

# Every cloud has a green lining: FDIs, recombinant capabilities and green diversification in US Metropolitan Areas

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*This paper investigates the effect of recombinant capabilities and foreign direct investments (FDIs) on regional diversification in green technological domains. The analysis focuses on 290 US Metropolitan Statistical Areas (MSAs) observed from 2004 to 2019. The results show that recombinant creation capabilities and FDIs positively affect the entry in new green technological specializations and that their interaction provides a compensatory mechanism in areas lacking adequate novel combinatorial capabilities. The findings of this study are relevant for policymakers involved in elaborating appropriate policy mixes to govern the green transition at the regional level.*