

# Why hold a G7 meeting in Southern Italy?

Italy is famed worldwide for the beauty of its landscapes and the exquisite artistic heritage that is to be found throughout the peninsula. But Italy is also one of the five major economies in the world in terms of its trade surplus and 221 of its products rank first in global export charts. Much of this industrial production – not only in fashion and design for which the country is a byword, but also in some specialist areas such as precision machinery – is associated with the North of the country.

International public opinion, however, overlooks the industrial tradition of the South and some of its superb products. This is not just about tourism and food production and processing. The South has well-established districts that are part of global supply chains in industries such as mechatronics, aerospace and pharmaceuticals. Cars built in the South are exported all over the world, as are engines for the most popular models of aeroplanes, innovative components for new aircraft, satellites, and molecules with therapeutic properties.

The growth of the South and its development prospects are linked to the quality of its people, the flexibility and innovative capabilities of its entrepreneurial class, as well as some public policies. Of great importance among the latter have been government choices to set aside previous welfare practices and instead to introduce measures to improve the conditions under which business is conducted.

The financial resources of both Italy and the European Union have made a major contribution to this development and will continue to do so. But the success stories of companies and regions in the South that have become fully integrated into international supply chains in an increasingly globalised economy indicate that – beyond simple funding - some specific policies are even more important for development. For example, incentives to stimulate innovation and backing up local action with management skills provided by the central government.

We therefore wanted the meetings of the G7 finance ministers and central bank governors to take place in one of the liveliest regions of this part of Italy that is also attractive and dynamic in terms of industry and human capital. This choice is intended, too, to emphasise the role that public policies have played here and can play everywhere in overcoming the obstacles to development that the accidents of history sometimes place in the path of progress.

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