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9.2 Visitors to Torino
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“Increasing and strengthening our knowledge of our territory” is the primary goal of the 2005-2009 strategic plan of the Torino Chamber of Commerce. This organisation, which acts as a neutral reference point for the entire business world in Torino and the surrounding province, promotes and conducts studies of the local social and economic situation, its various components and the relationship between them, in collaboration with other institutions and professional associations, and with public and private research institutes.

This third edition of “Torino Economia” aims to foster a more extensive and more detailed understanding of the area, offering an overview of the main characteristics of the provincial economy, and highlighting the peculiar features that set it aside in the vast area of Northwestern Italy. Our 2007 analysis draws a picture of a territory that combines innovation and tradition, ready to take its place among the areas of Europe that have a significant potential to attract investment.

Thanks to its relaxed style, the wealth of data set out in easily comprehensible charts and tables, and interviews with a number of protagonists of the local economic scene, this publication offers a direct, informative and immediate picture of our province to anyone - institutions, Italian and foreign economic operators, scholars - who operates or intends to operate within the provincial boundaries.

I would like to thank everyone who has contributed data and skills to the preparation of this work, and in particular, the privileged witnesses who have made it possible to enrich and analyse the contents of the various chapters from their specific vantage points.

THE CHAIRMAN
Alessandro Barberis
The events of recent years have enabled the province of Torino to regain some ground: the Winter Olympics of 2006, the choice of Torino as World Design Capital for 2008, and the launch of the new Fiat 500 in 2007, which reflects the recovery by Italy’s most important carmaker.

Some sectors are still benefiting from the effects of the Olympics: the construction and tourism sectors continue to show an increase in the consistency of businesses that is well above the provincial average. After the crisis at the start of the Millennium, the manufacturing industry in the province is starting to grow again: 2007 closed with continued growth of industrial output, and the vehicle sector contributed significantly to the achievement of this result. Components and commercial vehicles have also contributed to the positive trend of industrial output in the province. Automotive companies have reacted well to the crisis, opening up to foreign markets: for some years now, exports of motor vehicle parts have exceeded exports of motor vehicles. But there is more than the car in Torino’s future. Excellent opportunities for growth are arriving from more innovative sectors: aerospace, ICT, hydrogen and renewal sources of energy.

Five prestigious groups in the field of aeronautics and space that operate in Piemonte (Alenia Aeronautica, Alenia Spazio, Avio, Galileo Avionica and Microtecnica) are embarking on a particularly interesting initiative, to promote the creation of a regional technology pole in this sector, in collaboration with the local authorities.

2008 will be another important year for the city of Torino, which has been chosen as World Design Capital.

Design is increasingly considered a strategic factor for a company’s success, particularly in the battle to overcome the fierce competition from international markets. But design does not only have an economic potential: it is also able to permeate other sectors, from training systems, to culture and town planning, offering numerous opportunities for an area’s development.

Since design acts as a bridge between technology and art, it could be considered the creative industry par excellence: the conditions exist in Torino to give birth to and develop this creative industry, and the ICSID (Council of Societies of Industrial Design) sanctioned this when it decided to designate Torino World Design Capital. In the Summer of 2008 the World Congress of Architects will also be held in the city.

Another challenge for Torino regards access to the city: it is strategically placed on two important communications corridors: Corridor V (Kiev - Lisbon, the East-West axis) and the Two Seas corridor (Genoa-Rotterdam, the North-South axis) which will make it possible to establish extensive territorial and economic relations with Milan, Genoa and Lyons. Torino will play an important role, thanks to its access and to innovative logistics.
In three years time, after the Olympics, Torino World Design Capital, and the World Congress of Architect, Torino will be under the world spotlights again for the celebrations to mark the 150th anniversary of the Unification of Italy, because Torino was the first capital of Italy: the goal is to bring 8 million visitors to the city during the celebrations (from March to December 2011). Three large international events within five years: an opportunity for development that few other European cities have been offered.
The province of Torino has an area of 6,829 sq km. Half the landscape is mountainous, while hills and plains are distributed homogeneously over the remaining 50% of the area. There are 315 municipalities in the province of Torino, which makes it the Italian province with the highest number of municipalities.

From a socio-demographic viewpoint, the population of the province of Torino numbered 2,248,955 inhabitants (52% of whom are female) at the end of 2006, accounting for about 4% of the population of Italy, and almost half that of Piemonte. The number of residents has grown slightly since the end of 2005, thanks to the expected increase in the birth rate and the growing number of foreigners, who numbered almost 118,300 in 2006.

In recent years, as a result of the growth of the municipalities in the metropolitan area, the resident population in the Piedmontese capital itself has decreased to little more than 40% of the population of the province as a whole.
The phenomenon of the ageing population of Torino is a source of great anxiety: in the province, and in Piemonte as a whole, the average age of residents remains well above the national average and the ageing index of the capital stands at 1.72, which means that there are almost two elderly people for each young person.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Number of Residents</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 0 to 14</td>
<td>146,295</td>
<td>146,295</td>
<td>146,295</td>
</tr>
<tr>
<td>From 15 to 29</td>
<td>162,817</td>
<td>162,817</td>
<td>162,817</td>
</tr>
<tr>
<td>From 30 to 49</td>
<td>354,927</td>
<td>354,927</td>
<td>354,927</td>
</tr>
<tr>
<td>From 50 to 69</td>
<td>288,066</td>
<td>288,066</td>
<td>288,066</td>
</tr>
<tr>
<td>Over 70</td>
<td>137,247</td>
<td>137,247</td>
<td>137,247</td>
</tr>
<tr>
<td>Total</td>
<td>990,400</td>
<td>990,400</td>
<td>990,400</td>
</tr>
</tbody>
</table>

**Source:** Regione Piemonte, BDDE

**Chart 1** Resident population in the province of Torino by gender and age group - Data to 31/12/2006
Chapter I

The economic fabric of the Province of Torino, a blend of old and new business vocations

1.1 Business 'birth' and 'death' rates and composition of the business fabric by sector

2006 showed a higher growth rate in the business system of the province of Torino compared to the national level, since it benefited not only from the first signs of a general economic recovery last year but also from the positive effect of the Olympics. Signs of growth were reported by new businesses as well as by consolidated enterprises: on the one hand, there was an increased desire to do business and to contribute to the socio-economic wealth of the province by starting up new activities; and on the other, the existing business system has evolved and been restructured, as is borne out by the increasingly frequent recourse to the formation of joint stock companies.

By the end of 2006, there were 231,645 registered companies in the province of Torino, with a total of 18,145 registrations and 14,950 cancellations: the rate of growth, namely the difference between registrations and cancellations based on the number of registered companies at the end of the previous year, was therefore positive (+1.4%), slightly below the corresponding figure for 2005 (1.46%) but higher than both the national rate (1.21%) and the rate for Piemonte (0.88%).

Compared to 2005, the growth rate for Torino shows a fall that is less marked compared to that reported in the main areas used for comparison.

Table 1 Business growth rates in 2005 and 2006

<table>
<thead>
<tr>
<th></th>
<th>BUSINESS GROWTH RATE 2006</th>
<th>BUSINESS GROWTH RATE 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Province of Torino</td>
<td>1.40%</td>
<td>1.46%</td>
</tr>
<tr>
<td>Piemonte</td>
<td>0.88%</td>
<td>1.04%</td>
</tr>
<tr>
<td>North-west</td>
<td>1.26%</td>
<td>1.56%</td>
</tr>
<tr>
<td>Italy</td>
<td>1.21%</td>
<td>1.61%</td>
</tr>
</tbody>
</table>

Source: Infocamere data processed by Torino Chamber of Commerce

1 The figure does not include 214 closures due to compulsory cancellations made by the Register of Companies in implementation of Presidential Decree 247 of 23/07/2004 and subsequent circular no. 3585/C from the Ministry of Productive Activities. These deregistrations, resulting from administrative activities undertaken by the Chambers of Commerce and not from economic circumstances, risk creating a false interpretation of the birth and death rates for companies. If the provincial growth rate is calculated gross of mandatory closures, the result is 1.30%.
According to Unioncamere, at a national level the trend of growth rate, projected over time, has already taken account of the negative economic phase, which only began to recover in 2006; the growth rate in the North-West and in Piemonte are in line with national figures. However, in our province, the trend is less marked, probably thanks to the prolonged effect of the positive contribution of the Olympics on the development of local economic activities.

Taking a closer look at the individual economic sectors, 2006 saw the growth of firms in the construction sector (1,172 units more, +3.56% compared to 2005), but also in various parts of the services sector: +3.38% for tourism; +1.20% for commerce; +1.45% in business services, +1.37% in the public, social and personal services sector. In particular, within the business services sector there was a growth rate of +1.97% for properties, leasing, IT and research. Instead the most dramatic fall can be found in the agricultural sector (275 fewer businesses, -1.82%), while the number of companies in the manufacturing industry remained practically unchanged.

The trend of business ‘birth’ and ‘death’ rates over time helps to change the general composition of Torino’s business fabric.

The percentage of businesses working in the service sector in 2006 was getting for 60%: among these, 27% worked in commerce, 23% in business services, 5% in tourism, and a further 5% in per-

**Table 2** Businesses registered at 31.12.2006 in the Province of Torino and changes compared to 31.12.2005 by sector

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AGRICULTURE AND FISHING</td>
<td>14,871</td>
<td>15,146</td>
<td>-275</td>
<td>-1.82</td>
<td>-0.56</td>
</tr>
<tr>
<td>INDUSTRY</td>
<td>27,891</td>
<td>27,921</td>
<td>-30</td>
<td>-0.11</td>
<td>0.46</td>
</tr>
<tr>
<td>CONSTRUCTION</td>
<td>34,138</td>
<td>32,966</td>
<td>1.172</td>
<td>3.56</td>
<td>4.72</td>
</tr>
<tr>
<td>COMMERCE</td>
<td>61,833</td>
<td>61,100</td>
<td>733</td>
<td>1.20</td>
<td>1.25</td>
</tr>
<tr>
<td>HOTELS AND RESTAURANTS</td>
<td>10,868</td>
<td>10,513</td>
<td>355</td>
<td>3.38</td>
<td>5.00</td>
</tr>
<tr>
<td>BUSINESS SERVICES, of which:</td>
<td>54,556</td>
<td>53,774</td>
<td>782</td>
<td>1.45</td>
<td>2.34</td>
</tr>
<tr>
<td>TRANSPORT WAREHOUSING AND</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMMUNICATIONS</td>
<td>9,084</td>
<td>9,230</td>
<td>-146</td>
<td>-1.58</td>
<td>2.10</td>
</tr>
<tr>
<td>MONETARY AND FINANCIAL BROKERAGE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROPERTY, LEASING</td>
<td>5,441</td>
<td>5,285</td>
<td>156</td>
<td>2.95</td>
<td>1.85</td>
</tr>
<tr>
<td>IT, RESEARCH ACTIVITIES</td>
<td>40,031</td>
<td>39,259</td>
<td>772</td>
<td>1.97</td>
<td>2.46</td>
</tr>
<tr>
<td>HEALTH, EDUCATION, OTHER PUBLIC,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SOCIAL AND PERSONAL SERVICES</td>
<td>11,455</td>
<td>11,300</td>
<td>155</td>
<td>1.37</td>
<td>1.80</td>
</tr>
<tr>
<td>UNCLASSIFIED</td>
<td>16,033</td>
<td>15,903</td>
<td>130</td>
<td>0.82</td>
<td>-7.90</td>
</tr>
<tr>
<td>TOTAL</td>
<td>231,645</td>
<td>228,623</td>
<td>3,022</td>
<td>1.32*</td>
<td>1.26</td>
</tr>
</tbody>
</table>

**Source:** Infocamere data processed by Torino Chamber of Commerce

*The percentage discrepancy between the size of the sectors can differ from the growth rate due to archive variations, but these do not affect the number of companies registered and deregistered which is used to calculate the growth rate.*
Even if the service sector is becoming increasingly important to Torino's economy, the province of Torino continues to show a distinct vocation for manufacturing: the growth of the service industry should also be attributed to the outsourcing of corporate functions no longer performed in-house. Lastly, a comparison with the business system at the start of the new millennium clearly shows the evolution of the business sectors just described. Among the traditional sectors, there is a trend towards a reduction in the number of businesses involved in agriculture and manufacturing, while the construction sector has expanded since 2000 and now numbers 8,375 companies (+32.5%). Within the services sector, which has also increased its share of the total companies in Torino, the retail sector has shrunk slightly while the number of hotels and restaurants has risen to over 2,000 businesses (+23%). The segment of the services sector dedicated to real estate, leasing, IT and research activities has also increased its share of the total, with 4,731 more companies registered during the period in question (+13.4%). The consumer services segment, which includes health, education and other public, social and personal services, has also increased by over 1,000 businesses (+12.8%), and also accounts for a larger share of the overall breakdown of business activities in Torino.

As for the trends in the legal status of businesses, the number of stock companies continued to rise (+3.6%) more rapidly than other legal forms (+1.1% for partnerships and +0.9% for sole traders). From a structural point of view, joint-stock companies represent just under 15% of the total number of businesses in the province, a percentage that is below the national level (19%) but higher than...
that in Piemonte as a whole (13%). Furthermore, it is worth noting the strong presence of partnerships (30% of total businesses) compared to other areas, and a higher level than both that found nationally (20%) and regionally (27%). These phenomenon can be interpreted as a gradual process of evolution from businesses with more simple legal forms to more complex ones: setting up a partnership represents an intermediate step before embarking on more structured forms, characterised by greater economic stability and a higher probability of business survival.

This evolution can be confirmed if we look at the figures after 2000: during the period from 2000 to 2006, in particular, there was a 25% rise in the number of joint-stock companies. The presence of more companies of this type is a sign of a business fabric that is expanding and developing into more complex and sophisticated structures with consolidated production organisations.

Lastly, it is interesting to analyse business dynamics also through locations, namely registered offices and local units: in 2006, these amounted to a total of 275,149 locations, of which 43,504 are local units. The majority consist secondary offices in the commercial (30.5%, 13,268), business services (23.6%, 10,274) and industrial sectors (17.4%, 7,567). On average, the number of local units rose by +24.1% compared to 2000 and +1.1% compared to 2005, which is slightly lower than the results for registered offices alone (+1.3%): however, it is worth noting the steady increase in the number of local units in the construction (5.6%), tourism (+5%) and consumer services sectors (+4.2%).

**Table 3** Businesses registered at 31.12.2006 and changes compared to 31.12.2005 by legal form

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>JOINT-STOCK COMPANIES</td>
<td>33,722</td>
<td>14.6</td>
<td>2,358</td>
<td>1,224</td>
<td>1,134</td>
<td>3.64%</td>
</tr>
<tr>
<td>PARTNERSHIPS</td>
<td>70,370</td>
<td>30.4</td>
<td>3,552</td>
<td>2,789</td>
<td>763</td>
<td>1.05%</td>
</tr>
<tr>
<td>SOLE TRADERS</td>
<td>123,069</td>
<td>53.1</td>
<td>11,969</td>
<td>10,666</td>
<td>1,303</td>
<td>0.93%</td>
</tr>
<tr>
<td>OTHER FORMS</td>
<td>4,484</td>
<td>1.9</td>
<td>266</td>
<td>271</td>
<td>-5</td>
<td>-0.53%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>231,645</td>
<td>100.0</td>
<td>18,145</td>
<td>14,950</td>
<td>3,195</td>
<td>1.32%</td>
</tr>
</tbody>
</table>

* Source: Infocamere data processed by Torino Chamber of Commerce

* net of mandatory cancellations

**Table 4** Breakdown of businesses by legal form at 31.12.2006 - % of total

<table>
<thead>
<tr>
<th>LEGAL FORM</th>
<th>PROVINCE TORINO</th>
<th>PIEMONTE</th>
<th>ITALY</th>
</tr>
</thead>
<tbody>
<tr>
<td>JOINT-STOCK COMPANIES</td>
<td>14.6</td>
<td>12.8</td>
<td>19.3</td>
</tr>
<tr>
<td>PARTNERSHIPS</td>
<td>30.4</td>
<td>26.8</td>
<td>20.4</td>
</tr>
<tr>
<td>SOLE TRADERS</td>
<td>53.1</td>
<td>58.5</td>
<td>57.1</td>
</tr>
<tr>
<td>OTHER FORMS</td>
<td>1.9</td>
<td>1.9</td>
<td>3.2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

* Source: Infocamere data processed by Torino Chamber of Commerce
Table 5  Locations in the province of Torino by sector of activity

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AGRICULTURE AND FISHING</td>
<td>15,281</td>
<td>0.9%</td>
<td>14,871</td>
<td>-1.8%</td>
<td>410</td>
<td>0.9%</td>
</tr>
<tr>
<td>INDUSTRY</td>
<td>35,458</td>
<td>0.1%</td>
<td>27,891</td>
<td>-0.1%</td>
<td>7,567</td>
<td>17.4%</td>
</tr>
<tr>
<td>CONSTRUCTION</td>
<td>37,166</td>
<td>3.7%</td>
<td>34,138</td>
<td>3.6%</td>
<td>3,028</td>
<td>7.0%</td>
</tr>
<tr>
<td>COMMERCE</td>
<td>75,101</td>
<td>1.1%</td>
<td>61,833</td>
<td>1.2%</td>
<td>13,268</td>
<td>30.5%</td>
</tr>
<tr>
<td>TOURISM</td>
<td>13,545</td>
<td>3.7%</td>
<td>10,868</td>
<td>3.4%</td>
<td>2,677</td>
<td>6.2%</td>
</tr>
<tr>
<td>BUSINESS SERVICES</td>
<td>64,830</td>
<td>1.6%</td>
<td>54,556</td>
<td>1.5%</td>
<td>10,274</td>
<td>23.6%</td>
</tr>
<tr>
<td>CONSUMER SERVICES</td>
<td>13,814</td>
<td>1.7%</td>
<td>11,455</td>
<td>1.2%</td>
<td>2,359</td>
<td>5.4%</td>
</tr>
<tr>
<td>UNCLASSIFIED BUSINESSES</td>
<td>19,954</td>
<td>-0.9%</td>
<td>16,033</td>
<td>1.0%</td>
<td>3,921</td>
<td>9.0%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>275,149</td>
<td>1.3%</td>
<td>231,645</td>
<td>1.3%</td>
<td>43,504</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Fonte: Infocamere data processed by Torino Chamber of Commerce

1.2 Non-EU entrepreneurs

The role played by non-EU entrepreneurs in the province of Torino is an important part of the entire Piedmontese business system. Entrepreneurial activity is not only an important employment opportunity for non-EU inhabitants but it also acts as a powerful factor for social integration and inter-cultural dialogue. For immigrants, the idea of setting up their own business and becoming self-employed combines the desire to use their own professional skills in a job that is more suited to their academic qualifications or to exercise a trade learnt in their country of origin.

In spite of the countless difficulties encountered when starting a business, namely complying with administrative requirements regulated by complex legislation and raising the necessary start-up funds, the number of non-EU entrepreneurs continues to rise.

In 2006 the number of business roles held by non-EU citizens was 17,592, a rise of 13% compared to the previous year. The accession of Romania and Bulgaria to the EU on 1 January 2007 brought about a change in the panorama of non-EU entrepreneurs since a key group, like the Romanians, now forms part of the EU component. The figures for the first half of 2007 were calculated inclusive of Romanian and Bulgarian entrepreneurs to allow a correct comparison with previous years; therefore, the numbers of non-EU entrepreneurs for the first six months of the year totalled 19,365, up 10.1% on the end of 2006.

The statistics for non-EU entrepreneurs also take into consideration the business position held by individuals from non-EU countries: therefore the same person may hold several roles within a company, as the proprietor, partner or director.
The majority of business roles held by non-EU citizens refer to sole traders, representing approximately 61% of the total at the end of 2006, a rise of 1,506 on the previous year.

In a breakdown of the countries of origin, 25% of non-EU entrepreneurs come from Morocco, closely followed by the Romanians with 24% of the total. There is a wider gap between these and other nationalities: China is in third position with 7%, and Albania in fourth with 6%.
Compared to 2005, Albania and Romania are the two nationalities that show the steepest rates of growth: for both, the difference exceeds +23%. There is also a significant increase in the numbers of entrepreneurs from Brazil (+20% compared to 2005) and Egypt (+19.4%). What are the business sectors in which foreign entrepreneurs operated on 31 December 2006? 32% were engaged in commerce; followed by 26% in construction and 16% in business services. These two sectors are followed by the manufacturing industry (10%) and tourism (6%).

It is interesting to note that there are different business specialisations depending on the country of origin. sole traders from Morocco (who represent 20% of all non-EU entrepreneurs) work mainly in the commercial sector (59% of the total in 2006); while 70% of Romanians operate in the construction sector, together with a similar percentage of Albanians. 50% of Chinese entrepreneurs work in commercial distribution, but a significant proportion (28%) are also involved in tourism. The number of entrepreneurs from Argentina and Brazil involved in business services is higher than the provincial average (29% and 23% of the total respectively, compared to 16% on average).

**Chart 4  Non-EU entrepreneurs in the province of Torino by nationality Torino - 2006**

Lastly, the African entrepreneurs are mainly involved in commerce. The percentages can be broken down as follows: 62% of Nigerians (4.2% of all non-EU entrepreneurs) and 88% of Senegalese (3.5%).

Where are the non-EU entrepreneurs based in the province of Torino? 71% of all non-EU entrepreneurs work in Torino, 6.8% in the zone of Torino Sud and 5.8% in the Canavese.
The sub-provincial areas with the lowest numbers of foreigners are Susa (1.9% of the total) and the Po (1.7%). However, the figures for Susa are rising: compared to 2005, this year showed a +24% rise in numbers and the level of foreigners has now risen to 1.9% compared to 1.7% in 2005. The opposite is true of the Canavese area where non-EU entrepreneurs represented 6.2% of the total in 2004, and two years later the figure has dropped to 5.8%.

### 1.3 Businesses managed by women

In 2006 women play a leading role in Torino’s business world. The increasingly widespread participation of women in the job market is a winning factor in Italy’s economic, social and cultural development. The desire for self-fulfilment and the idea of setting up their own business based on interesting job opportunities that reward their need for independence have contributed to establishing business women as an increasingly important force in the province of Torino.

**Chart 5** Development rate of businesses run by women

*Source: Infocamere data processed by Torino Chamber of Commerce*
By the end of 2006 there were 53,829 businesses run by women in the province of Torino, almost a quarter of all businesses. The development rate for 2006 was 1.1%, greater than both the regional (0.3%) and national rates (1%).

Figures for the first half of 2007 confirm the growing number of business women in the province: in the first six months of the year the total number of businesses managed by women rose to 54,202, up 1.4% on the same period last year.

The situation in Torino is very new and unstructured: 41.4% of these companies were set up between 2000 and 2006, and 36.7% between 1990 and 1999. Only 7.8% were registered prior to 1980. Companies with an exclusive female component (100% of capital and shareholders/directors) represent over 94% of the total. The other two forms of businesses run by women are more marginal in importance: companies with a strong female component (over two thirds of capital) represent 5% of the total and those with a majority presence (over 50% of capital and shareholders/directors) only 1%.

In terms of the various sectors, it is worth highlighting significant variations in the business services sector (+424 units compared to 2005), commerce (+219 units), construction (+141) and tourism (+68), in line with the trend for companies as whole in the province. There is an upward trend for businesses in all production sectors, except for agriculture where the number fell by 94 companies. In percentage terms, the most significant changes in numbers were found in the construction (+9%) and business services (+3.4%) sectors.

A comparison of the distribution into sectors of businesses run by women compared to the total number of businesses in the province reveals a concentration of the former in the sectors of consumer services, commerce and tourism.

An analysis of the breakdown by sector shows that approximately one third of businesses run by women are in commerce: in particular, just under 25% are engaged in the retail subsector (excluding cars and motorcycles) and in the repair of personal and domestic goods.

After this, 23.7% of businesses run by women offer business services. Among these, the greatest numbers are concentrated in property services, leasing, IT and research, in which nearly a quarter of all businesses are owned by women.

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2 Based on Article 2 of Law 215/92, and Article 1.2 of the subsequent Circular from the Ministry of Productive Activities no.1151489 of 2002, businesses managed by women are defined as follows:

- sole trading concerns in which the proprietor is a woman
- partnerships and cooperatives in which the number of women partners represents at least 60% of the body of shareholders, irrespective of the share capital held
- joint stock companies in which women hold at least 2/3 of the share capital and represent at least 2/3 of the total members of the administrative body.

The figures for businesses managed by women taken from the InfoCamere archives are based on a slightly wider definition, which also includes the following among the businesses managed by women:

- for joint-stock companies: where at least 50% of the share capital is held by women and women represent at least 50% of directors, if the list of shareholders is filed with the Register of Companies
- for partnerships and cooperatives: women represent over 50% of partners
- for other legal forms: women represent over 50% of the directors.
Next in order of importance in the breakdown by sector of businesses run by women come the segments of consumer services and industry (9.7% and 9.2% of the total, respectively). Smaller percentages are found in agriculture and tourism.

In terms of the legal form used, the business women’s sector has more sole traders and partnerships than are reported for businesses as a whole: approximately 57% of businesses run by women are sole traders compared to 53% in Torino’s economy in general, while the figures for partnerships are 32.9% compared to 30.4% for all businesses. On the contrary, the number of joint stock companies is relatively small: 8.9% compared to 14.6% for all businesses in the province.

Source: Infocamere data processed by Torino Chamber of Commerce
At the end of 2006 there were 4,263 non-EU business women in the province of Torino, corresponding to 3.6% of the total, but confirming a rise of 13.1% compared to the previous year.

Chart 7  Non-EU business women in the province of Torino divided by nationality (% of total positions held)

Source: Infocamere data processed by Torino Chamber of Commerce

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The figures refer to non-EU business women in 2006. With effect from 2007 the figures will be based on the foreign business community (non-EU business women + EU business women) given that Romania and Bulgaria, two important nationalities for the province of Turin, joined the EU component with effect from 1 January 2007.
Which nationalities have the largest groups of women working in the province of Torino? The two largest groups are the Romanian and Nigerian business women, who both represent nearly 12% of all non-EU positions; these are followed by Moroccan (11.1%) and Chinese women (11%). The nationality that showed the steepest rise compared to 2005 was the Albanians (+32.1%), who currently only represent 2.4% of all business women; however, the numbers of Romanians (+26.7%) and Moroccan business women (+25.7%) have also risen significantly.

In an analysis of business women in the province of Torino, it is interesting to note the distribution throughout the area based on the groups of municipalities forming part of the eight territorial pacts, which are added to the capital town.

Of all the businesses managed by women, registered in the province of Torino at 31.12.2006 (53,829), 49% were based in Torino, while nearly a quarter were located in the areas of Canavese (12%) and Torino Sud (10%); Pinerolo, West Zone and the area around Stura each accounted for around 7% of businesses run by women, while the rest were spread over the remaining areas.

An important fact worth emphasising is that in each of the areas identified, the businesses run by women represent not less than 22% of the total companies registered: the sole exceptions being the Canavese area, with a percentage of 25% and the area around the Sangone, with 21.4%.

Chart 8  % distribution of businesses run by women in the province of Torino at 31.12.2006

Source: Infocamere data processed by Torino Chamber of Commerce
1.4 Statistics on business dynamics updated to the first half of 2007

A total of 233,168 companies were registered with Torino Chamber of Commerce in the first half of 2007: with 5,215 new registrations and 3,104 companies closing down the balance was well into the black, amounting to +2,111 units.

<table>
<thead>
<tr>
<th>GEOGRAPHICAL AREA</th>
<th>REGISTERED AT 31.06.2007</th>
<th>REGISTERED</th>
<th>CLOSED</th>
<th>REGISTERED AT 31.06.2006</th>
<th>GROWTH RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>TORINO</td>
<td>233,168</td>
<td>5,215</td>
<td>3,104</td>
<td>230,645</td>
<td>0.9%</td>
</tr>
<tr>
<td>PIEMONTE</td>
<td>469,032</td>
<td>9,200</td>
<td>6,010</td>
<td>467,398</td>
<td>0.7%</td>
</tr>
<tr>
<td>NORTH WEST</td>
<td>1,616,855</td>
<td>32,491</td>
<td>22,854</td>
<td>1,609,656</td>
<td>0.6%</td>
</tr>
<tr>
<td>ITALY</td>
<td>6,133,429</td>
<td>116,338</td>
<td>82,857</td>
<td>6,104,039</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Source: Infocamere data processed by Torino Chamber of Commerce

Between January and June 2007, the province of Torino experienced a growth rate that was the same as that in the first half of 2006, +0.9%; this rate is higher than Piemonte (+0.7%), the North West (+0.6%) and Italy (+0.5%), highlighting the propensity of the province to develop a dynamic and consolidated business system.

If we break these figures down into the main economic sectors, the first half of the year not only confirmed the trend of 2006, but also showed an improved performance by the driving sectors: construction (+4.8%) and tourism (+2.7%), sectors that had both expanded in the first six months of 2006 by +2.1%, were again the key contributors to local economic development. The role played by services continued to be dominant, and both sectors expanded, business services by +1% and consumer services by +0.8%, in line with the first half of 2006. Commerce also confirmed a change in the number of companies registered in the first half of 2006 (+0.7%).

Positive confirmation of the evolution and consolidation of the provincial business fabric can also be found in a breakdown of the legal forms used by companies: the increased solidity of the provincial economic structure is borne out by the increased number of joint-stock companies, which rose by +4% (+1.4% in the first half of 2006). The proportion of businesses adopting this form also increased, rising from 14.3% in the first half of 2006 to 14.7% in the first six months of 2007. Fewer changes were noted for other legal forms, although they were always positive: +0.4% for partnerships and +0.7% for sole traders.
1.5 Centres of excellence and manufacturing specializations in Torino

1.5.1 The automotive sector

The recovery of the automotive sector in Piemonte and the province of Torino over the past two years can be largely attributed to manufacturers of automotive component and industrial vehicles. There are still large numbers of companies in the automotive sector in the province of Torino area, thanks to the extensive experience accumulated over decades in these specific sectors and the accompanying expertise and professional skills; this is focused, above all, now on the production of vehicle parts and components, which account for 82% of all regional exports, 50% more than cars themselves. In 2006, export sales of automotive parts and accessories from Torino topped 3,700 million euros, up 7.8% on the previous...
year. The export figures for automotive components have exceeded those for cars for a number of years (2,694 million euros in 2006), although the latter rose 11.3% compared to the previous year thanks to the recovery of the car manufacturing segment.

Piemonte ranks as the number one region in terms of export revenues from components (nearly 4,500 million euros, 37.2% of the Italian total in this sector), ahead of both Lombardia (22.1%) and Emilia Romagna (16.8%). In this ranking, the province of Torino alone comes second to Piemonte with 30.7% of the national total.

For the past ten years, Torino Chamber of Commerce has put in place an Observatory on automotive components, which has expanded over time to include an analysis of those sectors that are not directly related to component manufacturing but that also supply the car industry. Over the years the Observatory has successfully reconstructed, in increasing detail, the chain of suppliers and manufacturers linked to the car industry, both at an Italian level and within Piemonte.

In 2007, in collaboration with Step ricerche Srl, the Observatory carried out a direct survey of 789 companies in this sector, 30% of the entire Italian panorama. Two hundred and fifteen of these are Piedmontese. Thirty per cent of the businesses in this sample were joint-stock companies. In all, Piemonte, Lombardia and Emilia Romagna are home to an impressive three-quarters of the Italian car industry. In 2006 there were 956 companies in the automotive supply and manufacturing chain operating in Piemonte, the lion's share of which are located in the province of Torino; they account for 45% of the sector at a national level. They include 32 Original Equipment Manufacturers (OEM - modules/systems manufacturers), 584 subcontractors, 204 specialists and 136 companies specialised in engineering and design, employing a workforce of over 141 thousand employees (nearly 60% of those working in this sector nationwide).

Sales from the Piedmontese car manufacturing and supply chain in 2006 amounted to 20.7 billion, equal to 54% of national sales, and of these €14.5 billion were generated solely by businesses based in Piemonte. The largest rise in sales was achieved by module manufacturers (+14.9% compared to 2005), while the lowest was reported for subcontractors (+2.7%).

Companies in Piedmont’s car manufacturing and supply chain are more internationalised than in the rest of Italy: 78% of businesses have exports compared to 66% of sample in general, and a total of 216 plants have been opened abroad by Piedmontese companies compared to 185 by other Italian companies. The average percentage of foreign sales has also risen from 28% in 2005 to 34% in 2006.

The regional car manufacturing and supply chain also holds the record for the number of markets served. Piedmontese companies are more firmly established than the rest of the national car industry in central Europe, Latin America, Asia and the Middle East, while they need to make up ground in eastern European and North America. The commercial gains of the past two years have strengthened these positions and make Piemonte an area that is particularly open to emerging markets (Asia, South America and Middle

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4 Set up in 1997, the Observatory monitors the Italian car component manufacturing industry over time to highlight the trends, main development factors and key characteristics compared to other production markets.
East), with the exception of those central and eastern European markets not yet forming part of the European Union.

Another important point highlighted by the survey is that the growth and expansion of companies in Piemonte’s automotive supply chain can be largely attributed to foreign orders. This phenomenon is obviously more likely to occur if the companies offer innovative products and have few competitors. Forty-eight per cent of those interviewed in Piemonte stated that they could offer innovative products and few competitors, compared to an Italian average of 37%.

Of those companies investing in research, one in four businesses in Piemonte has relations with the university, and one in five has relations with other research centres. However, a negligible number of companies host university researchers (barely 4) or have set up a working partnership or joint stock company (6). One Piedmontese company out of five has established some form of collaboration with other companies in the supply chain. To conclude, the automotive sector appears to have expanded also in the first half of 2007, after a reorganisation phase which is still partly underway. The main opportunities for the sector lie in the development of planetary gearing and the possibility of being included in the supply chain thanks to components with a good technological content. Indeed, over the past few years, Piedmontese companies have responded to the need to invest in innovation and internationalisation. The next step will be to organise industrial districts that make up simple organic units of larger dimensions.

Against this background with its wealth of capacity, expertise and technologies, from 2002 onwards Torino Chamber of Commerce in collaboration with what was then the Centro Estero Camere Commercio, now called the “Centro Estero per l’Internazionalizzazione del Piemonte”, launched “From Concept to Car” in order to promote the excellence of the region’s automotive industry abroad.

The aim of the project is to present these companies to international markets as a unique supply chain, with a greater probability of establishing contacts with the major automotive manufacturers, thanks to constant consultation with the team of professionals responsible for the project.

Table 9  Highlights of the automotive supply and manufacturing chain 2006

<table>
<thead>
<tr>
<th></th>
<th>ITALY</th>
<th></th>
<th>PIEMONTE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>COMPANIES</td>
<td>TURNOVER ($€. MILLIONS)</td>
<td>WORKFORCE</td>
</tr>
<tr>
<td>ENGINEERING AND DESIGN</td>
<td>247</td>
<td>4,304</td>
<td>30,983</td>
</tr>
<tr>
<td>OEM (MODULES/SYSTEMS)</td>
<td>59</td>
<td>7,864</td>
<td>50,305</td>
</tr>
<tr>
<td>SPECIALISTS</td>
<td>465</td>
<td>8,240</td>
<td>49,583</td>
</tr>
<tr>
<td>SUBCONTRACTORS</td>
<td>1,360</td>
<td>17,957</td>
<td>118,463</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,131</td>
<td>38,365</td>
<td>249,334</td>
</tr>
<tr>
<td>VALUE OF COMPANIES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LOCATED ONLY IN PIEMONTE</td>
<td></td>
<td>14,555</td>
<td>98,713</td>
</tr>
</tbody>
</table>

Source: Torino Chamber of Commerce, Observatory on Automotive Components
**The interview**

**Vincenzo Ilotte**, Director of Fonderia 2A, a company in the automotive sector

Fonderie 2A is one of the leading companies in die-casting for automotive components: how did you reach this important goal?

We had an “intuition” that we could sell the advanced technology developed in the die-casting sector - used to produce sliders for zips - to the automotive sector.

Over the years our company had built up the expertise that we thought we could use in the market. This allowed us to diversify our activities to the point where the automotive division is now preponderant. Indeed, we realised that there was room for another player in the market: once we had completed the process of internal development, in 1989 we acquired four foundries in the area around Torino and incorporated them into the company.

To begin with the province of Torino was our outlet market. Then we expanded, both in terms of quality and technology, also thanks to the help of local firms, and we started to export, a move that was also helped by the weakness of the lira.

We are currently the leading aluminium die-casting foundry in Piemonte (with 160 employees) and one of the largest in Italy, with an annual turnover that continues to rise year-on-year in excess of 10%.

The Observatory for Automotive components established by Torino Chamber of Commerce has assimilated the Italian car supply system to an orange, made up of the following “segments”: Engineering & Design, specialists, modules/systems, sub-contractors. Which of these segments does your company fall into?

We can describe ourselves as both “subcontractors” and “systems suppliers”: we started the business as subcontractors, but now we are in a position to propose systems to our customers, made up using our own parts and others purchased on the market that have been produced using different technologies. In other words, we have taken advantage of the opportu-
nities offered by the market, without neglecting the core business that has enabled us to build a reputation in the leading markets

**Do you currently manufacture exclusively for the industrial vehicles sector?**

We produce for both passenger vehicles and industrial vehicles: indeed, we do not specialise by customer type, but rather by the size of the production lot. The volumes we can provide are typically those of small and medium series. We started by supplying components to be assembled in rear driving mirrors and computers, and then moved on to parts to be used in engines; now we are undergoing rapid growth in the chassis components sector, mainly due to the fact that we have developed innovative alloys that can replace heavier, more expensive materials with better, more competitive ones. Therefore, thanks to our technology, we can offer products with improved performances at a lower cost.

At present, the company sees no differences between products for cars and those for industrial vehicles: there are cars today that have very low production volumes, and vice versa some industrial vehicles that have very high volumes. OEM components, namely those sold directly to manufacturers, currently represent some 80% of the company’s turnover.

The only real difference between the markets is the size of the parts. In our case, thanks to our extensive installed base (ranging from 200-ton up to 4,500-ton presses) we can position ourselves in every market.

**Who are your main customers?**

Our main customers are vehicle and engine manufacturers both in Europe and USA. The reasons underlying our growth can largely be attributed to our propensity for innovation and the ongoing drive to meet our customers’ requirements.

In this way, we can successfully:
- supply a product with increasing levels of added value, by integrating first mechanical processing and then assembly
- provide co-design activities, by acquiring the necessary capacity to develop assemblies from scratch (starting with the drawings and mathematical models, then calculating mechanical resistance using FEM techniques, and finally carrying out practical tests on prototypes)
- file two patents that have allowed us to come to the market with real innovations
- develop the skills required to produce structural parts in so-called ductile aluminium, with the result that we now have a strong presence in the US market and are penetrating the
Japanese one
- start up production plants and joint ventures in Brazil, China and Russia.
Thanks to our focus on innovation and the ability to constantly redefine ourselves, we can still manufacture in Italy and win international awards, given that we can compete on an equal playing field with rivals from all over the world, including the Far East. We are recognised as a strategic partner by all the main car manufacturers worldwide.

Where are your products marketed abroad?

We export mainly to Europe (France, Germany and Sweden) and to the North American and Russian markets. We also support customers through exports to other destinations but, for the time being, these do not represent growing markets.
We have also opened production plants abroad: in South America for mechanical processing in collaboration with another company, in China with our parent company, and in Russia with a major local partner.

How important is technological innovation for your company’s success?

Our company currently invests approximately 3% of turnover in applied R&D. Innovation is an all-round factor in our business: it involves both product and process innovation. This is why we are appreciated by existing customers and how we win new ones. We are currently investing in innovation that should allow us to position ourselves differently on the market: we have just purchased a press that, once delivered, will become the largest press in Italy. The new press will enable us to compete on the global market, which is currently made up of three companies, and to become a partner in even more interesting innovations.

We have also invested heavily in training programmes for young people in the company in order to ensure the generational transition and the formation of an exceptional high-level group of managers. One of our goals for the future is to continue to create a management that is both passionate and first-rate, and who will guarantee our growth both in terms of improving the services offered and our global market presence.
We invest just under 10% of our turnover in training and new machinery.

You have worked in close collaboration with the Politecnico di Torino for many years: how will this relationship develop in the future?

We have worked with the Departments of Mechanics and Systems Engineering at the
Politecnico di Torino for many years. This relationship is based on exchange and ongoing reciprocal involvement in new projects and student apprenticeships (some students have subsequently been hired by the company). We do the same with Torino University, above all with the Faculty of Material Science.

Are you currently involved in collaborations / mergers / acquisitions with other companies in your sector?

We collaborate with other companies when trying to penetrate new markets, but they are not necessarily companies from the same sector. One lever that we have used in order to make progress on foreign markets is the Centro Estero per l’Internazionalizzazione del Piemonte, which offers an excellent service for SMEs.
1.5.2 The agri-foodstuffs sector

Food and wine are one of the key features of the renewed tourism and production image for Piemonte and the province of Torino: the extensive availability of resources coupled with Piemonte’s rich tradition of cuisine and the high quality of local produce form the background for a renewed focus on excellence in the agri-foodstuffs sector, which is undoubtedly now a major export area.

Therefore, the need to safeguard “niche productions” lies at the heart of a growing consensus because it supports the link between Piemonte and its most characteristic cultural and geographical traits: at present, in addition to the numerous products awaiting for protected status to be granted, Piemonte can boast already 10 products with PDO (protected designation of origin) and 2 with PGI (protected geographical indication), including the Piedmontese hazelnut, best known as Tonda Gentile delle Langhe.

Table 10 Hazelnuts: cultivation in Piemonte

<table>
<thead>
<tr>
<th>AREA</th>
<th>YIELD Q/HA</th>
<th>PRODUCTION IN QUINTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALESSANDRIA</td>
<td>214</td>
<td>20</td>
</tr>
<tr>
<td>ASTI</td>
<td>1,910</td>
<td>12</td>
</tr>
<tr>
<td>CUNEO</td>
<td>6,505</td>
<td>12</td>
</tr>
<tr>
<td>TORINO</td>
<td>42</td>
<td>20</td>
</tr>
<tr>
<td>TOTAL</td>
<td>8,672</td>
<td></td>
</tr>
</tbody>
</table>

Source: Unofficial surveys carried out in 2004, Department for Agriculture - Regione Piemonte

Although Piedmontese agriculture in the new millennium has experienced falling volumes, the promotion of Piemonte and Torino’s traditions for first-rate food and wine continues to elicit a successful response, mainly owing to two factors: on the one hand, production has become increasingly specialised with a growing focus on the finest local produce; on the other, a genuine “quest for taste” has spread, both locally and internationally, which adds to the culinary and wine-making traditions of this region. For this reason, although this is a sector predominantly made up of SMEs, which are often family-run, the Piedmontese food and wine sector is partially sheltered from the competition of major industrial groups that target the higher tiers of both the domestic and foreign markets.

The numbers confirm this success story: in June 2007 there were 3,446 food manufacturers in the province of Torino, marking a +23% growth since the start of the millennium. One-man businesses constitute over half of these (53.8%), while 37% are partnerships and 7.6% joint-stock companies. According to data from the 2001 survey, a total of 39,000 people are employed in this sector in Piemonte, including over 11,900 in the province of Torino alone.

In 2006 the food manufacturing and drinks industry reported exports worth €545.4 million, amounting to 3.2% of Torino’s total exports and almost 20% of sales outside Piemonte (amounting to a
total of € 2,700.7 million). This figure was up +2.5% compared to 2005: the most important exports are beverages (42.4%, € 231 million), followed at a considerable distance by fruit and vegetable preparations and preserves (3%, € 16.3 million), and meat and meat-based products (2%, € 11 million). Exports of the remaining “other food products” are also significant (48%, amounting to € 261 million): among others, these include bread, fresh pastries and chocolate production, a major item in Torino’s gastronomic tradition.

Seventy per cent of exports are sold to the traditional European partners, above all France (15.8%, € 85.9 million), Germany (11.8%, € 64.4 million), Spain (5.6%, € 30.3 million), United Kingdom (5.4%, € 29.7 million) and Switzerland (4.1%, € 22.2 million). Outside European borders, it is worth noting the export of foodstuffs to Russia (+11.9%, € 64.8 million) and to the United States (9%, € 49.1 million). In the first half of 2007 alone, exports from the sector in question from the province of Torino amounted to 125.5 million, a rise of +26.9% compared to the first half of 2006.

But high-quality food is also accompanied by fine wine: Piemonte, a region renowned for its wine-growing traditions, has approximately 47,500 hectares under vine and some 53,000 hectares of wine-making facilities. In the 2005-2006 agricultural year, a total of 4.5 million quintals of wine grapes were grown in the region (+5.4% compared to the previous agricultural year), resulting in a total output of 3.2 million hectolitres of wine (+5.7%).

**Table 11** Total vineyards divided by province

<table>
<thead>
<tr>
<th>PROVINCE</th>
<th>VINEYARD AREA (HA)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>TORINO</td>
<td>1,317.5</td>
<td>2.8</td>
</tr>
<tr>
<td>VERCELLI</td>
<td>169.3</td>
<td>0.4</td>
</tr>
<tr>
<td>NOVARA</td>
<td>521.5</td>
<td>1.1</td>
</tr>
<tr>
<td>CUNEO</td>
<td>15,312.8</td>
<td>32.2</td>
</tr>
<tr>
<td>ASTI</td>
<td>16,795.3</td>
<td>35.3</td>
</tr>
<tr>
<td>ALESSANDRIA</td>
<td>13,063.5</td>
<td>27.5</td>
</tr>
<tr>
<td>BIELLA</td>
<td>243.7</td>
<td>0.5</td>
</tr>
<tr>
<td>VERBANO CUSIO OSSOLA</td>
<td>35.0</td>
<td>0.1</td>
</tr>
<tr>
<td>TOTAL HECTARES UNDER VINE</td>
<td>47,458.4</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Wine Observatory for Regione Piemonte

The province of Torino alone, with 1,317 hectares under vine, namely 2.8% of the Piedmontese total, and production facilities covering nearly 2,200 hectares, produces over 194 thousand quintals of wine grapes and a total of 137,600 hectolitres of wine (4.3% of Piemonte's total output).

It is the fourth largest wine-growing and wine-producing area in the region, and fifth in Italy in terms of the size of mountain areas under vines. Furthermore, it can boast seven appellations of origin which produce 25 different kinds of wine.

Various methods of promotion are now used to spread knowledge of the area and its wine and fine
foods: these range from a number of successful wine and food tourism initiatives promoted by local authorities and the Regional Tourism Agency in Piemonte to major trade fairs hosted by the province of Torino each year (the Salone del Gusto and Salone del Vino); in addition to the new “food ethics” supported by Slow Food, the international association to promote the region’s food and wine culture, through various events (Terra Madre) and projects (the Presidia).

1.5.3 The aerospace sector

The aerospace sector plays an increasingly important role in Piemonte today. Over the past few years, there has been a growing awareness among local institutions and in the academic and business community that Piemonte can offer companies, human resources and scientific expertise of exceptional calibre. These need to be networked and their development must be supported using the appropriate structural mechanisms and means of promotion.

In 2006 the Promoting Committee for the Aerospace District was set up with the aim of promoting the creation of an aerospace district in the region. Its first initiative was to embark on a feasibility study and the candidature dossier to obtain recognition for the district from the Ministry for this sector. The dossier emphasises the points of excellence and the potential offered by the regional production chain and outlines the resources that need to be invested to secure its affirmation and development.

The data highlights how Piemonte, and the province of Torino in particular, is home to a major aerospace centre. In addition to five major companies, employing a total workforce of 7,000 and producing a turnover of 1.5 billion, there are also some 400 other companies in the sector with nearly 3,000 employees and a combined turnover of over 300 million. Alongside the business sector, the world of research and training offers major skills and human resources for the development of this sector. Lastly, a number of initiatives have been carried out to support its growth.

The production chain can already boast a complete manufacturing sector: it includes end producers of complex subsystems, companies supplying parts, components or complete assemblies to be incorporated into these subsystems, and finally subcontractors of specialised work and equipment.

Downstream of the chain are leading national companies that are well known internationally: Thales Alenia Space, Alenia Aeronautica, Avio, Galileo Avionica, Microtecnica. They head the development and production of avionic and electronic systems, radar and electronic target systems, flight simulators, space propellers, scientific satellite systems and space infrastructure, models for aeronautic propellers, aircraft and aircraft sections: their work ranges from civil transport to scientific applications, from telecommunications to defence. There is also the construction of ultralight aircraft, which is undertaken by a couple of small companies.

Alongside the major enterprises, a group of over 20 medium sized production companies have developed, specialised in the production of parts, components or entire systems for the aeronautical and space sectors.
Lastly, upstream of the supply chain, are a group of SME subcontractors whose technological and production processes are compatible with the technical standards (quality, precision, ability to use specialised materials etc.) demanded by the aerospace industry. These companies produce parts - generally based on designs and specifications supplied by the buyer - or carry out specialised types of work; the activities vary from the production of mechanical parts, to the assembly of electronic circuits, from pressed steel to thermal and surface treatments, from the construction of moulds, tools and equipment, to electric cabling. Many have their principal markets in other industrial sectors, such as the automotive or machining industry, but have the experience, technological know-how and technical-production capability needed to satisfy the demands of the companies at the end and intermediate positions in the aerospace supply chain.

To complete the industrial supply chain, there are companies which operate alongside the manufacturing process and provide technical industrial services. Their production varies from project design to model making, from industrial design to structural calculation, but also includes the manufacturing of specialised software and the carrying out of laboratory tests.

The major companies

Piemonte is home to the technical departments of Italy’s leading aerospace companies which deal with all aspects of aircraft design, motors, mechanical and avionic systems, and concentrate a significant percentage of industrial activities in the region, as shown in the following diagram.

Source: The diagram is taken is from the information dossier on Piemonte’s aerospace technological district compiled by the Promoting Committee for the Aerospace District.
The research system

In addition to the companies, universities and research centres are also present in the area which, as well as training highly specialised human resources, offer instruments and skills to push the boun-
The economic fabric of the Province of Turin, a blend of old and new business vocations.

Particularly relevant in this capacity is the Politecnico of Turin whose departments of Aeronautics and Space Engineering, Electronics, Automatics and Informatics, Mechanics and Materials Science, and Chemical Engineering promote and manage research activities, training and knowledge transfer in the aerospace sector. Other significant teaching and research contributions are made by the University of Torino and the University of Piemonte Orientale.

One of the leading research institutes present in the context of the aerospace sector is the Istituto Nazionale di Ricerca Metrologica (INRIM), which was founded on 1 January 2006 through the merger of the Istituto Elettrotecnico Nazionale "Galileo Ferraris" (IEN) and the Istituto di Metrologia "Gustavo Colonnetti" of the Consiglio Nazionale delle Ricerche (IMGC), with the task of performing and promoting scientific research in the fields of metrology.

Its application to the Galileo satellite navigation system is the most important in the context of the aerospace industry. The Istituto Superiore Mario Boella (I.S.M.B.) also contributes its outstanding scientific resources to aerospace research. In particular, the research activities of the Satellite Navigation Lab can be divided into four main areas: innovative architectures for satellite navigation receivers; integration techniques between navigation terminals and for communications (mobile telephones, PDA, ...); safety-related systems based on GPS and Galileo; study of signals interfering with the Galileo system and techniques to combat them.

Lastly, multidisciplinary research is carried out at the Osservatorio Astronomico di Torino run by the Istituto Nazionale di Astrofisica (INAF). The main lines of research are: astrophysical plasma and extragalactic research, theoretical and experimental astrometry, physical properties of the minor bodies in the solar system and solar physics. Alongside the activities of a purely astrophysical nature, there is strong interest in technological research and the development of instruments in the field of visible and near-infrared interferometry. Ongoing technological research also focuses on activities to develop highly innovative calibration software and data pipelines for space missions.

Institutional initiatives

In addition to the Aerospace District Promoting Committee, 2003 marked the constitution of the Promoting Committee for the Galileo Programme which forms part of the GALILEO programme funded by the European Commission and ESA - European Space Agency - to create an alternative European satellite radionavigation system to complement the GPS (US) and GLONASS (Russian) systems. The committee, which is made up of local public organisations and scientific institutions (university, Politecnico, INRIM, ISMB), aims to foster Piemonte's participation in the activities of the EU programme by selecting the proposed initiatives and identifying the areas of expertise and potential present in the area.

At the instigation of the Galileo Programme Promoting Committee, the Torino Time consortium...
was set up in Torino in April 2004 with the aim of making the city a centre for excellence in the timing sector of the Galileo European Satellite Navigation System and related technologies and applications.

Members of the Torino Time consortium include: Finpiemonte, Fondazione Torino Wireless, IEN Galileo Ferraris, Politecnico di Torino, SEPA Sistemi Elettronici per Automazione, SIA - Società Italiana Avionica, Altec S.p.A and Thales Alenia Space Italia S.p.A.. The institutional members Fondazione Torino Wireless and Finpiemonte play a strategic role in supporting and adding value to the initiative, while the research institutes and industries contribute their scientific expertise and managerial excellence.

The Torino Time Consortium will operate in the development and validation phase of the Galileo System, known as 'In Orbit Validation' (IOV phase), which ESA has entrusted to the Europeo Galileo Industries Group (Gain), comprising leading European aerospace companies.

The Consortium tendered for the realisation of the first version of the Precise Timing Facility (PTF) for the Galileo System and was awarded the contract. PTF is one of the fundamental elements of the ground infrastructures in the Galileo System because it generates the time scale used to synchronise all the satellites in the constellation; it therefore represents a key component which will assure navigation functions for users of the system.

The activities linked to the Galileo project are synergetic with the growth of Piemonte's ICT district in terms of the major repercussions for the economy and employment in sectors such as: land, air and maritime traffic control, Intelligent Transport System, environmental monitoring and emergency management, position location and navigation services, time-related services (synchronisation of telecommunications networks, electrical power plants, financial transactions), telemedicine, tele-assistance and help for the disabled.

TORINO PIEMONTE AEROSPACE: A PROJECT TO PROMOTE THE AEROSPACE SECTOR IN PIEMONTE

The internationalisation of Piemonte’s aeronautical, space and defence supply chain:

• A three-year project (2007-2009) promoted by Torino Chamber of Commerce as part of DOCUP, under the aegis of Regione Piemonte and managed by the Foreign Centre for the Internationalisation of Piemonte.

• A project designed to create a team of excellent companies and to grow together beyond the boundaries.

GOALS

• To increase the international competitive capacity of these companies and to improve the potential for supply
To attract the attention of international players to Piemonte which offers a cluster of excellence, through international and operative networking activities

To stimulate increased competitiveness through the aggregation and development of shared projects.

**TARGET MARKET**

Piedmontese SMEs in the following sectors:
- aerostructures and aircraft construction (including UAVs)
- aircraft interiors and cabin furnishings
- propulsion
- integrated weapon systems
- precision mechanics
- ground systems
- special materials and surface treatments
- satellites, space and telecommunications
- onboard systems and equipment
- services (MRO, technical documentation etc.).

**SELECTION OF COMPANIES**

The companies selected will respond to strict parameters of evaluation: technical know-how, innovative products and processes, quality, programme development, global coverage and human resources potential.

The resulting list will enable areas of excellence to be identified in less structured enterprises that will not form part of Torino Piemonte Aerospace, but will nonetheless benefit from specially designed support.

The selected companies will have to demonstrate motivation and conviction in addressing new markets, be willing to provide comprehensive information and promotional material in English and Italian within a short space of time, and to show determination and promptness in following up requests from international buyers.

**ACTIVITIES**

- Support during certification: activities to provide information for businesses, training (seminars, focus groups, etc.), seminars and conferences, direct assistance for companies
- Formation of business groups: encouragement and support for the creation of activities and the facilitation of business aggregation mechanisms. This is important in order to reach the critical mass required to undertake activities outside the capacities of the individual businesses
- Meetings between constructors - suppliers: activities aimed at winning orders through attending
international events, organising foreign missions and supplier days, invitations to international buyers, off-set, seminars and technical conventions, focus groups etc.

- Procurement: a number of activities are envisaged to improve Procurements, relating in particular to the selection and certification of suppliers of parts, components and raw materials in order to optimise supplier management
- Technological innovation: support for technological innovation applicable to products and process in order to allow companies to flank their R&D activities with funded participation in regional, national and European projects
- Institutional networking: to create a network of collaborative relations between bodies, organisations, associations, research centres and national and international clusters, forming a team where businesses and institutions work together
- Scouting: activities aimed at discovering new business opportunities.

**PROJECT COMMUNICATION ACTIVITIES**

- Coordinated image: creation of an identifying logo for the project and for the selected companies, and the development of communication tools (website, group printed materials, etc.)
- Advertising campaigns in foreign trade press
- Press office for local, national and foreign media.

**TARGET COUNTRIES**

Initially, the project will be targeted at Europe, Russia and the Nafta countries, in particular Canada, as well the Middle East and Far East. However, the final programme will be fine-tuned on the basis of the competitive and quality profile of the businesses selected.

**TEAM OF PROFESSIONALS**

The team will include experts from the sector in order to give the project a high technical profile and the possibility of drawing on a pool of multiyear experience and expertise in the aerospace industry. The team will take part both in the local activities (evaluation and selection of companies, competitive positioning, preparation and organisation of programmes, etc.) and in those linked to the international context (analysis of international demand, identification of opening for internationalisation, identification of strategic markets, etc.).

**CONTACTS:** **TORINO PIEMONTE AEROSPACE - VIA VENTIMIGLIA, 165 - 10127 TORINO**

**TEL. +39 011 6700698, aerospace@centroestero.org**
Andrea Romiti
CEO of APR s.r.l.

APR s.r.l. (www.apr.it) is a dynamic company operating in the aerospace sector and based in Pinerolo (Torino). Its activities include the construction of critical rotary components (impellers, bladed disks, ...); the construction of precision parts for aviation structures (spars, brackets, frames, ...); concurrent manufacturing engineering services, prototype and component production in advanced polymers for aviation applications.

Ing. Romiti, can you tell us how your company was set up and how it developed?

APR was founded ten years ago with the “business dream” of becoming a leader in the construction of highly critical aviation mechanical components (rotary and structural parts) and to implement an organisational model aimed at valorising human capital.

What is your reference market? In your opinion what does a Piedmontese company need in order to compete with international rivals in the aerospace sector?

Our reference market is the global aviation community with a distribution of sales 70% abroad and 30% in Italy.

In order to compete in this so-called capital-intensive sector, companies must have access to services with a comparable cost/quality ratio to those used by their international competitors. This is not the case in Italy today, especially with regard to energy costs and the scarce availability of infrastructure (both physical and virtual, in the sense of ICT).

The quality standards that products in the aerospace sector have to meet also means that suppliers must have access to products with special characteristics: does your company work with local suppliers?

Yes, right from the outset our company established collaborative relations with local firms with a view to valorising the combined technological potential and to providing solutions for international buyers. In this sense, Torino and Piemonte can call on a pool of expertise and
professional skills of outstanding value, but this needs to be kept up to date through comparison with the evolution of other technology-intensive regions in Europe.

The local relations between parties working in a production sector (companies and research centres) creates an integration between expertise and capacity able to give greater importance to companies in the markets: what do you think about the aerospace sector?

Going back to what was said a little earlier, I think the main challenge facing Italian companies in this sector is to learn to work as a group, creating vertical clusters or groups of companies with complementary rather than overlapping expertise, in order to present the market with structured and competitive industrial capacity.

To do this, we need to put aside our individual needs and be ready to debate and respect shared rules.

Does your company carry out strategic collaborations with other businesses in order to supply large customers? Does it collaborate with research centres?

APR has successfully gained the trust of international customers because it has shown itself capable of building permanent relations with qualified partners and local suppliers.

We work with national and foreign research centres and with the research departments of all our major customers, and the highest expectations of our development plan are focused on research or rather innovation management.

How do you assess the creation of an “aerospace district” in Piemonte in terms of the impetus that this might give to companies working in this sector?

The creation of a real district is crucial in order to foster a feeling of belonging for our companies, to give international visibility to our combined potential and to move towards the design and construction of innovative products and systems that sum up the expertise and knowledge of our aerospace ancillary industry.

It is working in other European regions and there are no reasons to suppose it would not work here. However, to achieve this we urgently need the institutions also to work as a team, allowing Piemonte to attain the status of a Technological district, a project on which the Promoting Committee for the Piemonte Aerospace District has been working for over a year.
What are your strategies for the future?

In line with our business plan, the next three years will be marked by investments to ensure APR’s expansion in Piemonte through the construction of a new plant in Pinerolo. Priority will be given to training, investments in R&D and production systems for complex components for aviation structures and engines.

What contribution is made by public institutions and organisations (including the Chamber of Commerce) and trade associations to foster the development of companies in your sector?

To promote measures that improve the capacity of businesses to work in groups, each in their own sphere of expertise. In this context, Torino Chamber of Commerce and “Centro Estero per l’Internazionalizzazione del Piemonte” deserve applause for having launched the Piemonte Aerospace project that aims to support the internationalisation of our companies by promoting the global aviation community in the market place; trade associations are also doing well in encouraging the active involvement of SMEs in research projects with Italian universities, research centres and major companies based in Piemonte.
1.5.4 Pleasure craft

Pleasure boats, the luxury end of the boatbuilding industry, confirmed their presence as a dynamic sector in constant expansion: there is a complete boatbuilding supply chain ranging from the design and production of pleasure boats, sailing boats, yachts, open and flybridge motor yachts to the production of components and accessories for the pleasure boat sector. Several factors have contributed to its success: first, the production of superyachts forms part of the luxury goods market that has continued to expand in terms of turnover (globally the sector generated € 160 billion in 2006 compared to € 146 billion in 2005), accounting for 7.8% of the total.

Furthermore, while on the one hand the steady growth in the demand for luxury vessels is becoming increasingly diverse, a fact that also enables greater diversification at the production level, on the other the commercial life of products has shortened since customers buy and sell their vessels at a faster rate than in the past. Lastly, the market for pleasure boats and in particular superyachts is not affected by cyclical downturns in response to swings in the international macro economic context. This is borne out by the fact that the annual growth rate for the world market fluctuates between +5% and +10% and is increasingly focused on the market for top of the range superyachts. A study carried out by the Observatory of the Nautical Market at the University of Rome Tor Vergata revealed that in 2006 the demand for deluxe yachts generated € 12.47 billion worldwide, equivalent to nearly 700 pleasure craft: the sector has experienced an average annual growth rate of 14% over the past 5 years.

Moreover, the pleasure boating sector represents an important exception to those industrial sectors which are more sensitive to the market dynamics that have shifted the balance of economic power towards the “emerging economies”: indeed, taking the production as a whole, which includes sales of individually owned boats mainly for non-commercial use, only a tiny percentage comes from boatyards located outside Western Europe and the United States.

Table 13 The top ten

<table>
<thead>
<tr>
<th>Manufacturer</th>
<th>Expected Turnover 2007 (Millions $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRUNSWICK (USA)</td>
<td>2,800</td>
</tr>
<tr>
<td>BENETAU (FRANCE)</td>
<td>1,350</td>
</tr>
<tr>
<td>FERRETTI (ITALY)</td>
<td>1,254</td>
</tr>
<tr>
<td>AZIMUT-BENETTI (ITALY)</td>
<td>1,070</td>
</tr>
<tr>
<td>SUNSEEKER (UNITED KINGDOM)</td>
<td>407</td>
</tr>
<tr>
<td>PRINCESS YACHTS (UNITED KINGDOM)</td>
<td>400</td>
</tr>
<tr>
<td>LURSSEN (GERMANY)</td>
<td>400</td>
</tr>
<tr>
<td>BAVARIA YACHTS (GERMANY)</td>
<td>300</td>
</tr>
<tr>
<td>MARINE PRODUCTS (USA)</td>
<td>240</td>
</tr>
<tr>
<td>HUNTER MARINE (USA)</td>
<td>200</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>8,421</strong></td>
</tr>
</tbody>
</table>

Source: Data provided by individual companies and elaborated by Sole 24 Ore
The market for yachts over 26ft long more than doubled between 1997 and 2004, but the share of the top eight manufacturers worldwide nearly tripled (from €959 million to €2.8 billion).

In continental Europe alone the pleasure boating market is worth €9 billion and motor yachts account for 80% of production. The top ten manufacturers of pleasure craft, both sailing and motor yachts, longer than 8 metres, generate a total of $8 billion and employ some 38,000 staff, mainly based in countries with high employment costs: above all the United States, France, Italy, Germany and the United Kingdom. Sales for 2007 are expected to reach and even top $8,421 million.

The world ranking of yacht manufacturing countries sees the United States in first place followed by Europe, where Italy is at the top with higher growth rates than in other countries. If the analysis is restricted to the superyacht market, Italy emerges as the absolute leader.

According to data reported in a survey carried out by UCINA (Unione nazionale cantieri e industrie nautiche e affini) in collaboration with the Department of Economics and Quantitative methods at the University of Genoa, “Made in Italy” is confirmed as the leader in the “boatbuilding supply chain”, with an Italian fleet numbering 592 thousand vessels: thanks to 770 boatyards spread throughout Italy, in 2006 the Italian output of pleasure boats topped €3 billion, a rise of +18.3% on 2005. If one includes accessories and components as well as the motor sector, the value of nautical production for 2006 reached €4.6 billion (+19.5% compared to 2005). This growth can be attributed largely to the export-driven production: 58.9% of production is sold to international markets (€1.77 billion, +30.6% compared to 2005), while production for the domestic market rose by four percentage points. At all events, the contribution of the boatbuilding industry to the national economy is very respectable: in 2006, the sector contributed €4.1 billion to national GDP and the number of persons employed, both directly and indirectly, in the sector was estimated as 34,500.

Table 14 Italian pleasure craft production (figures in € millions)

<table>
<thead>
<tr>
<th>NATIONAL PRODUCTION OF WHICH</th>
<th>2005</th>
<th>2006</th>
<th>VARIATIONS %</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOR THE DOMESTIC MARKET (A)</td>
<td>1,175</td>
<td>1,225.6</td>
<td>4.31</td>
</tr>
<tr>
<td>FOR EXPORTS (B)</td>
<td>1,346</td>
<td>1,758</td>
<td>30.61</td>
</tr>
<tr>
<td>NATIONAL PRODUCTION (A+B)</td>
<td>2,521</td>
<td>2,983.6</td>
<td>18.35</td>
</tr>
<tr>
<td>IMPORTS (C)</td>
<td>365</td>
<td>467.2</td>
<td>28.01</td>
</tr>
<tr>
<td>IMPORT - EXPORT BALANCE</td>
<td>981</td>
<td>1,291</td>
<td>31.57</td>
</tr>
<tr>
<td>OVERALL TURNOVER (A+B+C)</td>
<td>2,886</td>
<td>3,450.8</td>
<td>19.57</td>
</tr>
</tbody>
</table>

Source: UCINA data elaborated by Sole 24 Ore

Keeping Italy’s presence high in the top ten of world pleasure boat manufacturers are companies like Ferretti and Azimut Benetti, Italian boatyards that are ranked respectively third and fourth in the classification of boatbuilders with annual revenues in excess of one million dollars (they are preceded by the US-based Brunswick, the undisputed leader, and the French company Benet...
around 2,500. Headed by Paolo Vitelli, a businessman from Torino who is currently CEO and President of the Group which set up Azimut Srl in 1969: from being a company specialised in yacht chartering, the company has become a centre of excellence for its craftsmanship and design of fibre-glass vessels, made on an industrial scale and aimed at the pleasure boating market. In 1985 the choice to take over the Benetti shipyard in Viareggio, specialists in steel and aluminium boats, helped to expand the experience and product development methodology. Today, the Azimut-Benetti group is the leading Italian luxury boatbuilder, with an order book in excess of 1.5 billion.

But the region offers a much wider panorama: Piemonte can boasts of a real “nautical supply chain”, made up of numerous dynamic companies operating in key segments of the boatbuilding sector. Sur Marine, the smallest company, is based in Moncalieri and specialises in the production of a range of small-sized sports boats: characterised by their excellent design, they measure less than 4 metres in length and are often used as tenders to larger vessels.

Piedmontese companies also play a brilliant and promising role in nautical components, a sector characterised by major investments in R&D and careful design: Opacmare, a company based in Rivalta, outside Torino, is now a leader in the production of yacht components and accessories: set up in 1995 as a result of the experience acquired by Opac in automotive components, by 2006 the business was generating revenues of 27 million.

Instead, Gwm Yachting Innovation, a dynamic company producing instruments and nautical equipment using cutting-edge technology, was a spin-off from the Politecnico business incubator: the company has developed a network of relations with other leading bodies in the area around Torino and in Piemonte, including the Neurotics and Electronics Lab at the Politecnico di Torino, Fondazione Torino Wireless, Istituto Mario Boella and the Proplast Consortium at the Politecnico di Alessandria.

A strong tradition of craftsmanship combined with a capacity for innovation continue to be key features of the Piedmontese pleasure craft industry, making the boatbuilding industry increasingly competitive and offering good prospects for expanding international sales networks and approaching new markets, above all in the Middle East.
Paolo Vitelli
Chairman and CEO of Azimut - Benetti Spa.

Pleasure craft and “Made in Italy”: in the past decade this has proved a strategic combination for a segment of the boatbuilding industry that generates record turnovers each year. After the success of 2006 - when Italian production was estimated to have topped 2.7 billion euros - do you think that there’s still room for growth? What are the keywords for the growth strategy of Italian-manufactured pleasure boats worldwide?

The Italian boatbuilding industry is estimated as being worth € 3 billion in 2007, and € 4 billion if you include components. These are large sums, but the Italian pleasure craft industry still has plenty of potential for growth, buoyed up by its international success over the past years. “Made in Italy” boats have gained a reputation for excellence on international markets, not only thanks to the design aspects of the vessels produced, but above all the reliability shown during the design and production phases, as well as for the constant levels of customer service. This is quite a rare event in Italian industry, on which the specialist operators will have to continue to invest in the future.

Azimut-Benetti has worked in the pleasure craft sector for over thirty years: how has the sector evolved over this period?

When the company was first started, the manufacturing and economic context was very different from the present: 30 years ago, the boatbuilding industry didn’t even exist yet. However, there were good craftsmen, joiners, carpenters and cabinet-makers: this category has been capable of passing down its skills to the new generation and becoming increasingly specialised everyday; this group of craftsmen and traditional professions were later able to transform themselves and evolve, giving Italy the best and most complete boatbuilding sector in the world.

In addition, I believe it is important to remember that the boatbuilding industry has managed to become truly globalised, showing an extraordinary capacity to compete with key international rivals: it is probably the Italian industrial sector most widely found in the main markets worldwide.
Azimut Srl was founded in 1969. Today, the Azimut-Benetti group is a luxury boatbuilder and designer: what are the key highlights (turnover, workforce, production plants) of Azimut-Benetti Spa?

La Azimut è nata nel 1969 come piccola società di noleggio prima e compravendita del. Azimut was established in 1969 initially as a small charter company and later as a second-hand boat dealer. However, the winning decision - and also the most profitable - was to start selling our own make of boats, initially glassfibre motorboats. This marked the start of the company’s growth and, after the important decision to take over the historic Benetti boatyard in 1985, the company changed its name to Azimut - Benetti Spa. Today, we are the world’s top producer of mega yachts and the financial highlights clearly reveal this pattern of growth: the latest sales figures amount to € 850 million, continuing an average annual growth rate of +20% over the past ten years. Our production plants stretch over 500,000 square metres, of which 200,000 are under cover, with a 3,000-strong workforce.

Azimut-Benetti today is both the jewel in the crown of Italy’s pleasure boatbuilding industry and one of the points of excellence in Piedmontese industry and the business fabric in the province of Torino. What contribution has Piemonte and its manufacturing strengths made to a company that was established and grew up here? And what contribution do you think your company has made to an area as rich in potential as Piemonte and Torino?

The Azimut-Benetti group produces nearly half of its turnover in the area around Torino which has always shown a strong vocation for manufacturing. Like many others, our company has benefitted not only from the solid industrial culture in which this area is steeped, but also the commitment and serious professional skills of the people who live and work in this region. However, our company has also tried to make a contribution to Torino and its province: we have offered employment and jobs during a period of crisis in the mechanical industry and while automotive production has migrated to other locations.

We have passed on our pride and passion in this work, which is rooted in genuine tradition of local crafts, and given them a dream that has perhaps been missing in Torino for some time.

Two of Azimut - Benetti’s nine production plants are based in Avigliana, outside Torino: what design or production phases are carried out there?

The various boatyards owned by the company differ in functional terms. In particular, at the Avigliana production plants we design and produce our standard range of boats, inclu-
ding the 12 and 22-metre yachts: the most recently built industrial plant in the province of Torino dates from 1999 and covers 100,000 square metres; it was specially planned to be equipped with the most advanced technologies and equipment available in boatbuilding for the construction of yachts up to 21 metres, ensuring efficient quality control at every stage of production. During the course of a year the Avigliana boatyard produces over 250 yachts, including 21-metre models, at a rate of more than one a day.

What is the role played by R&D and technological innovation in the pleasure boat industry in general and inside Azimut-Benetti?

Technological innovation has always been the key feature of our group. We have set the trend for nearly 40 years and the company is often imitated by other industries around the world: our interest in technological progress emerges not only from our products which offer countless high-tech solutions, but also in the process of computerisation introduced throughout the company in order to guarantee efficiency in all dealings with customers and in the management of relations with boatyards, producers and suppliers. What’s more, we are one of the few companies who, as well as employing hundreds of technicians who work on the design phase, dedicates a group of full-time engineers to Research & Development: we study and test new products, new technologies and new processes that will be applied on the boats of tomorrow, in a year or even five years’ time.

Today the link between energy and environment is increasingly topical. Does the design and construction of pleasure craft focus attention on this issue (through the study of new power devices or less polluting sources of energy)?

Yes, without doubt it is an increasingly topical issue and one that the boatbuilding industry must tackle. In collaboration with the Politecnico di Torino and other major research centres, our R&D centre is developing the first fuel cell to be installed onboard a vessel: this will enable the onboard services to be fuelled more efficiently, creating vessels with less polluting, almost zero emissions and guaranteeing absolute silence and complete safety. This is a reality that is already being tested by our Research Centre: according to our forecasts, this alternative form of power will go into production in a few years’ time.

What percentage of your production is exported? What are the main export markets?

The boating industry is undergoing an increasingly intense globalisation process. Our group
CAMERA DI COMMERCIO DI TORINO has taken up the challenge posed by the internationalisation of markets: we currently export 80% of our production to 67 different countries. For this reason, the sales network is organised on a global scale, covering 138 outlets which the group has opened worldwide: we are the largest foreign presence in Dubai, a new market for global luxury, and in countries like the United States, Russia and Mexico; we occupy a very strong position in Hong Kong, Singapore, Brazil and the Dominican Republic.

Turning to our commercial relations with the emerging economies, we are progressing at full speed in South Africa and Asia, in particular in China, India and South Korea.

Pleasure boating represents an industrial segment where production is still mainly concentrated in countries with high wage levels, like Italy. What is the reason for this choice? How can the sector manage to stay competitive faced with competition from countries with lower wage costs?

The boating industry is also a luxury sector. In this sense, pleasure boating forms part of a market area, like that of luxury goods, that is partially isolated from the international economic cycle: it is an elite market which relies on the capacity of the boatbuilder to meet the customer’s specific demands. The competitiveness of a vessel made in Italy is therefore not linked to its production cost but to the craft tradition that still guarantees the quality, perfection and, above all, the uniqueness of the product, the key requisite of the luxury market. This explains why buyers from all over the world and in particular those from emerging countries want an Italian boat that has been made in Italy, because they are looking for an exclusive product and are therefore prepared to pay for the luxury.
1.5.5 The audiovisual sector

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>THE CINEMA IN PIEMONTE, 2001-2006</strong></td>
<td></td>
</tr>
<tr>
<td>202</td>
<td>Productions</td>
</tr>
<tr>
<td>69</td>
<td>Films</td>
</tr>
<tr>
<td>54</td>
<td>TV series and soap operas</td>
</tr>
<tr>
<td>69</td>
<td>Shorts and documentaries</td>
</tr>
<tr>
<td>1,054.10</td>
<td>Production weeks</td>
</tr>
<tr>
<td>228</td>
<td>Preparation weeks</td>
</tr>
<tr>
<td>3,472</td>
<td>Local technicians employed</td>
</tr>
<tr>
<td>1,454</td>
<td>Local actors</td>
</tr>
<tr>
<td>19</td>
<td>Commercials and music videos</td>
</tr>
<tr>
<td>169,256,255</td>
<td>Investments in Piemonte (euros)</td>
</tr>
</tbody>
</table>

Source: Film Commission Torino Piemonte

Torino, which has always been thought of as an industrial city, became the first centre in Italy for the development of a new art in the early twentieth century: cinema. It was here that the first Italian films were made and, in the first two decades last century, the cinema was an extremely important resource: Italy's first art cinema and the first permanent cinema screen opened their doors in 1897 under the shadow of the Mole.

Over the past few decades Torino and its province have witnessed the revival of their old vocation, and have become a modern film centre. In particular, the audiovisual and multimedia sector have undergone a rapid development, thanks to the leading role played by Torino's companies in the production of 3D graphics and virtual reality.

This strong vocation for the film world is borne out by the fact that the Mole Antonelliana, a symbol of Torino, now houses the National Museum of Cinema and since 2001 it has become Italy's leading museum for fans of the seventh art.

Over the past few years, Torino and its province have become an important centre for numerous film locations dotted across the area. This is largely thanks to the activities of Film Commission Torino Piemonte, a non-profit foundation set up in 2000 to facilitate the work of film companies that choose to shoot films in Piedmontese locations and whose support takes the form of in-depth location research during the pre-production phase, and if requested, also while writing the screenplay.

With 1,454 local actors, 202 productions and 3,472 local technicians in Piemonte, the film sector offers professional opportunities with excellent prospects for growth. In confirmation of these prospects, the last year has seen a 25% increase in the number of productions in the region, use of local technical personnel has risen by +5.3%, and the weeks of preparation and filming have also increased by +33.3% and +1.2% respectively. The investments made on film production in Piemonte during the period 2001-2006 have now topped €169 million.

The desire to improve and make progress in the audiovisual sector in Torino and Piemonte is also
evident in the modern Virtual Reality Multimedia Park set up by the public bodies in the capital and region as a whole. The only example of its kind, the park is based in part of the former Fert film studios and represents Piemonte’s most significant challenge in the audiovisual and multimedia sectors.

Among the main goals of this facility, which covers a total of 8,000 square metres and is equipped with leading-edge technologies for the production and post-production of audiovisual products and multimedia research, are the promotion and development of the technological, cultural and economic contents of multimedia products, with a special focus on the use of virtual reality.

It is also worth mentioning other major infrastructures in the audiovisual system in Piemonte and Torino, which contribute to the constant improvement of the audiovisual productions, such as Unistudio, Euphon, Telecittà Studios, to mention the most important, and the RAI Production Centres with four fully equipped theatres and technologies for virtual study.

The promotion of numerous potential openings for the film production sector in Piemonte has also led to countless initiatives over the past few years to enhance the local “Cinema System”. From this point of view, the works of Cineporto in Torino have continued; this takes the form of a real “House for Producers” which, from 2008 onwards, will house future productions. Here they will find various modules with production offices, costume rooms, space for sets, meeting rooms, a store for valuable material, casting rooms, projection rooms for viewing daily shoots, joinery facilities and a dressmaker’s workshop for washing costumes. Moreover, Torino and its province have now embarked on a future project, which is now waiting funding: Cineborgo. This will be a real “fortress of cinema” which can house the “treasures of Italian cinema”. All these new services will increasingly turn the area into a “land of cinema”.

Torino also hosts Antenna Media, the representative office in Italy - together with Media Desk - whose main office is in Rome, of the EU Media programme. This programme aims to support Italian companies actively involved in film, audiovisual and new media production and distribution, offering information, advisory services and updating. Among the most important events organised by Antenna Media Torino, it is worth mentioning the Giornate Europee del Cinema e dell’Audiovisivo, which reached its fourth year in 2006.

In 2007 the fifth edition of this event will be hosted by the special company set by Torino Chamber of Commerce, “Torino Incontra” Congress Centre, to coincide with the opening of the Torino Film Festival, a key international festival for emerging talent and now renowned as an event for film enthusiasts from all over the world.

Also in the field of education, Piemonte and the province of Torino have made considerable progress; the Experimental Centre for Cinematography was founded in Chieri, in the province of Torino, back in 2001.

The Animation school was set up in response to the growing demand for creative and technical talent in the design and production of animated images. The courses aim to train artists and profes-
sionals qualified to take part in all the creative, design and production phases for cinema, TV and the new media, based on animation techniques and language.

It is no coincidence that Torino and Piemonte also boast production studios in the animation sector that have created true masterpieces which have been appreciated and awarded at international level. The creative service industry in the province of Torino with its centre for animation is becoming increasingly well known: a prime example is the company Lanterna Magica, one of the most important at a European level. Through the production and realisation of animated films, and its specialisation in full length films and TV series, the company now employs 40 designers and creative graphic artists and has a turnover of approximately € 2 million. Furthermore, to underline the increasingly strong vocation and recognised importance of animation in Torino and Piemonte, there are now plans to set up an animation district: a place where a wide variety of different talents and technical expertise would combine in synergy to challenge foreign competition and strengthen the area’s rediscovered tradition in cinematography.

The region has also carved out a special niche in the field of make-up and costumes, using specialised trades and laboratories where the top professional costume designers and make-up artists offer the excellence of Italian know-how to the world film industry.
Claudio Papalia, President of F.E.R.T. (Filming with a European Regard in Turin)

The passionate love affair between Torino and film is age-old, indeed Torino is the birthplace of Italian cinema. How was cinema rediscovered in Torino and how did this vocation start to flourish again?

There are two important dates to be mentioned: they are ten years apart and it is no coincidence that they lie either side of the two worlds of cinema. The first date is a cultural one: the birth of Cinema Giovani in 1982, at the end of a period of dreams lived in the real world, often with tragic outcomes. The second is industrial: having threatened to demolish the former-Fert Studios in 1992, a proposal was submitted to the town-planning scheme by a group of professionals to save the studios in the name of the burgeoning possibilities of European cinema; this marked the start of this new season and positioned Torino once again on the cutting-edge of cinema as business (the original documents can be consulted in the “Yesterday” section of www.fert.org).

Film Commission/ Museum of Cinema/ Telecittà-Centro di produzione di San Giorgio/ Virtual reality & multimedia park/ the “Giovani Cinema” festival first held in 1982/ the Animation Department, Experimental Centre for Cinematography/ Antenna Media Torino: can this range of initiatives and proposals continue to expand? What other projects can be started to enhance the local cinema system and promote the numerous potential openings for the film production sector in Piemonte?

Which projects? Here as well we need to take a step back in order to gain a clearer understanding: the cinema system should be overcome as rapidly as possible. It might make sense as a start-up policy, but what we now need to assure is the development of a district of cultural industries.

When Fert, an association for business culture, first proposed the Piemonte Film Commission in 1993-94, it did so from the Centre Culturel Français because one of the competitive advantages of this area is undoubtedly the Alpine chain and Mediterranean basin; today Piemonte is a member of the Euroregion that stretches from Torino to Nice,
Genova to Lyons, and from Marseilles to Annecy and Aosta. These various film commissions can join forces to offer a range of locations and services that is unmatched even in California. But more importantly, the creation of this network may be decisive for product innovation, which in media terms is called content project development. In the 1993 outline, it was planned to set up the Piemonte Film Commission based on four focal areas: location and technical services, of course, but also finance and innovative rights management. This was the project, which was provisionally called Medialp: it consists of reinforcing existing services throughout the area, integrating them with editorial, financial and commercial services, which are certainly no less important than set services; this would create a mechanism for the validation of rights based on transparency between operators and credit which is the essence of best financial practice.

Torino offers a hub of knowledge in this field, namely the Crea Net study, which was developed together with the Information Society Technologies: the result is not just an information system but also a way of working between companies and companies, even across national borders.

This is not an abstract affirmation, but rather the 2008 working programme for Fert Rights alongside the international markets for film projects (the Giornate Europee and Book Film Bridge), which we would like to merge into a single collaborative platform on a Euro-Alpine level for use on an international scale.

How can you quantify the audio-visual sector in Torino and its province? To sum up, there are 4 main audio-visual areas: cinema, radio & TV, home video and on-line multimedia. What proportions do they occupy in the province of Torino?

Seen against a panorama of advanced digital convergence, the media contents cannot be mechanically separated into classified categories. The distribution categories make sense because they represent forms of utilising the content, but they often intersect.

A classic law of economics applies to the cinema: “few, major successes”, this is the driving force to be created; but there also another for the digital contents (linear or interactive, television-internet-home): “lots of profitable cross-border niches”. In tangible terms, you’ve got a winner if you produce a successful film for the big screen (not necessarily a blockbuster, if you think of the Dardenne brothers), and you win with a documentary, a cartoon, or a creative essay on old and new media. Also anyone who can pass valid contents from one media form to another is even more successful.

Excellent documentaries are produced in Torino, as are good cartoons, but mediocre films
are still written and made: but we are still in the early days, and it is particularly difficult because medium-term investment has been rather scant, like in many other innovative sectors.

How important for this sector is the expenditure on investments and innovation? How do companies in audio-visual sector in and around Torino adapt to a constantly changing market, and how do they position themselves in the new Italian and international audio-visual landscape?

Expenditure counts, but the farsightedness of their governance counts for more. Companies are undercapitalised, deprived of the domestic TV market, accustomed to financing through commissions or the dual track of commission-initiative. The few companies that have made the transition to the international market, Zenit, Stefilm, Làstrego-Testa, have accomplished miracles and yet still continue to be garage teams. The public cultural administration has achieved much, but without being able to change the underlying situation; economic development and innovation is only starting now, nearly twenty years behind many other European regions.

Today there is talk about regional TV which would work with independent companies. I am delighted to have introduced Patrice Mallet, PDG of TV8 Mont-Blanc, to its promoters; but also aware that trans-Alpine TV syndication could work well if launched alongside a network of editorial development covering the whole Euroregion, the Medialp project.

The professionals and companies working in Piemonte in the field of entertainment, film production and post-production.

The evolution of the audio-visual sector has led to the creation of new professional figures. The role of vocational training in the sector.

Let’s start from the top: the management, especially those managing intangible assets and the co-ordinators of editorial development. These professions were unknown to the trainers; in 2007 we tried to launch a European project, but we were not sufficiently convinced. Let’s hope to succeed in 2008. At an intermediate level, twenty or so story-editors have been trained at IAL and Virtual, and are now doing apprenticeships at Fert. Various initiatives have been carried out at a technical level on set; but what is missing is the context in which English, French, American, Czech and Danish operators are trained and work. I believe that short, intensive courses offer a more effective way of stimulating innovation than a thousand hours, and the international dimension is more effective than the domestic. It is no coincidence that Fert has promoted above all European courses.
How does the EU Media Programme work, and Antenna Media Torino, in particular? What services does it offer at a local level?

Media is a very broad programme. From DG Culture it passed to DG Info Society and Media, an important sign. It has a budget of over one hundred million a year to develop projects, provide training and carry out distribution and promotion. It cannot intervene directly in production, but it can support pre- and post-production. Its contributions are essential for Italian companies since they cover the key links and those which are most difficult to fund in the production chain. Antenna Media Torino is one of two offices in Italy. It provides a free advisory service for companies to improve their success in securing media funding and undertaking European operations in general. It works closely alongside Torino’s companies, but also supports companies throughout Italy. They need only go to the website and make an appointment. The only requirement is that users must be registered with the Chamber of Commerce. The quality of its work is borne out by the fact that it is preferred by many companies based in Rome and southern Italy.

The “Giornate Europee del Cinema e dell’Audiovisivo”. A rendezvous that has now reached its fourth year. Taking stock of the initiative.

We began the “Giornate Europee del Cinema e dell’Audiovisivo” in 2004, the same year that we also launched the Book Film Bridge. Given that our strategy always consisted in qualifying Torino-Piemonte as a workshop for the development of media content projects for the entire European market, we realised that two project “markets”, at a six month interval, one linked to the Festival and the other to the Book Fair, were inadequate. In addition, they were offering something that had no competition in southern Europe. The producer placed at the heart of the market. The “Giornate Europee” in 2007 were the only promotional initiative based in Italy which was partly funded by the Media programme; the main Italian co-production market, with over 500 professionals from about twenty countries. In 2008, by associating the Giornate Europee with TFF-Lab aimed at promoting primary and secondary works at an international level, we will aim at a market that is no smaller in size than Rotterdam and Berlin.

The condition of the Book Film Bridge is less certain. It consists of a market for projects to adapt novels for the screen and to combine films with printed editions (both trends that have shown steady growth). Now in its fourth year, 2007, the ICE and the Department of Commerce of Regione Piemonte felt that the two b2b markets of the Fiera del Libro - International Book Forum (translations) and Book Film Bridge (secondary rights) - tended to suppress instead of completing and strengthening one another. As a result, the BFB has lost its market status and become a simple programme of events and meetings inside the
International Book Forum. A large Fair has numerous markets, at least in communications, given that the logistics need to be optimised. This principle is even more true given that the name of the International Book Forum “covers” just one aspect of the supply, that relating to books, precisely when convergence makes it important to cover the entire arc of transition from paper to screen. IBF and BFB work in parallel, in the interests of the Fair. If the Book Film Bridge market is adequately publicised, participating publishers will be tempted to send not only the person responsible for translation, but also the person involved in adaptations, who quite often is higher up in the company hierarchy. European producers (BFB 2006 was warmly reviewed in Screen International distributed at the Cannes Festival) will be prompted to move towards FdL Torino; the IBF/BFB merger will gradually led to the creation of a competitive Rights Center (in the first place, against the Paris and Madrid fairs). If the Fondazione per il Libro, la Musica, la Cultura, in collaboration with Fert, directly proposed the BFB to the Media programme, it might be possible to “inherit” the European aid that Media has removed from the Children’s Book Fair in Bologna.

European cities of cinema: does Torino have a model on which to draw?

There are various prime examples in Europe. North England and Scotland for regional economic planning. Hamburg and Luxembourg for collaboration with credit. The Czech Republic for its combination of classic and digital training. But “inspiration” must be drawn from inside our Euroregion, which is where cinema was born, industrialised and then spread to the rest of the world: there’s a Belgian instrument we would like to use here, and expand it to the entire Euroregion. I mention it because, in my opinion, this is the clue for shifting from a “system” to a district. The Wallimages association has an instrumental company, Sowalim - a set-up that is identical to Fert and Fert Rights. The difference is that Wallimages is funded by public and private sponsors, while Sowalim removes and manages a share of the rights from funded projects until the subsidy paid is fully returned. The outcome is both cultural and industrial, and can be seen in the films made by the Dardenne brothers and the steady growth of best practice.
1.5.6 The ICT sector  
(Information Communication Technology)

Number of businesses

Based on InfoCamere data, at 30.09.2007 a total of 8,600 companies registered in the Register of Companies kept by Torino Chamber of Commerce were operating in this sector, in the widest definition of the term (ICT manufacturing, intangible services, telecommunications, wholesale and lease of ICT manufacturing products, contents industry). The companies registered provide an approximate but nonetheless significant indicator of the size and development trends of this macro sector, which - in terms of numbers of companies - represents 3.7% of the business fabric in the province (2.8% in the region of Piemonte).

Table 15  Businesses in the ICT sector registered at 30.09.2007

<table>
<thead>
<tr>
<th>ICT SECTORS</th>
<th>PROVINCE OF TORINO</th>
<th>PROVINCE OF MILANO</th>
<th>PROVINCE OF LOMBARDIA</th>
<th>PROVINCE OF GENOVA</th>
<th>TOT. LOMBARDIA</th>
<th>LIGURIA</th>
<th>PROVINCE OF TORINO</th>
<th>PROVINCE OF MILANO</th>
<th>PROVINCE OF LOMBARDIA</th>
<th>PROVINCE OF GENOVA</th>
<th>PROVINCE OF LOMBARDIA</th>
<th>LIGURIA</th>
<th>PROVINCE OF TORINO</th>
<th>PROVINCE OF MILANO</th>
<th>PROVINCE OF LOMBARDIA</th>
<th>PROVINCE OF GENOVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publishing, press and reproduction of multimedia</td>
<td>565</td>
<td>854</td>
<td>3,078</td>
<td>4,084</td>
<td>212</td>
<td>310</td>
<td>5,248</td>
<td>10.8</td>
<td>58.7</td>
<td>4.0</td>
<td>PROVINCE OF TORINO</td>
<td>PROVINCE OF MILANO</td>
<td>PROVINCE OF LOMBARDIA</td>
<td>PROVINCE OF GENOVA</td>
<td>PROVINCE OF LOMBARDIA</td>
<td>LIGURIA</td>
</tr>
<tr>
<td>ICT manufacturing</td>
<td>1,077</td>
<td>1,567</td>
<td>2,277</td>
<td>4,512</td>
<td>275</td>
<td>396</td>
<td>6,475</td>
<td>16.6</td>
<td>35.2</td>
<td>4.2</td>
<td>PROVINCE OF TORINO</td>
<td>PROVINCE OF MILANO</td>
<td>PROVINCE OF LOMBARDIA</td>
<td>PROVINCE OF GENOVA</td>
<td>PROVINCE OF LOMBARDIA</td>
<td>LIGURIA</td>
</tr>
<tr>
<td>Wholesale and lease of ICT manufacturing products</td>
<td>1,466</td>
<td>2,383</td>
<td>4,260</td>
<td>8,111</td>
<td>599</td>
<td>931</td>
<td>11,425</td>
<td>12.8</td>
<td>37.3</td>
<td>5.2</td>
<td>PROVINCE OF TORINO</td>
<td>PROVINCE OF MILANO</td>
<td>PROVINCE OF LOMBARDIA</td>
<td>PROVINCE OF GENOVA</td>
<td>PROVINCE OF LOMBARDIA</td>
<td>LIGURIA</td>
</tr>
<tr>
<td>Intangible services: supply of software, advice and correlated activities</td>
<td>4,528</td>
<td>6,998</td>
<td>10,057</td>
<td>19,800</td>
<td>1,477</td>
<td>2,415</td>
<td>29,213</td>
<td>15.5</td>
<td>34.4</td>
<td>5.1</td>
<td>PROVINCE OF TORINO</td>
<td>PROVINCE OF MILANO</td>
<td>PROVINCE OF LOMBARDIA</td>
<td>PROVINCE OF GENOVA</td>
<td>PROVINCE OF LOMBARDIA</td>
<td>LIGURIA</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>509</td>
<td>726</td>
<td>908</td>
<td>1,889</td>
<td>266</td>
<td>367</td>
<td>2,982</td>
<td>17.1</td>
<td>30.4</td>
<td>8.9</td>
<td>PROVINCE OF TORINO</td>
<td>PROVINCE OF MILANO</td>
<td>PROVINCE OF LOMBARDIA</td>
<td>PROVINCE OF GENOVA</td>
<td>PROVINCE OF LOMBARDIA</td>
<td>LIGURIA</td>
</tr>
<tr>
<td>Film and video production and other activities linked to the contents industry</td>
<td>455</td>
<td>727</td>
<td>1,597</td>
<td>2,401</td>
<td>201</td>
<td>332</td>
<td>3,460</td>
<td>13.2</td>
<td>46.2</td>
<td>5.8</td>
<td>PROVINCE OF TORINO</td>
<td>PROVINCE OF MILANO</td>
<td>PROVINCE OF LOMBARDIA</td>
<td>PROVINCE OF GENOVA</td>
<td>PROVINCE OF LOMBARDIA</td>
<td>LIGURIA</td>
</tr>
<tr>
<td>Total</td>
<td>8,600</td>
<td>13,255</td>
<td>22,177</td>
<td>40,797</td>
<td>3,030</td>
<td>4,751</td>
<td>58,803</td>
<td>14.6</td>
<td>37.7</td>
<td>5.2</td>
<td>PROVINCE OF TORINO</td>
<td>PROVINCE OF MILANO</td>
<td>PROVINCE OF LOMBARDIA</td>
<td>PROVINCE OF GENOVA</td>
<td>PROVINCE OF LOMBARDIA</td>
<td>LIGURIA</td>
</tr>
</tbody>
</table>

Source: InfoCamere data processed by Torino Chamber of Commerce

In Piemonte, the province of Torino is home to approximately 65% of all regional ICT businesses. Over 50% of these businesses belong to the intangible services sector: advisory services for the installation of computer systems and software, electronic processing and data supply, maintenance and repair of office and computer equipment, and other computer-related activities; a further 17% fall into the category of wholesale and lease of ICT manufacturing products, while 12.5% operate in the manufac-
turing sector (including, among others, the production of office machinery, computers and IT systems, TVs and communication equipment, measuring and testing instruments, and equipment used to monitor industrial processes). In Torino, a further 6% of ICT firms work in the telecommunications sector, while the remaining 12% are involved in the contents industry (publishing, multimedia printing and reproduction, film production, etc.).

A comparison with other major economic areas in the north-west shows that there were 22,177 ICT companies in the province of Milano at 30.09.2007, 54.4% of all Lombardy companies in this sector. In Genova, instead, ICT companies totalled 3,030, 64% of those in Liguria. The province of Milano numbers approximately 38% of all ICT companies in the north-west.

The growing importance of the ICT sector in Torino is borne out by the increased number of companies in past years: between 2000 and 2006 businesses in this sector rose by over a quarter (+26%), while overall business growth in the province was 8.8%. In absolute terms, higher growth in the services sectors is directly linked to the use of computers (including, among others, management of many web services): +939 companies, namely an expansion of more than 26% compared to 2000. The telecommunications sector saw the highest rise in relative terms: +620%, passing from 69 companies in 2000 to 497 by late 2006.

It is also worth noting the growing number of businesses active in the contents industry, which has expanded over 25% during the same period: in particular, firms in the publishing, multimedia printing and reproduction segment grew by 6.6%, while those involved in film and video production and other activities linked to the contents industry rose to 169 units (over 60% of the initial figure).

**Table 16** Trend showing number of ICT companies in the province of Torino over time (figures at 31.12. each year)

<table>
<thead>
<tr>
<th>NATIONAL PRODUCTION OF WHICH:</th>
<th>2005</th>
<th>2006</th>
<th>% CHANGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUBLISHING, PRESS AND</td>
<td>528</td>
<td>519</td>
<td>35</td>
</tr>
<tr>
<td>REPRODUCTION OF MULTIMEDIA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SUPPORTS</td>
<td></td>
<td></td>
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<tr>
<td>ICT MANUFACTURING</td>
<td>1,058</td>
<td>1,019</td>
<td>11</td>
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<tr>
<td>WHOLESALE AND LEASE</td>
<td>1,279</td>
<td>1,425</td>
<td>170</td>
</tr>
<tr>
<td>OF ICT MANUFACTURING</td>
<td></td>
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<tr>
<td>PRODUCTS</td>
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<td></td>
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<tr>
<td>INTANGIBLE SERVICES: COMPUTERS</td>
<td>3,562</td>
<td>3,930</td>
<td>939</td>
</tr>
<tr>
<td>AND CORRELATED ACTIVITIES</td>
<td></td>
<td></td>
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<tr>
<td>TELECOMMUNICATIONS</td>
<td>69</td>
<td>175</td>
<td>428</td>
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<tr>
<td>FILM AND VIDEO PRODUCTION</td>
<td>270</td>
<td>311</td>
<td>169</td>
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<tr>
<td>AND OTHER ACTIVITIES LINKED</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>TO THE CONTENTS INDUSTRY</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>TOTAL</td>
<td>6,766</td>
<td>7,379</td>
<td>1,752</td>
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**Source:** Infocamere data processed by Torino Chamber of Commerce
Manufacturing companies in Torino and their use of ICT technologies

The survey on the industrial economy carried out by the Piedmontese chambers of commerce in the third quarter of 2007 offers further insights into a number of aspects relating to the use of ICT by manufacturing companies in the region and, in particular, in the province of Torino. On the whole, the world of industry in Torino shows a growing propensity to find and communicate with its partners and customers through the web and the drive to use these instruments increases with the size of the business.

Based on the survey results, two thirds of manufacturing companies in the province have broadband connection and about one third of these have a connection that offers a capacity of more than 2 Mbit/s. The presence of broadband is particularly strong in the mechanical sector and ICT manufacturing, and in larger companies (those with 250 employees or more). The larger companies all have broadband, and three-quarters have a connection offering large capacity, while among the smaller companies (those with fewer than 50 employees), over a third do not have broadband.

The use of Internet for business is particularly widespread among manufacturing companies in Torino, above all to promote their own products. However, there is still only a limited presence of interactive sites that allow the specific advisory functions to be activated by the customer or actual transactions to be carried out.

Over 70% of industrial concerns have a website and, of these, the majority (just under 85%) use it as a showcase for the company’s products and services. One tenth of companies has a website that allows customer interaction (e.g. search for a product, check the progress of deliveries, etc.); this type of service is more often found in manufacturers of electrical and electronic products and communications. Lastly, only 5% of businesses have a real e-commerce website through which customers can make commercial transactions. These are most frequently found in the textile and clothing sector.

Here too, the complexity of the functions available on the website increases in line with the size of the company.

A very high percentage of businesses (over 95%) use Internet banking and over 55% carry out online transactions with the public administration.

Lastly, just under 30% of companies, purchase goods or services online, whereas only 7.5% have introduced online sales. On the whole, those that have express a positive opinion of this sales method and feel that it has helped to expand their market or the geographical scope of their market.

5 Businesses involved in the manufacture of office machinery, computers and IT systems; electric machines and equipment; radio and TV, communication equipment.
It is worth noting that a good number of companies (just under one fifth) use computers to design new products in partnership with their suppliers.

With regard to the nature of Internet relations between companies and the Public Administration, the majority of transactions are related to tax matters (payment of taxes and submission of tax returns - 87% and 52% of businesses respectively). Over 40% of those companies who use the Internet in dealings with the Public Administration do so to request certificates, and over 20% to request permits.

This type of transaction is used to a lesser extent to apply for public funding and to take part in public tenders.

A project to promote business excellence in the area

2007 marked the start of Think Up, a three-year project promoted by Torino Chamber of Commerce, under the aegis of Regione Piemonte, the Italian Ministry of Economics and Finance and the European Union, and managed in collaboration with the Torino Wireless Foundation, CSI Piemonte and the Centre Estero per l’Internazionalizzazione del Piemonte. The project aims to enhance the image of Piemonte’s ICT district in the main international markets, highlighting its unique features and strengths, and to assist and accompany a group of 100 “excellent” companies in marketing actions targeted at new foreign buyers, both public and private, using a team of Italian and foreign experts. The target countries include: Eastern Europe for companies selling to the public sector; France, Germany, Czech Republic and Arab Emirates for those selling to private customers.

Chart 10 Activities carried out using Internet or other electronic networks (% companies)

Source: Unioncamere Piemonte, 144th “Economic survey of manufacturing industry”
The project will involve two levels of intervention: a basic level which includes training activities, information and sector promotion; and an advanced level that guarantees the chosen participants access to personalised advisory services to scout for business opportunities abroad. A total of 94 first-rate companies have been selected, operating in various ICT segments: multimedia, security, ITS - Intelligent Transport Systems, ERP, industrial automation, finance.

**MAIN PIEDMONTENESE RESEARCH CENTRES IN THE ICT SECTOR AND THE FONDAZIONE TORINO WIRELESS.**

The Istituto Superiore delle Comunicazioni Mario Boella (www.ismb.it) funds around 250 researchers in the sectors of photonics, electromagnetic compatibility, fixed and wireless networks, e-security, radiomobile technologies for multimedia use and relative applications, satellite positioning systems, microelectronics and nanotechnologies.

Telecom Italia Lab (www.telecomitalialab.com) is involved in research on the evolution of telephony (access network and transport network, optic technologies, mobile telephony services, network development and advanced third-generation services), Internet, multimedia, and online security.

Motorola's Research and Development Centre in Torino (www.motorola.com) is dedicated to the design of mobile phones and software development for products and systems that the Group produces.

The mission of Centro Ricerche Fiat (CRF) (www.crf.it) is to promote, develop and transfer products, processes and innovative methodologies to the automotive and other industrial sectors within the Fiat Group.

The Institute of Information and Telecommunications Electronics and Engineering (IEIIT), forming part of CNR (www.ieiit.cnr.it), and based at the Politecnico of Torino, carries out qualified scientific and technological research in the sector of information and telecommunication engineering.

The Galileo Ferraris National Electrotechnical Institute (INRIM) (www.iern.it) carries out basic and applied research in metrology (electricity and magnetism, the fundamentals of quantum mechanics, photometry, radiometry and lighting technology, acoustics) and innovative materials and devices (nanotechnology and microsystems, materials, electromagnetic and electromechanical devices, artificial vision).

The RAI Centre for Research and Technological Innovation (CRIT) (www.crit.rai.it) carries out research activities, among other aspects, on technologies for new multimedia services for diffusion channels, production and filing systems, and systems to evaluate and control the quality of audio and video signals.

CSI Piemonte (www.csi.it) undertakes research as part of its own activities to support local authorities using state-of-the-art IT and telematic tools.
In line with the importance attributed by Torino Chamber of Commerce, as a benchmark public agency for companies and for the protection citizens/consumers, to safeguarding the environment and adding value to the local area, it is important to analyse the relationship that companies in the province of Torino have created with their surrounding environment. In particular, attention should be focused on their ability to valorise the results of research and transfer technological innovation in the field of renewable energy.

Piemonte is one of the regions that makes the highest contribution to national GDP (8.4%, nearly €115 billion in 2006): however, such high production levels have environmental implications, both in the use of resources, above all energy, and in the production of waste that has to be treated to reduce its environmental impact.

The province of Torino alone, which produces added value of €56,384.6 million in 2006 and accounts for just under half of all regional companies (233,168 at 30 June 2007), consumes the lion’s share of resource and produces a correspondingly large share of waste. Here are a few figures to back this up. Piemonte accounts for approximately 10% of national energy consumption, on a par with Emilia Romagna and Veneto (Lombardia 20%), amounting to 12,292 Ktep in 2003. An analysis of the end consumption of energy by the economic sector shows that industry absorbs 37% of consumption, as does the civil sector (including residential and services), while one quarter of consumption is used by the transport sector and 1.5% by agriculture.

Turning to energy production, this is almost entirely achieved using traditional sources, in line with the situation in other areas of Italy: the total electricity consumption for Piemonte at the end of

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6 Petroleum equivalent tonnes x1000
7 Source: Agenzia per la Protezione Ambientale del Territorio, Annuario dei dati ambientali, 2005-2006

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2005 was 26,409.5 million Kwh, 8.5% of all electricity used on a national scale; the province of Torino alone consumed 11,308.4 million Kwh, over half of which was absorbed by the manufacturing industry (51%). However, the use of renewable sources has expanded over the years: Italy’s production of energy from renewable sources amounts to 330.4 Twh, or just under 15% of all energy produced. 10.7% is from renewable hydroelectric sources, 1.8% from biomass and waste, 1.5% geothermal and 0.7% wind energy. Piemonte produces 11.7% of all Italian energy from renewable sources; this comprises 15.4% from hydroelectricity and 4.4% from biomass. Compared to other Italian regions, Piemonte ranks fourth in terms of energy generated from renewable sources, after Lombardia (18.3% of total), Trentino Alto Adige (13.4%) and Toscana (12.2%). In the province of Torino alone, there were 51 renewable energy plants at 30 June 2006, out of a total of 161, and 11 more (out of 35) are being planned.

Research has helped to increase the share of “clean energy” produced regionally. In particular, special attention has been focused on research into the use of hydrogen as a “clean” fuel and its use in different sectors, above all transport. An important example of this is Hysy Lab (Hydrogen System Laboratory), a project launched by the Science and Technology Environment Park together with Gruppo SAPIO, GTT, Provincia di Torino and the Politecnico di Torino, with the backing of Regione Piemonte and the City of Torino. Hysy Lab was conceived not just as a centre of excellence for hydrogen technologies, but also and above all as a centre that would bring together Sistema Idrogeno Piemonte and other bodies working in this sector: its goals include that using its lab to support SMEs and train technicians who want to work in applied research.

An important indicator used to measure the environmental impact of manufacturing is the production of industrial waste by companies operating in the province and region. Based on the latest available figures (source: EcoCerved), in 2004 Piemonte produced 7,234,128 tonnes/year of industrial waste, 7.6% of the national total, compared to 20.8% in Lombardia, 13.1% in Veneto, 10.1% in Emilia Romagna, and 8.2% in Toscana. The province of Torino alone produced 3,140,210 tonnes, 43% of all industrial waste in Piemonte; for the most part, non-hazardous waste (89.7%). It is also possible to identify those sectors of the economy that produce the most industrial waste in the region: apart from the specific sector for the disposal of solid refuse, wastewater and the like (25%), we find the manufacturing of metal products (13.8%), construction (12.6% of industrial waste), metals and alloy production (10.2%), and car manufacturing (7.9%).

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8 Source: GSE S.p.A., Statistiche sulle fonti rinnovabili in Italia - Year 2005
Companies and the environment

But to what extent does the growing public concern for protecting the environment involve businesses and affect their strategic choices?

Indicators of business sensitivity to the environmental impact of productive activities include membership of EMAS (Eco-Management and Audit Scheme), ISO 14001 certification and the presence of Eco-label products. Compared to other Italian regions, Piemonte stands out for a significant presence of certified companies.

As is well known, membership of EMAS (Regulation (EC) 761/2001) is voluntary to all organisations (businesses, institutions, self-administered concerns with no legal status) which aim to improve their overall environmental performance. It requires a number of activities, including the implementation of an environmental management system, carrying out environmental audits to assess the organisation’s environmental performance, drafting a declaration on the results in terms of environmental goals and the constant improvement of environmental performance, all in compliance with European regulations.

Those organisations that fulfil the required activities are awarded EMAS registration; they can then use the logo to show their commitment to curb the environmental impact of their business activities.

Piemonte is the fourth highest Italian region in terms of the number of EMAS registrations. Data from APAT show that at 31.12.2006 there were 566 registered organisations in Italy, of which 134 in Emilia Romagna, 82 in Lombardia, 77 in Toscana, and 37 in Piemonte (6.5%); of the latter, 19
are in the province of Torino. There are over 3500 EMAS-registered organisations in the entire EU and EEA (data from European Commission), and Italy ranks third after Germany and Spain.

Unlike EMAS, which is based on EU law, UNI EN ISO 14001 is a private form of accreditation that is important because it is recognised internationally by various national certifying bodies; this standard has been ratified by the new EMAS regulations and the adoption of an environmental management system in compliance makes it easier to obtain EMAS certification.

Compliance with ISO 14001 is completely voluntary and forms part of a corporate strategy that aims at achieving greater control of the company’s environmental impact and introducing greater efficiency in processes. It is often prompted by the need to show responsible behaviour in response to public opinion and customers who are increasingly aware of environmental issues. The standard lays down guidelines for adopting an environmental management system and assessing its validity, and provides instruments that offer information on the environmental aspects of products. The data for ISO 14001 certification show that over 10% (1,115) of the 11,000 organisations accredited through SINCERT at 30.06.2007 are based in Piemonte. This percentage of the national total is only second to Lombardia (approx. 14% of total). The province of Torino alone contains 60% of all certified companies in Piemonte.

Unlike ISO 14001 certification and EMAS registration, both of which qualify the organisation, the Eco-label trademark (European Regulation 1980/2000) is an environmental mark for products and services and certifies their reduced environmental impact, based on their entire life cycle. Italy is the European member-state with the highest number of companies offering Eco-label products or services. The tourist accommodation service has the greatest number of Eco-label licences (27 licences), following by textile products (11 licences). Piemonte now holds the record for the European region with the largest number of environmental certificates for tourism (12 out of 27 certifications nationally and 60 at a regional level). Of these, half are held by tourism companies in the province of Torino. At present, only four Piedmontese companies in other sectors offer Eco-label products.

**PRIZE-WINNING ECO-EFFICIENT COMPANIES**

Also in the environmental field, Torino-based companies stand out for their innovation. A prime example is Sotral S.p.A. (http://www.sotral.it), a business that transport foodstuffs to catering companies, which won the 2006 European Business Award for the Environment in competition against 139 candidates from 23 European countries. This prestigious EU prize is awarded to organisations that show an outstanding management approach to environmental protection and have adopted a “Life Cycle Thinking” management model that has created synergies between the economic, environmental and social aspects of its activities. In this case, Sotral succeeded in reducing canteen waste and studying ways of recycling disposable plastic plates and cutlery.
The company was listed for the European award after winning the “best management” category in the “Premio Impresa Ambiente” in 2005, promoted by the Italian Ministry for the Environment, Ministry for Economic Development, Unioncamere, Roma and Milano Chambers of Commerce.

Another Torino-based company, Sequoia Automation s.r.l. (http://www.sequoiaonline.com/), was also given a special mention in the 2006 edition of the national award in the category for best process/technology innovation for a prototype to generate electricity using kites flying in constant high-altitude winds.

A SUCCESS STORY OF TECHNOLOGY TRANSFER

The Innovation Relay Centre (IRC) network comprises 71 advisory centres co-funded by DG Enterprise, Innovation, Networks and Services of the European Commission, whose aim is to foster transnational technological cooperation. ALPS IRC, Innovation Relay Centre for North-west Italy, is a consortium coordinated by Torino Chamber of Commerce, in collaboration with Unioncamere Piemonte per il Piemonte, Genova Chamber of Commerce for Liguria an ATTIVA S.p.a., a special enterprise set up by the Aosta Chamber of Commerce. ALPS IRC addresses SMEs, universities and research centres, above all, and provides advisory services focused on the transnational transfer of technology. Here is an example of how ALPS IRC works: the prompt report of fire is crucial in the fight against forest wildfires which destroy vast areas every year, above all in southern Europe.

Through the Innovation Relay Centre (IRC) the Torino-based company Minteos s.r.l. (http://www.minteos.com/), which makes and distributes pervasive electronic monitoring systems, found a technological partner in the form of a Swedish company, Sensible Solutions Sweden AB, to develop a project for the rapid detection of forest fires. The latter had already developed an innovative sensor that could be used to create a system of this kind. Conventional monitoring systems based on aerial images often lack the necessary resolution and sensitivity and sometimes require lengthy information processing times making the real-time detection of the fire impossible. The system developed by Minteos requires a network of wireless sensors to be laid in the forest; the data is then transmitted by radio to a central server and processed using GIS software to provide monitoring statistics and an immediate alarm in the event of fire. The meeting of these two companies, assisted by IRC operating in their respective areas, has resulted in a profitable collaboration.
Bernardo Ruggeri, Associate Professor
Politecnico di Torino, and former
President of Environment Park

Set up in 1996 following a decision by Regione Piemonte,
Comune di Torino, Provincia di Torino and the European
Union, Environment Park is a Sci-tech park that aims to sup-
port companies in the development and use of environ-
mental technologies focused on energy savings and eco-
efficient solutions.

Its facilities stretch over an area of some 30,000 square metres, including labs, offi-
ces and service hub. The whole park is characterised by building solutions with a
low environmental impact. Environment Park forms part of a generalised strategy
to support innovation throughout the region and acts as a link between research
and industry.

What do you think are the main aspects to consider when we talk about pro-
tecting the environment and eco-efficient companies?

The aim of every company is to maximise its results in terms of profits and corporate deve-
lopment. In the past few years, this natural tendency of business has also been flanked by a
growing awareness of the impact that manufacturing activities have on natural resources.

Even more recently, we have realised that environmental issues are not an obstacle to achie-
vying business goals, but on the contrary they can act as a stimulus to open up new opportu-
nities.

The eco-efficiency of a company should be seen as the capacity to limit the environmental
impact of the entire production chain, and it therefore translates into the improved qualitati-
ve and quantitative use of materials, or the possibility to save energy. The result, in this
case, would be a combined effect of better economic performance and reduced energy con-
sumption.

However, this is only possible with a strongly innovative technological impulse and a strong
commitment to research and development. From this viewpoint, Environment Park plays a
very active role in the region by supporting companies in the use of new technologies. This is
not an easy process since it involves scouting the markets, both globally and locally, for
technologies and for companies. The network of laboratories in the Environment Park and
in Piemonte as a whole allows specific industrial applications to be developed through tests and prototypes. In terms of communications, which continue to represent an important chapter of our activities, our goal is to spread the culture of eco-efficiency through the system by establishing a dialogue on these issues between local economic operators, companies and the world of university research, namely the Politecnico di Torino and other universities, above all in Piemonte itself. To do this we have also used promotional activities, such as the organisation of the Eco-efficiency Biennial, which was held for the fourth year in 2007.

**How do you arrange meetings between the world of research and that of business?**

We contact companies who are active in strategic sectors of the local economy (for example, mechanics or electronics) and we try to introduce them to technologies, which may be profoundly innovative, like those linked to hydrogen for example. Our Clean NT Lab, which is used to treat and functionalise surfaces using low-environmental impact plasma technologies, developing and experimenting industrial applications in the field of nanotechnologies. These applications improve the eco-efficient profile of industries working in traditional sectors, like mechanics, textiles, plastics and paper with the possibility of new products and new performances. In this as in other cases, these are technologies that already exist but are not widely used. Companies often do not have the necessary facilities to experiment possible new applications adapted to their production structures. By providing specific equipment, Environment Park forms part of the innovation chain, inserting itself between the research institutes, which are further upstream, and the companies, and acting as a catalyst between the research system and the world of production in order to foster the production of knowledge through technology transfer.

**Energy, in particular, plays a key role in the activities at Environment Park...**

Over the past few years we have seen a growing awareness of the political decision-makers towards energy efficiency and the development of alternative sources to fossil fuels; this has led to a series of regulations, laws and incentives at various levels: European, national and regional. One need only remember the European commitment to cut energy consumption by 20%, to increase production using renewables by 20%, and to reduce carbon emissions by 20% by 2020. These laws have the effect of prompting the creation of new production sectors which will be the main drivers of a strongly competitive market in the near future. On the one hand, they encourage the production of “clean” energy from renewable sources,
and on the other they promote energy savings across the board, also through the use of new materials, for example in construction.

In particular, new regulations for the latter sector have imposed new standards and opened the market for new materials. The Environment Park Bio-Building Observatory provides advisory services to companies, professionals and institutions in the field of eco-compatible architecture and the definition of bio-building solutions, but also for price analysis and the preparation of building specifications. Environment Park has also imposed energy efficient principles on its own structures. The Park is a working example of what can now be achieved in terms of savings using the principles of sustainable building, and in the construction of its Management and Congress centre. This is a two-storey building covering 3,000 square metres, built entirely in wooden blocks and biocompatible materials, every part of which can be recycled. The service hub is equipped with power plants that use renewable energies: woodchip for heating and summer air conditioning, and a hydroelectricity power plant inside the park that makes it the first large “zero emission” complex in Italy.

Can alternative energy drive the development of the region?

Yes, I really think it can! In general, quality is the best driver for the development of any area. However, in this specific context, quality means “less”: we have to learn to provide the same energy services using less energy and using renewable sources. The productive sector takes two approaches to alternative energies. On the one hand, it promotes the spread and use of an approach that uses innovation to develop solutions that use less energy by saving or replacing parts of systems that will pay back the cost of investment in the short term; on the other, in response to a strong demand for low-energy consuming equipment, this clearly represents a major opportunity to develop new companies or reconvert existing ones, in particular those that are already present in sectors close to energy, which can respond more easily and with less effort to the growing demand for less energy-hungry technologies.

In this respect, together with the rest of Italy, our region lags behind other countries, like Germany, Spain and Denmark, that have already developed an integrated business system in key new sectors, like wind or photovoltaic power, above all through a suitable system of public incentives. But Italy too can boast centres of excellence in these sectors, in particular its network of installers, but also in the production of components: we already have extensive experience in the production of electronic systems for power conditioning in solar or wind power systems. Moreover, a number of companies in the mechanical sector are working on special boilers that use energy generated by biomass or solar sources. To sum up, there is plenty to be done, and by acting as a catalyst the research system and Environment Park
can provide concrete support in this sense. We are taking steps in order to provide performance rating systems and systems integration, two key aspects for the development of highly innovative technologies in an area. Biomass deserves to be mentioned separately. The generation of energy from biomass and the production of biofuels are linked to the agricultural and food industry, which play a key role in vast areas of our region. It is important to search for possible and I would say necessary ways of working together. Waste biomass is an important source that can be used to valorise agriculture residues and waste from the food processing industry. Even animal farming waste can be used and this is a sector that is particularly well developed in Piemonte. Environment Park has installed a pilot system to study and develop processes to valorise the use of biomass through fermentation processes to generate biohydrogen and biogas, using an innovative and highly energy-efficient system.

How does Envipark fit into the network of institutional players in the Region?

Since the Park was founded in 1996 we have seen a positive trend in our relations with other players in the area. Initially, we embarked on an intense series of promotional activities to introduce the Park to companies, and today we have the satisfaction of knowing that many companies know us and contact us directly. Our collaboration with other players has been effective, especially with the Chambers of Commerce and other employers’ organisations. Instead, we still have some difficulty in relations with universities where researchers are often jealous of their research results and the fragmented nature of scientific output from the various departments makes it difficult to identify the right partners in order to promote new technologies. These activities are synergetic, but Envipark deals with the transfer of technologies and therefore develops, produces and uses the specialised area of so-called “transfer” knowledge that is essential when working in close contact with companies.

The Hydrogen System Laboratory is one of the Park’s most innovative projects. Can you say something about it?

HySy Lab is a structure for experimenting with hydrogen technologies, with the prime aim of improving existing technologies in the sector and raising the awareness of SMEs. It represents a centre for all players working in this field throughout the region, which together form the Piemonte Hydrogen System. They include companies, universities and the Politecnico. It is a unique experience of its kind which has produced extremely positive results and is now also being imitated abroad.
There is a similar lab at the CNR in Messina, but it has a different institutional role. Various hydrogen-related projects have grown out of the Environment Park lab, and some have turned into successful start-up companies.

In the future, the focus will be on developing the hydrogen sector throughout the region. In particular, the Park’s role will be to promote projects that involve companies and which, in partnership with the universities and with also with the support of public funding, create companies whose expertise can be exported to the hydrogen supply chain in order to improve the region’s competitiveness in this sector.

There are about forty companies active in the hydrogen sector in Piemonte today. Certainly, we are still a long way from the 300 or so operating in Nordrhein-Westfahlen, Germany, but it’s a good start. In order to develop this supply chain we need to establish collaborative relations with other areas (in particular, Nordrhein-Westfahlen, Sweden, West Midlands (UK) and Aragon) which have already reached a good level of development in these technologies: this will enable us to make the most of being the “last to arrive”.
1.5.8 Design

In 2008 Torino will become World Design Capital. In order to provide promotional initiatives for companies, Torino Chamber of Commerce has decided to carry out a series of design-related studies, covering both the supply and demand expressed by companies and the consumer perspective.

The study of the Piedmontese design supply system has identified a panorama of over 600 businesses divided between B2C (business-to-consumer), which produce objects sold directly to end consumers, and B2B (business-to-business), which make products with a high-design content subsequently sold to other companies in the supply chain.

On the demand side, a survey was carried out on the perception of design as a strategic factor for success in a sample (over 1,000) of manufacturing companies in the region. A sample group of Piedmontese consumers were also asked whether design influences their decision to buy a product. A gap emerged in how these two groups perceive the idea of design: manufacturing companies see design as being chiefly linked to the design of functional aspects and product performance; consumers, on the other hand, take formal and aesthetic aspects into consideration above all when deciding to buy a design product.

The following paragraphs outline the main results of three studies on design carried out by the Chambers of Commerce.

The design-related economy in Piemonte

The most important result of the study was to identify a design-intensive grouping in Piemonte, half of which is centred on Torino and its province. Its form and dynamics can be traced back to the model of the knowledge-intensive districts typical of the knowledge economy. In particular, many characteristics highlighted by this analysis of the Piedmontese design-related economy - including the large number of companies, the presence of centres of excellence for training and research, a knowledge-based job market, and the tendency for companies to view design as a factor in creating a competitive edge - are important indicators of the development of a potential innovative design district, although this process is still at the incubation phase.

The study identified a panorama of 624 design-related companies (0.1% of all Piedmontese businesses). These generate an estimated aggregate turnover of some €12 billion and employ a workforce of over 50 thousand. These figures highlight the role of the province of Torino as the centre of gravity for Piemonte’s design-related economy: almost half the companies surveyed (48.6%) are based there and they produce approximately 68% of sales in the sector. But while design is present in every field of application in Torino, other provinces show an overwhelming dominance of industrial design - linked to the region’s manufacturing fabric and traditions.
The companies in the sample were then contacted directly to explore a number of aspects relating to the design services offered or to the use of design as a value-added factor for production; there was a two-thirds response rate (416 companies).

The first theme worth exploring is the distribution of the design-related enterprises between the various sectors: the survey highlights a more or less balanced distribution between B2B and B2C (54% and 46% respectively of the total), namely in the first case companies that sell intermediate products and internalise design elements and/or act as service providers offering design services to other companies; and in the second (B2C), companies that sell design-intensive goods and services, or goods with an explicit design content, to the end customer.

Another difference can be identified in the territorial distribution: B2B enterprises have a centre of gravity that is more biased towards the metropolitan area of Torino, while B2C are distributed equally between the metropolitan area and other provinces.

The survey also provides details regarding the way companies organise their design activities between make and buy. From the results it is clear that many companies have understood the close link between in-house design expertise and innovative capacity, highlighting the two predominant models:

- 38.9% of enterprises adopt a model that focuses on insourcing design expertise, in the form of a styling centre or design team;
- on the other hand, 39.4% adopt a “mixed” model in which insourcing flanks the use of external consultants
- the model involving the complete outsourcing of design services is less widely used (approximately 21% of the total).
The use of an external designer is more normally found in small-sized enterprises. Insourcing is the prevalent method for intermediate companies, while above a threshold of sixteen employees, a mixed model is more frequent.

There are six fields of application for design-related Piedmontese companies, the last of which constitutes a de facto grouping of the emerging sectors:

- industrial design (43.3% of the total)
- automotive design (6.7%)
- graphic design and communication (11.9%)
- interior design (8.3%)
- fashion design (6.4%)
- design related to culture and the territory (4.0%).

The two most important sectors in this field in Piemonte are those of industrial design and automotive design.

The first sector (industrial design) brings together 43.3% of the companies surveyed, 41% of sales generated by the latter and employs 34.3% of the workforce.

**Chart 12** Share of foreign sales by Piedmontese design-related companies (% value)

Automotive design clearly amounts to little in terms of the absolute number of companies involved (6.7%), but accounts for a much greater share if measured in terms of sales (26%) or workforce (16.4%).

As might be expected, the fields of application that are less frequently insourced relate to graphics.

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9 To the total number of companies attributed by sector should be added 19.4% of companies that have not been attributed a specific field of application.
and communication, on the one hand, and interior design on the other. At the other end of the spectrum, those that use the highest proportion of in-house skills are the automotive and fashion sectors.

**Chart 13** Share of foreign sales by Piedmontese design-related companies, divided by sector (% values)

Of the companies surveyed, 62.5% operated in Europe, but a considerable number, equal to 54.3%, were also present in non-EU countries. In particular, the distribution of the various fields of application confirm that those with the greatest international scope are - once again - automotive and fashion.

The analysis of the Piedmontese design panorama carried out with the collaboration of company representatives and experts has identified a series of **key themes** regarding the competitive positioning of Piedmontese design.

First of all, the **design expertise present in the area** is identified by design professionals as the key
strong point in the range of services offered (in particular, the automotive sector presents an outstanding international field of expertise).

The development potential for design comprised of the expertise throughout the local area, coupled with the significant presence of design-related enterprises and first-rate training and research centres, cannot alone guarantee growth to meet the demand for design services expressed by the area. There are a number of limiting factors that curb the development of the range of design services linked both to the nature of the supply itself and to local demand.

The most important aspect that emerges is the lack of a consolidated brand of Piedmontese design, which is also linked to the poor propensity for communications and marketing shown by Piedmontese designers. The fragmentation of the business fabric, largely made up of professional partnerships or micro-businesses, also constitutes a limiting factor on the spread of a culture of design locally and the creation of a consolidated brand.

The main obstacle to the spread of design can be attributed to the symmetrical lack of design culture and sensitivity in a large segment of Piedmontese companies.

The presence of a significant number of manufacturing companies with high levels of technical and production expertise represents an important opportunity for the diffusion of design, understood not just as a contribution to the style of a product but as a strategic factor that can generate radical product innovation.
Design and manufacturing companies in Piemonte

The quarterly economic survey of industrial production trends carried out by the system of Piedmontese chambers of commerce using a sample group of manufacturing companies provides a means to gauge the extent to which design is taken into consideration during product development.

The survey involved 1,056 enterprises, representing over 50,000 employees and with aggregate sales of 14.7 billion.

The first question aimed to evaluate how widely design is used in the development of corporate products. From the responses received it emerged that design generally received a reasonable level of attention: just under half of the industrial companies in Piemonte (48%) made systematic or occasional use of design, and a further 7% viewed the use of design as a potential step. In particular, marginally less than one quarter (24%) of Piedmontese companies systematically used design in product development.

The focus on design increased with company size: 46% of companies, with a workforce between 10 and 49, made systematic or occasional use of design; this figure rose to 56% in companies with workforces in the 50-249 bracket, and 64% in major companies, with 250 employees or more.

In terms of the various sectors, above all companies in the transport sector and manufacturers of electrical and electronic products made systematic or occasional use of design (both with 59%).

In spite of the good diffusion of design in the development of company products, its role in the market success of a product is considered less important than other aspects that make up or characterise the product. The average score given by companies when evaluating this importance, on a scale from 1 to 10, was 5.7 for functional and aesthetic design compared to 9.1 to quality, 8.3 to price, and 8.1 to sales and after-sales services (delivery times, payment terms, warranty, assistance), and 7.1 to the technological content.

In terms of sectors, the highest average scores for design were found in the textile, clothing and footwear sector (average score 6.6), in the wood and furniture sector (7), and in mechanics (6). The survey tried to explore what design meant to the companies: in this respect, Piedmontese manufacturing companies were asked to place the various aspects of planning that concerned product design in order of importance:
Chart 15  Factors that determine the market success of industrial products in order of importance (average scores given by manufacturing companies in Piemonte)

Source: Torino Chamber of Commerce, The design-related economy in Piemonte

Based on the responses given by companies, product design above all concerns the design of functional aspects and product performance: this answer was chosen by over 75% of those interviewed and was ranked first by 31% of the companies; 59% saw design as being related to all aspects of industrial engineering, and 54.2% felt that it was connected to measures to improve production processes and include new technologies.

In terms of the various sectors, functional aspects and product performance were ranked in first place above all by the manufacturers of electrical and electronic products (55% of all answers), companies in the chemical industry, rubber and plastic materials (49%), and manufacturers of means of transport (37%).

All aspects of the design of industrial products were indicated as a priority by companies producing electrical and electronic equipment (25% of all answers), means of transport and metal products (both with 21%).

Turning to the human resources dedicated to design, 70% of companies do not possess specific in-house personnel, above all smaller companies: 72% of companies with workforces between 10 and 49, falling to 59% and 54% respectively for companies with workforces in the 50-249 bracket, and with 250 employees or more.

Therefore, as companies increase in size there are increasing examples of specific in-house structures dedicated to design. As the company structure enlarges, there is also more frequent recourse to external designers: their use increases as the company grows in size, but it then stabilises in larger companies (with more than 249 employees) owing to a greater use of in-house resources.
The sectors with the greatest presence of in-house designers are those of paper and printing (44.3% of businesses in the sector), mechanics (42.3%), wood and furniture production (38.9%), and textiles and clothing (37.9%).

19% of companies declared that they use external designers during the production process (the percentage dropped to 13% for the province of Torino); for the most part these were medium-sized businesses, while small companies fell below the regional average (18%). External designers appear to be used more frequently in the food sector, in paper and printing, and in the chemicals, rubber and plastics industry.

**Design and the consumer: Piedmontese households and their choice of design goods**

Torino Chamber of Commerce, in collaboration with Ascom and Confesercenti, has monitored household expenditure in Torino for over a decade: by analysing the consumption patterns of the average household in Torino, the study aims to track the levels and structure of household spending and its evolution over time.

The availability of this instrument meant that the households interviewed during the first two surveys in 2007 were also asked to respond to a questionnaire on the relationship between design and the consumer. The interviews conducted with the sample from Torino were then combined with those carried out in other provinces in the region by Unioncamere Piemonte as part of the observatory on consumption in Piedmontese households. This produced a total group of 433 sample households. The information gathered was then combined with socio-demographical details on con-
consumers, including the professional occupation and age of the family reference person.
Greater attention has been paid to design in Piemonte over the past years, particularly among young families and singles, as well as those households where the family reference person is a woman. Design is synonymous with quality, although it is a concept still largely associated with the formal, aesthetic aspects of a product. Anyone deciding to buy an object created through a process of conception and design is willing to spend more than usual and does so regularly; anyone not interested in buying or who buys design objects more rarely is prevented from doing so precisely by the price.
This is the first picture to emerge of the interest in design shown by Piedmontese households: it is an interest that, although virtually unchanged over the past few years in 63% of those interviewed, has instead risen in nearly one quarter of families: among reference persons aged between 26 and 40, the level is as much as 6 percentage points higher than the sample average; while 42% of singles belonging to the same age bracket expressed a growing interest over the past few years.
Nonetheless, even if 43.5% of families periodically (often or sometimes) decide to buy a designed product, there is still a high percentage who only opt for design rarely (36%) or almost never (20.5%).

**Chart 17** The idea of design as perceived by Piedmontese households

Among the reasons underlying the decision not to buy a design product, just under 70% of households mentioned price, which is regarded as higher than an object lacking the same stylistic and design features; secondly, the 15% of households who do not buy design objects are motivated by the belief that such products are not very useful or offer limited functions.
On the contrary, the availability of products is not an obstacle since their distribution and supply (49.9% and 51.9% respectively) are deemed adequate to meet consumer demands.
Turning to the concept of design and its meaning, the prevalent image is still associated with aesthetics (for 56.7% of respondents), namely once again with form rather than content. However, design is also associated with different meanings and characteristics: design can also mean promotion and communication (for 14.1% of households interviewed), technological innovation (12.7%) and practicality of use (10%).

Moreover, those interviewed recognised the link between quality and design: indeed, for 61% of households the latter improves the quality of the product.

The role played by design in the purchasing choices of Piedmontese households varies between the various classified sectors: what is immediately striking is the impact of design in furnishings, where it influences purchasing behaviour in 34.5% of those interviewed; other segments also attract the attention of Piedmontese households: design is an important factor in the purchase of high-tech products (28%), cars (26%), clothing (26%) and accessories (25%).

Which Piedmontese families are most likely to purchase design products? And if they do not buy them, what reasons are given? With 56.3% of affirmative replies, couples with one child were those most likely to buy design products; this group was followed by families with two or more children (50%). Age was a very important variable in the choice of design purchases made by singles: “young” singles aged between 26 and 40 showed strong interest in design which was reflected in their tendency to buy styled products: 68% of this subcategory stated that they regularly bought design objects, while 80% of single component households in the over-65 age bracket declared that they never purchased design objects during the year.

Design objects are widely held to be expensive and therefore “inaccessible” by those who abstain from buying them. In all households, this was the predominant reason given for not buying new design products: respectively 65% and 61% of couples without children and couples with one child stated that they gave up the idea of buying design objects because of the high price. This percentage rose to 85% of households with two or more children in which the “price” barrier probably represented a greater obstacle because of the higher level of everyday expenditure.

While the impact of design on purchase choice in some household groups is in line with the general trend of the entire sample, a few anomalies emerged from an analysis of the data reported for the family reference person.

In some sectors, the gender of the reference person confirmed a number of commonplace truths: men are more interested in car design (30% of cases), while the impact of design on perfumery and clothing is more appreciated by women.

Purchasing behaviour for design objects is strongly influenced by the employment status of the family reference person: managers/executives and self-employed professionals periodically purchased design objects in 68% and 69% of cases (compared to 43% in the survey as a whole). The opposite is true in those households where the reference person is a blue-collar worker: in this case 63% of those interviewed declared that they only occasionally purchased design objects during the year.
(compared to 56% in the survey as a whole). If retired reference persons are also included, the habit of not purchasing design objects in this category rises to 77.3%.

**Chart 18**  Interest in design objects and gender of the family reference person. Figures as % of “very” replies

**Source:** Data processed by Torino Chamber of Commerce
Giuliano Molineri, Head of International Relations
Torino World Design Capital

Giuliano Molineri’s definition of “industrial design”

Industrial design is the design response to a manufacturing requirement that aims to identify a new article for the durable or semi-durable consumer goods and services market, making it eye-catching, appealing and a harmonious expression of its technical characteristics, including performance and quality.

The designer’s areas of expertise have expanded to such an extent over the past decades that this special professional figure - who is not covered by a professional association and is unhampered by institutionalised rules - is responsible for projects that outline new scenarios for living and conduct and that express proposals in areas we now define as intangible.

This focus on social aspects may also prompt the designer to stimulate the birth of new products and new services, or to question the brief delivered by the clients and instead guide the research towards new goals, including a focus on the principles of Design for All - the use of products by the largest possible user group, including children, the elderly and the disabled - and the eco-sustainability of the production process, namely pollution-free disposal or the ability to recycle the materials used.

There is an increasingly complex debate between design and marketing on the nature of products to be launched on the market, on their justification and necessity, on the often exaggeratedly rapid replacement of models, and on the real honesty of products offered in terms of the real correlation between price and quality.

The contradiction is all too clear: the production system pushes the development of new products even when the market appears to be inflated with similar articles and the consumer is bewildered to the point of losing his critical capacity to choose as a result of the overwhelming array of aggression promotional strategies used.

These brief and slightly alarmist considerations, added to the growing frequency of counterfeit goods and the complexity of procedures used to protect the designer’s intellectual property rights and use by companies, clearly highlight the need for a greater presence and awareness of the legislator in introducing rules to safeguard the correctness and validity of products, their traceability, as well as the quality of design and production.
It would be to the advantage of the Made in Italy sector, which has won considerable international acclaim over the years and benefited Italy’s balance of trade, but also to the advantage of Italy’s national image as a whole and relations between the population and the public administration, if the Italian Design Council, which was established on 20 June 2007 in Milan in the presence of Minister Rutelli, in synergy with ADI (Italian Industrial Design Association) could be structured to tackle the needs of design, also in the public sector, in other words if it were to act as an Authority in this delicate sector.

In this respect, it is important not to overlook the topic of professional training. Many young people aspire to become designers and many opportunities exist for public and private training.

Fostering the definition of the correct syllabus and monitoring the contents and teaching methods is another mission that the ministerial bodies responsible for the educational system should pursue with renewed sensitivity.

Torino and Piemonte are identified as a “land of design”: one need only think of the automotive industry, white goods, writing instruments, food and fashion, just to mention a few. Is the equation still a valid one, or have we been overtaken by areas that are better than us?

The capacity to design, to build models and prototypes, to draw up engineering specifications, to automate and rationalise production lines, to plan industrial costs, and to define product quality parameters has increased out of all proportion in Piemonte thanks to the know-how required by the automotive sector and the precise, intelligent role played by the Politecnico and the science faculties in general, but also by the academies and schools of applied creativity, which interact with the industrial system.

Our DNA abounds with the passion and engineering and technical culture that in the early twentieth century immediately spread from car manufacturing to railway transport (trains, railcars, trams, underground railways), from aircraft and avionics, from ship engines to pleasure boats, machine tools to robotics, mechatronics and nanotechnologies.

It is also worth noting that all the specific technologies that are crucial to the continuous updating of the car production process have gradually had repercussions on other goods sectors. For example, metal sheet pressing technology and the sophisticated production methods used for plastic materials overflowed into the white goods and TV sectors; the acceleration of production achieved through automation and robotics led the major Italian companies in this sector (Comau and Fata) to provide projects and production lines in other fields and other continents (more white goods but also food packaging lines).
Mechanics followed by electronics and informatics - starting with Olivetti for writing, calculation and data processing instruments, as well as office machines in general - developed in response to aspirations of possible numerical and not only qualitative advances. Now, it is the turn of the ICT sector to try and become credited in a sufficiently widespread range of sectors.

Here the argument seems more complex because it comes into conflict with the chronic reluctance shown by national policy in the past to invest in pure and applied research and in experimentation, resulting in a series of near fatal wounds as a result of wrong management strategies or choices - or non-choices - by international partnerships.

Coming back to our “land of design”, this stretches from the metropolitan area to the various districts of Torino and Piemonte, and arose partly through this endemic vocation and partly through business choices that have since gradually declined.

We find the household goods sector in Casio Ossolo to the north, and the taps, handles and valves industry in and around Novara; the historic sector of yarn, textiles and high-quality, technical-sports clothing in Biella; the “cold centre” (manufacturers of cold counters used to display food products) in and around Alessandria, where we also find the goldsmiths’ district in Valenza; the “pen centre” of Settimo, ceramics production in Castellamonte, and wooden furniture in Saluzzo and Valle Varaita.

Major centres of excellence are represented by the wine and beverage sectors, as well as fine foods, agriculture (and agritourism) in the areas of Cuneo, Asti and Alessandria, with the prestigious name of Martini-Bacardi in the province of Torino.

Of course, high-quality examples stand out that do not form part of these homogeneous contexts: like Lavazza, Azimut Benetti in Avigliana, the Gruppo Miroglio-Vestebene in Alba, Abet Laminati in Bra, one of the leading companies in Piemonte to focus on the architect and designer as creative resources capable of qualifying semi-finished products by successfully promoting them in furnishings and building; and also Mondo, which has extended its use of synthetic materials from sports facilities to urban furnishings, construction, gardens and landscaping.

The confectionery segment ranges from a world leader like Ferrero to the group of master chocolate manufacturers in Torino (including Caffarel-Lindt) and the Novi Group from Novi Ligure.

The range of textiles and fashion articles cannot be compared to that a few decades ago, but numerous brands from Biella are included in the Made in Italy network with single-brand outlets or corners in department stores worldwide.

In the classical and sportswear sector, Torino offers consolidated brands as well as emerging griffes that are sufficiently resilient to withstand the economic cycles of the sector and
relaunch themselves. In cosmetics, Kelemata and other companies have grown up alongside the historical tradition of Saipo L'Oreal.

Thanks to the numerous incentives approved by the regional, provincial and local authorities, by the Chamber of commerce structures and projects, and through the support and incentives offered by banks, a range of new instruments has been developed to foster the growth of new businesses and professional skills.

Piemonte’s technology parks and post-university business incubators are also intended to encourage emerging companies and to launch start-ups in line with the trends shown by other European countries who implemented these facilities long before Italy (the study of English as a key language starting from primary school, the provision of IT facilities in schools, etc.).

Do companies in Piemonte see design as an added value for their products, capable of boosting their creativity on international markets?

Paradoxically, I think that our “polytechnical” culture in Italy hampered the take-off of design in the first few decades after the War. Generations of industrial leaders were either engineers or systematically entrusted the task of designing new products to their technical departments - sometimes with brilliant results.

In 1954 La Rinascente launched the first Compasso d’Oro in Milan to “provide an incentive for product aesthetics and the burgeoning sector of Italian industrial design”, and the business-architects axis - which was initially welcomed by the Brianza-based sector of furniture and furnishings - soon formed a virtuous and self-referencing circle.

In contrast both Milano and Torino were the recipients of the outstanding promotion of design as a culture of enterprise (covering both industrial architecture, graphics, communications, corporate image and conduct in society) that stemmed from Ivrea and Olivetti, and over time this aspect assumed an important role in the phenomenology of design.

The present situation shows that design is now regarded as an effective instrument, also in the sector of crafts and services, capable of stimulating new expectations and habits, and promoting group practice in sport, leisure, etc. The birth and development of activities in the so-called Quadrilatero, a chic quarter of Torino, helps us to understand these changes.

Do companies find it difficult to find specific professional experts to design their products?

Schools are helping to increase the number of professionals, often using very different priorities and syllabuses and still lacking specific teaching requirements relating to the underlying culture. Both the universities and private institutes - the IED, European Design Institute,
and IAAD, Institute for Applied Art and Design - aim at giving students a foretaste of the world of work by using teachers with experience in the field, working on projects suggested by the companies themselves, and through work experience when the students spend time with the companies to give them an understanding of the problems facing the industry and the market.

The next step is the selection and hiring of young designers in a professional capacity. This continues to represent a risk for businesses because the young designer’s services may not be profitable for some time. There is also an extensive supply of foreign designers who study in Torino and then choose to complete their apprenticeships in the city. The generic weakness of companies, the downward market trend and the innate aspirations of young persons who want to accumulate more experience in Italy and abroad before investing in a more stable professional path are all obstacles that detract from a more open job market for young designers.

**Do you think that consumers are more aware of design and what are the reasons that would prompt a consumer to buy a design product?**

If the consumer selects a particular product from the numerous competitors, giving preference to the design component, this might imply a predisposition in this direction or it might be the result of an instinctive, a critical reaction that is not premeditated but linked to cult phenomena. I’m thinking of some of Alessi’s coffee pots and teapots, and Philippe Stark’s now classic juicer.

The successful cars designed here - by our manufacturers or by the bodyshops or design ateliers who work for national and international buyers - Bertone, Italdesign Giugiaro, Pininfarina - owe their success to the fact that this intelligence is expressed as the correct, well-proportioned play of lines and volumes, a balanced response (Giugiaro would say into form expressed with extreme simplicity, like the façade of a Romanesque church).

As the public have become more aware and increasingly knowledgeable - while still being bombarded with communications that can undermine their ability to be discerning - the design product has distanced itself from being seen as a luxury, expensive product. Even furniture companies, with their overly ambitious ideas of offering status furnishing solutions, have not neglected the need to provide much more accessible items (I’m thinking of Kartelle, or the recent proposals by Flos in response to Ikea’s strategy).

The intelligence underlying the formal and functional response is the factor that can characterise a design product and give it stability on the market, without allowing it to disappear rapidly like a passing fad.
The articles that become “classics” are the anonymous products of popular tradition and design products. The others are merely used until they are replaced.

**Torino will become World Design Capital next year: what do you expect from an event on this scale, comparable to the Olympic Games of 2006, and what do you think will be the future heritage for Torino and Piemonte?**

The Organising Committee, at the request of the Board of Directors of Torino 2008 World Design Capital comprising the Città di Torino, Provincia di Torino, Regione Piemonte, Camera di Commercio di Torino, Compagnia di San Paolo, Fondazione CRT, ADI, Associazione italiana per il Disegno Industriale, Politecnico di Torino and Università degli Studi di Torino, and following the strategic indications outlined by its own Scientific Committee, is involving the main local resources: institutions, organisations and associations in both the public and private sector, Piemonte’s universities, design schools and institutes of graphic design, design-oriented companies, engineering firms, research centres, press associations, editors of specialised publications, exhibition and fair organisers, cultural events, curators of museums and artistic organisations, the organisers of events to promote crafts and applied arts, in order to encourage their active involvement, possibly in line with other events planned for 2008 that have been divided by target users (general public, companies, schools, design policies).

The events and appointments, which will be held all over Torino and Piemonte, can be created ex-novo or traced back to the design matrix. The meetings between different cultures at the time of exhibitions, conferences, debates, the opportunities offered to young persons to apply to international companies in response to competitions, the summer schools, the appointments at the end of 2008 to help with the representatives of the Casa del Design invited to visit Torino in order to swap experiences and learn useful lessons to structure the Design Centre in Torino, the first of its kind in Italy and more contemporary in design: all of these will offer opportunities to programme well beyond 2008.

The Committee has the task of defining projects in terms of their repeatability, aiming to achieve a continuation that consolidates international relations.

**What activities could be promoted by institutions to encourage the development of design in the area?**

For several decades our region has benefited from the commendable, almost surprising focus and openness to design themes shown by many players. Since I work with the subject
at an international level, I can confidently say that our “land of design” represents an intensive and high-quality phenomenon that is virtually unmatched in other countries. It is certainly not a coincidence that Torino has been nominated as World Design Capital. ICSD - the International Council of Societies of Industrial Design which decided to award this status - acknowledged that public and private institutions and operators have already embarked on many strategies capable of influencing community policies and the qualification of services, and fostering the commercial valorisation of the project understood in the broadest sense, from creativity to engineering and the various stages of the industrialisation process.

The opening of the Design Center in the Mirafiori area and the repercussions of the international visibility of Torino 2008 will per se offer opportunities and instruments for continuing along a path that has already been commenced with conviction and decision in response to the complex social and economic changes taking place in Europe and throughout the world.
Chapter II

Economic results

Analysis of the economic indicators allows us to estimate the degree of development and the level of well-being achieved by the local population.

The latest statistics available from ISTAT (the Italian Institute of Statistics) regarding regional economic results show that in 2006 Piemonte generated a gross domestic product of over 118 billion, corresponding to 8.0% of the entire wealth created on a national scale.

Forecasts by Unioncamere\(^\text{10}\) predict that in Piemonte GDP can be expected to grow by 1.3% in 2008, marginally below the national rate of 1.7%; however, regional growth is expected to realign with the rest of Italy in the two-year period 2009-2010.

Regional added value at current prices, resulting from the difference between the value of the production of assets and services by individual manufacturing sectors, and the value of intermediate assets and services consumed by the same, and defined as the aggregate that allows us to appraise the growth of the economic system in terms of new assets and services made available to the community for end uses, was estimated at 106,051.0 million for 2006.

At a less homogeneous territorial level, the Guglielmo Tagliacarne Institute aligned itself with regional practice for the first time, calculating and making available GDP values on a provincial\(^\text{18}\) basis for the entire economy.

Total GDP for the province of Torino is available up to 2005, at a value of 61,382.3 million, growing by 1% on the previous year and by almost 4% on 2003.

Analysis of the provincial added value, based on estimates elaborated by the Guglielmo Tagliacarne Institute, places the province among the leading Italian provinces for its contribution to the national wealth. Added value for 2005 is calculated as 55,105.4 million at current values, an increase of 1% on the previous year; Torino is preceded only by Milan and Rome and accounts for 4.3% of the national added value and 51.7% of the Piedmontese added value, percentages that do however reflect a downturn in recent years, if we consider that in 1995 these percentages were 4.7% and 53.7%.

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10 Development scenarios for local economies in Italy 2006-2009, Unioncamere Studies Centre, May 2006. The provincial GDP values are expressed at "market prices": they were reached by summing the added value "at base prices" to total VAT and other indirect taxes (net of the contributions paid by the Public authorities) payable on the total products and related imports.

18 This aggregate figure was reached by dividing the national figures for 2003-2005 for net indirect taxes into two parts: 1) the share of indirect taxes on imports, which was distributed by province in proportion to the value of imports from abroad which, as mentioned, is available at provincial level; 2) the share of VAT and indirect taxes on output, which was distributed by province on the basis of the percentage composition calculated for all non-agricultural enterprise, which are affected by what is by far the largest share of the taxes in question. Regional values were obtained from the aggregate value of the two shares that only differ marginally from the analogous figures calculated by ISTAT (by the old system). After having made a number of small adjustments to make them compatible with the values calculated by ISTAT until last year, the overall values for taxes was added to those for added value to obtain the provincial GDP.
Analysis of provincial added value by sector of economic activity reveals the intensity of the growth taking place in the service industry, in terms of its contribution to the wealth produced in the province: in the last decade the weight of the service sector in the province of Torino has grown steadily, and now accounts for almost 71% of the wealth produced in the province, thanks to the expansion of “monetary, financial, real estate and business brokerage” services (28% of the provincial added value compared to 26% in 2000, and 27% in Italy as a whole).

Table 18  Added value at base prices by sector of economic activity - 2005 (€/millions current)

<table>
<thead>
<tr>
<th>AREA</th>
<th>AGRICULTURE</th>
<th>INDUSTRY</th>
<th>SERVICES</th>
<th>TOTAL ECONOMY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In strict sense</td>
<td>Construction</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>TORINO</td>
<td>351.6</td>
<td>12,983.1</td>
<td>2,859.9</td>
<td>15,843.0</td>
</tr>
<tr>
<td>PIEMONTE</td>
<td>1,729.0</td>
<td>26,840.0</td>
<td>6,452.0</td>
<td>33,293.0</td>
</tr>
<tr>
<td>NORTHWEST</td>
<td>5,360.0</td>
<td>107,549.0</td>
<td>21,754.0</td>
<td>129,303.0</td>
</tr>
<tr>
<td>ITALY</td>
<td>28,760.0</td>
<td>265,069.0</td>
<td>76,736.0</td>
<td>341,805.0</td>
</tr>
</tbody>
</table>

Source: Guglielmo Tagliacarne Institute

Chart 19  Breakdown of added value by sector of activity in the province of Torino Year-on-year comparison

Source: elaborated by Guglielmo Tagliacarne Institute using ISTAT data

In this broad period of time, the weight of industry in the strict sense of the term also decreased, although the importance of the “construction” component was consolidated. Analysis by sector, in the 2005/2004 comparison, reveals that industry is finally expanding again (+5.2%) after three years of strong contraction. This development is due above all to the good performance of the construction sector (+8.8%), albeit more modest than the expansion seen in 2003 (+13.2%), but it can
also be attributed to an improvement in the results achieved by industry in the strict sense of the word (+0.7%). Compared to recent years, the service sector seems more static (+0.7%), after a decade in which it has been the most florid segment of the economy, with positive growth well above average.

The breakdown of added value by sector of economic activity in 2005, analysed at different territorial levels (provincial/regional/national), reveals that the contribution of industry to the creation of provincial added value (28.8%), is well above the national average but below that for the whole of Piemonte (31.2%); where services are concerned, the percentage for the province of Torino (70.6%) is marginally below the Italian average (70.9%), but above the regional result (67.1%).

**Chart 20** Percentage breakdown of added value by sector of economic activity in 2005 - territorial comparison

**Table 19** Territorial consumer prices for the FOI basket (blue and white-collar worker households)*

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TORINO</th>
<th>ITALY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>3.6</td>
<td>3.9</td>
</tr>
<tr>
<td>1997</td>
<td>1.9</td>
<td>1.8</td>
</tr>
<tr>
<td>1998</td>
<td>2.0</td>
<td>1.8</td>
</tr>
<tr>
<td>1999</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>2000</td>
<td>3.4</td>
<td>2.5</td>
</tr>
<tr>
<td>2001</td>
<td>2.9</td>
<td>2.8</td>
</tr>
<tr>
<td>2002</td>
<td>2.7</td>
<td>2.3</td>
</tr>
<tr>
<td>2003</td>
<td>2.8</td>
<td>2.5</td>
</tr>
<tr>
<td>2004</td>
<td>2.8</td>
<td>2.0</td>
</tr>
<tr>
<td>2005</td>
<td>2.4</td>
<td>1.7</td>
</tr>
<tr>
<td>2006</td>
<td>2.3</td>
<td>2.0</td>
</tr>
<tr>
<td>2007</td>
<td>2.0</td>
<td>1.7</td>
</tr>
</tbody>
</table>

*Source: elaborated by REF using ISTAT data

* gross of tobacco consumption
According to the data for 2005 published by Unioncamere Italiana and the Guglielmo Tagliacarne Institute, the province of Torino is in 24th position among the Italian provinces for per capita GDP, equal to 24,405, marginally below the estimate performed in 2004, when Torino was in 20th place. This is above the national average, but in a regional context, the province of Torino is in third place, preceded by Cuneo (11th) and by Alessandria (19th).

In the period 1996-2007 the inflation rate” in the city of Torino remained above the Italian average, with a few exceptions. In 2007, the FOI consumer price index, gross of tobacco consumption, was 2.0% compared to a national rate of 1.7%. Although there was a slowdown in the rising price trend in 2006, during which the city of Torino stabilised less than the Italian average, this came to an abrupt end in 2007, after a strong general price increase.

If we consider the consumer price index for the city of Torino, whether we consider the value for the entire population or only the FOI index, it remained above the national average every month in the period 2006-2007, but the gap was significantly smaller than in the previous two year period (2005-2006).

Table 20  % change in the consumer price index*

<table>
<thead>
<tr>
<th>FOI (blue and white-collar worker households)</th>
<th>NIC (whole population)</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Torino</td>
<td>Italy</td>
</tr>
<tr>
<td>January</td>
<td>2.6</td>
</tr>
<tr>
<td>February</td>
<td>2.7</td>
</tr>
<tr>
<td>March</td>
<td>2.4</td>
</tr>
<tr>
<td>April</td>
<td>2.7</td>
</tr>
<tr>
<td>May</td>
<td>2.6</td>
</tr>
<tr>
<td>June</td>
<td>2.6</td>
</tr>
<tr>
<td>July</td>
<td>2.6</td>
</tr>
<tr>
<td>August</td>
<td>2.1</td>
</tr>
<tr>
<td>September</td>
<td>2.2</td>
</tr>
<tr>
<td>October</td>
<td>2.0</td>
</tr>
<tr>
<td>November</td>
<td>1.7</td>
</tr>
<tr>
<td>December</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Source: Istat

* net of tobacco consumption

The consumer price index is a statistical instrument that measures the changes over time of the prices of a number of goods and services, known as a “basket”, which is representative of the actual consumption of families in a specific year. ISTAT produces three different consumer price indices for the entire population (NIC), for blue and white-collar worker households (FOI) and the harmonised European index (HIPC). The NIC measures inflation for the entire economic system, in other words, it considers Italy as if it were a single large family of consumers, within which spending habits are obviously very differentiated. For the Government, the NIC represents the reference parameter for the preparation of economic policies; for example to indicate the programmed inflation rate to which collective labour agreement renewals are linked in the DPEF (Finance and planning document).

The FOI refers to overall consumption by families at the head of which is an employee (not agricultural). This is the index used to periodically adjust monetary values, for example rents and allowances to separated spouses.

The HIPC was developed to provide a means of measuring inflation that is comparable all over Europe. It is used as an indicator to verify the convergence of the economies of EU member countries, and to grant access to and a permanent place in the Monetary Union.
The challenge of internationalisation

Confirming the vocation that makes the province of Torino so favourable to the process of internationalisation and the capacity that the area has always demonstrated, sustained by its strategic position in a border region, to stay abreast of the challenge of the globalised market, 2006 saw an unmistakable revival of the region's competitiveness on international markets. The significance of this growth, which was linked above all to the increase in orders from abroad in the province, must not be seen as an absolute value, but in the context of both the recovery seen in Italy itself at a macroeconomic level in 2006, and the significant revival of Torino's manufacturing industry and the motor vehicle sector in particular, the most important element in the provincial economic system, in terms of productivity and investment.

3.1 Projecting the province of Torino abroad: trade

In 2006, after a three-year stagnation, the overall value of goods exported by the province of Torino began to grow strongly, reaching approximately €16,972 million, which represents an increase of 7.4 percentage points on the previous year, marginally behind the regional and national increases (8.4% and 9% respectively).

The province of Torino therefore remains in second place among the Italian provinces for export sales (5.2%), although the incidence of exports has decreased since the start of the millennium, down from 6.1%. But if we compare the change in Torino export sales with those of the other 7 Piedmontese provincial capitals, Torino is third last, preceding only Cuneo and Biella. This results in a marginal erosion of the percentage share of Piedmontese exports that is accounted for by Torino companies, from 49.5% in 2005 to 48.9% in 2006.

More detailed analysis of the quarterly results indicates that the first quarter of the year was responsible for the strong growth (+9.5% compared to 2005); the second and third quarters were less brilliant, but still allowed the positive trend to be consolidated (+6.4% and +6.1%), producing a good annual result, so that 2007 began with stronger provincial trade figures. At the same time, this recovery is backed up by more dynamic imports, as in the three-year period 2003 - 2005, imports, and at year-end they reached €13,777 million: since 2003 (a surplus of €4,558 million) the balance of trade of the province of Torino has remained positive, but has slowed down gradually to €+3,194 million in 2006.
THE CHALLENGE OF INTERNATIONALISATION

### Chart 21  
Import and export trends in the province of Torino: 2000 - 2006

<table>
<thead>
<tr>
<th>Year</th>
<th>Import</th>
<th>Export</th>
<th>Import %</th>
<th>Export %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>13,777.7</td>
<td>16,972.4</td>
<td>+12.8%</td>
<td>+7.4%</td>
</tr>
<tr>
<td>2001</td>
<td>12,120.1</td>
<td>15,799.4</td>
<td>+1.7%</td>
<td>+13.7%</td>
</tr>
<tr>
<td>2002</td>
<td>11,417.6</td>
<td>15,852.3</td>
<td>-4.1%</td>
<td>+12.8%</td>
</tr>
<tr>
<td>2003</td>
<td>11,120.6</td>
<td>15,678.8</td>
<td>+1.9%</td>
<td>+1.7%</td>
</tr>
<tr>
<td>2004</td>
<td>11,106.1</td>
<td>15,120.6</td>
<td>+0.1%</td>
<td>-4.1%</td>
</tr>
<tr>
<td>2005</td>
<td>11,723.9</td>
<td>14,177.6</td>
<td>+2.7%</td>
<td>+1.9%</td>
</tr>
<tr>
<td>2006</td>
<td>11,954.6</td>
<td>12,120.1</td>
<td>+6.2%</td>
<td>+7.4%</td>
</tr>
</tbody>
</table>

**Source:** Elaborated by Torino Chamber of Commerce using ISTAT data

### 3.1.1 Import-export by the province of Torino by product type

Analysis of imports and exports by the province by commodity class underlines the propensity for international trade of Torino’s manufacturing industry and the leading role it played once again in 2006 to sustain the growth of the local economy.

### Chart 22  
Breakdown of exports from the province of Torino by sector in 2006

- **Means of transport:** 10.88%
- **Electrical machines and equipment:** 10.51%
- **Mechanical machines and equipment:** 12.78%
- **Metals and metal products:** 12.60%
- **Non-metallic machined mineral products:** 4.54%
- **Chemical products:** 3.18%
- **Paper:** 0.64%
- **Rubber and plastics:** 4.61%
- **Leather:** 0.41%
- **Textiles and clothing:** 2.33%
- **Food, beverages and tobacco:** 2.24%
- **Agricultural and fishing:** 0.11%
- **Other products:** 1.43%

**Source:** Elaborated by Torino Chamber of Commerce using ISTAT data
Exports of **means of transport** grew satisfactorily, accounting for 41.6% of Torino’s total exports; at the end of 2006, sales exceeded 7,000 million, increasing by 10.5%, after the stagnation of 2005 and a slowdown in 2004 (-1.4%). The excellent performance by the sector was sustained by the results achieved primarily in three areas: the most important of these, sales of motor vehicle parts and accessories increased by 7.8%, continuing the trend begun in 2005, and now account for a significant percentage of exports by the province (21.8%), confirming the area’s vocation for industry and manufacturing. We should also mention the consolidation of growth in the aerospace sector.

**Table 21** Import-export by the province of Torino (values in Euro)

<table>
<thead>
<tr>
<th>PRODUCTS</th>
<th>2005</th>
<th>2006 (*)</th>
<th>2005</th>
<th>2006 (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agriculture, hunting and forestry</strong></td>
<td>390,651,781</td>
<td>315,128,09</td>
<td>490,434,327</td>
<td>24,824,850</td>
</tr>
<tr>
<td><strong>Fishing and fish-farming</strong></td>
<td>6,696,003</td>
<td>749,09</td>
<td>7,209,852</td>
<td>67,509</td>
</tr>
<tr>
<td><strong>Energy and non-energy minerals</strong></td>
<td>18,368,893</td>
<td>13,782,412</td>
<td>19,623,704</td>
<td>14,575,850</td>
</tr>
<tr>
<td><strong>Processed products and manufactures</strong></td>
<td>11,656,713,319</td>
<td>15,733,941,11</td>
<td>13,176,150,783</td>
<td>16,908,216,269</td>
</tr>
<tr>
<td><strong>Food, beverages and tobacco</strong></td>
<td>228,700,000</td>
<td>532,087,917</td>
<td>237,915,917</td>
<td>545,352,163</td>
</tr>
<tr>
<td><strong>Textiles and clothing</strong></td>
<td>358,529,641</td>
<td>370,589,125</td>
<td>383,106,803</td>
<td>381,693,545</td>
</tr>
<tr>
<td><strong>Leather, leather products and similar goods</strong></td>
<td>113,878,516</td>
<td>70,153,756</td>
<td>120,296,167</td>
<td>72,069,847</td>
</tr>
<tr>
<td><strong>Wood and wood products</strong></td>
<td>77,415,432</td>
<td>32,260,271</td>
<td>85,040,373</td>
<td>33,902,926</td>
</tr>
<tr>
<td><strong>Paper and paper products, publishing</strong></td>
<td>356,342,399</td>
<td>503,138,780</td>
<td>344,781,984</td>
<td>474,844,975</td>
</tr>
<tr>
<td><strong>Coke, refined oil products and nuclear fuels</strong></td>
<td>41,394,963</td>
<td>42,849,739</td>
<td>50,966,998</td>
<td>43,830,517</td>
</tr>
<tr>
<td><strong>Chemical products and man-made fibres</strong></td>
<td>779,285,849</td>
<td>609,534,940</td>
<td>795,793,498</td>
<td>622,572,800</td>
</tr>
<tr>
<td><strong>Rubber and plastics</strong></td>
<td>307,091,005</td>
<td>739,500,600</td>
<td>336,827,408</td>
<td>692,546,471</td>
</tr>
<tr>
<td><strong>Non-metal machined mineral products</strong></td>
<td>100,028,534</td>
<td>180,598,353</td>
<td>116,185,739</td>
<td>208,394,994</td>
</tr>
<tr>
<td><strong>Metals and metal products</strong></td>
<td>1,627,057,514</td>
<td>1,290,639,175</td>
<td>1,863,053,153</td>
<td>1,369,830,678</td>
</tr>
<tr>
<td><strong>Machinery and mechanical equipment</strong></td>
<td>1,535,019,578</td>
<td>3,122,648,480</td>
<td>1,616,706,664</td>
<td>3,299,193,590</td>
</tr>
<tr>
<td><strong>Electrical machinery and electrical, electronic and optical equipment</strong></td>
<td>1,987,841,940</td>
<td>1,590,735,022</td>
<td>2,130,414,013</td>
<td>1,827,941,458</td>
</tr>
<tr>
<td><strong>Means of transport</strong></td>
<td>4,000,228,995</td>
<td>6,401,641,480</td>
<td>4,931,655,332</td>
<td>7,075,489,641</td>
</tr>
<tr>
<td><strong>Other products of manufacturing companies</strong></td>
<td>143,899,153</td>
<td>247,563,673</td>
<td>163,406,534</td>
<td>260,552,664</td>
</tr>
<tr>
<td><strong>Electricity, gas and water</strong></td>
<td>12,912,540</td>
<td>85,970</td>
<td>56,923,911</td>
<td>12,819,768</td>
</tr>
<tr>
<td><strong>IT, professional and business activities</strong></td>
<td>12,125,341</td>
<td>4,007,550</td>
<td>9,779,331</td>
<td>4,101,706</td>
</tr>
<tr>
<td><strong>Products of other public, social and personal services</strong></td>
<td>21,846,203</td>
<td>14,927,113</td>
<td>17,039,040</td>
<td>7,171,248</td>
</tr>
<tr>
<td><strong>Onboard supplies, returned and rejected national goods, misc. goods</strong></td>
<td>441,756</td>
<td>1,030,120</td>
<td>586,081</td>
<td>650,061</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12,120,055,804</td>
<td>15,799,367,194</td>
<td>13,777,747,032</td>
<td>16,972,427,261</td>
</tr>
</tbody>
</table>

**Source:** Istat

(*) provisional data
(+28.5%), reflecting a local manufacturing system focused increasingly on the high technological content of its production. And in the year under consideration, thanks in particular to the good recovery of Torino’s automotive industry, foreign orders for motor vehicles are also growing strongly (+11.5% on the previous year, +16.3% compared to 2004) which, after the decrease in 2005 (-8.6%) confirms its percentage incidence among the exports of the province of Torino (15.8%).

Although stably in second place among exports by the province of Torino (19.4% of the total), the performance of the mechanical sector was less intense, but nonetheless positive, accounting for over 47% of the total for Piemonte. At the end of 2006, exports by this sector amounted to 3,299 million, a 5.7% increase on 2005 which had been a poor year, and of 2.6% on 2004; however, the excellent sales performance of machine tools (+23.6%) and other machines for general (+11.3%) and special (+7.7%) applications was offset by a marginal contraction in exports of electricity generating machinery (-0.3%) which represents almost half of foreign orders for this sector (45.6%).

**Chart 23**  
L’export trends for the province of Torino in 2006 by sector, compared to 2005

**Source:** Export trends for the province of Torino in 2006 by sector, compared to 2005
Exports of electrical machines (10.8% of Torino’s exports) also improved significantly (+14.9%) in 2006 after the contraction of 2005 (-1.3% on 2004); within this sector, exports of transmitters grew by 81%, while measuring instruments contracted by 8%. In spite of this, a simultaneous rise in domestic orders (+7.25) meant that even in 2006, the balance of trade for the sector closed with a deficit (€302.47 million). Exports of non-metallic mineral products grew by 15.4%, while precious metals (+61%) were responsible for the good results of the metallurgy and metal products industry (+6.1%), and this sector, with sales of €1,369 million, maintained its incidence of total exports by the province stable at 8.1%. Growth in the textile and fashion industry was weaker (+4.5%) but also symptomatic of the revival of the manufacturing industry in the province, even if it plays an increasingly marginal role in trade by the provincial capital (1.4% of provincial exports); the performance of the food (+2.5%) and chemical products (+2.1%) industries was equally modest, with only pharmaceutical products bucking the trend (+9.3%).

**Chart 24** Import trends in the province of Torino in 2006 by sector, compared to 2005

*Source:* Elaborated by Torino Chamber of Commerce using ISTAT data

Only three sectors actually contracted, and they are sectors that together account for 7% of Torino’s exports: agricultural products for export continued to fall (-21.2%), as did the paper-graphics sector which contracted by 5.6% after a fall of 11.9% in 2005; and finally rubber and plastic products contracted by 6.3%, primarily due to the downturn (-15.7%) in rubber arti-
Medium-term analysis (2003-2006) shows that exports have increased constantly and uninterruptedly in only two of the seventeen sectors examined: the chemical industry, which is 14.2 percentage points higher in 2006 than it was in 2003, and metallurgy, which increased by 30.8%.

Imports into the Torino area increased overall by 13.1% (€ 13,777 million) compared to 2005. Import trends by product reveal an increase for all sectors, except for paper (-3.2%): imports are driven above all by purchases of means of transport (+23.3%), metals and metal products (+14.5%) and agriculture and fishing (25.1%).

The breakdown of imports by sector shows that over 75% of imports are concentrated primarily in four economic macrosectors: imports of means of transport totalled € 4,931 million (36% of the total), 60% of which is accounted for by motor vehicles. This is followed by imports of electrical machinery (€ 2,130 million, 15.5% of the total), metal products (13.5%, € 1,863 million), and mechanical equipment (11.7%, € 1,616 million).

**Chart 25** Import trends in the province of Torino in 2006 by sector, compared to 2005

**Source:** Elaborated by Torino Chamber of Commerce using ISTAT data
### 3.1.2 Manufacturing import-export by the technological content of the products

The Eurostat classification of the manufacturing industry based on the technological content of products, and NACE classes of economic activities allows us to break the manufacturing sector down into four categories: goods with a high level of technology (high tech), goods with a medium-high level of technology (medium-high tech), goods with a medium-low level of technology (medium-low tech) and goods with a low level of technology (low tech).

**Table 22** Import-export of the manufacturing industry in the province of Torino in 2006 by the technological content of products (in Euro)

<table>
<thead>
<tr>
<th></th>
<th>Import</th>
<th>Export</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIGH TECH</td>
<td>1,637,874,103</td>
<td>1,669,828,735</td>
<td>31,954,632</td>
</tr>
<tr>
<td>MEDIUM-HIGH TECH</td>
<td>7,830,791,051</td>
<td>11,068,830,952</td>
<td>3,238,039,901</td>
</tr>
<tr>
<td>MEDIUM-LOW TECH</td>
<td>2,372,937,851</td>
<td>2,401,140,462</td>
<td>28,202,611</td>
</tr>
<tr>
<td>LOW TECH</td>
<td>1,334,547,778</td>
<td>1,768,416,120</td>
<td>433,868,342</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,176,150,783</td>
<td>16,908,216,269</td>
<td>3,732,065,486</td>
</tr>
</tbody>
</table>

**Source:** Elaborated by Torino Chamber of Commerce using ISTAT data

On the basis of this classification it is possible to analyse trade in manufacturing products by the province of Torino: the “high tech” category accounted for 12.4% of imports by the province and 9.9% of exports (+19% on 2005), respectively 83% and 84.4% of the “high tech” import-export flows in the region. However the most striking result regards trade of “medium-high tech” products, which accounted for 59.4% of imports and 65.5% of exports in 2005 (64.3% and 61% of trade by Piemonte). And finally, the percentage of medium-low tech and low tech products also decreased compared to 2005 (14.2% compared to 14.7%, and 10.5% compared to 11.1% respectively).

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12 The Eurostat classification (consistent with OECD indications) envisages the following categories within the manufacturing industry, based on NACE classes of economic activities:
- High tech: aircraft and spacecraft industry (NACE 35.3), pharmaceutical industry (NACE 24.4); manufacture of office machinery, computers and IT systems (NACE 30), manufacture of radio, television and communication equipment (NACE 32), manufacture of medical, precision and optical instruments and clocks and watches (NACE 33).
- Medium-high tech: manufacture of electrical machinery and apparatus (NACE 31), manufacture of motor vehicles, trailers and semitrailers (NACE 34), manufacture of chemical products and of man-made fibres, excluding pharmaceuticals, medicinal chemicals and botanical products (NACE 24 excluding 24.4), other means and equipment for transport (NACE 35.2, 35.4 and 35.5), manufacture of mechanical machinery and equipment (NACE 29).
- Medium-low tech: production of coke, oil refineries, treatment of nuclear fuels (NACE 23), manufacture of articles in rubber and plastic (NACE 25), manufacture of products from the machining of non-metal minerals (NACE 26), ship building and repairing (NACE 35.1), metallurgy (NACE 27), manufacture of metal products (NACE 28).
- Low tech: other manufacturing and recycling industries (NACE 36 and 37), wood, paper and publishing industry (NACE 20, 21 and 22), food, beverage and tobacco industry (NACE 15 and 16), textile, clothing and tanning industries (NACE 17, 18 and 19).
The share of “high tech” products imported and exported in the province of Torino, is higher than the Piedmontese average (8.2% and 5.8%), and a few percentage points below the Italian average (17.0% and 10.2%); trade in “medium-high tech” goods, on the other hand, is well above the regional and national levels (50.7% of imports and 52.9% of exports, and 37.5% and 40.7% respectively).

Chart 26  Breakdown of manufacturing imports by the technological content of the products - 2006

Source: Elaborated by Torino Chamber of Commerce using ISTAT data

Chart 27  Breakdown of manufacturing exports by the technological content of the products - 2006

Fonte: Elaborated by Torino Chamber of Commerce using ISTAT data
3.1.3 Outlet markets for Torino’s goods

Over two thirds of trading by the province of Torino in 2006 were directed to the 25 countries of the EU (67%, € 11,366 million), or originated from the same area (68.6%, € 9,457 million): however, both exports and imports with these countries have gradually decreased in the last three years, by about three percentage points, offset by an increase in trade with non-European partners, and particularly with emerging markets.

**Chart 28** The first ten markets for goods from Torino: exports in value - 2006 (values in Euro/millions)

France remained Torino’s main trading partner: exports totalled € 2,825 million, while imports amounted to € 2,317 million, for a balance of trade surplus of € 508 million. However, in 2006 exports to France contracted further, to 17% of the total, one and a half percentage points below the figure recorded in 2003, when exports totalled € 2,903 million. In second place among Torino’s trading partners was Germany, which absorbed 15% of Torino’s exports, with imports at approximately 14% of the total. For both countries, means of transport were the main export item: in 2006 France purchased 35.8% of the total exported in this sector, while Germany surpassed it with 46.3%. Spain and the United Kingdom were a short distance behind, with the other leading importers of Torino’s goods (accounting for 9% and 6.6% of exports by the province), although imports by both countries were below 4% of the total. In recent years Poland has acquired an important role for sales by the province; in fact it accounts for 5.5% of exports, but what is emerging in particular, is the
entity of Polish imports into the province: at the end of 2006, with over €2,188 million, the country accounted for 15.9% of all imports into Torino, up from just 6.5% in 2004. This growth, which widens the import-export gap, bringing the balance of trade deficit between our country and Poland to €1,246 million, can obviously be attributed to imports of means of transport, which account for almost 90% of purchases from the country: Torino’s automotive industry is one of the large Italian companies traditionally present in Poland with large manufacturing investments.

**Chart 29** The first ten countries of origin for goods in the province of Torino: imports in value - 2006 (in Euro/millions)

<table>
<thead>
<tr>
<th>Country</th>
<th>Value (in Euro/millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium and Luxembourg</td>
<td>458.26</td>
</tr>
<tr>
<td>Spain</td>
<td>680.70</td>
</tr>
<tr>
<td>United States</td>
<td>460.24</td>
</tr>
<tr>
<td>Japan</td>
<td>544.85</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>550.07</td>
</tr>
<tr>
<td>China</td>
<td>604.17</td>
</tr>
<tr>
<td>Turkey</td>
<td>680.70</td>
</tr>
<tr>
<td>Germany</td>
<td>7,194.82</td>
</tr>
<tr>
<td>Poland</td>
<td>2,188.74</td>
</tr>
<tr>
<td>France</td>
<td>2,317.72</td>
</tr>
</tbody>
</table>

**Source:** Elaborated by Torino Chamber of Commerce using Istat data

Trade between the province of Torino and countries outside the European Union has consolidated over the years, and now represent one third of all foreign trade by the province: imports (€5,606 million) and exports (€4,320 million) have grown significantly both compared to 2005 (respectively by 21.8% and 11.4%), and in the medium term (imports have grown by 33% compared to 2003, and exports by 18%).

In Central and Eastern Europe, trade with Russia has strengthened, and sales by the province of Torino have increased by 136% in the last year; exports to Romania, which became one of the 27 countries of the European Union on January 1, 2007, have increased by 31.8% (39.3% of which is accounted for by means of transport) while imports of Romanian goods have increased by 90.5% (47.5% of which regarded purchases of electrical and electronic equipment). Italy is Romania’s first trading partners, and the province of Torino accounts for 3% of domestic imports and 4% of exports.
with Romania. Exports to Bulgaria, which joined the EU with Romania at the start of the year, accounted for just 0.3% of exports from Torino (€ 53.42 million).

The United States was the largest non-European export market; in spite of the slowdown in the US economy in 2006, trading relations established in 2005 were confirmed in 2006, at least on the export side: at the end of 2006 exports amounted to € 832 million (up 11.4% on 2005) and accounted for approximately 15% of exports outside the European Union and 5% overall. Over 70% of exports to the United States from the province of Torino were concentrated in three areas of the manufacturing industry: machinery and mechanical equipment (30.8%), means of transport (28.5%), and electrical, electronic and optical equipment (12.4%). Imports from the USA, on the other hand, decreased by about 5 percentage points compared to 2005 (€ 747.2 million).

Turkey, a country that is very open to international trade, was the province’s second non-EU partner for exports (€ 763 million) and the first for imports (€ 680 million). Sales were concentrated primarily in the vehicle market (€ 529.7 million, 69.4%), followed at a distance by mechanical equipment (€ 95 million, 12.5%); imports of Turkish goods into the province accounted for 72% of the total, having grown by 27% in the last year, and by no less than 56% on 2003: they fell into the two priority sectors for Turkish exports, cars (84.3%) and the textile-clothing sector (5.6%).

Trade relations between Torino and the South American markets, traditionally Argentina and Brazil were still sluggish: they now account for a marginal portion, which in general does not exceed 2.5% of Torino’s trade relations. These countries are still conditioned by the fluctuations of the international markets, and hindered by a marketing structure that is still anchored to the production of agricultural products and raw materials.

The Far East is still a difficult geographical area for the goods of the province to penetrate, and it therefore only accounts for a minimal portion of exports. China stands out as the best commercial partner in the area: exports (amounting to € 309.84 million at the end of 2006) increased by 22.5% on 2005, and imports (€ 604.17 million) were concentrated primarily in the market for electrical equipment (40% of goods imported) and machinery (11%), which increased by 25.2%.

### 3.1.4 The provincial balance of trade in the period January-June 2007

Provisional ISTAT data for foreign trade by the province reveal that in the first half of 2007 the growth in foreign trade was without any doubt less significant that the excellent performance recorded the previous year: on June 30, 2007, exports by the province increased by 4.6%, compared to 9.2% in the same period of 2006. Both regional (+6.8%) and national exports (11.6%) expanded by a few percentage points more than those of Torino. And the increase in imports was also higher than sales for Torino (6.9%), which was below Piedmontese imports (8.1%) but in line with Italian results (+6.6%): in spite of this, the Torino balance of trade recorded a surplus of € 1,444 million.
This poor growth was particularly evident in sales of means of transport, the leading sector of the Piedmontese industrial economy (40.4% of exports), which increased by just 1.5%; there was a downturn in sales of motor vehicles abroad (-6.2%), partially offset by the growth in exports of components (up 5.1%). Sales of electrical and electronic equipment and apparatus, which accounted for 10% of exports, did not perform well in the first half, but contracted by 4.4%.

Growth was positive in the other sectors: engineering products increased by 9.4% (20.3% of exports), metals and metal products increased by 13% (8.7%), rubber products by 21.5% (4.7%) and chemicals by 4% (3.8%). Among the less significant sectors, we should mention the growth in foreign sales of food and beverages (2.9%, +11.5%), and clothing and textiles (2.3%, +7.4%).

In terms of geographical destinations, more than two thirds of sales in the first half (68%) were destined to the 27 countries of the European Union, falling by just one percentage point compared to the first half of 2006: outside the European market, sales to North Africa (2.5%, +19.6%) and to the Far East (2.1%, +35.1%) increased.
Table 24  Import-export by the province of Torino in the first half of 2007 (in Euro)

<table>
<thead>
<tr>
<th>GOODS (in Euro)</th>
<th>Prov. 1st half 2006</th>
<th>Prov. 1st half 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>imports</td>
<td>exports</td>
</tr>
<tr>
<td>Agriculture, hunting and forestry</td>
<td>227,662,351</td>
<td>11,616,004</td>
</tr>
<tr>
<td>Fishing and fish-farming</td>
<td>3,421,282</td>
<td>18,854</td>
</tr>
<tr>
<td>Energy and non-energy minerals</td>
<td>8,387,871</td>
<td>7,047,262</td>
</tr>
<tr>
<td>Processed products and manufacts</td>
<td>5,835,85</td>
<td>7,731,65</td>
</tr>
<tr>
<td>Food, beverages and tobacco</td>
<td>118,770,145</td>
<td>229,796,313</td>
</tr>
<tr>
<td>Textiles and clothing</td>
<td>187,638,645</td>
<td>190,642,125</td>
</tr>
<tr>
<td>Leather and leather products,</td>
<td>65,556,723</td>
<td>37,744,301</td>
</tr>
<tr>
<td>and similar goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wood and wood products</td>
<td>40,266,166</td>
<td>19,668,382</td>
</tr>
<tr>
<td>Paper and paper products, publishing</td>
<td>170,577,133</td>
<td>228,129,808</td>
</tr>
<tr>
<td>Coke, refined oil products and</td>
<td>31,564,594</td>
<td>20,889,313</td>
</tr>
<tr>
<td>nuclear fuels</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemical products and man-made</td>
<td>423,475,076</td>
<td>327,042,805</td>
</tr>
<tr>
<td>fibres</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rubber and plastics</td>
<td>175,889,215</td>
<td>343,957,091</td>
</tr>
<tr>
<td>Non-metal machined mineral</td>
<td>53,708,906</td>
<td>108,003,476</td>
</tr>
<tr>
<td>products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metals and metal products</td>
<td>942,752,853</td>
<td>684,240,397</td>
</tr>
<tr>
<td>Machinery and mechanical equipment</td>
<td>793,357,425</td>
<td>1,643,683,882</td>
</tr>
<tr>
<td>Electrical machinery and electrical,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>electronic and optical equipment</td>
<td>1,056,685,549</td>
<td>949,639,085</td>
</tr>
<tr>
<td>Means of transport, of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>1,521,526,161</td>
<td>1,327,556,738</td>
</tr>
<tr>
<td>Parts and accessories for motor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>vehicles and their engines</td>
<td>733,914,057</td>
<td>1,896,864,192</td>
</tr>
<tr>
<td>Other products of manufacturing</td>
<td>80,917,242</td>
<td>129,084,883</td>
</tr>
<tr>
<td>companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Processed products and manufacts</td>
<td>6,699,987,429</td>
<td>8,448,233,213</td>
</tr>
<tr>
<td>Electricity, gas and water</td>
<td>27,282,327</td>
<td>11,507,889</td>
</tr>
<tr>
<td>IT, professional and business</td>
<td>5,001,463</td>
<td>1,607,368</td>
</tr>
<tr>
<td>activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Products of other public, social</td>
<td>4,202,598</td>
<td>2,878,500</td>
</tr>
<tr>
<td>and personal services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Onboard supplies, returned and</td>
<td>340,412</td>
<td>261,031</td>
</tr>
<tr>
<td>rejected national goods, misc. goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>6,946,285,733</td>
<td>8,483,170,121</td>
</tr>
</tbody>
</table>

Source: Elaborated by Torino Chamber of Commerce using ISTAT data
3.2 Trade in services

Trade in services is both an important component of world trade and a less well-known aspect of general trade. It differs significantly from other methods of producing and marketing goods; for services, the production stage more often than not coincides with the marketing, delivery and consumption stage, while this close relationship is generally not true with manufactured goods. For years, services were not considered among international commercial transactions because of their intangible and non-tradable nature, but trade in services received a boost from the elimination of economic and technical constraints, and the introduction of technological innovations, particularly related to financial services, telecommunications and transport. It was the progress in the field of ITC and its spread, that created the conditions for this component of international trade to expand, strongly stimulating its development, with particular regard for advanced services to business.

We should point out that exports of services include all the services rendered by residents in the territory to those not resident in Italy, which generate receivables from abroad; they supply the balance of trade in goods and services, which incorporates operations in the latter two classes in the normal balance of trade.

Although there has been a generalised decrease in the percentage of international trading in services, Italy is one of the major international suppliers; however, almost half of the services exported are related in some way to tourism, with only a small amount of activity in the field of advanced services. In the world standings of the main companies exporting trade services, after France, Japan, Germany, the United Kingdom and United States - which lead the field, exporting services for a total of $387 million - Italy is in sixth place, with exports of $101 million of services, an increase of 13% over 2005: as a result the Italian market share has also increase (from 3.6% to 3.7%).

In 2006, the province of Torino exported services worth a total of €2.36 billion, an increase of over 29 percentage points on the previous year; at the same time, debts also increased (+10.7%) to €3.1 billion, and as a result the balance of trade for services closed with a deficit of €773.2 million, in line with the last two years. Excluding transport from the analysis, because the relative information was not available at a provincial and regional level, the largest deficit in the province’s balance of payments regarded communications (€448 million), followed by personnel services (a deficit of €287 million) and insurance (€139 million). The deficit was also high in the field of business services (€137 million), offset by a growing demand for advanced services from the local business system.

If we analyse the structure of what is on offer by the type of service delivered, still excluding transport, first place on the credits side goes to businesses (38%), which include marketing and other professional and technical services that address entrepreneurial activities (marketing, adverti-
sing, consultancy, etc.). Services connected to tourism, which continued to grow on 2005 (up 35.3%), accounted for 33% of total services exported, confirming the region's growing vocation for tourism. Foreign sales of financial services (+96.2% and 6.2% of the total) and of IT services (+436.6% and 6% of the total) both gained importance, while the construction sector contracted marginally (-3.4%, 0.4% of the total). Exports for the communications sector on the other hand showed a deficit (-19.9%), and the incidence of this sector contracted from 5.9% of total exports in 2004 to 2.2% in 2006. Where imports to the province of Torino are concerned, the increase was primarily due to communications (up 79%) and to royalties and licences (up 74%).

### Table 25  
Trading in services in the province of Torino (absolute values and percentage values)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Absolute values (Euro/thousands)</th>
<th>% Breakdown</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel abroad</td>
<td>779,552</td>
<td>836,632</td>
<td>59,080</td>
</tr>
<tr>
<td>Construction</td>
<td>9,139</td>
<td>23,370</td>
<td>-14,231</td>
</tr>
<tr>
<td>Communications</td>
<td>52,107</td>
<td>500,299</td>
<td>-448,192</td>
</tr>
<tr>
<td>Insurance</td>
<td>45,400</td>
<td>185,122</td>
<td>-139,722</td>
</tr>
<tr>
<td>Financial services</td>
<td>145,665</td>
<td>58,966</td>
<td>86,699</td>
</tr>
<tr>
<td>IT services</td>
<td>142,481</td>
<td>81,005</td>
<td>61,476</td>
</tr>
<tr>
<td>Royalties and licences</td>
<td>248,289</td>
<td>89,116</td>
<td>159,173</td>
</tr>
<tr>
<td>Personal services</td>
<td>36,102</td>
<td>323,381</td>
<td>-287,279</td>
</tr>
<tr>
<td>Services for government</td>
<td>5,863</td>
<td>-</td>
<td>5,863</td>
</tr>
<tr>
<td>Other business services</td>
<td>899,578</td>
<td>1,037,470</td>
<td>-137,892</td>
</tr>
<tr>
<td>Total</td>
<td>2,364,176</td>
<td>3,137,361</td>
<td>-773,185</td>
</tr>
</tbody>
</table>

**Source:** Elaborated using Ufficio Italiano Cambi data, Statistical Bulletin, 2007

### 3.3 Incoming and outgoing foreign direct investment

The positive trend recorded in many parts of the world in terms of economic growth, and particularly expanding international trade, was also reflected in the increase in incoming and outgoing foreign direct investment; flows linked to investment in large multinational companies expanded strongly particularly related to mergers and acquisitions, but FDI was also noted in a number of primary and service sectors.

Data for world investment calculated by UNCTAD (United Nations Conference on Trade and Development) revealed that this reached $1,306 billion in 2006, marginally below the record figure of $1,411 billion in 2000: in 2006, the improvement and recovery begun in 2003 were consolidated, after the collapse of 2001 and 2002, with estimates for 2007 indicating approximately $1,500 billion. This
positive trend regarded both advanced countries and emerging economies, although the growth rate of incoming FDI (respectively +48% and +10%) showed a slowdown, begun two years earlier, particularly in the developing economies: inflows primarily regarded countries rich with oil and other raw materials. Among the developed countries, the United States ($177 billion, +78% on 2005) and the United Kingdom ($170 billion) are the leading receptors for FDI; however, inside the 25-strong European Union, where 45% of total incoming global flows were concentrated, we should highlight an increase in FDI to Italy (+50.2%), at a rate above the European average (+30.1%), thus compensating for Italy's lack of appeal in 2005. The fifth edition of the research on the level of attractiveness of investments, published by Ernst & Young Europa and entitled “Wanted: a renewable Europe”, stated that Italy rose from 18th to 14th place among European countries targeted by investors. In the three-year period 2004-2006, the yearly average of foreign investment entering Italy, net of divestments, amounted to €17,941 million, thanks in part to the strong recovery of 2006.

Similarly, Piemonte and the province of Torino, which were sustained by an area that can boast huge economic and manufacturing resources, attracted net investment of €4,207 million and €4,445 million per year between 2004 and 2006. What is more, the results published in the 2007 update of the study undertaken by the “Osservatorio Siemens-Ambrosetti to improve the positive attraction of the Italian system” showed that between 2001 and 2005, thanks to the effect of the Olympics, Torino attracted more investment than Milan, the Italian province that traditionally leads the country in terms of FDI appeal; direct foreign investment in the Torino area reached 4.09% of GDP, compared to 3.79% for Milan. The regional standings did not change: Piemonte, in second place, attracted FDI worth 2.36% of GDP, compared to 2.8% for Lombardy.

As to the distribution of this investment by sector, FDI that targets services, and particularly financial services and communications now prevails; the Piedmontese manufacturing industry attracted investment from foreign multinationals particularly in the transport sector, which recovered significantly in 2006, while divestments in the motor vehicle sector had exceeded investments in the previous year.

Table 26 Net incoming Foreign Direct Investment (in Euro)

<table>
<thead>
<tr>
<th>Year</th>
<th>Province of Torino net foreign</th>
<th>Piemonte net foreign</th>
<th>Italy net foreign</th>
</tr>
</thead>
<tbody>
<tr>
<td>AVERAGE 2004-2006</td>
<td>4,445,298</td>
<td>4,207,161</td>
<td>17,941,076</td>
</tr>
<tr>
<td>2006</td>
<td>4,934,298</td>
<td>4,826,983</td>
<td>24,598,680</td>
</tr>
<tr>
<td>2005</td>
<td>7,003,776</td>
<td>6,503,998</td>
<td>16,009,038</td>
</tr>
<tr>
<td>2004</td>
<td>1,399,891</td>
<td>1,290,502</td>
<td>13,215,510</td>
</tr>
</tbody>
</table>

Source: Ufficio Italiano Cambi

After the contraction recorded in Piemonte and the province of Torino in 2005, outgoing foreign direct investment in 2006 showed an interesting recovery, which helped to create a more favourable domestic economic context: in the last three years (2004-2006) average outgoing FDI, net of divestments,
amounted to €239.1 million for the province of Torino and €710.9 million for Piemonte. The flow of Piedmontese direct foreign investment was concentrated primarily within the European Union: in 2006 Piemonte invested in France (€180.7 million), Belgium (€111.2 million), the United Kingdom (€110.2 million) and in countries such as Luxembourg and Holland that are traditional collectors of international financial resources, which is then reinvested in other countries. However, beyond the European borders, interesting new outlets have emerged that seem to respond more to the needs of the internationalisation of the local economic and productive system: investments in India (€44.9 million) and China (€36.3 million) are valid examples, having more than tripled compared to the previous year. And finally, what is the profile of the Italian company that decides to invest abroad? Companies that choose to go abroad still tend to be large, making consistent investments in research and development and revealing an unquestionable propensity for exports.

### Table 27  Net outgoing Foreign Direct Investment (in Euro)

<table>
<thead>
<tr>
<th>Year</th>
<th>Province of Torino net foreign</th>
<th>Piemonte net foreign</th>
<th>Italy net foreign</th>
</tr>
</thead>
<tbody>
<tr>
<td>AVERAGE 2004-2006</td>
<td>239,083</td>
<td>710,896</td>
<td>19,779,794</td>
</tr>
<tr>
<td>2006</td>
<td>457,651</td>
<td>1,217,680</td>
<td>28,028,035</td>
</tr>
<tr>
<td>2005</td>
<td>-780,980</td>
<td>-220,120</td>
<td>15,721,694</td>
</tr>
<tr>
<td>2004</td>
<td>1,040,579</td>
<td>1,135,129</td>
<td>15,589,654</td>
</tr>
</tbody>
</table>

**Source:** Ufficio Italiano Cambi

### 3.4 Foreign companies located in the province of Torino

There are over 684 foreign-owned companies present in Piemonte, employing approximately 144,000 people. European investors account for about two thirds of these companies, thanks to the weight of French and German multinationals, but American companies predominate over all the others (27% of the total). The presence of multinational manufacturing concerns in the region is strong and constantly evolving, and it encourages the creation of groups of enterprise, which are further evidence of the way the organisation of the Italian business system is growing stronger as a whole: it makes it possible not only to supply the complete economic chain and to consolidated strategic control logics, but also explains, at least in part, the increasing incidence of stock companies. According to the latest data provided by the Unioncamere Observatory for Groups of enterprise, in 2005 Italian companies under foreign ownership totalled 14,297. As for the “regional geography of the groups”, Piemonte is in fifth place, with 835 Italian companies belonging to groups with their parent company abroad, 5.8% of the Italian total. A comparison with national and regional figures for the last three years, shows that in recent years there has been a new process of “nationalisation”
of groups of enterprise: in fact there has been a contraction in the number of foreign companies controlling groups with ramifications in Italy, and this process seems to have involved all the sectors of activity and all the regions. What is more, even the breakdown into sectors is evolving: in an industrial context, the energy and construction sector is growing, while the rubber sector and the “fashion system” are losing ground; agriculture is also contracting, but the service sector, and services to production in particular, shows the highest growth rate; commerce is stationary.

**Table 28** Regional geography of groups: the first 5 regions in terms of subsidiary companies of foreign parent companies. Comparison between 2005 and 2003

<table>
<thead>
<tr>
<th>Region</th>
<th>2003 Abs. values</th>
<th>% distribution</th>
<th>2005 Abs. values</th>
<th>% distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOMBARDY</td>
<td>8,648</td>
<td>46.20%</td>
<td>6,827</td>
<td>47.80%</td>
</tr>
<tr>
<td>LAZIO</td>
<td>2,037</td>
<td>10.90%</td>
<td>1,926</td>
<td>13.50%</td>
</tr>
<tr>
<td>VENETO</td>
<td>1,757</td>
<td>9.40%</td>
<td>1,304</td>
<td>9.10%</td>
</tr>
<tr>
<td>EMILIA ROMAGNA</td>
<td>1,579</td>
<td>8.40%</td>
<td>1,173</td>
<td>8.20%</td>
</tr>
<tr>
<td>PIEMONTE</td>
<td>1,154</td>
<td>6.20%</td>
<td>835</td>
<td>5.80%</td>
</tr>
<tr>
<td>ITALY</td>
<td>18,703</td>
<td>100%</td>
<td>14,297</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Source:** Osservatorio Unioncamere sui gruppi d’impresa, 2007
Research and technological innovation

4.1 The territory's capacity to produce innovation

Data for Research and development measured by ISTAT for 2004 confirm that Piemonte is the third Italian Region in terms of spending on research and the number of researchers. Expenditure on in-house research and development activities, i.e. those performed inside institutions with their own staff and equipment, accounts for 12.4% of national expenditure, compared to 21.2% by Lombardy and 17.5% by Lazio.

A workforce of 18,281 is dedicated to research in Piemonte (units expressed in full-time equivalent employment), or 11.1% of the national total, compared to 17.9% in Lombardy and 18.3% in Lazio. Research and development in Piemonte account for 1.8% of regional GDP, compared to 1.2% for Lombardy and 1.9% for Lazio; the figure for the whole of Italy is 1.2%.

Piemonte is the region where business accounts for the highest percentage of research spending, an amazing 78% of total expenditure in the region, compared to 16% by universities. This difference is evident if we compare Piemonte with other Regions: in Lombardy 70% of spending is undertaken by companies compared to 19% by universities, whereas in Lazio both business and universities account for 24% of the regional total, while public authorities account for 51%.

If we look at the business sector, one fifth of both the expenditure and the research workforce accounted for by business at a national level is concentrated in Piemonte. These data underline Piemonte's strong propensity to invest in innovation related to manufacturing, which is also confirmed by the number of employees dedicated to research in the business sector, 74% of the total.

Within the region, the province of Torino, where there is a strong concentration of public and private research centres, as well as businesses operating in industrial and service sectors that are potentially subject to rapid technological developments, makes a huge contribution to these values.

The data for hiring programmed in 2006 by companies in the province of Torino of personnel responsible for manufacturing and organisational innovation are extremely interesting, and confirm the region's strong propensity for investment in innovation.

As the table shows, in the province of Torino in 2006, plans were to hire 2,400 skilled personnel qualified in professions related to manufacturing and organisational innovation, broken down primarily into the fields of research and planning (48.3% of the total), and innovation for the production process (31.8%). The level of hiring of outstanding professional figures in the province of Torino was
also good, accounting for 61% of the total of High Skilled hiring envisaged in the region of Piemonte. Another indicator that “measures” the capacity to produce innovation expressed by Torino and Piemonte is the number of patent applications filed in the territory. The data for the applications filed in 2006 for inventions, utility models, ornamental models and trademarks in a number of areas and at a national level show that approximately 9% of the applications filed at a national level and 22% of applications in the Northwest were concentrated in the province of Torino. These are important results that confirm that the province is an “innovative” area. Torino emerges well above the national average and that of Northwestern Italy for patents published by the European Patent Office, in terms of patents per million inhabitants.

**Chart 30** Number of European patents published by the EPO (values per million inhabitants) - 2000-2005

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13 According to ISCO classification (International Standard Occupational Classification), high skilled figures, i.e. “managers, highly specialist clerks and technicians” are defined as occupations of productive and organisational innovation. Within this category it is possible to highlight several professional groupings:

- Research and planning
- Manufacturing process innovation
- Promotion, marketing and communications
- Innovation in logistics and distribution
- Development of human resources and company training
### Table 29
Applications filed for inventions, utility models, ornamental models and trademarks in 2006 in a number of areas of Italy

<table>
<thead>
<tr>
<th>Region and Province</th>
<th>Inventions</th>
<th>% of total</th>
<th>Utility models</th>
<th>% of total</th>
<th>Ornamental models</th>
<th>% of total</th>
<th>Trade marks</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIEMONTE</td>
<td>1,025</td>
<td>9.9%</td>
<td>266</td>
<td>9.8%</td>
<td>125</td>
<td>7.8%</td>
<td>4,398</td>
<td>8.9%</td>
</tr>
<tr>
<td>TORINO</td>
<td>927</td>
<td>9.0%</td>
<td>183</td>
<td>6.7%</td>
<td>81</td>
<td>5.0%</td>
<td>3,515</td>
<td>7.1%</td>
</tr>
<tr>
<td>NORTHWEST</td>
<td>4,206</td>
<td>40.7%</td>
<td>958</td>
<td>35.1%</td>
<td>512</td>
<td>31.8%</td>
<td>19,755</td>
<td>40.1%</td>
</tr>
<tr>
<td>NORTHEAST</td>
<td>3,714</td>
<td>35.9%</td>
<td>725</td>
<td>26.6%</td>
<td>441</td>
<td>27.4%</td>
<td>10,565</td>
<td>21.4%</td>
</tr>
<tr>
<td>CENTRE</td>
<td>1,609</td>
<td>15.6%</td>
<td>647</td>
<td>23.7%</td>
<td>455</td>
<td>28.3%</td>
<td>12,918</td>
<td>26.2%</td>
</tr>
<tr>
<td>SOUTH-ISLANDS</td>
<td>808</td>
<td>7.8%</td>
<td>397</td>
<td>14.6%</td>
<td>202</td>
<td>12.5%</td>
<td>6,050</td>
<td>12.3%</td>
</tr>
<tr>
<td>ITALY</td>
<td>10,337</td>
<td>100.0%</td>
<td>2,727</td>
<td>100.0%</td>
<td>1,610</td>
<td>100.0%</td>
<td>49,288</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Source:** Ministry for Manufacturing Activities

### 4.2 How innovative companies are created and grow in Piemonte

A research project conducted out by the Torino Chamber of Commerce in 2007 set out to investigate how innovative companies are created and grow in Piemonte.

To this end, the research focused primarily on three elements:

- The impact of the creation of enterprise on the regional GDP
- The form of impact with which the Innovative Start-Ups are created and grow
- Analysis of a sample of Piedmontese Innovative Start-Ups.

The first part of the report sets out to estimate the importance of creating enterprise for Piemonte: once they grow, the company created in each decade, help to generate €1.5 billion of regional GDP. This is an important result for the region, which underlines how important it is to create the conditions to constantly encourage the birth of new enterprise, which is fundamental for the economic future of the region.

The second part of the report analyses the elements that contribute to or hinder the growth of Innovative Start-Ups (ISU).

In order to analyse the first two points better, the second part of the report studied a suitable sample of 1,019 chosen companies considered “innovative”, which were asked to complete a questionnaire that focused on three main aspects:

- Innovation
- Share Capital
- The Management team.

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14 The complete English version of the research “How innovative companies are created and grow in Piemonte” carried out by STEP s.r.l. is available on the Internet site of the Torino Chamber of Commerce www.to.camcom.it
To analyse the sample of Innovative Start-Ups, a sub-sample (15% of the total sample) was created, comprising benchmark companies, i.e. those whose sales exceed € 1 million.

The results of the survey can be summed up as follows:
1. The creation of an ISU requires an investment of approximately € 200,000, and often the financial resources prove to be an “not un-surmountable” obstacle
2. From the start, the companies are formed of a management team with different skills and not by a single businessman
3. Public funding is appreciated and appears efficient
4. The banks that fund the Innovative Start-Ups are able to understand in advance which cases are most likely to succeed
5. At the start, families and acquaintances are good suppliers of capital, but as the Innovative Start-Up grows, this initial source of finance must give way to others
6. Companies with the highest growth rate after the first years then increase their capital by modifying the capital structure.

Thanks to the sub-sample of benchmark companies identified in advance, it was also possible to define the main characteristics of successful Start-Ups:
1. a management team with a suitable mix of managerial skills (not only technological and/or manufacturing), not concentrated in a single person
2. openness to capital from the start and not with a single owner
3. propensity to exports and to become international even as small companies
4. focus on the existing product and on market development.

**Chart 31** Opinion of public loans and tax reductions on the part of enterprise

**Source:** Elaborated by Step srl, “How innovative companies are created and grow in Piemonte”, 2007
4.3 Innovative enterprise in the province of Torino and patenting logics

The observatory of innovative enterprise in the province of Torino in 2006 identified 1,593 “potentially innovative” companies in various branches of industrial production and, in part, in the service industry. The companies are considered potentially innovative if they meet at least one of the criteria of “innovativeness”, as summed up in the table below.

A survey carried out by a researcher at Turin University, which concentrated on patents filed by a sample of companies on the Chamber of Commerce list of innovative enterprises, examined the extent to which a number of hypotheses formulated on the basis of sociological and economic theory on the behaviour of companies involved in the innovation process actually occurred, and the economic effects of the process on the companies themselves.

The study took into consideration a representative sample of 142 companies among all those in the archives, which declared that they had filed patents in the last 5 years. For the sample identified, the data already present in the file were supplemented by information on the costs and benefits of the patents filed, which were collected by a specific enquiry.

The results of the statistical analysis basically made it possible to confirm the theoretical hypotheses regarding the behaviour of companies in relation to innovation for the innovative companies in the region.

It emerged, for example, that a large number of patents filed has no significant influence on the effects that the main patent has on sales or on jobs inside the companies, while there are evident but weak impacts in terms of new customers, and new medium and long-term collaborations with other companies that can be attributed to the main patent.

The internationalisation of the reference market has a significant positive impact on the number of patents filed: uncertain market conditions lead to more patents being filed, in order to “block” the innovation of competitors, and to offer the company more opportunities for development.

The internal structure of innovation activities has a strong impact on the number of patents filed, which is higher when more units exercise this right instead of a single one.

Relations with public entities outside the research field also has a positive effect on the number of patents, while relations with an entity with a high knowledge intensity have a negative effect: less technologically complex organisational entities act as a framework when it is necessary to demonstrate one’s role of technical excellence in a network of relations between companies and external entities, with a higher number of patents, while collaboration with entities with a high level of technical skill, results in fewer, less targeted patents.

Barbera F., L’innovazione economica tra exploration ed exploitation, Stato e Mercato no. 81, December 2007.
In order to analyse the determinants of economically effective innovation, the results show that the effect that the main patent has on the company’s economic fundamentals (sales, additional employment, stable relations with other companies) do not influence the variables related to the organizational and market characteristics as much as those related to the process that led the main patent to be filed.

The share of sales attributable to the main patent, the additional employment and the creation of new medium and long-term relationships with other companies generated by the main patent depend positively on the breadth of the network that concretely supported the patent process (the number of people who played a significant role for the patent). On the contrary, economic variables related to the patent (temporal investment, costs met) do not have a significant effect.

**Table 30  Distribution of companies (industrial and service) by measurement criteria**

<table>
<thead>
<tr>
<th></th>
<th>Industrial companies</th>
<th>Service companies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>INNOVATIVE BRANCH (1)</td>
<td>317</td>
<td>225</td>
<td>542</td>
</tr>
<tr>
<td>FILING OF PATENTS</td>
<td>458</td>
<td>93</td>
<td>551</td>
</tr>
<tr>
<td>COLLABORATION WITH</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INSTITUTIONAL RESEARCH ENTITIES</td>
<td>180</td>
<td>50</td>
<td>230</td>
</tr>
<tr>
<td>IN-HOUSE RESEARCH/PLANNING OR THROUGH SPECIALIST EXTERNAL CONSULTANCY</td>
<td>843</td>
<td>178</td>
<td>1,021</td>
</tr>
<tr>
<td>USE OF HIGH TECH SYSTEMS AND EQUIPMENT FOR PLANNING AND PRODUCTION</td>
<td>767</td>
<td>103</td>
<td>870</td>
</tr>
<tr>
<td>PARTICIPATION IN EU RESEARCH PROGRAMMES</td>
<td>67</td>
<td>25</td>
<td>92</td>
</tr>
</tbody>
</table>

**Source:** Torino Chamber of Commerce, List of innovative companies in province of Torino, 2006

(1) Based on ISTAT ATECO 2002 classification: 01; 14; 15-16; 17-18; 19; 20; 21-22; 23; 24; 25; 26; 27-28; 29; 30-33; 34-35; 36-37; 40; 41; 45; 64; 72-74; 90.
THE THEORETICAL HYPOTHESES AND THE LOGIC OF THE MODELS USED

• The number of patents (extensive dimension/exploration) filed by the company does not constitute the condition for "economically effective" innovation (intensive dimension/exploitation).

To test this hypothesis, some variables of the result related to the effect that the main patent has had on sales, new jobs, new customers, and new medium/long-term collaboration with other companies, generated by the main patent, are referred to the number of patents, as well as to the size of the company, its age and whether it belongs to an innovative sector, and used as control variables.

If the number of patents does not influence the exploitation capacity (i.e. the economic yield of the main patent), what logics do patents respect? The article clarifies three hypotheses in this regard:

• a high number of patents is a rational strategy when there is greater uncertainty on the market (uncertainty hypothesis)
• the number of patents depends on the presence of organisational subunits responsible for innovation
• inter-organisational relations with entities having a low knowledge intensity and/or technological complexity have a positive effect on the number of patents (hypothesis of the rhetoric of “innovating in a network”);

To test these three hypotheses the number of patents filed in the last 5 years was put into context with a variable that measures the company's degree of internationalisation (more than 35% of sales achieved on foreign markets), an indicator of the attitude to fiercer and less predictable competition. Other explicative variables were: the presence of a single group or several groups responsible for innovation inside the company, having research relations with non-research public entities, and having research relations with an entity that produces research (in this case Torino Polytechnic). The control variables used were age, the number of employees and whether the company belongs to an innovative sector.

• The economic effects of the patent depend on the process variables and not on remote causes
• The economic effect of the patent depends on the breadth of the social network that supported the development process.

A number of result variables were identified to test these hypotheses: the sales quota, additional jobs, new customers and new medium and long/term collaboration with other companies attributable to the main patent. These variables were analysed in relation to a number of variable that refer to the size of the process that characterised the main patent: the months that passed from the initial idea to when the patent was filed, overall costs met, the number of people who played a significant role for the patent. Control variables in this case too were the size of the company workforce, its age and whether it belongs to an innovative sector.
Bruno Vusini, researcher at the Polytechnic and manager of the new AMC Instruments S.r.l. company

The Torino Chamber of Commerce is one of numerous supporters of the Start Cup Torino Piemonte programme (http://www.i3p.it/start_cup), promoted by Piemonte’s three universities and organised by I3P, the Innovative Company Incubator of Torino Polytechnic, 2I3T, the Company Incubator of Torino University, and the Scientific Research and International Relations Office of the Amedeo Avogadro University of Eastern Piemonte. It is a competition between projects with a high knowledge content designed to create enterprise with the goal of supporting the birth of companies with a high knowledge content, and of promoting the economic development of the territory.

The competition is divided into two operative stages: a Competition of Ideas, for individual contestants, which envisages prizes in the form of pre-incubation, training and tutoring services for the best entrepreneurial ideas, and particularly to draft a business plan, and a Business Plan Competition, for newly created companies, that entails cash prizes for the best business plan, following a selection that assesses elements such as the originality of the product/service and the size of the reference market, the technical feasibility taking into consideration the proposing team, the prospects for economic growth, and the quality and comprehensiveness of the business plan.

The winner of the 2006 edition of the Start Cup was the AMC Instruments project, which envisaged the development of a control system for metal cables composed of an electromagnetic measuring instrument (detector) and a data acquirer. The system, which is able to detect damage and imperfection in the cable being tested and to monitor the state of the cables of working transport and handling systems and equipment (lifts, handling systems, cranes, cable systems, automatic drive public transport systems derived from cable cars), is innovative because it makes it possible to verify the presence of external and internal - and therefore not visible - cable damage, overcoming the technical deficiencies of similar devices already in existence, particularly the signal’s dependence on speed. The detector can even be used while the system is in operation and monitoring does not require the systems to be stopped or dismantled, with the costs that this entails.
Mr. Vusini, where did you get the idea for this device?

We are a group of researchers, from different departments of the Polytechnic, and professionals operating in this sector. The Departments of Electrical Engineering, Transport Engineering and Electronic Engineering all collaborated on the initial idea to develop a first prototype for research purposes. The process that led to the realisation of an innovative measuring system to check cabling was long and difficult, but certainly very gratifying. The Department of Transport Engineering has always been on the cutting edge in the analysis and study of cable characteristics, with an outstanding range of instruments. The idea of developing a new measuring system was born from observation of today's tools, which are obsolete from the viewpoint of their technical conception. An innovative device was thus developed, which made it possible to check for the presence of defects in the cables using an electromagnetic sensor that transmits signals to an electronic data acquirer, making it possible not only to detect the presence of defects but also to make a quantitative measurement. Each of the three departments provided specific skills for the development of the device: the Department of Electrical Engineering for the part related to the electromagnetic system, the Department of Electronic Engineering for the data acquisition, and the Department of Transport Engineering for the interpretation of the signals.

How did you progress from a research result to a business project?

Our activities initially focused on research purposes and on the checks on cable car operation that the Department of Transport Engineering of Torino Polytechnic has been performing for years throughout Piemonte. This activity enabled us to acquire measurement systems that were available on the market, but the need to remove certain technical limitations that they imposed prompted us to develop in-house a system that was innovative from various viewpoints: from the measuring instrument to the acquisition system. From the realisation of a first prototype we progressed to patenting and simultaneously, thanks to the help offered by the Company Incubator of Torino Polytechnic (I3P), we carried out market analysis that revealed good margins of development for an entrepreneurial idea. This was then followed by participation in the Company Ideas Competition of the Piemonte Start Cup, which obliged us to strengthen our Business Plan and our intention to translate a research project into a business project. The research team began to think in terms of an enterprise, for both the technical aspects, and the managerial aspects. The possibility of creating a company as a Polytechnic spin-off, and therefore a subsidiary of the Polytechnic itself, certainly made it easier to draw on the commitment of faculty staff involved in the project.
Based on your experience, how do you judge the mechanism of the Start Cup and the activities of the incubators within university structures to encourage the development of companies founded on the application of research results?

For us, participating in the Start Cup competition was very useful: the fact that our idea was selected in the first stage enabled us to access a series of services that were fundamental to develop the project, in particular we had access to a tutor who helped us to draft the business plan and guided us in the development of the project from various viewpoints: filing a patent, looking for funding, identifying the reference market, and customer relations. Winning the first prize (€ 10,000) in the Business Plan Competition was a huge help for the initial financing of the project. And the possibility now of being part of the I3P translates into a series of advantages and opportunities that range from the simplest logistic aspects (the vicinity of the laboratories and Departments involved in the project) to the possibility of creating greater synergies with the research world and with other high tech incubated companies. And finally we feel very “close” to the people who work at I3P, which is fundamental and helps us to overcome the difficulties that we come across in the start-up stage.

Why was your business idea chosen and not another? What are the aspects that set it aside in the competition with other ideas?

I think that the idea is interesting because it regards a “traditional” sector like engineering, whereas today, the innovations that attract most attention often regard biotechnologies or ICT. The technical characteristics offered by the instrument are also important: our device allows us to examine the cable section, objectively and not influenced by the operator’s perception. This translates into greater safety for users and operators of the system. Today, non-destructive verification of the cables is only obligatory for the cable car sector, based only on detection of the presence of a defect and not on its quantification. We address not only this sector, but all sectors that envisage the use of cables to transport people and goods, with an instrument that is able to provide not only the classic obligatory trace (qualitative) but also the new quantitative signal, which makes for easier, faster and more objective analysis of the cable. What is more, we can detect not only damage to the external part of the cable, but also to the internal parts. And finally, it is also possible to quantify any damage to the cable.

What are the immediate developments of the business project?

In April 2007 we were formally established as a limited liability company. The corporate purpose is the planning, prototyping and industrialisation of devices for non-destructive controls, with particular reference to metal cables. Where manufacturing is concerned, we rely on com-
panies in Piemonte such as Bruno Conductors srl of Bruino, that we were already familiar with, because they have collaborated with the Polytechnic in the past.

Our business plan envisages breaking even even after about two years of activity, but in fact, the orders and contacts that we have already made this year make us confident that we will be able to achieve this sooner. The orders and contacts have been received primarily from Italian companies, but as soon as our commercial network is stronger, the idea is to address European and world markets too. Initially, our product development will focus primarily on instruments for the non-destructive control of cables for systems that it is obligatory by law to check (cable cars) or for large goods lifting systems.

Where the development of the company is concerned, we must point out that during the year, AMC has worked closely with a venture capitalist and an industrial partner involved in the field of controls, that believe in the project and will enter the corporate structure in the coming months.

What are the prospects for the future?

The possibility of verifying cables even on lifts, which is not currently required by law, may open up an important market; AMC is working in this direction, studying an ad hoc measuring system. The idea is to develop platforms for a fixed installation on new units, and systems already in operation.

And finally, we are also examining particular sectors such as checks on large cables of the type used in the stays of large tensioned membrane structures or bridges (one example is the Olympic arch in Torino), cables on oil platforms, drilling systems, etc.. In these sectors, the proposed technology must be supplemented by innovative robotised systems to handle the instrument and by wireless systems to simplify transmission of the signal. Our group, with the support of the Polytechnic’s own structures, certainly has the skills to realise these new applications.
This chapter aims to analyse the labour market in the province of Torino. In 2006, the scenario in Italy, but also in Piemonte and the province, was conditioned by important events that affected the labour market. The overall picture improved in the province of Torino, where employment levels rose and unemployment fell as a result (4.1% compared to 4.8% in 2005). Postgraduate training also increased, and Torino was confirmed as a pole of attraction for students from outside the region and from abroad.

5.1 The distribution of labour by sector of economic activity

The distribution of employees to local entities by sector of manufacturing activity, compared to total employees for the area, clearly reveals the manufacturing specialisation of the province, in relation to Piemonte and to the other provinces in Northwestern Italy. The data confirm the province's vocation for industry, in spite of the consolidation of the service sector. Compared to the rest of Piemonte, the manufacturing industry shows a strong concentration in the sectors of metallurgy and metal products, electrical and electronic machinery and equipment, and above all, means of transport. Compared to Milan and Genoa, there is a significant concentration in the mechanical sector. In the service sector, compared to the rest of Piemonte, there is a strong concentration of employees in the transport, storage and communications sector, in financial activities, in real estate, rentals, IT, research and other business services. Compared to Milan and Genoa, employment levels are stronger in the manufacturing sector, while the percentage of employees in services is generally lower, even though in some cases it is higher than in the Northwest as a whole.
The situation in the labour market in the province of Torino improved in 2006 compared to 2005, reflecting the recovery of industrial output and the positive fall-out from the Olympics on economic activities in the area. Average yearly data for the province, taken from the Istat survey of the workforce for 2006, show a 0.7% increase in job offers compared to 2005, an increase in employment levels (up 1.5%), stronger among female workers, and a drop in unemployment to 4.1%, which is in line with Piemonte and the Northwest of Italy.

Job offers. The workforce in the province was calculated as 989,000 units in 2006, representing little more than half the regional total. 56% of these were men. The province of Torino accounts for 14% of the total workforce in Northwestern Italy, compared to 26% for Milan and 5% for Genoa.
Compared to 2005, there was an increase of 7,000 units (0.7%), with an overall increase in the region of 11,000. This reflects the regional increase of 0.6% and the national increase of 0.9%. The increase in job offers in the province regarded female workers in particular (+2.2%), while male workers contracted marginally (-0.4%).

The activity rate for the 15-64 age bracket is estimated to be 66.6% (67.5% for the region of Piemonte, 62.7% for Italy as a whole); as in the past, involvement in the labour market is higher for men (approximately 75%), and lower for women (below 60%), in spite of the increase of 1.3 percentage points on 2005.

**Employment.** The workforce in the province of Torino was estimated to be 948,000 in 2006, of whom 57% were men, an increase of 14,000 units (1.5%). This positive figure is due to the increase of 16,000 (4.0%) female workers, while male workers contracted marginally (-0.4%). The overall figure is positive, but the increase is weaker than from 2004 to 2005 (more than 32,000 units, +3.5%), when the positive effect of the activities linked to the Winter Olympics in February 2006 was particularly strong, with the creation of new infrastructure in the Torino metropolitan area.

The employment rate for 2006, for the 15 to 64 age bracket is 63.8%, an increase of 0.9 percentage points on the previous year.

The employment rate for men is 72.2%, and that for women is 55.5%.

In Northwestern Italy, Torino is placed between Milan and Genoa, where employment rates in 2006 were 68.1% and 61.2% respectively.

Compared to 2005, the situation is more favourable in Milan, where the employment rate increased by 1.9%, whereas this increase was 1% in Genoa.

Analysis by the type of employment and by large sectors of activity, shows that direct employees account
for 75% of the total workforce in Torino. Direct employment is prevalent in industry and the services, whereas agricultural workers are primarily self-employed. The greatest increase in the workforce was seen in industry, with +9,000 units (+2.8%) and services, where jobs increased by 8,000 (1.3%), while jobs in agricultural fell by 3,000 (19.6%). Taking all sectors together, direct employment increased by 1.9%, totally in the service sector.

**Table 31** Workers by sector of activity and type of employment in the province of Torino - Averages for 2006

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>agriculture employees</td>
<td>2,000</td>
<td>16.2</td>
<td>-1,268</td>
<td>-38.8</td>
</tr>
<tr>
<td>self-employed</td>
<td>10,039</td>
<td>81.1</td>
<td>-2,078</td>
<td>-17.1</td>
</tr>
<tr>
<td>total</td>
<td>12,375</td>
<td>100.0</td>
<td>-3,010</td>
<td>-19.6</td>
</tr>
<tr>
<td>manufacturing industry employees</td>
<td>237,721</td>
<td>88.3</td>
<td>5,770</td>
<td>2.5</td>
</tr>
<tr>
<td>self-employed</td>
<td>31,373</td>
<td>11.7</td>
<td>799</td>
<td>2.6</td>
</tr>
<tr>
<td>total</td>
<td>269,094</td>
<td>100.0</td>
<td>6,569</td>
<td>2.5</td>
</tr>
<tr>
<td>building employees</td>
<td>33,151</td>
<td>53.5</td>
<td>-3,127</td>
<td>-8.6</td>
</tr>
<tr>
<td>self-employed</td>
<td>28,784</td>
<td>46.5</td>
<td>5,607</td>
<td>24.2</td>
</tr>
<tr>
<td>total</td>
<td>61,935</td>
<td>100.0</td>
<td>2,480</td>
<td>4.2</td>
</tr>
<tr>
<td>services employees</td>
<td>438,592</td>
<td>72.5</td>
<td>11,841</td>
<td>2.8</td>
</tr>
<tr>
<td>self-employed</td>
<td>166,244</td>
<td>27.5</td>
<td>-4,053</td>
<td>-2.4</td>
</tr>
<tr>
<td>total</td>
<td>604,836</td>
<td>100.0</td>
<td>7,788</td>
<td>1.3</td>
</tr>
<tr>
<td>total employees</td>
<td>711,464</td>
<td>75.0</td>
<td>13,216</td>
<td>1.9</td>
</tr>
<tr>
<td>total self-employed</td>
<td>236,440</td>
<td>24.9</td>
<td>275</td>
<td>0.1</td>
</tr>
<tr>
<td>general total</td>
<td>948,240</td>
<td>100.0</td>
<td>13,827</td>
<td>1.5</td>
</tr>
</tbody>
</table>

**Source:** Istat, Survey of workforce

### 5.3 The labour market in 2007: forecasts of the Excelsior survey

The results of the Excelsior survey for the province of Torino forecast the continuation of a period of substantial stability in the labour market in 2007. In percentage terms, compared to employees at December 31, 2006, a contraction of 0.1% is forecast for 2007, compared to an average 0% for the years 2004-2006. The figure is not positive, but it indicates an improvement if we compare it with the forecast of -0.4% for 2006. The figure for the number of companies that envisage hiring new workers is also encouraging: 20% compared to 18.8% in 2006.

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16 The Excelsior Information System, created by Unioncamere and the Ministry of Labour, provides forecasts of companies’ labour requirements, based on a national sample of over 100,000 businesses of all sizes and sectors.
Broken down by sector, the highest percentage of companies that intend to take people on are in industry (28.6%); the figure falls to 18.2% for construction, to 17.8% for commerce and to 19.6% for other services. However, the largest number of new jobs is envisaged in the services sector, with 19,780 units (65% of the total).

In industry in the strict sense of the word, the companies that expect to hire people are mainly those that manufacture means of transport, or that treat metals, and manufacture small items and parts in metal. In the services sector, hirings are forecast in the retail and wholesale trade and repairs, in the hotel, restaurant, catering and tourist services sector, and in real estate, rentals, cleaning and security. The highest balance between incoming and outgoing workers (+1.6%) is forecast in the health and private healthcare sector, where 1,450 new jobs are envisaged.

Employment trends differ from 2006, depending on the size of the business: small and medium size enterprise is in greater difficulty, while larger firms are more optimistic. The employee change rate for 2007 is nil for companies with fewer than 10 employees, whereas it envisaged growth of 0.2% last year, while the rate is -0.2% for companies in the 10-49 segment, compared to +0.6% in 2006.

For businesses with 50 or more employees, a nil change rate is forecast for 2007, but the situation has improved compared to the previous year (-1%).

Where new hiring is concerned, businesses in the province are more cautious than in the rest of Piemonte, or Italy as a whole: 21% of the total hope to hire at current market, organisational and legal conditions, compared to 23.4% for Piemonte and 26.5% at national level. Growing or recovering demand and the need to expand sales in Italy or abroad are the main reasons for the new jobs.

The caution that businesses show in regard to new jobs is evident by the types of new contracts: fixed-term contracts predominate, with 43% of the total in 2007 (this becomes 45% if we include apprenticeship contracts), compared to 42.8% for permanent contracts. The percentages estimated for 2006 were 43.1% and 45.8%: fixed-term contracts have therefore overtaken permanent contracts in the province of Torino, and also at regional level. At a national level, on the other hand, the percentage of permanent contracts, although decreasing in recent years, remains at 45.4% for 2007, compared to 42.6% for fixed-term contracts.

Compared to 2006, the distribution of expected hiring by businesses in 2007 for large professional groups has changed, shifting towards more skilled professions: the percentage of hirings in the group “managers, highly skilled professionals and technicians” increases from 20.5% to 25.1%, while that for clerks, sales personnel and services increases from 29.6% to 35.6%, confirming that these professions are the most in demand by businesses. On the other hand, skilled workers, plant conductors and assembly workers are in less demand.

The higher demand for workers with better professional qualifications corresponds to a parallel trend to prefer workers with a higher level of education: the demand for workers with university degrees increased to 14.9%, up from 12.7% in 2006, while the percentage of workers with high school diplomas increased from 32.4% to 39%, confirming that this category is the most in demand. On the other hand, the per-
percentage of hiring in the categories of education and professional training, and obligatory schooling (no specific training) is decreasing.

In general, approximately one quarter of the new hirings for 2007 regard professional roles that are difficult for businesses to find. Graduates specialising in healthcare and paramedical studies, those with linguistic degrees, translators and interpreters, and graduates specialising in architecture, and town and territorial planning are considered difficult to find.

**Chart 34** The professions in demand in 2007

Source: Unioncamere - Ministry of Labour, 2007 Excelsior Survey

### 5.4 Graduate and postgraduate training in Torino: some facts and figures

In the 2006-2007 academic year, more than 98,500 students were enrolled in the Piedmontese universities, an increase of 2,000 on the previous year. The majority of these students were enrolled at Torino University (66%), with 25% at Torino Polytechnic and 9% at the University of Eastern Piemonte. A total of 182 students also frequented the University of Gastronomic Science at Bra (Cuneo).

The ratio between university students and residents in the 19-25 age bracket in Piemonte is 34.2%, a value below the national average of 39.3%, but above those of other large Italian regions such as Lombardy, Veneto and Trentino-Alto Adige. It is reasonable to presume that the university enrolment rate is lower in regions where there are fewer opportunities for jobs for young people.

Source: IRES Piemonte - Piemonte Economica Sociale 2006
Torino continues to attract students from outside the regional to the Polytechnic, where over 25% of the students are not from Piemonte; on the contrary, almost 90% of students at the University reside in the region. The number of foreign students is still low, averaging 2.5% in the universities in the region, but it is higher than in the past. If we include Torino Polytechnic, the percentage of foreign students rises to 5%; at the Polytechnic alone, non-Italian students account for 7.4% of the total.

Torino’s universities attract a significant number of postgraduates, offering a wide range of research doctorate courses: in the 2005-2006 academic year, enrolments in these courses totalled 1,949 (979 in the 2002-2001 academic year).

### Table 32
Students enrolled in research doctorate courses by university and area - 2005-2006 acc. year

<table>
<thead>
<tr>
<th>UNIVERSITY</th>
<th>ENROLLED</th>
<th>OF WHICH FOREIGNERS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>male</td>
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<tr>
<td><strong>TORINO POLYTECHNIC</strong></td>
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<td></td>
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<td><strong>TORINO UNIVERSITY</strong></td>
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<tr>
<td>BIOLOGY</td>
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<tr>
<td>EARTH SCIENCES</td>
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<td>12</td>
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<tr>
<td>SCIENCE OF ANTIQUITY AND PHILOLOGY-LITERATURE</td>
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<td>93</td>
</tr>
<tr>
<td>ECONOMICS (BUSINESS)</td>
<td>32</td>
<td>27</td>
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<tr>
<td>ECONOMICS (SOCIO-POLITICAL)</td>
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<td>21</td>
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<td>PHYSICS</td>
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<td>COMPUTER SCIENCE</td>
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<tr>
<td>MATHEMATICS</td>
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<td>9</td>
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<tr>
<td>MEDICINE</td>
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<td>EDUCATION</td>
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<td>POLITICAL AND SOCIAL SCIENCE</td>
<td>37</td>
<td>31</td>
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<td>PSYCHOLOGY, GEOGRAPHY AND DEMO-ETHNO-ANTHROPOLOGY</td>
<td>13</td>
<td>43</td>
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<tr>
<td>HISTORY AND PHILOSOPHY</td>
<td>15</td>
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<td>HISTORY OF ART</td>
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<td>VETERINARY SCIENCE</td>
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</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>988</td>
<td>961</td>
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</tbody>
</table>

**Source:** Ministry of Education, Universities and Research
The School of Business Administration (SAA), which has its headquarters in Torino, in Via Ventimiglia 115, is a business school that is an integral part of Torino University. It is a special educational structure that operates with market rules, although it is within a state university. The school has an independent budget with revenues from the students' enrolment fees.

The School was founded in Torino in 1957 by Torino's main economic organisations (CRT bank, Torino Chamber of Commerce, FIAT, Istituto Bancario San Paolo di Torino and the Industrialists Union of the Province of Torino) to train management resources for businesses. As the years have passed, the range of courses offered by the school has evolved, and today extends from a Degree in Information Management and Corporate Communications to the first level Masters degrees, and special continuous training courses.

**What characteristics should a young aspiring company manager have to be successful in the labour market?**

In recent years we have seen a change in the way businesses select their managers: once young Economics graduates were relatively few in number and they were destined to fill management positions in companies with a dedicated career development. But over the years the numbers have changed: today, universities turn out a large number of economics graduates, often with specific training or specialisation. Businesses are able to choose between a larger number of candidates with higher educational qualifications, and the true choice of future management figures is made “in the field”, observing people in the working environment. In addition to specific training, it is also important to have other skills, the so-called
"soft" skills: the capacity to relate with others, to work in a group, and the flexibility necessary to solve concrete problems.

How is the SAA positioned in the panorama of top level management training in the region?

The SAA was founded 50 years ago in a context of economic development and strong immigration, and there was a lack of intermediate professional figures with management training. The school was the territory’s response to the demand for training for intermediate company managers. Some of the major organisations in the territory, including the Industrialists Union and FIAT, put together resources to create a special school, as a joint venture between the university and industrial worlds, with additional funding from the private sector, which offered secondary school leavers two-year study courses towards a diploma in business administration.

Today’s context is completely different. The economic boom was followed by years of crisis; the gap between demand and the supply of skilled resources that had justified the creation of the school has shrunk, and companies are no longer interested in financing a special training institute for intermediate managers. At the same time, the training offered by universities has also changed since the latest university reforms; the three-year degree courses now offer training proposals that are very similar to those of the SAA. As a result, the course for a diploma in business administration has been closed and new training proposals have evolved.

What are the distinguishing features of the training offered by the SAA?

Our school tries to provide a type of training that differs from that offered by the Faculty of Economics, which has become more flexible since the reform of university education. We work with small numbers of students and we try to develop behavioural skills worthy of future managers. Their aptitude is assessed during the selection process for access to the courses. We apply methods used in the training of top-level managers in our didactic approach, adapting them to new university and high school graduates, with the collaboration of leading national and international companies, such as SHL to assess their potential right at the selection stage, and SCOA for coaching activities.

What are the current development lines of the School’s training syllabus?

In recent years the training syllabus of our school has evolved in two important directions: the preparation of interdisciplinary itineraries and the offer of training products on the inter-
Among our many positive results, I would like to mention the degree in Management for people who work, with the creation of a multimedia platform that supports attendance at the degree course in Information Management and Corporate Communications, and activities in the innovation management sector, with the agreement of the 213T Incubator of Torino University to develop a series of consultancy and training services for the management teams of incubated businesses. From the viewpoint of internationalisation, in addition to the constant presence of about 100 foreign students from European, Canadian and U.S. universities that are our partners, we are preparing a Master’s degree in European Management for Chinese students who are interested in a prestigious career working for Chinese branches of Italian companies, and the English-language Degree course in International Management, and we expect the European degree to be recognised even in the United States.

Who are the students of the SAA? What future do they have ahead of them?

Our school is accessible to all, not a school “for the rich”: selection is based on the individual’s capabilities and merit. We work with honour loans and grants offered by interested companies, which make it possible to reimburse the loans taken out on enrolment. And because the school collaborates closely with business, we have 100% placement of our students. The students are not only natives of Torino or Piemonte. For the Masters courses in particular, we have a good influx of students from outside the region, and numerous foreigners.

Our basic philosophy, since the school was founded, is to be at the disposal of the territory: today businesses demand professional figures that often do not exist in the territory: in spite of the presence of numerous young people with degrees. So we go looking for them in other parts of Italy: we collaborate with the Universities of Palermo and Naples to train young people who will address the need expressed by businesses in Torino, but also in other areas, around Milan for example.

In the context of corporate management, wanting to grow means questioning oneself from the start, and we train young people who want to take up this challenge.
In 2008, 60 years after the first congress, an Italian city, Torino, will host the 23rd World Congress of the International Union of Architects, for the first time. What is the significance of this event for a city like Torino?

Since the choice was made by an association of architects, from a shortlist of very well-known candidate cities (Tokyo, Seville and Busan in Korea, in addition to Torino), it means that the historical diffidence surrounding its image as an industrial city has been overcome for the first time by an informed public. And for a city that has been through - and has not yet completely overcome - a serious crisis linked to the transformation of its economic foundations, achieving the popularity and stimulating the curiously that it is now enjoying, is certainly a huge success, particularly if we bear in mind that this change has been achieved in just over ten years.

The title chosen for the 2008 congress is “Transmitting architecture”, a slogan that underlines that architecture is first of all communication, a dialectic relationship between this discipline and the social environment. Is there a link between the choice of a city like Torino and the theme “Transmitting architecture”?

This link certainly exists for the Association of Architects of Torino, which put forward its candidacy in Berlin in 2002. But not yet for many administrators, businessmen, tradesmen and the population itself, who are only now starting to discover it, and appear to want to enjoy it, as if the Olympic Games had revealed hidden beauties.

But above all, Torino must try to win - and communicate - the global visibility that it deserves, because it was a beautiful city in the past, and it is still beautiful today, in spite of the harm done by its tumultuous industrial development. To improve further, it must make its beauty known, linked to the many historical periods that accompanied its growth, and even learn to translate into new projects the stimuli, needs, and requirements that its inhabitants and economic operators now hope to express.
In an increasingly “post-industrial” social and economic context, cities feel the need to recreate themselves, to transform a morphology that was often originally tailored to the manufacturing industry into one built around knowledge and innovation. This has been true for a number of important conurbations: Lille, Barcelona, Linz and Vancouver are only a few examples. And what about Torino? Is it also trying to establish a new “post-industrial” identity in the name of culture, research and creativity?

Torino’s training system has always been of a very high standard, at all levels. The University and Polytechnic are excellent higher educational institutions and the tables that occasionally point to them as university institutions in decline are possibly too influenced by an Anglo-Saxon approach and quantitative rather than qualitative indices.

Research is making great strides forward (we only have to think of the Boella Institute, the incubators of the Polytechnic and University of Torino, the models currently being examined of a new healthcare campus, and the aerospace sector, as well as Torino’s traditional supremacy in the field of research applied to motor vehicle production).

There is also an extensive and growing system of museums, attention to modern art that makes Torino a real pole of interest, and a Film festival that can aspire to a prestigious international role. The circuit of Savoy Residences, and the large restoration projects completed so far, will make it famous around the world. Then there is the Museum of applied arts, which is unique in Italy, and must receive the attention it deserves, and recognised excellence craftsmanship in innovative sectors; but more generally, there is a strong propensity to innovation in all sectors (because throughout its history, Torino has always been ready and willing to experiment).

But perhaps it is too early for us to say with certainty that Torino, like other illustrious post-industrial European cities, is also becoming a centre of creativity: its only universally renowned and appreciated creative capacity is in the field of vehicle coachwork.

The Constructors Association recently held an excellent convention on the creative cities, with Richard Florida’s three T’s (talent, tolerance, technology) as indicators to evaluate its development capacity. And Florida was considered one of the referees for the programme of the 23rd IUA World Congress of Architects in Torino in 2008 and, as such, invited to attend by the Organising Committee, which support his theory that more than any other social category, the “creative class” of “knowledge workers” is capable of giving an impulse to the economic development of a region or country.

Torino probably still has to develop a widespread planning capability that can count on the complicity of the users and the expectations of aware citizens. Its new identity is still growing, but it cannot succeed on its own: Torino is not a global city, it must learn to interact, to be integrated into differentiated networks, with other cities. And it will be the dominant network, the one it
integrates best with, that gives it its definitive connotation.

In the new millennium, Torino is enjoying a “new youth”: the 2006 Winter Olympics gave a new image to the city, which could already boast an important past, thanks to modern infrastructure designed by the world's best-known architects. In your opinion, has Torino's new image helped to launch the city in the large international tourist circuits? Will architecture be able to help raise the profile of “Torino, tourist destination”?

The Olympic Games brought joy and pain: on one hand a rebirth of the city and the region that exceeded all expectation, and on the other the legacy of facilities that are often beautiful but not easy to re-use, but which must be exploited without a break and even with insistence, to cover the high operating costs and to amortise the colossal investment.

In this context, the “famous” architects who were invited to make their contribution have their merits, but also responsibilities, particularly when the facilities are less easy to convert. In general they can be accused of a sort of disregard for the place in which they were working - but this is true all over the world, which is globalised even in the way that they now propose the new city. They leave their mark, but they are not involved in the large urban project.

However, from the Palace of Venaria to the new public works, the underground rail link to the High Speed line, Porta Susa station and the transformation of the “Spine”’ (for better or for worse), the recovered areas of the inner city and the rebirth of many suburban areas, the re-naturalisation of the river banks to the non-concentric spread of new street furnishing projects, this is all helping to make Turin a city that is worth discovering and should be included in new tourist circuits, possibly more than the results achieved so far or achievable deserve. Because we must be realistic: it may become a tourist destination, maybe even an important one, but its benchmarks will be Glasgow or Lille rather than Barcelona.

What role can businesses play today in transforming the places were the city lives?

An enormous role, because they are the creators of wealth and they can orient its uses. They can do it well, or not so well, but they must realise that the “public city”, the one that we see and “use”, with its beauties and its imperfections, is the consequence, also and perhaps above all, of their decisions and their investments. The life of the city will therefore be better if they are capable of deciding that they want it to be better.

This is the urban recovery project envisaged by the General Town Plan for the “Spina Centrale” whose goal was a strong impulse to urban renewal. The Spina Centrale project covers 4 different areas (Spina 1, 2, 3 and 4) which are the most important stretch of abandoned industrial areas that can be transformed and recovered in the city of Turin.
The banking system

Banking statistics elaborated by Banca d’Italia reveal that, at the end of 2006, investment in the province of Torino amounted to €50,836 million, or 3.7% of the national total, having increased by 1.5% on the previous year.

Torino remains in third place among the Italian provinces where investment is concerned, behind Milan (19% of the national total) and Rome (11.8%).

Unlike recent years, investment by businesses in the Torino area began to grow again, as a result of the economic recovery: €24,408 million, a 11.7% increase on 2005. There was a similar rise in investment by families in Torino, which amounted to €17,038 million in 2006, an increase of 12% on the previous year. If we consider a longer timeframe (since 2001), investment by families has increased by 69%, favoured by the low interest rates in recent years, while that by business contracted by 17.2%.

The average investment by businesses (€105,000 in 2006) also increased, although it remains well below 2001 levels (€136,000 per company). Average investment by families continues to grow: it was approximately €11,000 in 2001; six years later it has reached €17,000 (+55%), following greater recourse to consumer credit and to mortgages on the purchase of real estate.

At the end of June 2007, investment in the province of Torino amounted to €52,051 million, an increase of 2.4% on December 2006, but 1.9% down on the same period the previous year. Investment by families continued to increase, to almost €18,000 million on June 30, 2007, a 3.6% increase on the end of 2006, and up 8.5% on the end of June 2006.

Investment by businesses decreased marginally on December 30 last year, but increased by 8.6% compared to June 30, 2006.

Bank deposits in the province of Turin also continued to rise, totalling almost €34,000 million in December 2006, an 11.2% increase on the previous year. In spite of the recovery on the stock exchange, families seem to continue to prefer to deposit their savings in a bank, which they consider a safer form of investment. Deposits by businesses grew more strongly than those of families: in 2006 the former totalled €7,025, with a 17.1% increase on the previous year, while the latter increased by just 4.5% (€19,000 million).

Family deposits by inhabitant have increased from €6,200 in 2001 to €8,500 in 2006 (+35.5%); average deposits by businesses increased more strongly (+40%), from €20,144 in 2001 to €28,168 in the last year considered.
In the first six months of 2007 deposits in the province of Torino amounted to just over €32,000 million, with a modest increase on the same period of the previous year (+0.9%) but a significant decrease compared to December 2006 (-5.3%); it would appear that savers in Torino are attracted by other forms of investment, which are more profitable than bank deposits. Family deposits increased by 0.6% compared to June 30 the previous year, but contracted by 2.9% compared to the end of 2006.

Business deposits showed an opposite trend: compared to the first six months of the previous year, they increased by over 19%, and by 9.5% compared to the end of 2006.

In spite of the economic recovery in 2006, bank default increased by 4.3% compared to the previous year (a total of €1,212 million). The same trend is evident in relation to loan default; this stood at 2.32% in 2005, and had risen to 2.38% a year later.

Even in the first six months of 2007, in spite of the favourable situation in the province, bank default continued to grow, reaching 1,265 million (+9.6% on the corresponding period of the previous year). Bank default rose from 2.17% in the first half of 2006 to 2.43% on June 30 this year.
7.1 Bank branches

In 2006 there were 10 banks with their administrative headquarters in the province of Torino (1 more than the previous year), while there were a total of 1,113 bank branches, serving 182 municipalities: an average of 4.9 branches per 10,000 inhabitants and 6.1 branches for every municipality served by banks, an average higher than both the Piedmontese average and the Italian average (respectively 4.4 and 5.5 branches per municipality). The number of branches has continued to grow in the last six years, in fact the increase since 2005 has been +2.46%, while it is +9.5% if we compare it with 2001. In spite of this increase, if we consider the average of branches per inhabitant, the province of Torino still lags behind Piemonte (6 branches per 10,000 inhabitants) and Italy as a whole (5.5).
7.2 Online banking

Relations between banks and customers have been revolutionised by the arrival of the Internet. In 2001, just over 168,000 families in the province of Torino used online banking services; in 2006 this had risen to almost 700,000, a growth rate of 45% just in the last year, and 316% if we take a longer-term view. The use of the internet is also increasing among businesses, but at a less exponential rate: almost 68,000 hits in 2006, up 33% on the previous year, and up 76% on 2001. The growth rate for the use of online banking services in the Torino area is higher than in Piemonte or at a national level: in the years 2001-2006 the use of online banking services in Piemonte and in Italy increased by 222% and 220% respectively, compared to an average of +271% for Torino. Telephone banking is also proving very successful, growing by 44% on 2005 and by 271% compared to 2001: in spite of this increase, it lags well behind the Internet. At a regional level, telephone banking was more popular than the Internet in the period 2001-2006 (+354% compared to +222%), but this growth slowed down considerably in the last year (only +3% on 2005). At a national level the growth rate of telephone banking for the whole of Italy in the period 2001-2006 was below that of Torino (+219%).

**Chart 36** ICT banking services in the province of Torino (number of customers)

![Chart showing growth in ICT banking services in Torino](chart36.png)

**Source:** Banca d’Italia
7.3 Comparison with Milan and Genoa

In 2006, investment in the province of Milan exceeded €260,000 million, an 11.7% increase on the previous year, earning it first place once again among the Italian provinces in terms of total amount (20% of the Italian total).

In the province of Milan investment by businesses increased by 11% on 2005 (a percentage growth below that recorded in the Torino area), while investment by families increased by 4.3% on the previous year.

If we consider a longer period (2001-2006), investment by Milan-based businesses increased by almost 50%, but the growth of family investment was even stronger (+88%). The average investment by businesses in the province of Milan amounted to €295,000 in 2006, an increase of 39% on 2001; the average investment by families was €22,000 euro, an increase of 67.6% compared to the first year under examination (2001).

Bank deposits in the province of Milan continued to grow, though at a lower rate than in the Torino area: in December 2006, they amounted to €107,508 million, a 2.8% increase on the previous year. On average, deposits by families increased from €8,800 per inhabitant in 2001 to €12,400 in 2006 (+41%); deposit by businesses have increased from €44,000 to €66,700 per company (+51% on 2001).

Bank default in the Milan area at the end of 2006 amounted to €3,603 million, an 8.5% increase on the previous year. The ratio between default and investment was 1.41%, one of the lowest in Italy.

Bank investment in the province of Genoa amounted to €14,800 million at the end of 2006, up 13.9% compared to the previous year. In the last year, there has been an increase in investment by families (up 15% on 2005) and by businesses (up 11.6%). If we consider a longer timeframe, investment by families has grown more strongly: +65.4% on 2001, compared to +25.1% for business investment. In 2001, investment by businesses averaged €75,500 euro; after six years, this increased to €90,300 per business (+19.6%).

The average investment per family in the Genoa area at the end of 2006 was €13,480 euro, a 53% increase compared to 2001.

Bank deposits in the province of Genoa to December 2006 amounted to €11,868 million, an increase of 2.6% on the previous year. If we take a more long-term view (2001), they increased by 78.6%.

Deposits by businesses increased by 2.1% on the previous year; the growth rate becomes 25.5% if we take a long-term view (2001). There was a similar trend in deposits by families: in the last year, they increased by 3.5% (+38.4% on 2001).

Deposits per business in the Genoa area averaged €25,000 at the end of a fine 2006, which represents a 20% increase on 2001. Deposits by inhabitant amount to €9,140 (+31%).

In 2006 bank default in the province of Genoa totalled €656 million, a 5.5% increase on the previous year. The ratio of default to investment in December 2006 was 4.35%, almost double the figure for Torino and three times that for Milan.
# COMITATO TORINO FINANZA

## HISTORY

The Comitato Torino Finanza (Torino Finance Committee) at the Torino Chamber of Commerce, evolved from an association by the same name that was founded in 1990; it promotes financial development in Piemonte, and is one of the Italian structures most committed to the modernisation of finance for business.

The Committee was created by the Torino Chamber of Commerce, and can count on a sound base, with 15 associates representing the economy and financial world of Piemonte, one of Europe’s most advanced industrial areas.

## MISSION

The Comitato Torino Finanza is striving to develop a competitive environment that can foster the growth of financial competence in the area, allowing businesses, and SMEs in particular, easier access to the markets.

Its goal is to divulge and develop new, efficient instruments, at the service of a new financial business culture. It acts as an interface between the financial world and the business world, with particular reference to SMEs.

## ACTIVITIES

**Innovative finance:** it promotes the study and spread of knowledge of innovative financial instruments, particularly addressing SMEs and regional public agencies. It rewards research into innovative finance, setting up prizes and grants.

### Table 34 Some indicators of the Torino-Milan-Genoa comparison

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2001</th>
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<tr>
<td></td>
<td>Average investment by business (in €/thousand)</td>
<td>Deposits by families per inhabitant (in €/thousand)</td>
</tr>
<tr>
<td>Torino</td>
<td>105</td>
<td>8.5</td>
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<tr>
<td>Milano</td>
<td>295</td>
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<tr>
<td>Genova</td>
<td>90</td>
<td>9.1</td>
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</table>

**Source:** Elaborated by Torino Chamber of Commerce from Banca d’Italia data
**Conventions:** it organises meetings, testimonies and debates to study innovative issues in an economic and financial context.

**Continuous training:** it updates the professional skills present in the area, and stimulates permanent learning by operators, by the development of culture, information and financial training, in collaboration with universities and professional associations.

**Bank-business:** by organising round tables and discussions, it improves and monitors the relationship between banks and business to increase the quality of relationships and to analyse topical financial issues.

**Monitoring:** it starts and manages permanent regional observatories on business finance and innovative businesses (start-ups in particular), accompanying their financial needs. It monitors the development and evolution of Confidi (consortia for subsidised credit) through annual research.

**Institutional initiatives:** it coordinates institutional projects to promote a suitable environment for the economic development of the Northwest.
Luca Remmert, Chairman of the Comitato Torino Finanza

The Italian banking system is often accused of not being suited to the needs of businesses, particularly those of SMEs or recently established companies that find it more difficult to access credit. What innovative financial instruments does the Comitato Torino Finanza hope for to meet the needs of SMEs and start-ups?

The criticism of the banking system by businesses is well placed: the banks still have a great deal to do, not only to develop innovative instruments but also to apply existing instruments. One example is Project Financing\(^{19}\) which is not yet applied extensively to SMEs. Banks must achieve an epoch-making “cultural leap”: abandoning the viewpoint of exclusively “equity-based security” and accepting other parameters as security. SMEs and innovative businesses in particular, often have a grand project to achieve, but they lack the business capability to implement it; banks should be able to assess the quality of the project, as many good projects remain on paper because they do not find the necessary financial resources.

One of the goals that the Comitato Torino Finanza intends to set itself is to look for all possible forms of mediation between banks and businesses, particularly in the case of business that are lacking a certain structure, like SMEs and start-ups.

In this respect a project is getting underway to revive businesses that are already present in the area, but have not developed as hoped, such as angel businesses. The role of Business Angels is to help businesses to relate correctly with banks.

Another possible instrument could be the newly created “stock exchange for small companies”, the ACM or alternative capital market, which enables SMEs to obtain the necessary capital from the market, and not the conventional channel (the banks).

\(^{19}\) PROJECT FINANCING - A financing operation of public utility. One or more parties (promoters) propose to a Public Authority that they will finance, create and manage a public work, whose project has been approved, in exchange for the profits deriving from the cash flows generated by efficient management. The involvement of private parties in the creation, management and financing of the cost of public works in view of future earnings, is the main characteristic of this financial operation regarding assets that would otherwise be unused due to a lack of public funds.
It is true that banks are responsible for the difficulties encountered by businesses, but businesses have their own responsibilities, because the businessman often concentrates only on the “business project” he wants to achieve, and does not want to approach the financial aspects gradually.

Observatory of innovative start-ups; innovation is an increasingly strategic factor for the success of a business. An overview of the activities of the Observatory in recent years and the concrete action taken to improve access to credit for innovative start-ups.

The Observatory’s goal is to monitor the situation among start-ups, their level of financing, and the problems that emerge. This year further analysis was conducted into the contribution made by start-ups to the growth of regional GDP, grouped by the decade of their foundation. From this the importance of having a high number of start-ups in each decade emerged; some cease activity, but others contribute significantly to the development of regional GDP. The research revealed that in the decade 2000-2010 fewer start-ups were created than in previous decades, in spite of the fact that innovation is an extremely topical issue for the economic rebirth of the area. The problems that emerged for innovative start-ups can be summed up as follows: the entrepreneur tends to be a technician rather than a company manager (he has a clear idea of his project, but is not familiar with other company functions); because it is a small company, it does not need enormous quantities of capital, but it is difficult to find it. Because it is a new company, it does not have a past history: banks find it difficult to finance the project alone, even if it is valid; so it becomes necessary to find someone ready to provide the risk capital to start activities. Things are starting to move in the province of Torino: the Torino Polytechnic incubator is one example. Many companies that developed within it have grown and continued to expand even after they left (the incubator mortality rate is currently very low). A second example is the Investors Club, founded by Torino Wireless, which groups together a number of entrepreneurs who decided to invest part of their capital in innovative start-ups. A third example are the “business angels”, which provide risk capital to businesses on one hand while they provide the managerial expertise that these companies certainly need on the other. A round table has recently become operational that intends to study which initiatives to undertake to develop a network of business angels. Another tool to develop start-ups is the alternative capital market for SMEs. It is not possible to sum up results yet, because this market was created very recently, after the Summer.
The bank-business relationship is occasionally problematic; Torino Finanza has organised meetings between these two entities: has this helped to improve the difficult relationship between banks and businesses?

Torino Finanza was set up to do just that. Quite apart from its other activities, the association was created with this goal, to smooth the edges of the relationship between banks and businesses. How? By trying to bring them together at a time when they are not counterparts (this happens when the latter needs the former, and vice versa). Torino Finanza was the first to study a series of rules for banks and businesses. “Patti Chiari” launched by ABI was only the anticipation of this initiative. In the conflictual relationship between banks and businesses, businessmen often have the mistaken idea that banks are not businesses themselves. They think that banks should always help business, regardless of the profitability of their profession. But banks are suppliers of financial services: they must take and lend money and they must do it efficiently.

Is it possible to assess the result of Basel 2, which recently became fully operational?

Basel 2 became fully operational in 2007, even if the Italian banks asked for a postponement for the application of the rules. In spite of the efforts made (even by the Comitato Torino Finanza), understanding of Basel 2 is still not widespread: 35% of companies do not know what it is. But the ones that are informed are not worried: they believe that Basel 2 can represent a stimulus to analyse their own financial structure in order to improve it, and that banks will certainly reward virtuous companies.

If Basel 2 operates efficiently in the future, it may be one of the instruments that simplify the relationship between banks and business and access to credit for SMEs.

Before the introduction of Basel 2, there were fears of a credit squeeze: interest rates would increase and the amount of credit granted would decrease. In fact the squeeze never came and business knows it.

Businesses have been asked to express an opinion of the way banks have behaved since the introduction of Basel 2 and the percentages are reassuring: 73% of those interviewed said that there has been no change in relationships; 17% said that they had improved; just over 9% said that they have worsened. So the impact may be considered positive.
Transport and infrastructure

Transport and infrastructure in Piemonte, and in the province of Torino in particular, are constantly evolving: in the coming years, several large works will be completed and others begun. The goal is to improve regional and inter-regional access by promoting the construction of large strategic works, and strengthening existing regional infrastructure: Piemonte lies at the crossroads between two of the most important European truck routes, Corridor 5 (Lisbon - Kiev) and Corridor 24 (Genova - Rotterdam).

In a directive of 4/08/2006 the Ministry for Infrastructure identified the priority infrastructure, one of the most important of which is the completion of the Torino - Lyons line, because it represents an important link on the Kiev - Lisbon route.

In spite of the difficulties encountered in relations with local communities, this project is fundamental to tackle the increase in goods traffic that cannot continue to be carried on the existing line. In 2006 the project was extracted from the Objective Law procedure to follow the ordinary process for approval of the design stages. All this will slow its realisation down, because approval of the definitive project will be subordinated to Environmental Impact Assessment (EIA). Last year analysis of the proposed alternative routes began, including the proposed passage of the High speed Line in Val Sangone.

As for the High Speed Torino - Milano rail line, work on the Torino - Novara stretch has been completed, and it started operations last year, while work on the Novara - Milano stretch is approximately 50% completed and implementation is envisaged for 2009.

Work on the infrastructure for the Torino underground railway system is progressing; in 2006 began work on Porta Susa station, which is destined to become the city's main terminal.

The Torino transport agency is currently studying a railway network to connect the hinterland to the centre of Torino on the model of the Paris RER transport system, which will be presented at the end of 2007. The goal of the Torino RER will be for a train every twenty minutes to link the entire metropolitan area, from Trofarello to Rivoli.

To realise this project it will be necessary to double the existing metropolitan railway lines, to create new stations along the underground railway link and to place the lines underground, as far as Nichelino. The name that will be given to the new plan is “Metropolitan railway system”, and it envisages the construction of five new railway lines in addition to Torino's underground line.

The project for Torino's RER could take shape for 2012. The first stage envisages the doubling of the Sangone - Pinerolo stretch, the first step to double the line between Torino and Pinerolo; the con-
nection between the Torino - Ceres line and the underground railway link at Dora station, and the construction or expansion of a number of stations along the link, which will transform it into an additional underground line. The Zappata (close to Largo Orbassano), Dora and Stura stations will need adapting.

A new station must be built in Grugliasco (to serve the university campus and the new healthcare campus), and a new connection will be built between the underground link and S. Luigi hospital in Orbassano.

At a later date an extension will also be built to the West, between Collegno and Cascine Vica. At present no decision has been taken regarding plans to extend the line as far as Rivoli.

The first line of the *underground railway* was inaugurated in Torino for the 2006 Olympics, connecting Collegno and Porta Susa. The new stretch from Porta Susa station to Porta Nuova has also been completed; it will be necessary to wait for 2010 for the line from Porta Nuova to Lingotto.

Work has also begun to boost the *Chivasso - Ivrea* railway line (electrification and selective doubling) and funding has been received to design the doubling of the *Torino - Pinerolo* line.

Widening and modernisation work is also progressing on the *Torino - Milano* motorway, which should be completed by 2011. On the other hand, the start of work to build a fourth lane on the *Torino orbital road* between the Bruere and Borgaro exits has been postponed. A feasibility study has been drafted to complete the Torino orbital system (Torino Eastern Orbital road). And a motorway link between Biella, the Autostrada dei Laghi and the Torino - Milano motorway is also being studied.

After the fire that broke out in June 2005, it was necessary to modify the *Frejus Tunnel* to allow emergency vehicles to pass safely.

*Caselle airport* was enlarged to tackle the increase in passengers during the Olympics, and it can now manage twice the traffic volume that it could in the past.

### 8.1 Transport statistics

More than 1,800,000 vehicles travelled on the over 3,000 km of the road network of the province of Torino, half the vehicle fleet in Piemonte, and 4% of the Italian fleet.

Almost 80% of Torino’s vehicle fleet is made up of cars, with a ratio of 1 car for every 1.62 inhabitants of the province, an average that is substantially in line with the rest of Piemonte, but marginally below the Italian average (1 car for every 1.67 inhabitants in 2006).

In 2006 over 117,000 new cars were registered in the province, 56% of the total registrations in Piemonte and 4.7% of the Italian total: the increase on 2005 was however smaller than those in the region and in the country as a whole (+2.4% compared to 5.5% and 10.7% respectively).

The second-hand market also grew marginally: almost 288,000 cars changed hand in the province of Torino in 2006, an increase of 3.9% on the previous year.
Chart 37  New car registrations

In 2006 the **Torino-Bardonecchia** motorway and the **Frejus Tunnel** showed the most consistent increase in the transit of both light and heavy traffic compared to the previous year, when traffic was severely curtailed after the fire that broke out in the tunnel in the Summer of 2005. Light and heavy vehicle traffic on the **Torino-Ivrea**, **Torino-Savona** and **Torino-Piacenza** motorways increased, while traffic on the **Torino-Milano** motorway decreased marginally compared to 2005, probably due to the road works.

Passenger traffic at **Torino-Caselle airport** increased by 3.6% compared to 2006: passengers in transit totalled almost 3.3 million, with a very significant increase on the previous year for international passengers (+7.4% compared to the previous year, compared to +1.6% for domestic passengers). The significant increase in international passengers was certainly related to the Olympics, which generated a strong increase in traffic in the first months of the year.

Air freight, on the other hand, decreased (-8.6% on 2005), but the volume of mail transported increased by 17.5%.

**Domestic and international flights** both increased: the increase in the latter was three times that of domestic flights (9.2% on the previous year compared to 3.1%). If we consider a longer timeframe (2001), domestic flights have decreased by 2.1% while international flights have increased by 4.8%.

**Source:** ANFIA, Ministry for Infrastructure, ACI Italian Automobile Club.
Passenger traffic at Torino-Caselle airport continued to grow in the first six months of 2007 (+3.4% on the same period in 2006): passengers in transit totalled 1,764,000, with an 8.1% increase in domestic passengers, while international passengers remained substantially the same as in the first half of the previous year.

Air freight grew marginally in the first six months of the year (+0.5% compared to the corresponding period of 2006); the increase in mail volumes was stronger (+3.4%).

In 2005 (the last ISTAT figure available) a total of 7,400 road accidents were recorded in the province of Torino, a 4.7% increase on the previous year, a much more significant increase than that for Piemonte (+0.3%) or Italy as a whole (+0.2%). The number of deaths due to accidents decreased (down 9.4% compared to 2004), but injuries increased (up 4.9%). The percentage of mortal accidents in the Torino area was however lower than in the region and in the country (2.1% of accidents compared to 2.7% and 2.2%).

The 2007 statistic annual published by the Automobile Club also analysed fuel consumption in the Italian regions. In 2006, 869,000 tonnes of unleaded petrol were consumed in Piemonte, a 12% decrease on the previous year; diesel consumption on the other hand, increased by 3% (1.8 million tonnes in 2006). If we consider a wider timeframe (2001), consumption of unleaded petrol has

### Table 35 Motorway traffic

<table>
<thead>
<tr>
<th></th>
<th>Actual Average Vehicles (a) 2006</th>
<th>Actual Average Vehicles (a) 2005</th>
<th>Theoretical Average Vehicles (b) 2006</th>
<th>Theoretical Average Vehicles (b) 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>TORINO-MILANO</td>
<td>29,516,090</td>
<td>29,541,640</td>
<td>12,282,250</td>
<td>11,957,035</td>
</tr>
<tr>
<td>LIGHT</td>
<td>10,096,630</td>
<td>10,136,050</td>
<td>4,295,320</td>
<td>4,159,540</td>
</tr>
<tr>
<td>HEAVY</td>
<td>13,765,245</td>
<td>13,177,230</td>
<td>7,008,730</td>
<td>6,702,495</td>
</tr>
<tr>
<td>TORINO-QUINCIETTO-IVREA (C)</td>
<td>3,009,425</td>
<td>2,891,165</td>
<td>1,367,655</td>
<td>1,335,170</td>
</tr>
<tr>
<td>LIGHT</td>
<td>15,477,460</td>
<td>14,800,750</td>
<td>5,925,410</td>
<td>5,681,590</td>
</tr>
<tr>
<td>HEAVY</td>
<td>3,678,105</td>
<td>3,530,280</td>
<td>1,322,760</td>
<td>1,271,295</td>
</tr>
<tr>
<td>TORINO-SAVONA</td>
<td>27,373,905</td>
<td>26,159,915</td>
<td>8,951,990</td>
<td>8,557,060</td>
</tr>
<tr>
<td>LIGHT</td>
<td>10,809,110</td>
<td>10,260,515</td>
<td>4,426,720</td>
<td>4,193,120</td>
</tr>
<tr>
<td>HEAVY</td>
<td>6,514,885</td>
<td>6,008,265</td>
<td>3,240,105</td>
<td>2,986,065</td>
</tr>
<tr>
<td>TORINO-BARDONECCHIA</td>
<td>2,746,260</td>
<td>2,540,935</td>
<td>1,369,845</td>
<td>1,266,915</td>
</tr>
<tr>
<td>LIGHT</td>
<td>849,720</td>
<td>647,510</td>
<td>849,720</td>
<td>647,510</td>
</tr>
<tr>
<td>HEAVY</td>
<td>864,320</td>
<td>801,540</td>
<td>864,320</td>
<td>801,540</td>
</tr>
</tbody>
</table>

**Source:** AISCAT

(a) Actual average vehicles refers to all vehicles that enter the motorway, regardless of the distance travelled.

(b) Theoretical average vehicles refers to the ratio between the distance actually travelled by vehicles entering the motorway and the length of the same.

(c) Includes the Ivrea-Santhia link road.
decreased by 19% while that of diesel has increased by 14%. The reduction in consumption of unleaded petrol is more marked in Piemonte than in the rest of continental Italy (-5.9% for 2006/2005 and -5.4% for 2006/2001); diesel consumption in Italy has grown almost twice as fast as in Piemonte if we compare it to 2001.

**Chart 38**  Passenger traffic trends at Torino-Caselle Airport

Source: Sagat
Passenger traffic at Torino-Caselle Airport seems to have grown constantly in recent years, and the Olympics were a huge opportunity. What are the future prospects for the expansion of the airport?

Passenger traffic at Torino Caselle Airport is growing constantly. It is an extremely positive sign, which gives us confidence to face the future, and it underlines the airport’s good state of health.

Traffic data for the first nine months of 2007 were all positive, confirming the growth trend of the previous months. In particular, record numbers were seen in the months of July, August and September. In July, over 322,000 passengers transited through the airport setting a new monthly record, and beating the previous record set in February 2006 during the Winter Olympics. The latest data, for September and October, confirm that the airport is growing faster than the national average. The sector is destined to grow and our airport is structured to welcome much higher traffic flows than those seen today.

How are regular domestic and international flights performing? And above all, what new routes have been opened in recent months?

Domestic flights have increased significantly, particularly along the North-South axis. Passenger flows between the North and South of Italy are increasing. We follow the trend and we are also present on these routes with some low cost airlines.

Where international flights are concerned, our regular flights to the European hubs of Paris, Frankfurt, Munich and Madrid are a consolidated reality.

The opening of new routes is also a positive sign. Several airlines have decided to invest in Torino: RYANAIR with its Winter flights to Dublin, Brussels and Bristol, ROYAL AIR MAROC to Casablanca, TAROM and BLUE AIR to Bucharest and Bacau, and LOT to Katowice.

Another very positive note is the fact the a number of Italian airlines have boosted several
international routes. AIR ONE, which has one of its four operating bases in Torino, has two daily flights to Paris, while MERIDIANA now offers a flight to Krakow.

**Low cost flights: a constantly growing demand and supply. What are the prospects for Torino Caselle airport?**

The low cost market is growing constantly, and today accounts for 30% of air transport on offer in Europe in terms of seats and 22% in terms of flights. It is certainly a very dynamic market, on which Sagat is focusing a great deal of attention. The two largest European low cost airlines, Ryanair and EasyJet, operate from Caselle. In September they were joined by the main Italian low cost airline, WindJet, which recently inaugurated an important flight to Catania. Market analysis indicates an enormous growth potential in the low cost segment for Torino. The excellent results achieved by WindJet from its first days of operation confirm this, and have prompted the company to start a second daily flight to Catania, just two months from the launch of the first. And from December 29, for three months, it will fly an experimental international flight from Torino to Moscow.

**In 2005 the airport was extensively expanded and revamped for the 20th Olympic Winter Games. How has Torino-Caselle adapted to the increased demand for air travel?**

The work to expand and revamp Caselle airport made a decisive contribution to the great success of the Torino 2006 Winter Olympics. Torino, Piemonte and Italy won their wager. Torino Caselle received the prestigious Best Airport Award for 2007 for the way in which the Torino 2006 Olympics were managed, and for the key role it played in the success of the event, offering passengers cutting-edge structures and excellent organisation of the operations, while maintaining a high level of safety accompanied by an equally high level of passenger satisfaction. In particular, one of Sagat’s prime goals was to pay maximum attention to the needs of people with difficulties, and to the disabled in particular.
Tourism

The mountains, the great historical locations and the new, modern infrastructure constructed for the recent Olympics by the world's best-known architects: a blend of the past and the present, nature and the big city have transformed Torino and its province into a new tourist destination that attracts Italian and foreign tourists.

| Chapter IX |

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The policies adopted in 2006 by the provincial authorities and by Regione Piemonte to launch and promote Torino and its hinterland as a new and alternative tourist destination, and to break with its traditional image of the “industrial city of the car” have achieved good results. The data collected by the Regional Observatory on Tourism since 1996 show a constant increase in the number of Italian and foreign visitors to the province: in 2006 alone, the number of Italian visitors was 6.1% higher than in 2005, with over 3,200,000 foreign visitors, and the number of foreign tourists increased by 7.4% on the previous year (over 1,800,000 overnight stays).

Visitors to the Torino metropolitan increased by over 25% on 2005, an effect of the Olympics and of the many events that have transformed the city into a cultural and artistic centre of considerable status. Still in the Olympic territory, the mountain resorts have shown a significant rise in the number of visitors: visitors to the Susa Valley and Pinerolo area increased by 22.8% on 2005, recording almost one and a half million overnight stays, and a total of 287,000 people visited the Canavese and the Lanzo Valleys (a 4% increase).

The Olympic mountains continue to attract a large number of tourists from all over the world, primarily for Winter sports and the possibility of being able to use the modern sports facilities created for Torino 2006.
9.1 Accommodation facilities

There are 1,416 accommodation facilities in the province of Torino, divided into the metropolitan area, the Olympic valleys and the Lanzo valleys, a figure that has risen constantly since 2001 (+54.4%; +15.2% compared to 2005). Above all, the number of non-hotel facilities has increased greatly in the last year (+21% compared to 2005).

This growth is largely due to the spread of farmhouse accommodation, which has doubled in number from 49 in 2000 to 99 in 2006, and an eightfold boom in bed & breakfast facilities, up from 38 in 2000 to 285. Total beds in the province of Torino has increased by over 13,000 units from 2001, and now exceeds 62,200 beds, the sign of a growing economic vocation in the province which has strengthened over the years and is improving constantly towards a higher quality of tourist facilities.

The excellence of the hotel sector is underlined by the fact that the number of top quality hotels (4 and 5 stars) has increased by over 40% since 2005; the aim is to promote the province of Torino as a medium-high tourist destination. The number of 3-star hotels has also risen (+10.7% compared to 2005), while 1-2-star hotels have decreased by 3.9%.
The number of campsites in the province has remained unchanged since 2005. This is a deficit in the accommodation facilities in the Torino area that must be addressed in order to increase the area’s appeal for young visitors and the many foreign tourists who prefer to spend their holidays in close contact with nature rather than in one of the province’s many hotels.

Data from the Montagne Doc Tourist Board indicate that there will be 1,300 new beds in the Olympic mountains from the next Winter season, bringing the total to 12,000. Almost half of these new beds will be in the former Olympic village of Bardonecchia, where two new hotels will open, while the remainder are divided between the mountain resorts of Pragelato and Sestriere.

**Chart 40** Accommodation facilities by type and capacity in the province of Torino

The Winter Olympics of Torino 2006 definitively launched the province on the major international tourist circuits. In 2006 a total of 1,445,000 tourists visited the Torino area, almost one third of whom
visited the province in the first three months of 2006, during the XX Winter Olympics. One visitor out of three is a foreigner (427,000 visitors, 30% of total arrivals in 2006).

What are the main countries of origin of foreign visitors to Torino?

In first place, with the largest group of foreign tourists, were the United States with over 60,000 arrivals, accounting for 14.1% of total foreign visitors to Torino, up from third place in 2005. They were followed by tourists from the United Kingdom (59,000 arrivals, 13.9% of the total) and France (over 53,000, for 12% of the total in 2006).

In 2006 the number of tourists arriving from Canada increased by almost 22% on 2005, for second place among non-European countries of origin, and fifth overall for foreign tourists in Torino.

Romania (3% of total arrivals from abroad) and Brazil (2% of the total) made their debut among the top ten nationalities visiting Torino in 2006, taking the place of the Belgian and Chinese tourists, who are no longer among the leaders as they were in 2005.

**Chart 41** Foreign visitors to the province of Torino by country of origin - 2006

Where Italian tourists are concerned, the province remains the first choice for the Piedmontese themselves (49% of Italian arrivals in 2006). Of the 1,018,000 Italian visitors arriving, 11% were from Lombardia, and 5.2% and 4.2% respectively from Lazio and Veneto.

There were also significant numbers of visitors from Campania, Liguria and Emilia Romagna, albeit marginally fewer than the previous year.
9.3 What tourists choose to do

Again in 2006, the Torino metropolitan area continued to attract the largest number of tourists to Piemonte, with over 1,120,000 visitors and 3.3 million overnight stays.

Chart 42  Museum system in the Torino metropolitan area, the first 10 in order of popularity

<table>
<thead>
<tr>
<th>Museum System</th>
<th>Visits 2006</th>
<th>Visits 2005</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Cinema Museum</td>
<td>384,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Egyptian Museum</td>
<td>286,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Racconigi Castle</td>
<td>190,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Palazzo Madama</td>
<td>128,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Palazzo Reale</td>
<td>147,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Palazzo Madama Foundation</td>
<td>128,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Palazzo Madama Foundation</td>
<td>104,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Palazzo Bricherasio Foundation</td>
<td>140,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Automobile Museum</td>
<td>79,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ducal Castle of Agliè</td>
<td>76,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Regione Piemonte, Regional Observatory on Tourism

Total visits to Torino museum system in 2006: 2.9 million +17% on 2005

After the Winter Olympics, large numbers of visitors have been attracted to the city by international events such as the Book Fair, the Taste Fair and the Wine Fair; nor should we forget the exhibitions organised in the many museums in the provincial capital.

The museums are a launching pad for tourism in Torino: in 2006, for the first time, Torino had two museums among the top ten Italian museums in terms of visitors. The Cinema Museum and the Egyptian, with 534,000 and 530,000 visitors respectively, took eighth and ninth place in the national standings. Figures are also reassuring for 2007, when Palazzo Madama could also join the list, having welcomed over 200,000 visitors in the first half of the year.

Attendance data at the museums for the first six months of 2007 are better than for January-June 2005, and close to those for the first half of 2006, underlining that Torino is a popular tourist destination even
after the Olympics, and reflecting the growing interest in discovering and visiting the Savoy capital, which is now launched on the major international tourist circuits.

The municipality in the Olympic Mountains that recorded the highest number of visitors during the Olympic year was Sestrière, followed by Oulx, with 6.1% and 5% respectively of total overnight stays in the province of Torino.

**Table 36** The first 10 municipalities in the province of Torino in terms of visitors - 2006

<table>
<thead>
<tr>
<th>MUNICIPALITY</th>
<th>ITALIAN Arrivals</th>
<th>ITALIAN Overnight stays</th>
<th>FOREIGN Arrivals</th>
<th>FOREIGN Overnight stays</th>
<th>TOTAL Arrivals</th>
<th>TOTAL Overnight stays</th>
</tr>
</thead>
<tbody>
<tr>
<td>TORINO</td>
<td>561,128</td>
<td>1,660,163</td>
<td>267,637</td>
<td>962,252</td>
<td>828,765</td>
<td>2,622,415</td>
</tr>
<tr>
<td>SESTRIERE</td>
<td>12,437</td>
<td>78,065</td>
<td>24,747</td>
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**Source:** Regione Piemonte, Regional Observatory on Tourism

### 9.4 Congress tourism

Congress tourism is also proving to be a significant economic factor in the province of Torino. Data provided by the Observatory of the Torino Convention Bureau show that the number of congresses held in the Torino area in 2006 with more than 50 participants increased by 4% on 2005. Analysis of data for the number of participants in 2006, reveals a 10% increase on the previous year: the majority of participants are “locals” (74% of participants), and a good percentage of congress tourists were also Italian (20% of the total).

In 2006 Torino hosted 3.3% of the national congresses, and welcomed 3.4% of total congress participants in Italy.

Hotel facilities were chosen for over half of the large events that lasted more than one day (79% of the congresses).

Congress tourism in the city is expected to increase further in 2008 as an effect of Torino World Design Capital events. Torino will host the 23rd World Congress of Architects and the World Air Games (WAG), and in 2011 the Piedmontese capital will host another important event, the celebrations to mark the 150th anniversary of the Unification of Italy. These will be important events that will certainly sustain the development of congress tourism in Torino, to ensure that the available structures and services are always able to meet the demands of an Italian and international clientele for this new form of tourism, which is becoming increasingly important for the area’s economy.
INDUSTRIAL TOURISM

The Torino Chamber of Commerce and Turismo Torino have drafted an interesting project to introduce people to the industrial excellence of the Torino area: the “Made in Torino. Tour the Excellent” programme, which is now in its third edition, is the first of its kind in Italy to offer tourists and enthusiasts a similar possibility.

The programme is the result of a year of study and careful analysis of the potential industrial attractions in Torino: an “innovative and strategically courageous decision” that has emerged from the public’s growing interest in industry. There are several themes: the car, design, pens, aerospace, and food and agriculture that is synonymous with “top quality Italian products” in the province.

The Aurora pen was created in Torino, and many of the cars now on roads all over the world, including the first car to be exhibited at the Metropolitan Museum of Modern Art (MOMA) of New York, as “one of the six most beautiful cars in the world”. But that is not all. Many people are not aware that as well as being a world leader in car design, Torino also produced unique products seen at the cinema and on television, such as the New Holland W190 wheeled loader in the Bond film “Casino Royale”, and the Iveco ANW 330.30 trucks that took part in the “Overland” expeditions for television broadcast by RAI1.

The visits are supported by carmakers, the city’s most prestigious car designers and important pen manufacturers. Tourists and enthusiasts can discover the secrets and the many facets of industrial design at Bertone, Fiat, Giugiaro and Pininfarina for the automotive industry, and at Aurora, Lecce Pen, Wilson and StiloLinea for the pen sector.

Visitors can tour the companies during manufacturing operations, and they can also attend a pre-visit introduction at the European Design Institute, an international network that provides training in design, fashion, visual arts and communications. There are two tours each month, each lasting about 3 hours, with Italian, English or French commentaries, for each sector; this means that in a single month, tours are organised to a pen manufacturing company and to a design/engineering company.

Piemonte, and the Torino area in particular, is also one of Italy’s centres of excellence in the aerospace field; in the territory there are a number of large manufacturing plants belonging to large world-renowned industrial companies and groups, such as Alenia Aeronautica, Galileo Avionica and Thales Alenia Space. They are responsible for the development and production of avionic systems, radar, flight simulators and space propulsion units.

And last but by no means least, Torino is the home of outstanding food and wine. Numerous agricultural, artisan and industrial concerns form the fabric of a great local tradition, whose experience, built up over generations, has always guaranteed top quality products. The area can boast names like Caffarel, Caffè Vergnano, Galup, Gavazza, Martini&Rossi, Pastiglie Leone and the Bakers Association of the province of Torino.
Marcella Gaspardone
Director of the Torino Convention Bureau

**Congress Tourism is expanding constantly in Piemonte: what are the prospects for the future?**

Because of its peculiar features, congress tourism has an important role to play in the development of tourism in Piemonte. It can become a strategic support, strengthening our region’s image on the tourist market. The congresses organised in the area have a very positive effect on the region’s entire economic system.

Regione Piemonte, with the support of Torino Convention Bureau and other important local structures that offer top quality services in the area, considers congress tourism to be a priority in its policy to develop and promote tourism. For this reason the congress sector is of prime importance in the Strategic Plan for the development of Tourism, drafted by the Regional authorities. One important sign in this direction is the fact that Regione Piemonte has joined the Interregional Project for the Promotion of the Congress System, led by the Tuscan regional government, whose goal is to promote the congress facilities of participating regions, particularly on foreign markets. Secondly, the Regional Council has expressed its intention of joining the public stakeholders of the Torino Convention Bureau. And a national and international promotion plan has been drafted, that focuses on the following initiatives:

- participation in specialist fairs and bourses (IMEX, BTC, EIBTM)
- organisation of roadshows addressing the national and international markets
- specific media initiatives on national and international markets
- organisation of educational programmes
- mapping of congress facilities and creation of an observatory
- realisation of a catalogue of congress facilities in Piemonte
- development of a customer satisfaction survey that analyses the specific needs of congress demand.
Is it possible to draw an identikit of the typical congress tourist?

People who attend congresses normally belong to a medium-high bracket, with a university or postgraduate degree, generating high expenses that are normally two or three times those of a normal tourist, particularly because they need top level professional services for both their travel and hospitality, and their attendance at the meetings. A survey conducted in 2006 showed that the average overall expenses generated by visiting a congress are about 1,287, with daily expenses averaging 586. Congress tourism is a form of tourism that gives image and visibility to the host destination, raising its profile, and it means that facilities must be organised in the form of a “system” capable of adequately combining services, a professional approach, quality and exploitation of the local specialities.

What are the most popular destinations for congress tourists? Do they differ from those of other types of tourist?

The art cities are certainly the most popular destinations for congress tourism, and the National Observatory indicates that they saw a 1.63% increase in the number of congresses organised in 2006. This is because, unlike seaside resorts, which are seen as holiday destinations, cities of art that have important congress structures offer a wide range of cultural proposals to appeal to the medium-high target of the congress tourist target. Torino is a city of art and culture, and therefore ideal to attract congress tourism.

Hotels are the preferred venues for congresses: does this reflect the trend in the rest of the country? Are you promoting other venues, such as historical houses/museums or congress centres?

The data of the Torino Congress Observatory show that hotels continue to be the venues that host the highest number of events (53%), and the data reflect national trends. Hotels are able to host small-medium sized events, but our main activity is to put forward Torino’s candidacy for large events that are usually held in congress centres. We also rely strongly on the historical homes and royal residences, which are of huge interest, particularly for congress inaugurations and gala dinners.

Have the recent Olympics had positive repercussions on congress tourism?

Absolutely, the 2006 Olympic Winter Games were an important stimulus for Torino’s growth and visibility in the worldwide congress sector. They also left us the legacy of out-
standing Olympic venues (Palavela, Palaolimpico Isozaki and the Oval Lingotto), polyvalent structures that are ideal for company meetings, large dinners and product launches.

**Transport infrastructure is one of Piemonte’s weak points; in your opinion, what could be done in the medium term of encourage congress tourism?**

It is fundamental to complete Line 1 of the underground railway as far as Lingotto to make Piemonte’s most important Congress Centre easy to reach. The Torino-Milano high speed rail link must also be completed, and we must develop the link between Torino and Malpensa airport which is currently very poor.

And finally, is congress tourism and leisure tourism are to develop, the number of low cost flights to Torino Caselle airport also needs to increase.