

THE CAPITALS OF INDUSTRY – A EUROPEAN PROJECT

June 2005

An initiative was illustrated to DG IMPRESA in September 2004, which had been promoted by CONFINDUSTRIA (mainly through its territorial associations) and recently started in Italy (March 2003), to extend collaboration and develop synergies between the 15 most industrialised provinces in the Country¹.

The basic idea started from a careful analysis of the socio-economic characteristics of territories with a high industrial specialisation², guaranteeing a substantial part of the country's added value, high per capita incomes, better distribution of wealth and frictional unemployment.

They are a relatively small number of territories - never metropolitan areas or large municipalities – which show, on the one hand, a deficit of representation and, on the other, a greater need for infrastructures and services.

In line with the characteristics of the productive structure, the demand for innovation and training and, therefore, the position along the route towards the "knowledge society" are orientated towards science and technology.

Lastly, they are sensitive areas because they are exporters and, consequently, particularly open and exposed to international competition. As a result, there are specific needs for industrial policies and innovation of economic policies.

In slightly more than two years, the 15 PROVINCE GROUP has developed some interesting activities with:

- ❑ Positions and proposals regarding economic policies (Financial Law 2005 and changes to IRAP – regional business tax), energy (Position Paper) and certain institutional issues (Federalism) which have found some favourable responses;
- ❑ Sharing of initiatives, present in almost all the territories, for the transfer of technology and support for internationalization of the firms;
- ❑ A systematic benchmarking of the training proposals (especially technical and further education) and the services to the firms.

Other initiatives have been started. The most immediate ones concern internationalization (12 July) and an international conference on the importance of manufacturing and the relative scenarios, to be held in Prato - most probably at the beginning of November.

Meanwhile, the CONFINDUSTRIA president has appointed Andrea Moltrasio (past president of the Union of Entrepreneurs of the Province of Bergamo and member of the Board of Directors) as the group coordinator.

¹ The document is attached.

The data has been recently updated and the group of 15 most industrialised provinces has been added to by a 16th territory (Mantova).

² The territories with a high industrial specialisation have been considered to be those with an employment rate in the industrial market of more than 40%, with an added value directly produced by the industry of more than 35% and, firstly, with a per capita income of more than 20 thousand Euro.

The selected thresholds identify those provinces in which industry constitutes the prevalent economic resource.

The positive experience gained so far and the high level of participation by firms underline the validity of the proposal to reproduce a similar initiative at a European level.

In the Italian case, one of the reasons for the success may probably be found in the fact that the promoters have been the same firms through their representative organisations.

The project model has ensured an absolutely free dialogue from a shared development viewpoint, a high qualitative level of shared information, since the firms are more sensitive regarding market developments and because they are the direct carriers of the requirements for competitiveness and of the demand for industrial policies.

The same grid planned for Italy at a NUTS 3 level was applied, on the basis of the data available online regarding the European Regions.

The results are shown in the attached table³.

It may be seen that there are 63 territories specialised in the high income industrial market⁴. In addition to the 16 Italian provinces, there are 41 territories in Germany, 2 in Spain and Austria, 1 in Belgium and 1 in Greece⁵; with a total population of 17 million people, higher rates of activity and less unemployment.

There are 41 industrial territories with a medium-low income: 12 in the Czech Republic, 8 in Germany and Slovenia, 5 in Portugal and Hungary, 1 in Estonia, Italy, Poland, Slovakia and Spain; with a total population of more than 50 million people and, here also, socio-economic data which is better than the average of the respective countries.

As in the Italian case, it is an open list, susceptible to all the subsequent additions; based firstly on the desire to participate in joint initiatives, and then on statistical data⁶.

In this sense, an involvement of certain territories in Catalonia could be important, which have a productive structure very similar to the industrial NUTS 3 regions and which, more than any other European areas, demonstrate their ability to grow and increase their weight on the global market.

It is proposed that a close collaboration be established between the 15 PROVINCES GROUP and these territories, firstly with the high income areas and immediately afterwards with the developing areas.

The CAPITALS OF INDUSTRY could carry out at a supranational level the same functions which until now have been performed in Italy. The priorities could be as follows:

- ❑ Analysis of the effects of the European directives on the industrial market (support to the EUROPEAN ECONOMIC AND SOCIAL COMMITTEE),
- ❑ Proposals in the field of industrial policies (support to the EUROPEAN ECONOMIC AND SOCIAL COMMITTEE),
- ❑ Joint actions, best practice and cooperation in the area of company internationalization,
- ❑ Cooperation in the research and transfer of technology,
- ❑ Collaboration amongst firms (sub-supplier networks),
- ❑ Construction of an advanced network for mechatronics, which is the transversal technology characterising the European industrial model and more than others these territories,

³ A database has been constructed on the 1214 NUTS 3 of the European Union containing the following information: population, working population (male, female and total), employment (male, female and total), rate of unemployment (male, female and total), employed in the industrial market, gross domestic product, added value (industry and total) for the years 2000, 2001 and 2002. The most recent complete value of this data has been used.

The data clearly shows that the Italian initiative in support of industry is justified in the greatest industrial densities of Italy and, in particular, in the 15 promoting provinces.

⁴ The complete list of the high industrial specialisation areas is attached.

⁵ With regard to this territory, it is probable that there is a material error in the Eurostat database.

⁶ The Group must be necessarily open in order not to lose any significant contribution from those who believe that a qualitative and quantitative growth of the manufacturing industry in Europe is still central.

- ❑ Construction of a preferential logistics channel between these territories, more for the services than for the physical infrastructure policies,
- ❑ Exchange of training experience and students in technical-scientific areas,
- ❑ Benchmarking for support of productive systems,
- ❑ Transfer of economic information, both conjunctural and structural,
- ❑ Development of all activities supporting the manufacturing industry (with in-depth studies of local governance and territorial marketing),
- ❑ Contribution to other territories regarding initiatives shown to be better for accompanying the development of the industrial market.

This is a first list of activities which should be implemented, as has been the case in Italy, from the dialogue between the entrepreneurs and their representatives in the various territories.

The “CAPITALS OF INDUSTRY” project, as suggested by DG IMPRESA, could fall within PAXIS (the network of the regions of excellence, in which Turin, Lombardy, Veneto and Emilia Romagna are already present).

Amongst the five thematic networks planned by PAXIS, the one with the greatest affinity seems to be KREO, coordinated by the ASTER consortium. However, it would be worthwhile creating a new and dedicated thematic network (which should be possible with effect from 2006), considering the shown socio-economic effectiveness of the manufacturing industry and its sensitive competitive position.

The changed attitude of the European Commission with regard to policies for support of the industry supports this proposal.

After the bursting of the “New Economy” bubble, all the Governments have understood that it is hard to imagine a European development model which does not include a major contribution by the manufacturing activities.

The start up of the project and a more analytical definition of the objectives and the areas of activity require the development of contacts with the entrepreneurial representatives of the territories involved.

This function may be developed within the EUROPEAN ECONOMIC AND SOCIAL COMMITTEE which could organise meetings for the establishment of a transnational group to define certain lines of action and then implement them⁷.

It would be useful to support the institutional channels with the informal relationship between firms. The multinationals and the multi-localized industries, for example, could form the bridge to start relations between the territories in which they are based.

Economic resources are not necessary during the setting-up phase; merely sponsorship by DG IMPRESA. If a sufficient level of agreement is reached between certain territories, an operational project could be presented next year consisting of specific actions which will also require financial backing from the EUROPEAN UNION.

⁷ The initiative must necessarily be flexible and adapt itself to the different forms of entrepreneurial representation in force in the various territories.

In Italy, where the entrepreneurial associative system is on a provincial basis and the NUTS 3 regions are demographically larger, there are no doubts regarding the effectiveness of participation by the provincial representatives. In the Countries in which the representation is organised differently interlocutors may be found at a higher territorial level.

The high concentration of territories with an industrial specialisation constitutes an objective advantage.

For example, with the territories of the Czech Republic and Slovenia it is even possible to dialogue at a national level, and in Germany and Spain at the level of a few Federal States or Autonomous Regions. The regional level seems perfect for Hungary.