

Business in Bergamo and Confindustria Bergamo



The Economy of Bergamo

Bergamo is one of the most industrialised provinces in Italy and in Europe for what concerns both the employment and the income share coming from the industrial activities, respectively at 44% and 41% of the overall economy in 2010.

More than 150,000 people are employed in the manufacturing sector, a number that adds up to 200,000 when considering the whole of industry and construction sectors.

The unemployment rate has been stable for many years at a frictional level of about 3%; only after the 2008/2009 crisis, the rate increased of 1 percentage point.

Non-EU citizens who live in Bergamo are more than 100,000.

The income produced in the province is more than 31 billion € (referred to 2010), corresponding to a value per capita of about € 30,000.



Summary

Resident population (9/10/2011)	1.098.740
Non EU resident population (1/01/2011)	120.807
Population employed (2011)	467.299
Value Added (million € 2011)	31.246

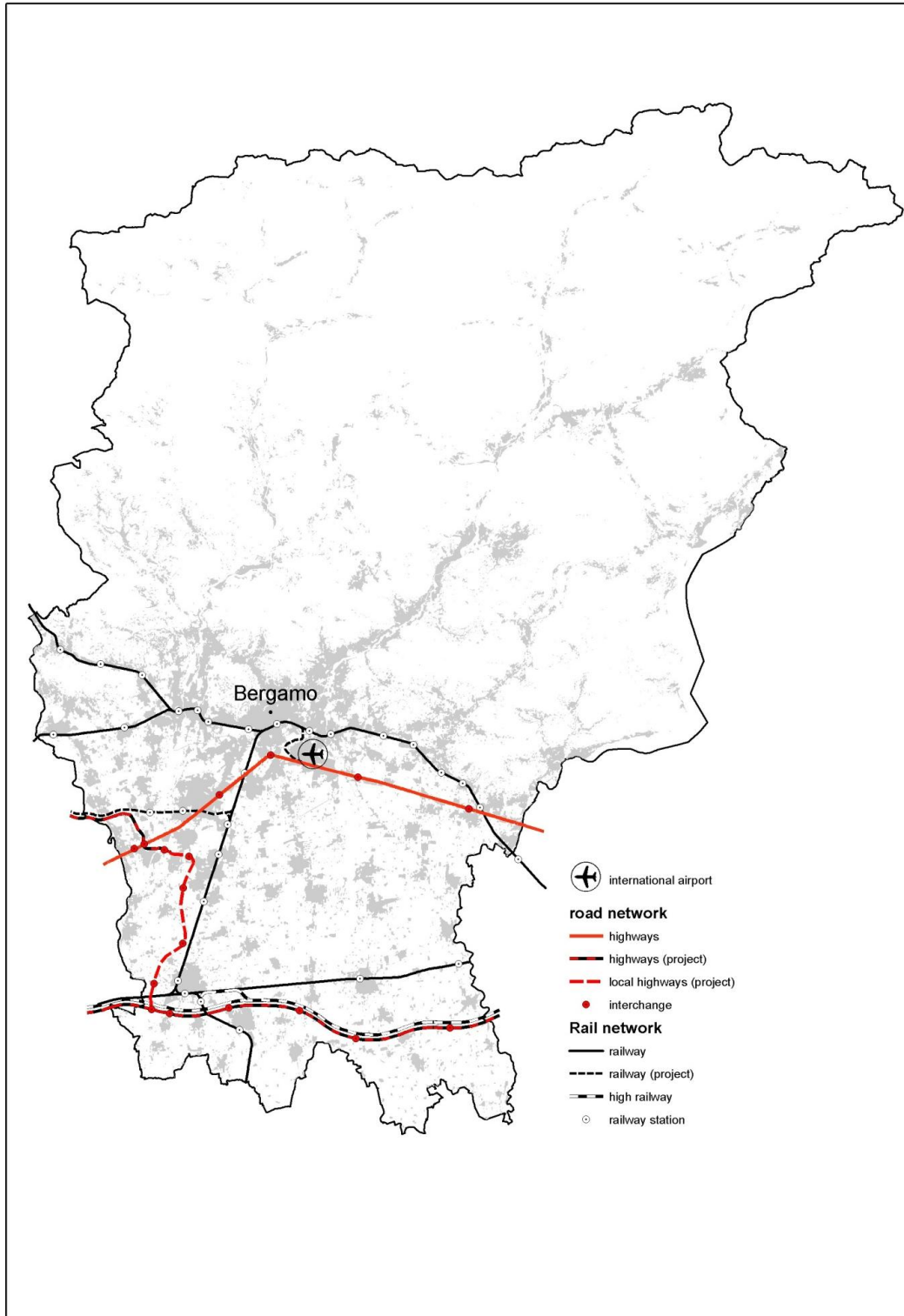
BENCHMARK (2011, *2010)

	Bergamo	Lombardy	Italy	Euro area
Activity rate (from 15 to 64 years)	66,0	68,7	62,2	71,5
Unemployment rate (from 15 to 64 years)	4,1	5,8	8,4	10,1
Unemployment rate (from 15 to 24 years)	11,9*	20,7	29,1	20,7
Employment rate (males)	74,7	74,1	67,5	70,3
Employment rate (females)	51,2	55,2	46,5	58,2
Employment by economic activity (2008)				
. % Agriculture	1,4	1,8	3,8	3,8
. % Industry	46,2	35,7	29,7	25,3
. % Services	52,4	62,5	66,5	70,9
Income by economic activity (2008)				
. % Agriculture	0,9	1,1	2,0	1,8
. % Industry	44,2	33,3	26,9	26,3
. % Services	54,9	65,6	71,1	71,9

Source: Istat



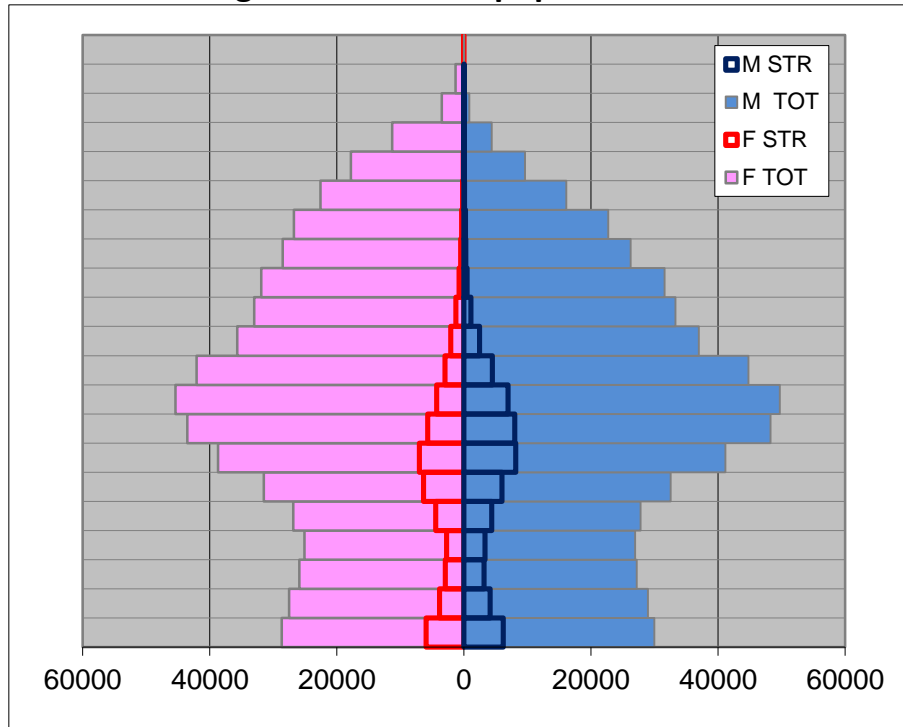
Territory and infrastructure



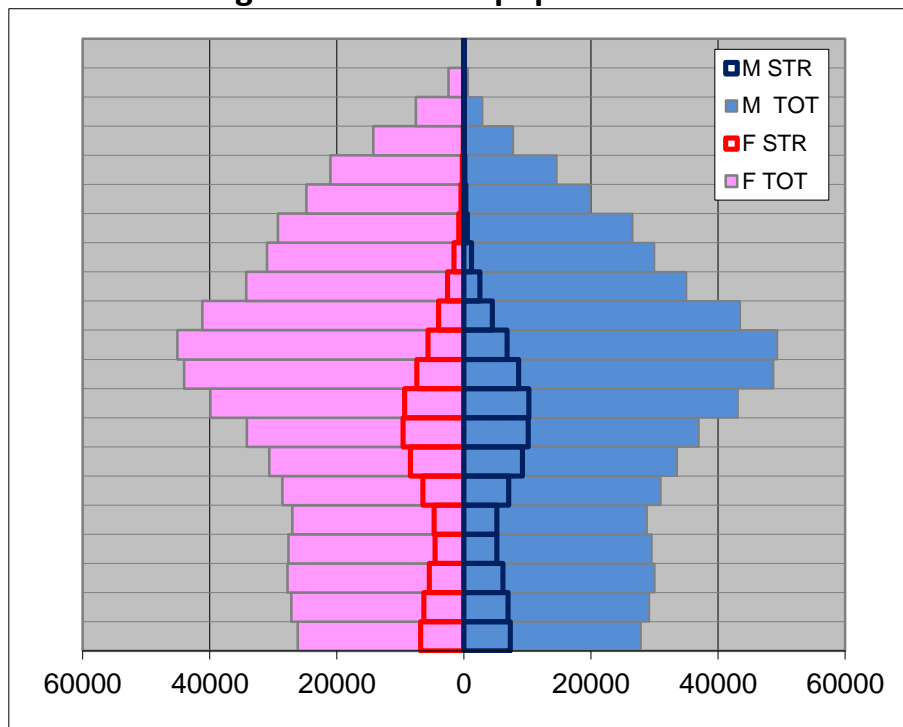


Demographic view of Bergamo

Bergamo - Resident population 2010



Bergamo - Resident population 2050



The Industrial Development



The economic and industrial development of Bergamo is founded on various factors. First we could mention the territorial factors, such as the availability of natural and human resources. Secondly, its congenial position as to the market of Northern Italy. Finally, a widespread and strong entrepreneurial orientation has to be cited. Bergamo has been the point of attraction of foreign investments that started during the “industrial revolution of Bergamo” in the 19th century and that continues to this day.

The economic growth of Bergamo can be divided into five main phases:

- The industrial revolution. It starts in the middle of 19th century and ends at the beginning of the First World War, with the evolution of simple manufacturing into large scale industry and the settlements of the first big companies, which were attracted by a growing national market, and above all by what is called nowadays the ‘fashion system’ and ‘house system’. In this period a fundamental role is played by the foreign capital, especially in the case of the settlements of Swiss companies.
- The period between the two World Wars. During this phase the economy of the province does not register any significant growth, but it stands out for the first achievement of mechanical industry.
- The economic boom. In Bergamo, as well as all over Italy, the decades after World War II are characterised by a significant increase in the industrial activity and employment, which promotes the success of new entrepreneurs and new companies. It is during these 15 years that the ‘small enterprise’ phenomenon arises.
- The 70’s. In this phase, following a partial countertrend to the national way of development, there is a further boost towards the industrial development, driven by the small and medium enterprises and by the territorial and productive decentralisation.
- The era of globalisation. During more recent times, the economy of Bergamo promotes its traditional export skills, while the whole system of the companies develop a strong internationalisation by the settlement of production units, both in countries with low production costs and in high income areas.



The Economic Structure

Nowadays the economy of Bergamo stands out thanks to its vocation for mechanics and for the manufacture of machinery and equipment. These industries give job to almost 40% of the people employed in the secondary sector of the economy.

Other relevant industries, apart from the mechanics, are the textile-fashion industry and the rubber-plastic industry.

Tertiary sector registered a relevant and consistent growth, especially the business activities and the service to enterprises, which increased by 41% and nowadays employs almost 50,000 persons.

Bergamo - Number of persons employed by economic activity
(excluding agriculture and public sector)

	Employees 2001	Employees 2009	2009 - 2001	Specialisation index
Mining and quarrying	668	481	-27,9	0,59
Food	6.036	6.484	7,4	0,66
Textiles-clothing	28.653	18.186	-36,5	1,47
Wood - paper - print	12.274	11.122	-9,4	1,49
Chemicals	8.192	7.700	-6	1,7
Rubber - plastics - non-metallic mineral	17.395	16.932	-2,7	1,76
Metal and metal products	32.626	32.147	-1,5	1,92
Machinery and equipment	19.665	21.094	7,3	1,96
Electrical and electromechanics	14.497	11.712	-19,2	1,8
Automotive	5.019	6.614	31,8	1,05
Not classified	12.741	10.736	-15,7	1
Electricity - gas - water suppli - Recycling	2.595	3.734	43,9	0,62
Construction	48.018	56.894	18,5	1,31
Trade	55.232	63.528	15	0,79
Hotels and restaurants	13.210	18.465	39,8	0,64
Transport, storage and communication	23.808	26.810	12,6	0,69
Credit - insurance	10.909	12.443	14,1	0,91
Service to enterprises	35.337	49.836	41	0,82
Personal services	15.118	25.216	66,8	0,79
TOTAL	361.990	400.134	10,5	1

Source: Istat



Despite the widespread diffusion of the small companies, which have been one of the drivers for the economic development, Bergamo can boast the presence of medium and large businesses, also as a result of the growth over the years of some firms. The average dimension of the local units in industry is 6.5 workers, compared to a national average of 5.4. In the manufacturing activities (i.e., excluding the construction sector) it is 11.9. Companies with more than 50 employees employ almost 120,000 workers.

Size band Number of workers	Local units	Workers
1 to 9	88.681	179.884
10 to 19	4.208	55.614
20 to 49	1.831	55.071
> 49	938	117.999
TOTAL	95.658	408.568

Source: Istat 2009

Currently there are 15 manufacturing companies with more than 500 employees: Abb Power Technologies Spa and Schneider Electric Spa (electro mechanics), Brembo Spa (brake systems), Cotonificio Albini Spa, Gruppo Zambaiti, Miro Radici Group, Radici Group, (textile), Gewiss Spa (electrical material), Italcementi Spa (construction materials), Polynt Spa (chemicals), N&W Global Vending Spa (automatic dispensers), Lediberg Spa (diaries and press activities), Promatech Spa (mechanotextile), Same Deutz-Fahr Italia Spa (agriculture machinery), Dalmine Spa (iron metallurgy).

The greater number of medium enterprises, as compared the national figures, grants the companies a higher turnover in all economic sectors, but above all in manufacturing, where almost 80% of employees work in companies whose turnover exceeds one million Euro, and almost 50% work in medium size activities.



The number of structured enterprises with a high turnover is significant also in the Service sector.

Employees % according to the enterprises turnover

	2005 turnover (million €)				
	<1	1to 5	5 to 10	10 to 50	>50 mil
Manufacturing	21,5	20,2	9,7	22,7	25,9
Construction	59,2	22,7	7,2	7,9	3,0
Trade	43,5	16,9	4,8	8,7	26,1
Other services	58,2	16,9	5,4	7,9	11,5
TOTAL	41,9	19,0	7,2	13,7	18,2

Source: Istat



The Multinationals and the Internationalized Companies

The local units operating in the manufacturing sector, which are owned by foreign multinationals companies are 90. To these, 10 other local units operating in the tertiary sector have to be added.

Most of them are the consequence of takeover of local companies from abroad, but a quarter of them represents greenfield investments.

Chemical and electro-mechanics firms are widespread. The most important are: 3m, Abb, Basf, Bayer Ag, Bertelsmann Ag, Boehringer Ingelheim, Bosch, Branded Apparel, Dow, E.On, Exide, General Electric Company, Heineken, Henkel, Lactalis, Mediamarket, Nestlè, Schneider Electric, Siemens, Triumph International.

United States, with its 22 companies, is the country investing more on our territory, confirming its role of main commercial partner for our manufacturing sector. It is followed by the Germany (23), Switzerland (15), France (8) and Great Britain (5).

There are 18 factories controlled by Italian multinationals (Merloni, Marcegaglia, Marzotto, etc.) and 8 enterprises from Bergamo with a multinational structure (Brembo Spa, Dalmine Spa, Gewiss Spa, Italcementi Group, Miro Radici Group, Polynt Spa, Radici Group, Same Deutz Fahr Group).

The internationalised companies, those having their headquarters in Bergamo and at least one factory abroad, are about 216. Most of them are small enterprises having a global dimension.

Taken as a whole, they control or take part in productive activities present in more than 70 countries all over the world. Some of them form groups of about 1,000 employees, whose most important activities are in instrumental mechanics sector, textile sector, rubber and plastics sector and chemical sector.



The International Trade

Bergamo is the 8th province for foreign turnover after Rome, Milan, Naples, Turin, Bari, Vicenza, and Brescia and the 4th for commercial surplus (Source: Istat, 2011).

The foreign trade makes more than one third of Gross Domestic Product.

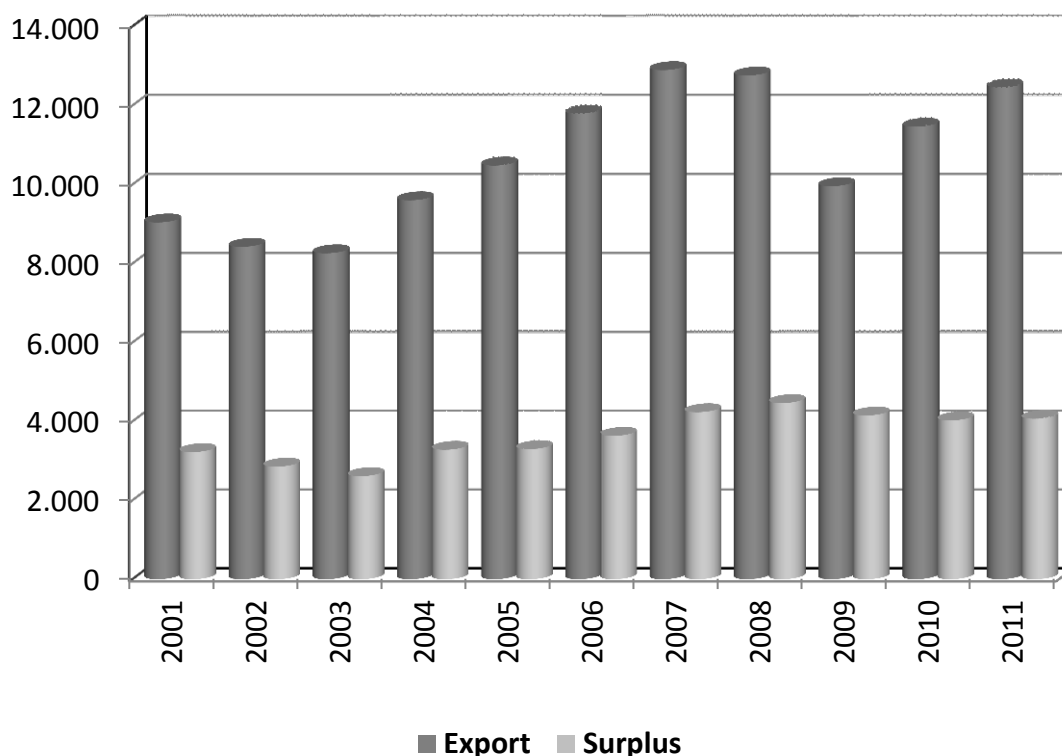
Products	thousand €		share %	
	import	export	import	export
Food industry	320.066.994	403.120.950	3,8	3,2
Fashion system	835.599.188	1.007.763.883	9,9	8,1
Wood - paper	368.268.402	290.135.619	4,4	2,3
Petroleum products	46.764.045	6.778.639	0,6	0,1
Chemical	2.233.870.560	1.664.678.573	26,6	13,4
Pharmaceutical	39.807.154	45.269.364	0,5	0,4
Rubber - plastics	340.335.745	1.089.219.280	4	8,8
Metal and metal products	1.102.118.162	1.872.278.842	13,1	15
Electrical	518.501.154	261.102.383	6,2	2,1
Electromechanics	460.195.947	888.498.361	5,5	7,1
Machinery and equipment	735.552.165	3.068.513.490	8,7	24,7
Transport equipment	687.979.848	1.106.288.136	8,2	8,9
Not classified	144.761.113	363.042.282	1,7	2,9
TOTAL MANUFACTURING	7.833.820.477	12.066.689.802	93,1	96,9
Agriculture	245.820.389	53.095.369	2,9	0,4
Mining and quarrying	71.177.453	42.589.624	0,8	0,3
Energy	0	40	0	0
Water	239.015.296	98.324.013	2,8	0,8
Communication and information	18.873.987	184.081.603	0,2	1,5
Professional services	19	1.328.506	0	0
Other services	369.905	542.514	0	0
Varius	1.470.055	886.923	0	0
TOTAL	8.410.547.581	12.447.538.394	100	100

Obviously, the composition of the export activities reflects the most common and specialised productions, mainly machinery and equipment (24.7%), followed by basic metals and metal products (15 %) and by chemicals (13.4%). The export flows and, more generally, the international opening of the economy of Bergamo, have regularly increased after the second World War

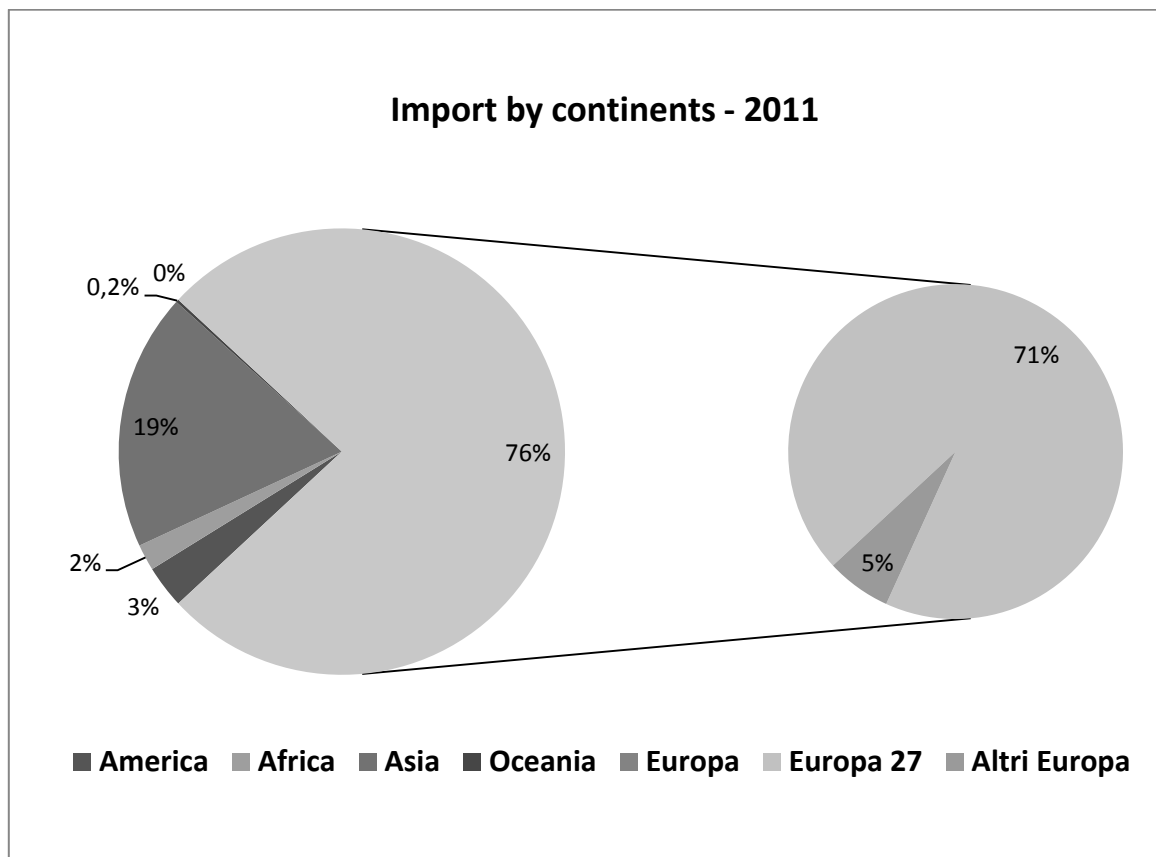
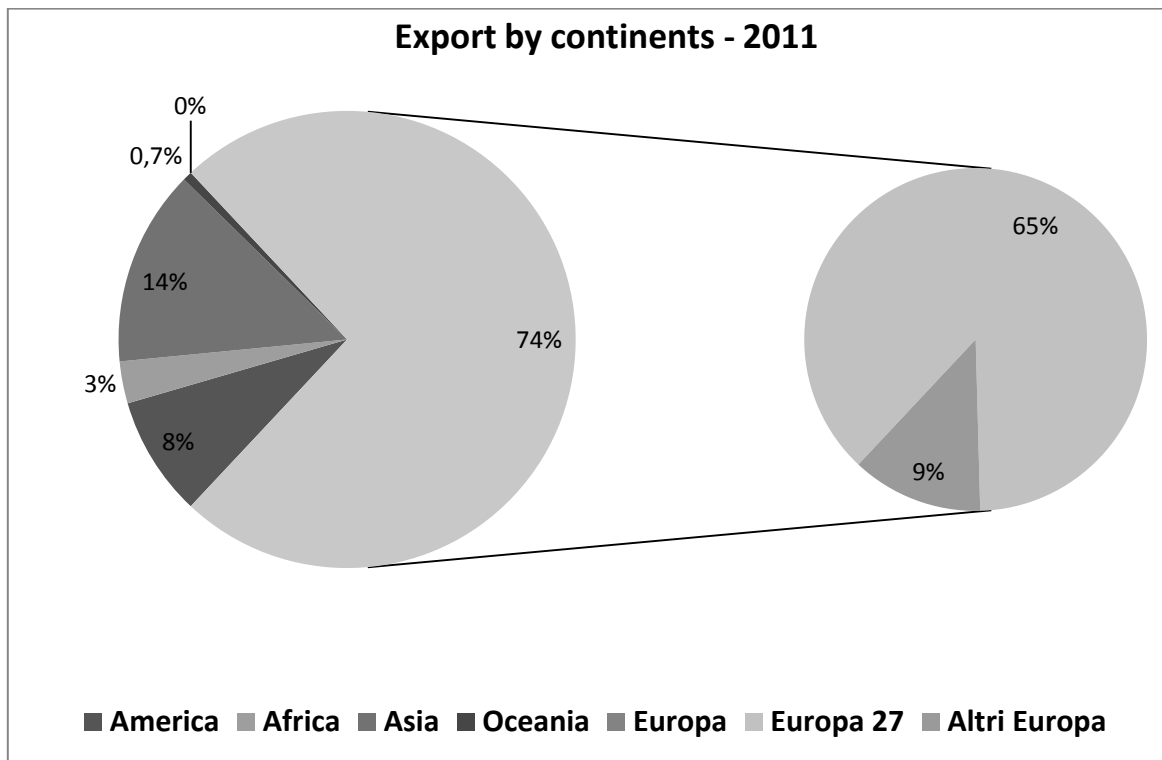


both in current and constant values, apart from some occasional slumps. It was only after 2001 that a slowdown was registered: the export values in the two following years decreased by 15%. However, the deficit has been completely cleared out in the last three years.

Bergamo - milion €



Over the years the industry of Bergamo has been able to seize the commercial opportunities offered by the different foreign markets and by the changing levels of the exchange rate. The foreign trade, however, has kept mainly directed towards the European countries, that still represent more than 70% of the export flows.





The “Modello Bergamo”

In 2006 Confindustria Bergamo and the local trade unions CGIL, CISL and UIL elaborated some shared insights into the economy of Bergamo for the next few years, leading to the following economic scenario for the medium term:

	2001		2004		2020	
	(000)	%	(000)	%	(000)	%
Resident population	973		1,022		1,119	
Working population	443	45,5	461	45.1	530	47.4
Workers	427	96,3	445	96.5	510	96.2
Workers in industry	217	50,8	221	49.7	220	41.5
Employees in industry	210	50,0	210	45.8	220	43.1

The economic growth should find adequate support in a growing demography (100,000 more inhabitants in the next 15 years by virtue of immigration and of a small recovery of the birth rate). Bergamo, due to the immigration flows, has avoided the demographic crisis, and the consequent scarcity of labour force, that was prospected for all of Italy just a few years ago. Immigration is also the factor that has caused an increase in the birth rate and a more favourable activity ratio between workers and resident population.

The consequence of these figures, considering the supply of labour force, is that Bergamo will be able to sustain its industry-based model of development. This would be possible i) without depressing the potential growth of the Services sector, and ii) without stressing the activity rate of the population, a measure which is effective only in the long period, as the European experience shows.

The economic scenario is a reassuring one, also from a territorial point of view, but is threatened by a number of issues.

Among these, there are the negative feedbacks on social cohesion that could derive from growing territorial disproportions, from short-sighted territorial policies and, above all, from the inability to complete the ongoing structural and infra-structural projects.



Such a delay could have important drawbacks, because the remaining and limited ability to compete on an international level by the local manufacturing system can no longer alone guarantee an industrial project for the medium term, and the low returns on current investments limit the enterprises' financial strength.

In addition to the infrastructural policy, the fundamental areas of intervention are in the innovation and education systems, which need joint and coordinated contributions by the public and the private actors, by the single enterprises and their organisations, thus experimenting and fulfilling the social cohesion.

<p style="text-align: center;">Strengths</p> <p>Infrastructural projects Demographic dynamics</p>	<p style="text-align: center;">Weaknesses</p> <p>Territorial unbalances Particularism by local authorities Territorial saturation and environment Limited territorial resources to face social needs, causing the local taxation system to have an increasing burden</p>
<p style="text-align: center;">Opportunities</p> <p>Territorial plans Sectorial plans Local plans for the government of the municipal territory Integration of the 'Pedemontana' area Construction of infrastructure and of service networks Re-use</p>	<p style="text-align: center;">Threats</p> <p>Delays in completing the existing projects Weakness of the local government Energy deficit Accentuation of the territorial gravitation around Milan. Inability to control non EU immigrants' flows and to socially integrate and to educate immigrant populations</p>

This issue is the basis of the "Modello Bergamo" project shared by Confindustria Bergamo, Imprese & Territorio and local Trade Unions CGIL, CISL, UIL.



Confindustria Bergamo

Confindustria Bergamo has a very long history. The original core of the association was established on 11th October in 1907 as the 'Textile Industry Association of Bergamo'. In 1910, in Turin, it was among the founders of the General Confederation of Italian Industry (Confindustria), and in 1926 it took its current societal arrangement. After the period of Fascism, Confindustria Bergamo was re-established on 26th March 1946.

The 1,597 companies that are voluntary members employ 87,058 workers. They are classified in 16 sectorial groups: metals and machinery, textile/fashion, chemicals, plastic/rubber, marble, cement, concrete and brickwork products, business services, paper and paper transformation industry, transport, food industry, button industry, graphics, wood industry, tourism and services.

Categories	Companies	Employees
Food industry	41	2,887
Marble	26	366
Cement, limestone and gypsum	23	2,039
Concrete and brickwork products	24	1,229
Wood	63	2,536
Metalworkers and Mechanics	504	36,025
Chemicals	89	5,960
Rubber & plastics	110	7,677
Textile – clothing	111	7,771
Button industry	12	614
Paper	20	1,298
Graphics	26	2,377
Various industries	96	6,903
Transport	11	897
Industrial tertiary sector	132	5,881
Tourism	18	628
Others	291	1,970
TOTAL	1,597	87,058

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