2004 PIEDMONT'S INTERNATIONALISATION REPORT

Socioeconomic data and indices to guide regional development on international markets

UNIONCAMERE PIEMONTE

IRES PIEMONTE

ITP INVEST IN TURIN AND PIEDMONT

CENTRO ESTERO CAMERE COMMERCIO PIEMONTESI

PIEDMONT'S INTERNATIONALISATION REPORT (2004)

Prepared by

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FOREWORD

Even a tiny window gives a view of the world

Monaldo Leopardi

To meet the standing need for information and support for Unioncamere Piemonte's policies, Ires Piemonte, Investimenti Torino Piemonte (Itp) and Centro Estero Camere Commercio Piemontesi have decided to join forces for the second year in succession to monitor the degree of internationalisation of the Piedmont Region.

Internationalisation continues to loom ever larger in regional economies and societies and the subject has acquired great importance in Piedmont's policies. The Region's place on the map has certainly encouraged its historical penchant for foreign trade, while the competitiveness and dynamism of its entrepreneurs have developed this vocation in innovative and finely woven forms.

Integration of the traditional economic pattern of commodity trading and international investment, however, requires consideration of other production factors increasingly regarded as basic in economic and social development, such as human capital endowment, knowledge and the nature of institutional relations, since these are of great significance in internationalisation itself.

The multidimensional approach adopted in this overview thus acquires particular importance.

This approach, in fact, also takes as much account as possible of the flows of people, viewed as both consumers and producers, of the extent of participation in active internationalisation policies, and the international relationships in which both local bodies and institutions are involved.

This edition also thoroughly addresses the question of training for foreign trade through an examination of both the cooperation agreements between the three Piedmontese universities and foreign universities, and the flows of students engaged in the Erasmus programme.

The Report is divided into three sections. The first is primarily concerned with statistics and the provision of comprehensive information, and is composed of ten socio-economic studies.

The second is devoted to public policies and the internationalisation strategies of the Region's public and private organisations. A summary account in the form of case studies is also given of some different courses of inward and outward international development pursued by individual enterprises. The third section describes the construction of an original internationalisation index from two sub-indices and six elementary indices, and presents some general conclusions.

Once again, it is hoped that this publication will further a fuller understanding of the questions involved in an integrated manner, reflecting the close correlations between economic and social affairs, and thus be of service to both public and private policy makers.

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SOCIO ECONOMIC DATA

1.1 Piedmont's internationalisation as a feature of the international and Italian scene

Prepared by Ires Piemonte - *Vittorio Ferrero*

The international economic picture: a lively recovery in a variegated context

World growth quickened its pace in 2003, especially in the second half of the year. A development rate of 3.9%, indeed, was a clear sign that the crisis of 2001 was now a memory. Recovery also seems equally strong in 2004 and the prospects are good. The year, in fact, is expected to close with an almost 5% leap in the world GDP, one of the highest advances in the last few decades.

The most recent conjuncture is marked by dissimilarities in the progression of individual areas that are responsible for the persistence of global disequilibria and greater uncertainty with regard to the future.

The world economy (% changes)

	2002	2003	2004[a]	2005[a]
Gross Domestic Product				
World	3,0	3,9	5,0	4,3
Advanced economies	1,6	2,1	3,6	2,9
United States	1,9	3,0	4,3	3,5
Japan	-0,3	2,5	4,4	2,3
Germany	0,1	-0,1	2,0	1,8
France	1,1	0,5	2,6	2,3
Italy	0,4	0,3	1,4	1,9
United Kingdom	1,8	2,2	3,4	2,5
Euro zone	0,8	0,5	2,2	2,2
Nic	5,0	3,0	5,5	4,0
Emerging and developing countries	4,8	6,1	6,6	5,9
Central and Eastern Europe	4,4	4,5	5,5	4,8
Russia	4,7	7,3	7,3	6,6
Africa	3,5	4,3	4,5	5,4
Asia	6,6	7,7	7,6	6,9
China	8,3	9,1	9,0	7,5
India	4,3	5,1	5,5	5,4
Middle East and Turkey	4,3	6,0	5,1	4,8
Latin America	-0,1	1,8	4,6	3,6
Volume of world's trade (commodities and services)[b]	3,3	5,1	8,8	7,2

[a] forecast
[b] imports

Source: Fmi, World Economic Outlook, October 2004

Growth has been fuelled both by the recovery of the United States in response to the application of an expansive fiscal and monetary policy, and the driving force of the Chinese economy.

The latter's persistently high growth rates have also spurred a revival in Eastern Asia in the wake of the adverse impact of the Sars outbreak, and aroused the Japanese economy. America's growth benefited from an expansive public accounts policy in which tax relief measures went hand in hand with increased public expenditure, especially on defence, which greatly boosted the demand.

The gap between growth in the US and the other leading economies has served to enhance the effect of the downward slide of the dollar that has made American goods more competitive, boosted their importation and caused a further increase in the passive current account.

This imbalance, however, already established at the end of the 1990s during the boom of the new economy, was not offset in 2003, as it had been in the past, by inflows of private capital, but by inward investments in bonds on the part of foreign banks, especially in China and the other Asian countries, which thus built up reserves to prevent the appreciation of their currencies. It follows that both the public and the foreign trade deficit cannot readily be sustained in the future. Policies for their control are thus called for and these may bridle the development of the area.

Massive growth on the part of China, too, would pose questions of sustainability should it taper off more quickly than expected, especially if this were accompanied by a crisis in the banking system.

Europe, on the other hand, grew less than it could have in 2003, one reason being the persistence of its non-expansive economic policies. The domestic demand made little progress in both Italy and France, whereas in Germany exports provided some support despite the overmighty euro.

Central and Eastern Europe, on the other hand, continued a brisk economic development that was even more pronounced in the countries that joined the EU in May and fuelled a strong flow of two-way trade between them. Russia's growth benefited from hikes in the price of oil.

Latin America's steady recovery was illustrated by an improvement in the economic situation in Brazil and a growth of over 10% in Argentina.

Trends in international trade: a return to greater volumes

World trade increased by 4.5% in volume (3% in 2002) and a further 7% upswing is expected for 2004. Here again the recovery stands well apart from the crisis that marked the previous years. Trade was more dynamic than production as the result of the greater internationalisation of manufacturing. In addition and by contrast with the previous two-year period, trade in commodities outstripped that in services. The main increases were chalked up by chemicals, motor vehicles and electronic equipment.

Services bore the brunt of a downturn in the tourist trade as a consequence of the uneasy political situation in some countries, the Sars epidemic, the domestic weakness of the European economy and the strong euro.

In geographical terms, S.E. Asia, as in the previous two years, accounted for almost 50% of the growth in world trade, together with a slightly more than 20% share of its total.

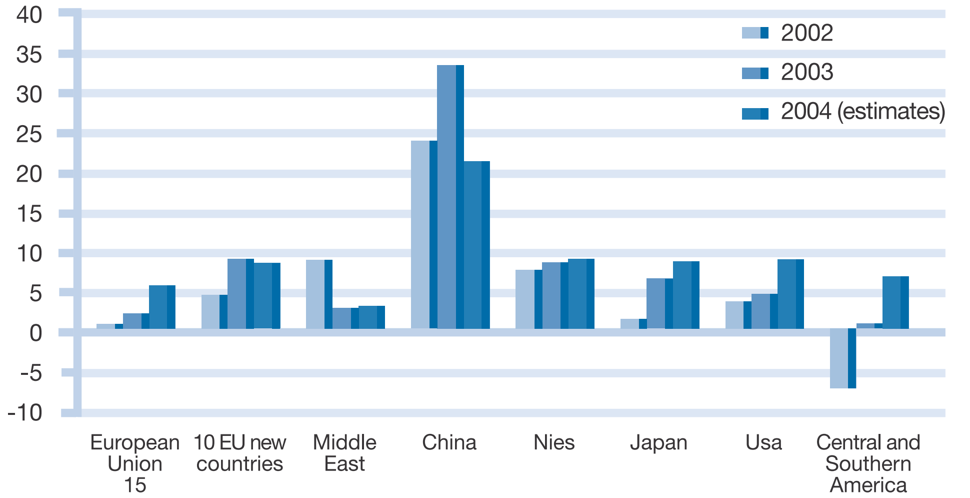
China and India made the greatest contribution, followed by the NIES countries and Australia.

As mentioned, the Japanese economy recovered in 2003 and thus provided further support.

Another stimulus of the demand for imports came from North America. The sustained growth of both the US and Canada, in fact, resulted in an increase their imports, despite the weak dollar.

The EU, however, was sluggish in this respect and its imports rose by only 14% (its share of the world total is 36%), whereas Central and Eastern Europe, especially their new EU members, made a greater contribution to world trade.

Quantities imported. Commodities and services (% change)



Source: processing by Ice of data from IMF, World Economic Outlook (April 2004) and European Commission, Spring Forecast (April 2004)

Latin America raised its demand for imports slightly compared with their shrinkage in 2002, but is still rather weak. The same is true of the Middle East, where the increased purchasing power conferred by higher oil prices was stultified by the political situation and the ongoing conflicts.

During 2003, the dollar slumped still further against the euro and the yen, though not to such an extent as to hold out the prospect of a reduction in the disequilibria of the US current account.

The sturdy revival of economic activity also left its mark in prices, while the euro area was additionally influenced by the depreciation of the dollar. The dollar prices of foreign trade goods, in fact, rose by more than 10% in 2003, the highest increase since 1995, whereas a 16% increase in the price of oil was bolstered by temporary interruptions in the supply due to the war in the Middle East, the crisis in Venezuela and the 11% increase in demand generated by the international recovery.

There was a heavy demand from the expanding Asian economies. In the United States, an increase in the demand coupled with a fall in the domestic supply boosted oil imports by more than 7%. The increase in demand also promoted an upswing in the exports of oil from the African countries and the transition economies.

The prices of non-oil commodities moved up by 7%, while the average rise for manufactures was 10%, the first increase since 1995. World trade is expected to recover with respect to the GDP with a greater degree of flexibility than in previous years, though with substantial differences between one area and another. The growth of Asia's developing countries will continue, whereas Western Europe's progress, albeit faster, will travel less far.

The US economy will be marked by a slacker demand. This will take up the substantial balance of trade deficit that has been accumulated.

The most dynamic sectors will very likely be pharmaceuticals, fuelled by the flow of foreign direct investments (FDIs), especially in the developed countries, and electronic equipment, where the ongoing fragmentation of production in the developing Asian countries will continue.

Italy's chances of exporting to these nations will be primarily related to intermediate products and capital expenditure goods, stimulated by the strong growth of production. Consumer goods will move more slowly as in the past, though exploitation of the broad niches of high-income consumers ready to turn to the global market offers a further possibility.

Direct investments: shrinking flows, growing stocks and prospects of recovery

Inward FDIs faded for the third year in a row to USD 367 bn worldwide (25% less than in 2002). The decline was not the same everywhere. Flows to the US dwindled from USD 31 to 21 bn, and even decreased in Central and Eastern Europe, where inward FDIs are readily received.

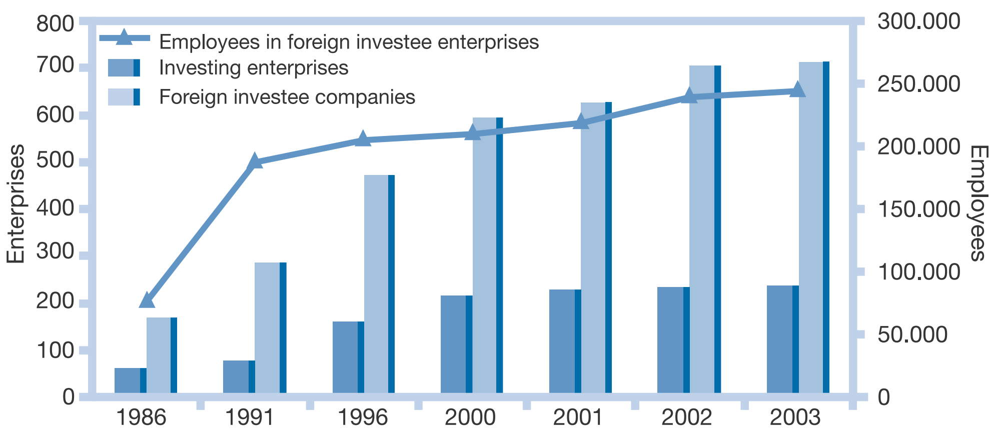
An upswing, on the other hand, occurred in the developing countries. This, however, was confined to Asia and Africa, whereas Latin America continued to fall behind with respect to previous years. Growth in Asia was due to the dynamism of the principal economies, conditions more favourable for the activities of multinationals and regional integration with its encouragement of investment and the sharing of work among the economies. Apart from Luxembourg, China was the leading recipient of inward FDIs in 2003, primarily in the manufacturing sector.

The unexpected shrinkage of inward flows in Central and Eastern Europe was most evident in two of its foremost recipients, namely the Czech Republic and Slovakia. The Russian Federation, too, was affected, though its outward FDIs increased because Russian firms were able to gain access to the extended EU market and invest in its lower-income countries.

The area is still characterised by low wages, a substantial supply of human capital and helpful tax breaks. It is thus an investment attraction for both EU and non-EU countries, and comparable in this respect with Eire.

The web of FDI flows is still spun by the developed countries' transnational concerns. Even so, one of its striking features is the increasing participation of the developing countries in the development of multinational enterprises. A substantial slice of their outward FDIs, what is more, is directed to other developing countries. Investments tend to concentrate in a few countries in each region (China, Brazil, Poland, South Africa and the United States).

Equity investments of Piedmontese companies in foreign industrial enterprises



Source: data bank Reprint - Milan Polytechnic

As matters now stand, however, the great majority of FDIs (90%) leave and enter the developed countries. Another recent feature is the heavier investment in services. This sector, in fact, has advanced from less than 50% of the total in 1990 to 60% in 2003.

Outward flows mainly stem from the developed countries. Here the role of the EU and Japan has grown alongside the US. Inward flows, too, primarily find their way to the developed countries, though those directed to the developing countries have grown of late. The dominant sectors (commodities and financial services) are now being joined by network services (electricity, water treatment and distribution, telecoms and services for enterprises).

The ascent of services, of course, reflects both their growing economic importance and the frequent difficulty of trading in services themselves in the absence of direct investments.

It has also been favoured by the liberalisation of inward investment in what were once closed industries. Privatisation of public utilities in Latin America and Central and Eastern Europe is one example of how the panorama has changed in recent years. It is no longer a question, therefore, of initiatives undertaken by banks, insurance companies and transport companies to support the transnational operations of their own manufacturing customers, but of independent strategies followed by enterprises setting out to exploit their market advantages in an international setting. Sectors producing non-tradable services were attracted by the size of the recipient market, whereas those offering tradable services set greater store on access to good communication infrastructures, plentiful human capital and a favourable institutional environment.

These are opportunities which mature economies such as those of Italy and Piedmont must grasp, both as the recipients of foreign initiatives primarily aimed at doing business on the local market, and as promoters of their own concerns in the public utilities and advanced non-manufacturing services sectors, so as to enhance their consolidation and growth in terms of size.

FDIs and foreign trade look set to recover in keeping with the current trend towards market liberalisation and the delocalisation of a wide range of corporate functions.

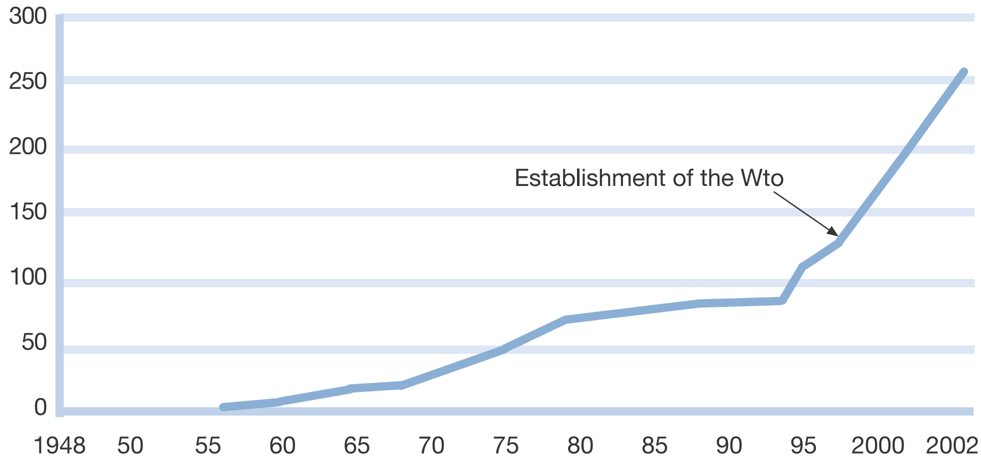
Trends in internationalisation: transformations of the economy and the demise of the traditional bargaining model

The Cancun ministerial conference in 2003 that should have marked the end of the WTO's first round of negotiations on the Doha Agenda ended in a failure.

No agreement was reached with regard to both the agricultural trade policy and the so-called "Singapore questions". These concern FDI regulations, competition and trade support policies, and the transparency of public works contracts, and are matters on which the developed and the developing countries do not see eye to eye. They are not confined to trade and have a direct impact on domestic policies. Significant results in favour of countries stricken by AIDS and other diseases were, however, achieved in relation to the international governance of intellectual property rights in drugs essential for health.

The summit also illustrated both the demise of the traditional bargaining process in Europe and the US, and the emergence in multilateral negotiations of new groups and coalitions. The G-20, for example, comprises the major world-scale developing economies, such as those of Brazil, China and India.

World evolution of preferential integration agreements on regional basis
Years 1948-2002



Source: Wto

The slower growth of international trade in recent times, the resort to protectionism that has sometimes sparked commercial disputes, the exacerbation of conflicts and the increase in the number of preferential accords at the expense of multilateral solutions have combined to fuel concerns that internationalisation might grind to a halt. Globalisation is obviously not irreversible. It must be owned, however, that its intensification over the last ten years has endowed the world with a considerable bequest of global networks (mainly in the fields of communications, transport, education and research) that may well serve to underpin wider transnational dealings in the future.

The failure of multilateral arrangements may be a consequence of the difficulties encountered in the search for answers to the growing concerns expressed with regard to distribution and the environment, themselves an effect of the negative side of globalisation itself. It may also be attributable to the entry of new leading players (governments and subjects from civil society) into the panorama of a changing world. Trade and internationalisation could, in effect, develop through the intensification of dealings in wider geographical and economic regions better able to bring about their own domestic integration and hence more efficaciously handle economic policies and trade between countries in a macro-region against a background of turbulence and disagreement.

The groundswell of globalisation may thus be expected to weaken, but none the less persist in the near future. Even so, development along the lines of a model primarily centred on weak relationships between tightly integrated macro-regions rather than on globalisation of the market, and with a greater degree of interrelation between all participants, is another possibility that cannot be ignored. In the case of Europe, for example, this approach underscores the advantages stemming from the extension of the single market, together with the search for closer collaboration with nearby Mediterranean and Middle East countries to achieve greater political and economic integration.

Piedmont's foreign trade, in fact, has been marked by an increase in the weight of the new members of the EU at the expense of Latin America and other areas. At the same time, however, trade has also been diverted to countries on the southern shore of the Mediterranean in view of the attraction of this area in economic, cultural and political terms.

Extended Europe: challenges and opportunities

Integration of the new members within the 15-country EU will slow down as far as foreign trade is concerned because it is already virtually complete and the margins for its further prosecution are rather narrow. The ensuing changes will be primarily related to the greater possibilities of commercial integration generated by the removal of barriers, more lively competition and further specialisation in manufacturing owing to the increase in the size of the market and the entry of countries with a different structure of their comparative advantages.

Production and technological specialisation will be enhanced, and restructuring and delocalisation will be stepped up. Blending of the new and the old Member States will be a slow process.

The demand from the former will increase on account of their higher development rate, while FDI flows from the latter will continue as their economic structures move towards sectors with a greater technological content. Outward FDIs from the EU have loomed large in the recent development of these new members. In some sectors, indeed, they have constituted the largest share in terms of resources invested, production and exports, while in many cases they have given rise to the creation of networks of large transnational firms.

Trade between the old and the new members is principally intra-industrial, that is to say in goods that belong to the same sector, but differing in quality. This feature is less evident in the EU's trade with other nations.

Breakdown of Piedmont's foreign trade by areas (data in euro million)

	Exports			Imports		
	1995	2000	2003	1995	2000	2003
Eu 15	60,3	63,9	61,4	66,0	60,3	63,0
New members	4,6	5,6	6,9	3,2	5,7	6,7
Eu 25	64,9	69,5	68,3	69,1	66,0	69,8
Adhering countries[a]	2,4	3,2	4,2	1,8	2,2	4,1
Meda Countries[b]	3,4	2,7	2,5	2,0	3,2	2,0
Eu total 25+Adhering+Meda	70,6	75,4	75,0	72,9	71,4	75,9
Total exports	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**

[a] Romania, Bulgaria and Turkey
[b] Adhering countries excepted. They are the 12 EU partners of the Barcelona process: Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, the Palestinian Authority, Syria, Tunisia and Turkey

Source: processing of Istat data

Production in the new member States will improve quickly in response to learning mechanisms, technical progress and high investment volumes, and result in competition with the others. Changes in specialisation will thus be needed to prevent de-industrialisation.

This type of restructuring is easier to achieve than re-allocation, which would be much more expensive in terms of both investments and employment. It must also be borne in mind that the relatively high quality of the products of some of the new entrants, together with the possibility of their further upgrading, will result in competition with workers at a higher level of human capital.

The net demand stimulated by the integration will in any event be positive.

Extension of the Union, therefore, must be viewed as an opportunity rather than a threat.

The same can be said with regard to China, which seemed to pose a threat to products made in Italy. The development pattern followed by China and the emerging Asian countries rests on growth driven by exports. This results in a substantial initial increase in market shares, but subsequently fuels the demand for investments and sets in motion flows of imports that provide opportunities for the growth of the exports of the developed countries. Here lies a challenge of which the Piedmontese economy must be capable of taking advantage.

The dynamics of Italian foreign trade: the need to be more competitive.

Despite the feeble growth of the Italian economy, the balance of trade deficit rose from euro 10 bn in 2002 to euro 18.4 bn (1.4% of the GDP) in 2003. This was mainly due to a downturn in the trade surplus and a higher profits and unilateral transfers deficit. The services deficit was unchanged.
The robustly active balances recorded from 1993 onwards gave way to a worsening of the current account when the lira was devalued in 1997, followed by the posting of a deficit since 2000. The passive balance is prevalently generated by mostly commercial transactions with the Eurozone, whereas an active balance is maintained in trade with other countries.

Market shares of world trade of manufactures

	Esportazioni 2002		Quote a prezzi costanti			
	mil. euro	%	1995-2000	2001-2002	2003	2004-2005
Western Europe	146.858	60,1	7,6	6,8	6,4	6,3
Eu adhering countries 2004	12.792	5,2	8,9	8,4	8,1	7,7
Rest of Europe	15.182	6,2	11,5	11,9	11,3	11,2
North Africa and Middle East	13.909	5,7	9,8	9,4	9,0	8,4
Nafta	29.110	11,9	2,4	2,4	2,2	2,1
Latin America	3.602	1,5	5,8	4,4	3,7	3,6
Asia	19.231	7,9	2,0	1,8	1,5	1,4
Oceania And South Africa	3.498	1,4	3,7	3,7	3,3	3,1
Total World[a]	**244.183**	**100**	**5,3**	**4,9**	**4,5**	**4,3**

[a] main countries considered in the Prometeia-Ice Report

Source: Prometeia-Ice Report, May 2004

The worsening of the current account deficit occasioned in recent years as the result of systematic overspending in excess of the domestic product poses the question of whether it can continue to be sustained, though the single currency is a protection against exchange rate crises.
Even so, the penetration of imports with respect to the domestic demand has diminished.
One reason for this could be the current weakness of items such as capital investment goods and the exports that most activate imports.
The main difficulties lie in the dynamics of the exports of goods and services. These fell by 3.9%, more than in the main European countries. This was not due to a change in the demand from the main reference markets. In 2003, in fact, these grew at the same pace as those of importance to these countries. The Italian economy suffered a similar loss of competitiveness due to the appreciation of the euro. Its productivity dynamics, too, was worse than that of the principal

European countries, while its poor performance on foreign markets was aggravated by its scanty offer of the goods with a higher technological content to which increasing shares of the international demand are being directed. Once again, therefore, the sectoral composition of its exports resembles that of the emerging countries. Within these sectors, too, while its quality level is superior to theirs, it is inferior to that of the other advanced economies.

A 4.7% downslide in commodity exports (2.8% in 2002) was accompanied by a further fall of the market share at constant prices to 3% (4.3% in 1995). This loss of share has recently spread to the European market, where revaluation of the currency has had less effect.

It could be a physiological consequence of both the expansion of the cohort of new producers (and their greater size), and Italy's relative loss of weight, for example in population terms.

It is much less likely to be a natural consequence of the economy's greater orientation towards services, since France, Germany and other countries maintained or augmented their export market shares. Close attention, therefore, must be directed to this loss of competitiveness and the reasons that render the presence of Italian firms abroad more fragile, such as their insufficient size and the limits of their productive specialisation.

Piedmont and the challenges of internationalisation: setting its sights on the world

Internationalisation of the Piedmontese economy is still in progress. Its exports held their ground even in 2003, a year marked by great difficulties for the foreign demand owing to the crisis of the main export markets and the effect of the heavy euro in non-European transactions.

Even so, Piedmont managed to increase its share of Italy's total export, something that had not been seen for many a year. Exports were penalised by the weakness of the main EU markets (Germany and, to a lesser extent, France), but benefited from an unflagging demand on the part of Central and Eastern Europe, and even the United States, where the euro's loss of competitiveness was more keenly felt. Furthermore, the figures for foreign transactions in services show that credits from this source again increased considerably in 2003, a sign of the activism of Piedmont's firms in the export of intangibles that now accounts for 15% of the balance of trade.

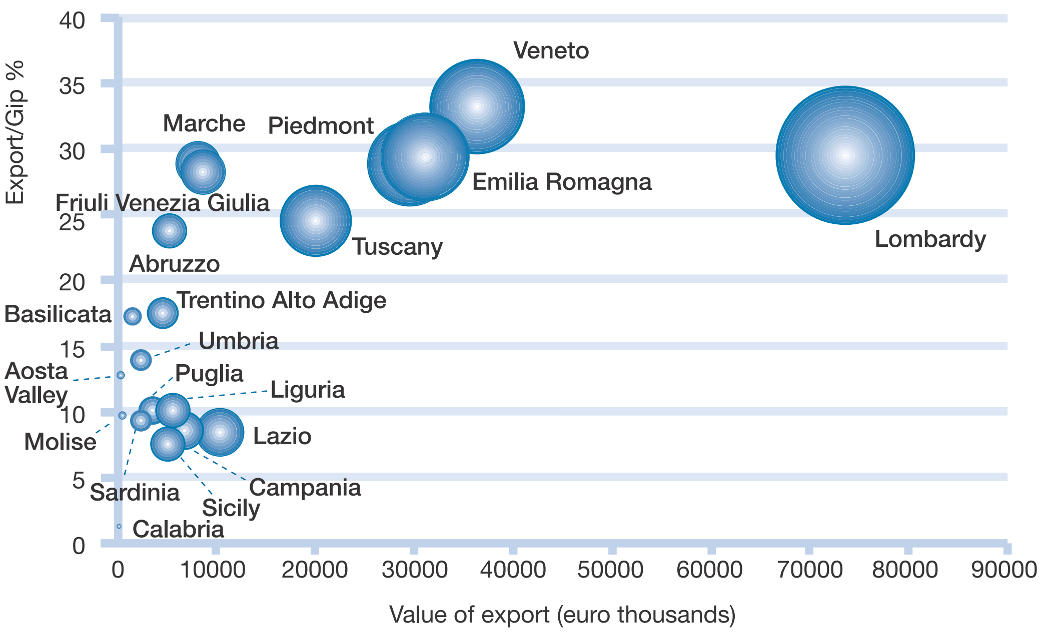
An updated analysis of Piedmont's active internationalisation illustrates the main features of the integration of its production system with the rest of the world.

Piedmont is currently one of the most internationalised regions in terms of production, especially with regard to the headcounts and sales of its foreign enterprises, and particularly in the manufacturing sector. The automotive sector has the highest ratio between employees abroad and in Piedmont according to a model that favours relations with the developed countries so as to insert Piedmont's production on medium-high technology products.

A recent feature has been an increase of investors, albeit with smaller foreign initiatives. The fact that this process has cost Piedmont its position of excellence to the advantage of other Regions is not necessarily a cause for concern if thought be given to its pioneering role in this development, and especially its relaunching over the last two years in terms of employment abroad.

This trend, indeed, has been matched by an analogous enhancement of foreign investments in Piedmont, especially in high-qualification activities.

Trends and value of exports of Italian Regions Year 2003



Furthermore, internationalisation (understood not solely as an extension of trade, but to an ever greater extent as an extension of production schedules), thanks to the intensification of foreign investments, mostly on the part of large enterprises, has increasingly provided smaller concerns with a chance to develop on the strength of a greater pervasiveness within Piedmont's economic fabric. It has also brought out the need for the consolidation of its economic system in the world's integration networks. Piedmont, in fact, must face up to the transition from an essentially manufacturing to a knowledge-based economy, a change that requires a pronounced structural switch towards the provision of services. The Region is also being treated to a somewhat early foretaste of Europe's ongoing demographic transition, whose first feature is a falling population.

The constraints posed by the resources available and the need to transform impinge upon its chances of remaining a competitive region able to ensure a sufficient level of social and economic well-being. Its projection abroad is thus a road that must be followed to overcome the constraints within growth and ensure that firms can find a place in the transnational networks and share in the advantages they provide. Delocalisation thus enters into the selection of productive functions to secure the upgrading of local products and increase their knowledge content.

In this context, what is more, particular attention must be devoted to migration policies and the problems posed by the presence of a foreign population and its increasing contribution to the regional labour market. Internationalisation, in fact, is not a process that solely involves firms and businesses as a whole. It requires congruency and activation within the entirety of a local context. Support can thus be given to an approach that sets out to both bring together the initiatives of Piedmont's enterprises, institutions and civil organisations to consolidate the Region's image and position in the international forum, and to promote the convergence of projects elaborated within this frame of reference.

Lastly, one must not lose sight of the crucial role of the international facets of Piedmont's education and training in the development of the knowledge society. Increasingly dynamic initiatives directed to this end are already on the stocks in Piedmont's universities.

1.2 Commodity imports and exports

Prepared by Unioncamere Piemonte - *Sarah Bovini*

Assessment of a region's foreign trade is a conventional yardstick for measuring its degree of economic internationalization.

In 2003, despite the slight growth of the Eurozone and a sluggish Italy, Piedmont's exports slipped back only 0.4% compared with the previous year, while its share of Italian sales abroad edged up from 11.1% to 11.5%.

Piedmonts' foreign commodity trade in 2003

- Exports: euro 29.686 billion
- Imports: euro 21.059 billion
- Balance of trade: 8627 million
- Change in exports: -0,4%
- Change in imports: -0,4%
- Piedmont's share in Italy: 11,5%
- Piedmont's share in the Eurozone: 1,4%
- Piedmont's share in the world: 0,45%

Any real increase in sales abroad, however, was hindered by the weakness of the Region's main customers and the appreciation of the euro against the principal currencies.

Added to these external factors was the fact that the sectors in which it specialises are still geared to staple products with a low technological content that are hard put to it to compete with those manufactured in the emerging countries.

Geographical distribution of Piedmont's exports

The lion's share of Piedmont's exports finds its way to the 15 EU countries, as opposed to the rest of the world. Despite a 1.5% decrease compared with the previous year, they continued to form the main slice (61%) in 2003. France, Germany, Spain and the UK are still the principal customers, though Central and Eastern Europe (9.7%) is gaining ground.

The rest of the world includes all countries that are not included in the 15 EU nations.

In contrast with what happened for the foreign trade with European countries, Piedmont's exports to the rest of the world (38.6% of the total), on the other hand, increased by 1.5% during 2003.

Exports to the Region's main non-EU customer, namely the United States, however, shrank by 4%. Piedmont also failed to keep pace with the worldwide increase in exports to China (down 3.9%) and the NIES countries (down 9.8%). Those to Japan, on the other hand, rose by 6.6%.

Commodity composition of Piedmont's exports

Piedmont exported goods valued at euro 29.686 bn in 2003. Means of transport advanced more than 4.6% compared with 2002, whereas mechanical engineering products fell back 5.6%. Textiles were unable to overcome the difficulties that have haunted this sector for the past two years and dropped once again. Foodstuff eased by 1.3%. This was mainly due to a downturn in sales of ground grains and preserves, whereas exports of wine and distillates increased.

This diversification of Piedmont's exports serves to cushion the effects of critical situations arising in individual sectors, and prevents serious downturns in its foreign trade.

The continuing dependence of its manufacturing industries on products with a low technological content, however, renders it vulnerable to competition from the developing countries where such products can also be manufactured more readily.

1.3 Import and export of services

Prepared by Unioncamere Piemonte, Camera di commercio di Torino - *Elisa Sciutto*

The services sector is clearly of substantial importance in our economies, owing to its rapid growth and the fact that it supplies more than half of the global product and employs a large number of people. The transition to services that has been in progress in the economy in general for several years, however, has not been followed by a similar swing in international trade.

Services, in fact, have long been ignored in trade negotiations since they are conventionally regarded as non-tradable.

In 2003, Piedmont's foreign trading in services resulted in the posting of a deficit of euro 1293 m on the current account of Italy's balance of payments. This figure does not include transport, since this item cannot be broken down to produce regional or provincial figures.

The slight improvement compared with the euro 1800 m deficit in 2002 stemmed from the combined effect of a 37% increase in exports and an increase of only 10% in imports.

The contribution of credits for services to the total (commodity plus services credits) moved up from 8% in 2002 to 10% in the following year, whereas on the imports side the increase was only 1% (from 17% to 18%).

There is thus room for further thought about the strategic importance of the services sector and the development of those parts that would best lend themselves in internationalisation.

Communications (up 7.2%) and services for enterprises (up 2.9%) made the biggest contributions to the good progress of Piedmont's exports of services during the four-year period 2000-2003.

Travel and royalties and licences, on the other hand, shed 7.2% and 1.6% respectively.

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Breakdown of Piedmont's and Italy's imports & exports of services by transaction type (in euro million)

	Exports (credits)				Imports (debits)			
	abs. values (2003)		% change 2003/2002		abs. values (2003)		% change 2003/2002	
	Italy	Piedmont	Italy	Piedmont	Italy	Piedmont	Italy	Piedmont
Travel	27.621	1.095	-2%	1%	18.235	1.502	2%	1%
Construction	1.846	20	1%	-16%	2.155	13	-10%	-14%
Communications	1.671	372	59%	297%	2.877	948	5%	35%
Insurance	1.020	22	-28%	77%	1.581	122	-17%	-21%
Financial Services	787	77	16%	20%	712	54	9%	40%
IT Services	445	36	8%	-21%	935	71	-17%	-21%
Royalties and licences	463	60	-19%	-32%	1.508	95	11%	-48%
Other serv. for enterprises	18.530	1.634	3%	61%	21.788	1.568	1%	23%
Personal services	638	47	-31%	20%	911	291	-8%	-6%
Services for Government	1.032	12	37%	950%	1.093	4	-50%	-28%
Total (transport not included)	**54.053**	**3.375**	**0,3%**	**37%**	**51.795**	**4.668**	**-2%**	**10%**

Source: Unioncamere Piemonte processing of Italian Foreign Exchange Office data

1.4 Piedmont's balance of payments for technology

Prepared by Unioncamere Piemonte - *Roberto Strocco*

A country's or a region's balance of payments for technology (BPT) is that part of its accounts which shows its receipts and payments resulting from international transactions in what is known as "disembodied technology", namely industrial and intellectual property rights that are not "embodied" in physical goods, such as patents, licences, trade marks, know-how and technical services. Italy ended 2003 with a BPT shortfall of about euro 608 million.

This was in line with her long-standing technology trading deficit, but a very far cry from the virtual breakeven achieved in 2002. It was the arithmetical outcome of the fact that the surpluses from R & D and services with a technological content were greatly outstripped by deficits in technology trading and trade mark and design transactions. In money terms, payments increased by 5.7%, whereas receipts shrank by 12.9%.

As in previous years, examination of the BPT of each Region for 2003 shows the preponderance of NW Italy on both sides of the ledger: Lombardy alone accounted for 40% of the national total. By contrast with Italy as a whole, Piedmont usually ends up with a BPT surplus, since its receipts from the sale of technical services exceed its payments for such services. Its 2003 surplus was euro 221 million. This, however, was 7.3% less than the figure for the previous year. Receipts for technology services (euro 498 m) decreased by 9.7% and payments (euro 278 m) by 11.6%.

Receipts are the monetary equivalents of exports. Their pattern clearly reveals Piedmont's unusual position with respect to services with a technological content. As can be seen in the table below, technical and engineering studies alone account for almost 50% of Piedmont's BPT receipts and the bulk of its surplus. Even though the amounts concerned are small, it is also worth noting that Piedmont is a profitable exporter of know-how.

This item, in fact, reaped a surplus of more than euro 28 m in 2003. Two signs, in a word, of the Region's continuing leadership in technological innovation.

Piedmont's and Italy's balance of payments for technology in 2003: receipts, payments and end-year balances (in euro thousands) (a)

	Piedmont					Italy				
	receipts		payments		balances	receipts		payments		balances
	abs. values	%	abs. values	%	abs. values	abs. values	%	abs. values	%	abs. values
Trading in technology	66.871	13,4	62.755	22,6	4.116	290.667	10,6	824.881	24,5	-534.214
disposal/acquisition of patents	590	0,1	7.807	2,8	-7.217	30.490	1,1	136.561	4,1	-106.071
patent working rights	35.216	7,1	52.352	18,9	-17.136	147.472	5,4	598.069	17,8	-450.597
disposal/acquisition of inventions	53	0,0	-	-	53	3.740	0,1	9.134	0,3	-5.394
know how	31.012	6,2	2.596	0,9	28.416	108.965	4,0	81.117	2,4	27.848
Trade mark, designs, etc., transactions	42.360	8,5	69.719	25,1	-27.359	192.904	7,0	510.510	15,2	-317.606
trade mark, model and design enjoyment rights	16.100	3,2	66.390	23,9	-50.290	102.635	3,7	421.326	12,5	-318.691
disposal/acquisition of trade marks, models and designs	26.260	5,3	3.329	1,2	22.931	90.269	3,3	89.184	2,7	1.085
Services with a technological content	322.389	64,7	122.657	44,2	199.732	1.392.630	50,6	1.093.189	32,5	299.441
technical services associated with disposals and exploitation rights	62.399	12,5	26.024	9,4	36.375	260.148	9,4	217.214	6,5	42.934
technical and engineering studies	244.990	49,2	65.088	23,5	179.902	980.910	35,6	667.808	19,9	313.102
staff training	1.311	0,3	15.664	5,6	-14.353	16.557	0,6	91.166	2,7	-74.609
provision of technical experts	13.689	2,7	15.881	5,7	-2.192	135.015	4,9	117.001	3,5	18.014
R & D services	65.357	13,1	18.105	6,5	47.252	820.881	29,8	468.934	13,9	351.947
Other technological settlements	1.295	0,3	4.283	1,5	-2.988	57.080	2,1	464.888	13,8	-407.808
Total	**498.272**	**100**	**277.519**	**100**	**220.753**	**2.754.162**	**100**	**3.362.402**	**100**	**-608.240**

(a) provisional figures

Source: Unioncamere Piemonte processing of Italian Foreign Exchange Office Data

1.5 Inward and outward foreign direct investments

Prepared by Unioncamere Piemonte - *Roberto Strocco*

Foreign direct investments (FDIs) are the most dynamic component in the internationalization of a nation's enterprises. Inward FDIs aimed at manufacturing, whether through acquisition of local firms or the greenfield construction of new factories, are unmistakeable signs of Italy's competitive advantages, while outward FDIs can be seen as a geographical broadening of national manufacturing capabilities through the production of her goods and services abroad. In 2003, for the third year in a row, the international flow of FDIs slumped by another 17.5% compared with 2002 and to only 40% of the record high achieved in 2000. The enthusiasm of international investors, in fact, was not surprisingly cooled down by the combination of the September 2001 disaster in New York, widespread recession and the significant economic and political shakiness of many countries around the world. In 2003, inward FDIs to Italy (net of disinvestments) totalled euro 14.7 bn (8.8% less than in 2002). The downward trend in absolute values over the last three years serves

to underscore the "appeal" of other nations as outlets for investment. Italy's 2.9% share of the total inward FDIs in 2003 relegated her to the tenth place in the world league.
Piedmont's inward FDIs in 2003 exceeded euro 800 million. This was well below the euro 1.4 bn chalked up for the previous year, though better than the euro 585 m invested in 2001.
Both national and regional FDIs ebb and flow as a matter of course. Piedmont's average of euro 941 m per year for 2001-2003 ranked it third after Lombardy and Lazio.
Piedmont's inward FDIs mostly stem from Europe: 95% of the net average for 2001-2003 came from the 15 EU countries. Here, too, the "pivot" countries, such as Luxembourg, The Netherlands and the UK are well to the fore. The term "pivot" countries is used for countries that collect international resources for re-investment in the industries of third countries.
2003 was marked by a striking upswing in FDIs devoted to services (an increase of euro 1.8 bn for financial services alone).

Net foreign direct investments in Piedmont by area and country (in euro thousands)

	2001	2002	2003	Media 2001-2003
European union (15 Countries)	502.079	1.383.765	819.899	901.914
Austria	-377	594	258	158
Belgium	8.233	7.364	5.265	6.954
Denmark	97	7.720		3.909
Finland	71.135	2.000		36.568
France	233.410	-34.233	-43.753	51.808
Germany	40.540	13.268	359.898	137.902
Greece	117	138		128
Ireland	-248	-325	-10.635	-3.736
Luxembourg	98.115	53.690	1.460.207	537.337
Netherlands	12.678	1.215.354	598.742	608.925
Portugal	26	1.913	1.336	1.092
United Kingdom	62.533	116.441	-1.579.102	-466.709
Spain	-2.627	1.611	28.144	9.043
Sweden	-21.553	-1.770	-461	-7.928
Switzerland	31.874	21.533	23.625	25.677
United States Of America	8.830	34.629	-18.929	8.177
Japan	12.745	32.144	3.966	16.285
Other Countries	-20.486	-12.969	2.713	-10.247
World	**535.042**	**1.459.102**	**831.274**	**941.806**

Source: Unioncamere Piemonte processing of Italian foreign Exchange Office Data

Across the years, however, Piedmont's inward FDIs have been traditionally directed to its industrial sector in general, and the automotive industry in particular, where know-how and unquestioned excellence in the manufacture of motor vehicle components, coupled with the presence of an albeit not formally recognised car district, constitute an obvious invitation to companies wishing to invest in automotive ventures. In 2003, FDIs in the means of transport sector amounted to euro 500 m, while the average for the years 2001-2003 stood at euro 713 million.
Italy's outward FDIs (net of disinvestments) shrank from euro 24 bn in 2001 to less than euro 7 bn in 2003. This drastic change in size is a sure sign of flagging Italian production abroad.

Outward FDIs provide a reliable yardstick with which to measure the expansion of Italian companies abroad and the delocalization of their manufacturing operations. The recent trend thus reflects a substantial and progressive "fencing in" of Italy's economic system.

The urge to operate in other countries in general has evidently run out of steam in favour of the consolidation of positions in those where previous investments have proved remunerative.

Italy as a whole is going slow, while Piedmont has even gone into reverse. In 2003, in fact, its disinvestments (i.e. the re-entry of its previous investments abroad) were about euro 1 bn more than its outward FDIs.

1.6 Foreign direct investments (FDIs): present situation and trends

Prepared by Ires Piemonte - *Vittorio Ferrero, Renato Lanzetti*

and by Milan Polytechnic - *Marco Mutinelli*

Foreign enterprises in Piedmont

Foreign equity investments in Piedmont at the beginning of 2003 consisted of[(1)]:

- 676 Piedmontese firms in which foreign multinationals held minority interests.
  Their more than 162,000 employees constituted almost 16% of the total for the corresponding sectors in Piedmont
- 603 Piedmontese firms with some 113,000 employees in which foreign multinationals held majority interests[(2)]
- Piedmont's share of the national total was about 9% of the firms with foreign interests and 16% of the employees (slightly less if only majority interests are considered).

The sectorial breakdown shows the predominance of manufacturing, with means of transport in the lead: at least 80 Piedmontese foreign investee firms with more than 70,000 employees are variously associated with the automotive sector.

Telecoms and information technology are also of importance in both absolute and relative terms. European investors, especially France, Germany and the UK, held interests in about two-thirds of the investee firms (equivalent to 47% of the headcount). On the individual country scale, the US was by far the biggest investor in Piedmont. Its multinationals held interests in about a quarter of the investee firms and accounted for 44.6% of the headcount. Japan's share was around 4% (firms and employees), whereas that of the rest of the world was negligible.

Piedmont's outward FDIs

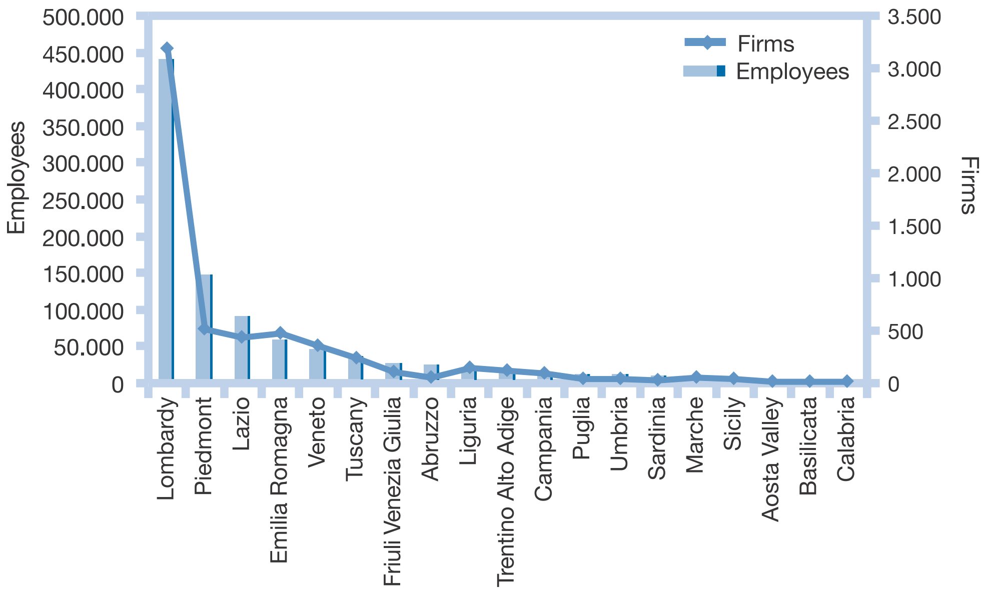
The situation with regard to foreign investments on the part of Piedmontese firms at the beginning of 2003 can be summarised in the following form:

- 514 firms with an interest in one or more foreign firms
- 1829 foreign investee firms with more than 276,000 local employees and a turnover of more than euro 85 bn in 2002
- on the national scale, Piedmont accounts for 9.1% of the investors, 13% of the investee firms, 24.1% of their employees and 31.8% of their turnover. It is top of the league in terms of

(1) The R&P - Milan Polytechnic FDI database covers all industrial firms and some services sectors, namely those more closely linked to production: wholesale distribution, logistics and transport, telecoms, software and IT services, and other professional services. It does not include retail trade, where there is a dominant presence of foreign operators in Piedmont, nor the financial sector.

(2) The marked difference with respect to firms with foreign minority interests stems from the agreement between Fiat Auto and General Motors. This, in fact, brought Fiat Auto itself and F.A. Powertrain into the list of firms with a foreign minority interest.

Foreign enterprises in Piedmont



(Source: R&P and Milan Polytechnic, 1/1/2003)

turnover and second to Lombardy in terms of employees, whereas it is also preceded by Emilia-Romagna and the Veneto in terms of the number of multinational firms

- on the national scale, Piedmont accounts for 9.1% of the investors, 13% of the investee firms, 24.1% of their employees and 31.8% of their turnover. It is top of the league in terms of turnover and second to Lombardy in terms of employees, whereas it is again outshone by Lombardy and on a par with Emilia-Romagna and the Veneto in terms of the number of multinational firms.

The sectorial breakdown shows that manufacturing leads the way with 88.4% of the foreign equity investments of Piedmontese firms. The automotive sector alone is represented by 105 manufacturing firms employing more than 92,500 persons. This total comprises foreign branches of Fiat's suppliers as well as Fiat Auto's and Iveco's manufacturing affiliates.

In the case of services, Piedmont's role is most evident in the services for enterprises sector, whereas 28% of the number of employees abroad are on the payrolls of Italian companies.

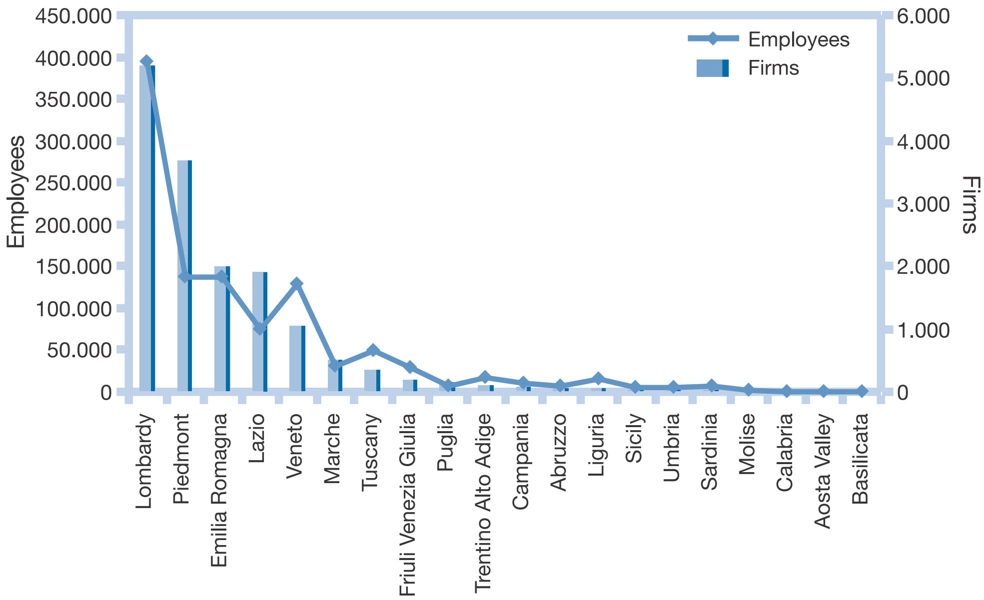
This is mainly due to the presence of firms forming part of the Fiat Group.

Internationalisation is also a substantial feature of other commodity areas: machinery and mechanical products (CNH and Comau), paper and paper products (AWA-Arjo Wiggins Appleton, controlled by IFI), building materials (German equity investments held by the Buzzi-Unicem group), textiles and clothing, food (Ferrero) and metalworking.

Fifty-four per cent of those employed abroad work in European countries (36% in the 14 EU countries incoming of new members); 14.5% (almost 40,000 persons) in Latin America, 13.2% (36,000) in North America and 13.6% (about 37,000) in Asia.

By comparison with the average for Italy, therefore, Piedmont's outward FDIs display a preference for the more industrialised areas.

Piedmont's outward FDIs



(Source: R&P and Milan Polytechnic, 1/1/2003)

1.7 Foreign entrepreneurs in Piedmont

Prepared by Unioncamere Piemonte, Camera di commercio di Torino - *Elisa Sciutto*

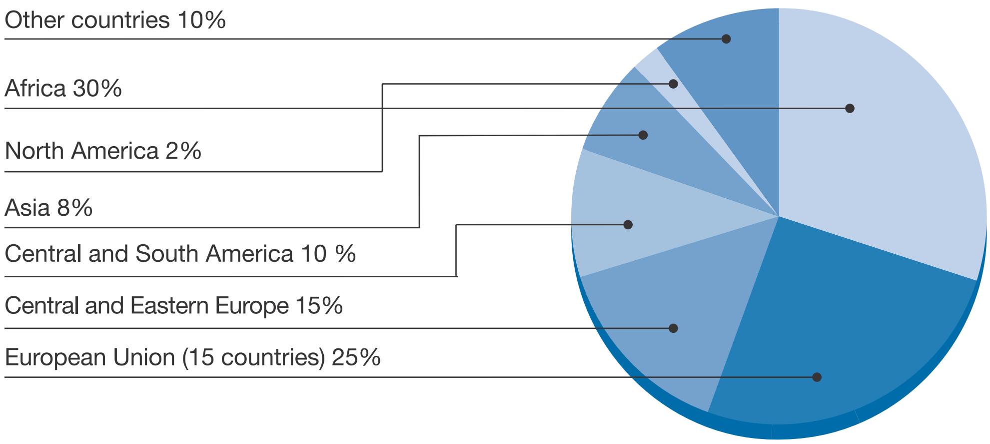
The presence of a substantial number of immigrant self-employed persons and entrepreneurs is now a well-established feature of the economic scene. Economies, such as that of Piedmont, whose sights are primarily set on the provision of services, offer plenty of elbow room for small enterprises and self-employed persons prepared to engage in activities where competitiveness is mainly founded on the ability to keep costs down and work long hours, and on versatility and a readiness to comply with each customer's requirements. Infocamere collects data and processes relating to enterprises registered at Italy's chambers of commerce. One result of its work is the classification of entrepreneurs by their country of origin. The records show that there were 29,916 foreign entrepreneurs in Piedmont in 2003. This figure was equivalent to about 3.5% of the total (slightly less than the national 3.9%) and represented an increase of 9% compared with 2002 and a massive 34% compared with 2000.

A quarter of these entrepreneurs hailed from the 15-member EU countries. The proportion of non-EU entrepreneurs rose by 13% compared with 2002, whereas that of their EU counterparts moved up only 1%. This increase is even more remarkable when expressed as 48% since 2000. Thirty per cent of the foreign entrepreneurs are from Africa, 25% from the EU, 15% from Central and Eastern Europe, 10% from Central and South America, 10% from Other Countries, 8% from Asia and only 2% from North America.

These is also a close correlation between provenance and activity sector.

Most of Piedmont's foreign entrepreneurs are engaged in retail trades, services for enterprises, building and manufacturing. Those from Central and Eastern Europe have mainly chosen housebuilding (52%) and trade (10%). Those from Africa prefer retail trades (44%) followed by building (15%), those from Asia retail trades and the restaurant sector of the catering trades: 23% of foreign restaurateurs are Chinese (406 Chinese entrepreneurs out of the 1324 non-EU entrepreneurs engaged in this sector). South Americans, too, choose retail trades, especially Argentinians, many of whom are of Italian origin. North American entrepreneurs, on the other hand, have opted for manufacturing (29%) and real estate and hiring business and research (21%). A sign of superior know-how and an ability to find a place on high-profile markets.

Foreign entrepreneurs in Piedmont



Source: Processed by Unioncamere Piemonte from InfoCamere — *Data at 31 December 2003*

1.8 Foreigners in Piedmont

Prepared by Ires Piemonte - *Enrico Allasino, Vittorio Ferrero and Maria Cristina Migliore*

The Italian Central Statistical Office (ISTAT) records show that there were 107,950 persons with residence permits in the Piedmont Region on 1 January 2003. This figure corresponds to 2.6% of the Region's population and is in line with the Italian average, though lower than those for the other major Regions. It none the less provides further evidence that the number of foreigners dwelling in Piedmont has been increasing faster than the national average.

A more complete picture is offered by the Ministry for the Interior's figures for Piedmont on 31 December 2003, since they take account of the effects of the recent regularization measures. These resulted in about 57,000 applications for regularization in Piedmont.

More applications were filed in Lombardy, Lazio, Campania and the Veneto. Piedmont's figure, however, reflects its position with regard to these regions in terms of regular immigrants.

Since the ratio of the applications to the number of regulars at the beginning of the year was about 60% and this percentage is above the average for Italy as a whole, it is clear that Piedmont had many irregulars who were prepared to come out into the open.

On 31 December 2003, 167,615 foreigners held residence permits. More than 104,000 permits (62.4%) had been granted to salary and wage earners and over 10,000 (6.2%) to self-employed persons. The substantial quota - about 42,000 (25.4%) - granted for family reasons is a sign that foreigners are tending to settle in the Region.

The main result of the regularization measures, however, was the surfacing of irregular workers. The proportion of the permits granted to persons engaged in or seeking gainful work, in fact, was higher than in previous years.

The most significant feature of Piedmont's foreign population following the regularization measures is the further increase in the number of European immigrants from the non-EU countries, especially since Moroccans have always been more numerous in the past. Romania, in fact, heads the list (it was third in 2001), while Albania, Ukraine, Moldavia and Macedonia are in the top ten. Foreigners from Eastern Europe and the Balkans now constitute 44% of all the foreigners and 47% of those from non-EU counties.

Further evidence of the already mentioned tendency of foreigners to settle in Piedmont is provided by an increase in the birth rate and in the number of foreign minors and schoolchildren at all levels.

Breakdown of residence permits, by province and reason for granting (absolute values)

	Reason				
	gainful work	self-employement work	family	other	total
Turin	60.991	6.357	19.750	5.359	92.457
Vercelli	2.963	648	2.068	283	5.962
Novara	8.513	838	4.080	1.062	14.493
Cuneo	12.884	650	6.174	1.147	20.855
Asti	5.756	331	2.877	638	9.602
Alessandria	7.975	896	4.311	735	13.917
Biella	3.148	478	2.109	315	6.050
Verbania	2.353	137	1.136	653	4.279
Piedmont	**104.583**	**10.335**	**42.505**	**10.192**	**167.615**

Source: Ministry for the Interior *Data at 31 December 2003*

Breakdown of residence permits, by province and reason for granting (percentages)

	Reason				
	gainful work	self-employement work	family	other	total
Turin	58,3	61,5	46,5	52,6	55,2
Vercelli	2,8	6,3	4,9	2,8	3,6
Novara	8,1	8,1	9,6	10,4	8,6
Cuneo	12,3	6,3	14,5	11,3	12,4
Asti	5,5	3,2	6,8	6,3	5,7
Alessandria	7,6	8,7	10,1	7,2	8,3
Biella	3,0	4,6	5,0	3,1	3,6
Verbania	2,2	1,3	2,7	6,4	2,6
Piedmont	**100**	**100**	**100**	**100**	**100**

Source: Ministry for the Interior *Data at 31 December 2003*

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1.9 International tourism in Piedmont

Prepared by Ires Piemonte - *Vittorio Ferrero and Maurizio Maggi*

The records of the Regional Tourist Observation Post show that the arrivals of tourists in Piedmont's accommodation facilities increased by 6% and presences by 4.1%.

These increases were mainly due to a greater influx of Italian tourists. The number of foreign tourists rose by 1.73% in terms of arrivals and 1.58% in terms of presences.

By comparison with a stagnant 2002, therefore, 2003 was marked by a considerable recovery, especially when account is taken of the fact that the context is still somewhat difficult owing to the slum of the tourist demand of the principal non-European markets and the weakness of the continental markets.

Foreign tourists in Piedmont by Atl Year 2003

	Absolute values			% change 2003 vs. 2002		
	hotel	non-hotel	total	hotel	non-hotel	total
Presences						
Greater Turin	574.653	145.815	720.468	0,3	-8,0	-1,5
Susa Valley and the Pinerolo country	277.674	46.857	324.531	33,5	1,7	27,7
The Canavese country and the Lanzo valleys	43.267	6.050	49.317	3,8	63,7	8,7
Biella	39.065	9.570	48.635	-11,0	0,4	-9,0
Valsesia and Vercelli	30.020	16.579	46.599	9,3	49,5	20,9
The Lake District	1.035.059	924.233	1.959.292	-4,6	3,2	-1,1
Novare	78.528	2.373	80.901	15,9	282,1	18,4
The Langhe and Roero	110.137	34.604	144.741	-2,2	37,9	5,1
Cuneo	119.427	28.663	148.090	-11,1	7,9	-8,0
Alexala	89.006	15.028	104.034	6,7	-11,4	3,6
Asti	60.911	37.030	97.941	-2,6	34,0	8,6
Total Piedmont	**2.457.747**	**1.266.802**	**3.724.549**	**0,7**	**3,7**	**1,7**
Arrivals						
Greater Turin	261.497	13.469	274.966	4,5	-13,9	3,4
Susa Valley and the Pinerolo country	54.145	10.444	64.589	21,3	25,0	21,9
The Canavese country and the Lanzo valleys	18.167	2.543	20.710	9,4	101,3	15,9
Biella	14.417	2.818	17.235	-3,0	-11,3	-4,5
Valsesia and Vercelli	10.536	5.655	16.191	12,3	76,2	28,6
The Lake District	365.212	150.452	515.664	-2,4	3,1	-0,8
Novare	27.910	556	28.466	-13,8	256,4	-12,5
The Langhe and Roero	50.975	13.345	64.320	-1,2	24,0	3,2
Cuneo	45.081	10.909	55.990	-4,0	16,0	-0,7
Alexala	45.439	3.741	49.180	1,7	-15,5	0,1
Asti	23.985	11.153	35.138	-11,9	15,4	-4,7
Total Piedmont	**917.364**	**225.085**	**1.142.449**	**0,5**	**6,1**	**1,6**

Source: Tourist Observation Post, Piedmont Region

The Winter Olympic Games Valleys and the Lake District were the most frequently visited.
German tourists were the most numerous. There was a roughly 4% increase in both their arrivals and their presences. France came next (16.3% of the arrivals and 11% of the presences), followed by the UK (9.4% and 12%). Most French and British tourists stayed in hotels.
Arrivals from France rose by 4.1%, presences by only 1.6%
British tourism was less dynamic (+0.9% and +1.5% for arrivals and presences respectively). Switzerland came next with increases of 5.5% for arrivals and 6.8% for presences.
The US (6.5% of the arrivals), on the other hand, chalked up decreases of 7.6% and 3.6% for arrivals and presences respectively. Arrivals from The Netherlands also slipped back 7.8%.
Inflows from other European countries, namely Spain, Belgium, Sweden, Denmark and Finland, increased, some to a respectable extent.
Among the new EU members, the flows from the Czech Republic, Hungary and Slovakia increased, whereas there were many fewer Polish and Slovene tourists.
These data are corroborated by the results of a sampling of international tourism carried out by the Italian Foreign Exchange Office. This showed that inflows of foreigners rose by 1% in terms of expenditures, but 17.5% in numbers of visitors and 4.9% in overnight stays. The profile that thus emerges for inward flows of tourists to Piedmont in 2003 is marked by a substantial stability of the overall expenditure thanks to inflows for work, despite their reduction in terms of visitors, whereas the considerable increase in holiday visits was accompanied by shorter stays and smaller expenditures, one reason being an increase in the numbers of hikers and campers.

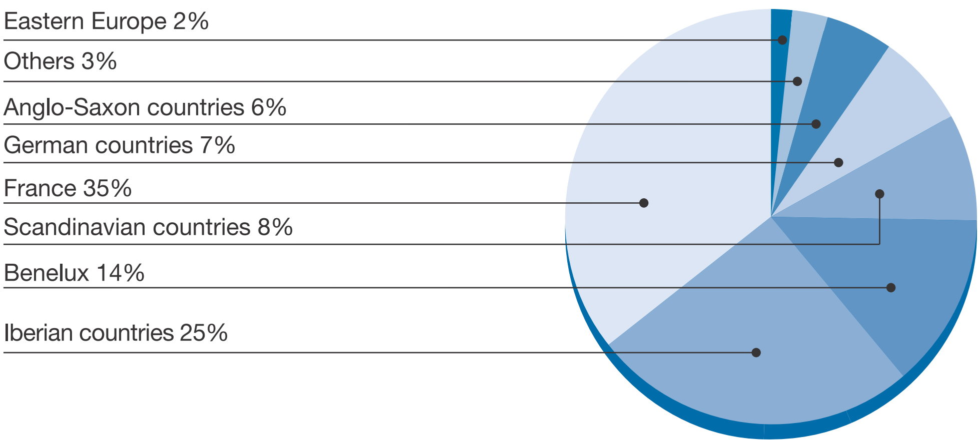
1.10 International features of Piedmont's universities

Prepared by Ires Piemonte - *Vittorio Ferrero*

Piedmont's future prospects must be entrusted to both an economy and a society increasingly founded on the possession of knowledge. Its training and education system is thus a critical factor in its development policies. Piedmont's universities are attended by slightly fewer foreign students than the national average. Italy's other major campuses, in fact, have long been more attractive for students coming from abroad.
Even so, the substantial array of international activities on the part of Piedmont's universities ensures that the local system is linked to transnational training and research networks.
Over the past few years, in fact, Turin University has been building up its relationships with its foreign counterparts and 270 international cooperation agreements are now operative.
The quality of these agreements, too, has changed. Conventional bilateral accords primarily concerned with research are being joined by network agreements between several countries.
Other new features are arrangements for the elaboration of joint curricula leading to the granting of a double (Italian plus foreign) degree, and specific student exchange accords as additions to the Socrates-Erasmus scheme. Turin University currently offers seven two-nation degrees and is a party to about 40 accords related to international doctorates.

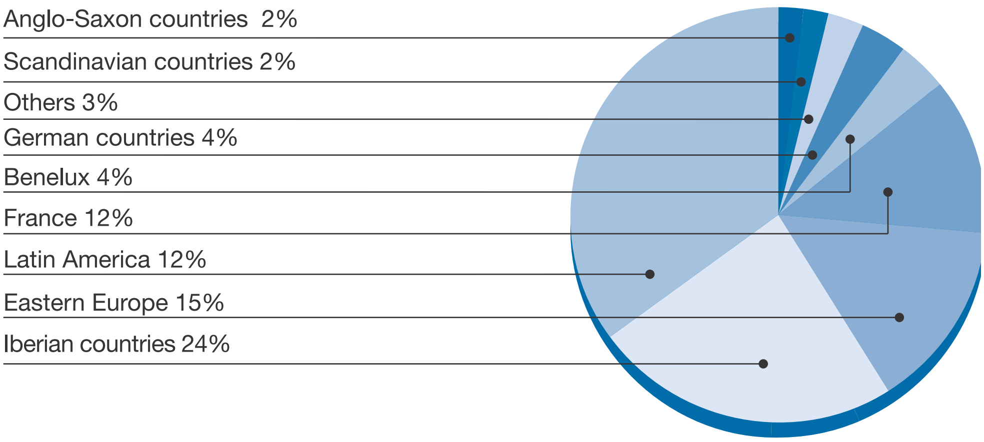
Most of these agreements are with European countries. Collaboration with France, long the subject of preferential relationships with Turin, predominates, but Germany and Poland are well represented. Outside the EU, Russia has a significant share, while Latin America, particularly Argentina and Brazil, is Turin's second area of interest with about 20% of the total number of agreements.
Turin University also has close relationships with the local UN organisations.
The Turin Polytechnic's many relationships with other universities stem primarily from its participation in the main inter-university networks and these constitute the chief point of reference for its international activities. It also has well-established relationships with Latin America, whereas those with North America are mainly concerned with research and, less frequently, third level education (doctorates). For the United States, student mobility is hampered by the far-reaching differences between the Italian and the American education systems, whereas that of faculty members is more regular. In 2000, the Polytechnic embarked for the first time on a specific approach to the non-EU Mediterranean countries (Egypt, Turkey and Israel) to promote research, the transfer of technology and permanent education.
Most of the double qualification projects are conducted in conjunction with leading European universities, mostly in France and Spain. Sweden, Germany, Switzerland and the United Kingdom are also well represented and South America's share is worthy of note.
Student mobility (Erasmus) has increased over the years. Most of the Polytechnic's undergraduates choose France and Spain, whereas those who come to Turin are from Spain, Portugal and Latin America.

Breakdown of outgoing student mobility by destination Academic year 2003-2004



Source: Turin Polytechnic

Breakdown of incoming student mobility by country Academic year 2003-2004



Source: Turin Polytechnic