade liberalization, exports and technology upgrading: evidence on the impact of Mercosur on Argentinean firms', *American Economic Review*, forthcoming

Duranton, G and H.G. Overman (2008) 'Exploring the detailed location patterns of UK manufacturing industries using microgeographic data', *Journal of Regional Science* 48(1), 213–243

Melitz, M.J. (2003) 'The impact of trade on intra-industry reallocations and aggregate industry productivity', *Econometrica* 71(6), 1695–1725

The EFIGE Project

EFIGE (European Firms in a Global Economy) is a research project, funded by the European Community's Seventh Framework Programme / Socioeconomic Sciences and Humanities (FP7/2007-2013). The project aims at analysing the competitive performance of European firms in a comparative perspective.

The **EU-EFIGE/Bruegel-UniCredit Survey** is the backbone of the whole project: it is the first harmonised cross-country dataset containing quantitative as well as qualitative information on around 150 items for a representative sample of some 15,000 manufacturing firms in the following countries: Austria, France, Germany, Hungary, Italy, Spain and the United Kingdom. These items cover international strategies, R&D, innovation, employment, financing and organisational activities of firms, before and after the financial crisis.

This Country Report presents preliminary evidence on the latter activities for the UK.