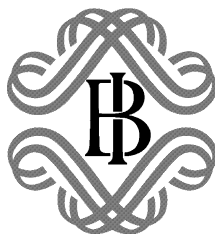


BANCA D'ITALIA

**Summary of the Reports
on economic developments in
the Italian regions in 2000**



2001

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Rome 2001

The Summary of the Reports on economic developments in the Italian regions, fruit of cooperation between the Bank's Economic Research Department and its regional research units, is a selective compendium of the most important information contained in the regional Reports on economic developments in the Italian regions, in which interested readers can find more detailed local information.

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A – THE RESULTS FOR THE YEAR

The Italian economy's growth in 2000 was the fastest in the last decade, together with that of 1995. Household consumption and gross fixed investment accelerated; net exports made a positive contribution to the expansion of output. In the second half, as the outlook for world economic growth worsened, signs of a slowdown in economic activity emerged.

According to Svimez, real GDP grew by 3.1 per cent for the year as a whole in the regions of the Centre and North (1.7 per cent in 1999) and by 2.5 per cent in the mainland South and the island regions of Sicily and Sardinia (1.5 per cent in 1999). Given net emigration from the South and Islands, the growth of that area's per capita GDP was only slightly less than that of the Centre and North (2.6 as against 2.7 per cent). The per capita GDP of the southern regions remained at 57 per cent of that of the northern regions.

Final household consumption picked up both in southern and in northern Italy (from growth of 1.8 to 3.2 per cent in the South and Islands, from 2.3 to 3.4 per cent in the Centre and North). Collective consumption expanded less strongly in the South and Islands (1.4 per cent, as against 2.1 per cent in the rest of the country).

The rate of growth in gross fixed investment rose very sharply (from 2.5 to 6.8 per cent) in the southern regions, increasing its share of GDP by nearly a full percentage point. The rate in northern Italy was 5.9 per cent. In the South and Islands, the ratio to GDP of net imports from the rest of Italy and abroad increased slightly.

The Bank of Italy's survey of manufacturing firms with 50 employees or more found that gross fixed investment spending increased most markedly in the Centre and in the North-West. Respondents expected roughly constant investment spending in 2001. Investment planned in the South and Islands continues to be lower than the national average.

The last few years have witnessed especially rapid growth in

investment in information and communication technology. More than 95 per cent of all industrial firms with at least 50 employees now have Internet links, and more than 80 per cent have a website. The North-South gap in network-linked firms has been virtually closed; company websites remain less common in the South and Islands.

Italian exports increased by 16.4 per cent at current prices in 2000, thanks in part to the growth of world trade. With the weakening of the euro, exports to non-EU countries grew faster than those to EU markets. The expansion involved all parts of the country; it was fastest in the South and Islands and in the Centre. Even excluding refined petroleum products, which account for a substantial share of exports from the Island regions, southern Italy recorded the fastest export growth. Exports from the South and Islands continued to grow faster than the national average in the first quarter of 2001 as well (25.4 per cent, as against 15.9 per cent).

Between 1993 and 2000 the share of total Italian manufacturing exports accounted for by the South and Islands, excluding refined petroleum products, rose by 2.2 points to 9.1 per cent. The sharpest increases came in exports to EU countries and exports by the motor vehicle and electrical equipment and precision instrument industries. Between 1995 and 1998 the share of exports in manufacturing value added in the South and Islands rose by 10 percentage points, though it remained far less than in the Centre and North.

The new area and regional accounts indicate that southern output growth in the period 1995-1998 was greater than had been previously estimated. Together with the North-East, the South and Islands had the fastest GDP growth of any area. And with the resumption of internal migration, per capita output rose faster than in the other parts of Italy. Real gross fixed investment spending increased by 4.3 per cent per year in the southern regions, compared with 3 per cent in Italy as a whole.

Italian employment increased by 1.9 per cent in 2000, or 388,000 jobs, on a year-on-year basis. Employment growth was fastest in the regions of the North-East, slowest in the North-West. The South and Islands gained 103,000 jobs, or 1.8 per cent, the area's best performance in a decade.

The number of fixed-term and part-time employees continued to grow. However, the contribution of these employment forms to net job creation was reduced, accounting for just over half of the total in 2000 compared with 95 per cent in the years from 1996 to 1999. The net creation of full-time permanent jobs accelerated, and self-employment returned to growth.

In the South and Islands, 12.5 per cent of non-farm employees were on temporary contracts, compared with 9.3 per cent nationwide and 7.2 per cent in the North-West. Part-time workers accounted for no more than 6.5 per cent of total non-farm employment, as against the national average of 8.4 per cent and 9.4 per cent in the North-East.

The unemployment rate decreased both in the Centre and North and in the South and Islands, to 5.3 and 20.3 per cent respectively in January 2001. Compared with January 2000, the gap between the two parts of the country narrowed by about one percentage point.

The expansion of economic activity fueled loan demand from firms. Net of bad debts, which diminished in all areas of the country, credit to firms increased by more than 14 per cent during the year. The increase was sharpest in the regions of the Centre and North.

Nationwide, the pick-up in lending to firms was due to the short-term component, while medium and long-term credit growth slowed somewhat. Only in the South and Islands did the growth of medium and long-term lending outpace that of short-term credit.

In the course of the nineties the share of bank debt in the total debt of the companies reporting to the Company Accounts Data Service was steadily reduced. The share of trade debt and debt to financial companies increased.

The Bank of Italy's survey of industrial firms with at least 50 employees has found that trade debt is higher in proportion to sales among smaller firms and in the regions of the North-East and the South and Islands. Most late payments do not cost the debtor anything. The share of firms contracting interest-bearing trade debt is largest in the South and Islands and in the Centre.

Lending to consumer households continued to grow rapidly, albeit at a slower pace than in 1999, thanks to the historically low level of real interest rates and to tax incentives for housing renovation. The growth was faster in the North than in the rest of the country.

The ratio of new adjusted bad debts to lending decreased in all parts of the country, and most sharply in the South and Islands. The volume of bad loans diminished, owing in part to large-scale securitization. The decline was most pronounced in the South and Islands, but the bad debt ratio is still much higher there than in the rest of Italy (15.7 as against 4 per cent).

Following the pattern of money market rates, bank rates rose in the course of 2000. In the fourth quarter the rate on short-term lending was

1.3 percentage points higher than in the fourth quarter of 1999. The differential between the South and Islands and the Centre and North remained unchanged.

Current account growth slowed down in all the areas of the country. The after-tax yield on current account deposits rose less than that on Treasury bills. Banks preferred fund-raising instruments with more modest impact on the liabilities side, in order to hold down the average cost of funds; repos expanded rapidly in all parts of the country. Although accelerating, the growth of fund-raising from resident customers was slower than that of lending. The banks funded credit growth by borrowing abroad and reducing their securities portfolios.

As share prices fell, firms and households displayed greater interest in government securities. The flow of saving to institutional investors slowed down. Banks' portfolio management services registered net redemptions, owing in part to banking groups' tendency to concentrate their individual portfolio management business in asset management companies.

The volume of securities held by banks' portfolio management services declined in all parts of the country. Customers' Italian government securities held in custody with banks increased faster in the North-West than in the South and Islands or the Centre; in the North-East they declined slightly.

Direct purchases of shares by investors, favoured by the spread of on-line trading, increased further, albeit at a slower pace than in 1999.

Banks increased the provision of distance services. In the household sector, bank customers with Internet links accounted for about 2 per cent of the resident population in the North and Centre and 0.8 per cent in the South and Islands. In the business sector, the figures were 15 per cent and 5 per cent respectively.

The restructuring of the banking system continued. The presence of banking groups operating in much of the national territory was extended. In 2000 over half of Italian bank branches belonged to groups that were present in more than 50 provinces; in the South and Islands, this share exceeded 60 per cent.

B – ECONOMIC ACTIVITY

Manufacturing industry

Value added at base prices in manufacturing industry picked up significantly in 2000. In real terms it rose by 3.4 per cent, after showing a small decline of 0.2 per cent in 1999. The positive performance of production was more pronounced in the first half of the year, when it benefited from the rapid growth in world trade, the expansion in economic activity in Europe and the weakness of the euro with respect to the dollar. In the second half the deterioration in international conditions was reflected in a slowdown in economic activity.

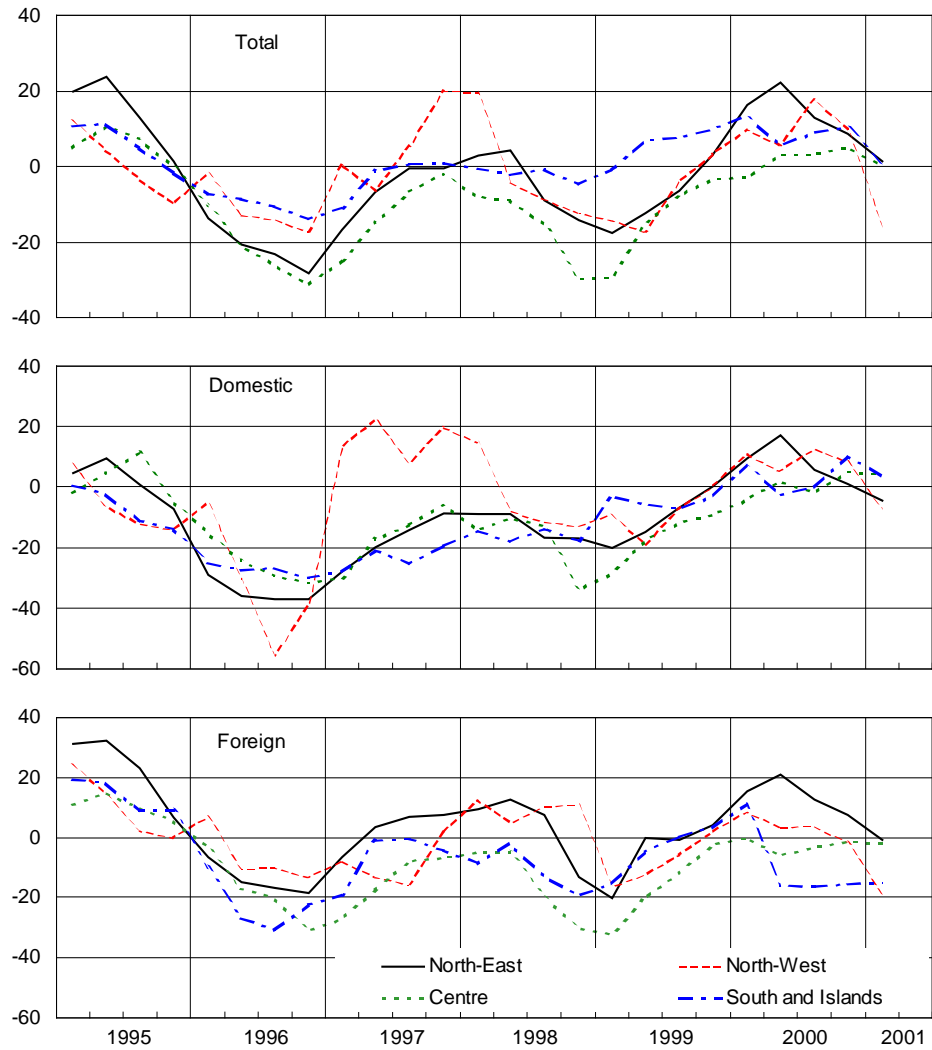
Demand. – The recovery in the demand for manufactures that had begun early in 1999 continued in 2000. The ISAE survey of industrial firms found that on average for the year order levels in all the various areas of the country were close to or higher than those recorded in 1997-98 (Figure B1).

Demand remained at a high level in the regions of the North-West but showed signs of weakening in the last part of the year.

The demand for intermediate, investment and durable consumer goods was high in Lombardy and Piedmont; in the latter region the strong performance of the motor vehicle market was a contributory factor. In Valle d'Aosta the increase in orders was mainly for engineering and steel products. The growth in demand in Liguria was accompanied by a reduction in stocks of finished products in the sectors producing investment goods, engineering products, equipment and transport equipment (see the relevant Regional Reports).

Figure B1

LEVEL OF ORDERS (1)
(percentages)



Source: Based on ISAE data (Isco until December 1998).

(1) Three-month averages of the balances between positive responses ("high") and negative responses ("low") in ISAE business opinion surveys.

In the North-East the recovery in demand was sustained by both domestic and export orders; total demand in 2000 was close to the peak reached in 1995. The growth in foreign demand occurred mainly in the investment and intermediate goods sectors.

In Veneto and Emilia-Romagna the engineering and metal products sectors benefited above all from the good performances of exports and investment. The sector producing leather and skin goods achieved good results. In the North-East the demand for textiles fell significantly owing to the weakness of exports, especially to Germany.

In the Centre and the South and Islands the growth in demand, especially on the domestic front, was more gradual and continued in the second half of the year.

In Tuscany the recovery gathered pace in the second half of the year; in particular, there was an acceleration in the demand for fashion goods, which in the two previous years had suffered from the direct and indirect effects of the crisis in Asian markets. In Marche exports increased in every sector, while domestic demand was strong for engineering and wood products and weak for textiles and footwear. In Campania significant support came from domestic demand, notably for fashion goods, petrochemicals and information technology and telecommunications equipment; demand for food products recorded a decline, especially for preserves. Export demand was healthy in Puglia for engineering products and furniture but weak for textiles and footwear (see the relevant Regional Reports).

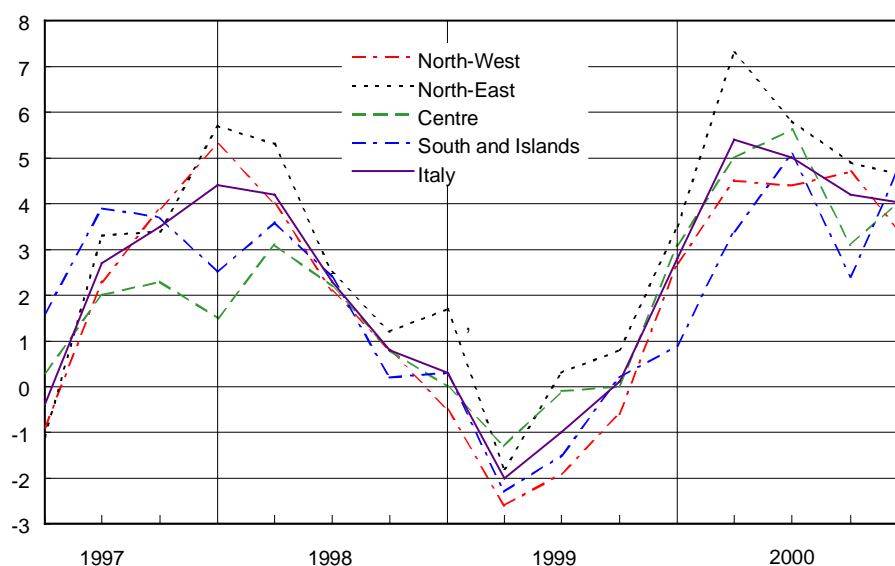
Industrial production. – According to Istat data, industrial production grew by 3.1 per cent in 2000; the growth was rapid in the first half of the year but slowed in the second.

The Regional Reports indicate that production increased rapidly in the sectors producing machinery and transport equipment and in those manufacturing wood products, non-metallic mineral products and rubber and plastic products. The sectors linked to fashion goods recorded unequal performances: rapid growth in the production of leather and skin goods was accompanied by a slower increase in that of textiles and clothing.

The survey of firms with at least 10 employees by Unioncamere and the Tagliacarne institute indicates that growth in 2000 was fastest in the regions of the North-East, where industrial production rose by 5.7 per cent, compared with the survey average of 4.7 per cent for the whole of Italy (Figure B2). The rise in the North-West was equal to 4.2 per cent, in the Centre to 4.5 per cent and in the South and Islands to 4 per cent.

Figure B2

INDUSTRIAL PRODUCTION
(percentage changes on year-earlier quarter)



Source: Tagliacarne-Unioncamere.

Investment. – The Bank of Italy’s survey of manufacturing firms with at least 50 employees found that gross fixed investment rose by 3.3 per cent, after falling by 3.2 per cent in 1999. Factors contributing to the turnaround included firms’ strong finances and profits, the prospect of an increase in demand and the high rates of capacity utilization.

ISAE surveys show that capacity utilization rates rose in all the areas of the country and were highest in the North, especially the North-East, where the rate exceeded 80 per cent.

Investment in manufacturing grew at a faster pace (5.5 per cent) and was in line with the plans firms had reported at the beginning of the year. In contrast with the economy as a whole, the growth in investment of firms with at least 50 employees was slower in the South and Islands than in the Centre and the North. There was a substantial increase in investment by northern firms in the southern regions.

Capital expenditure was mostly on intangible assets and machinery and equipment, partly in connection with the application of new technologies. Firms’ primary objective was to improve the quality of products and processes; there was an increase in the proportion of companies that have installed automated inventory

management and CAD systems. More widespread application of ICT was also found in the South and Islands.

The uncertainty that developed in the second half of the year with regard to the economic outlook led to firms' cutting back their planned investment in 2001.

Foreign direct investment. – In the second half of the nineties direct investment in Italy grew at a rapid pace; the regions of the North-West were the main beneficiaries. Despite the growth, it remained very small as a ratio to GDP in comparison with other industrial countries: in 2000 the net inflow was just over 1 per cent of GDP, two percentage points less than in Germany and France and more than five points less than in Spain.

Direct investment in manufacturing industry expanded faster than the average for the economy as a whole. The regions of the North-West were again those to benefit most. UIC data show that the total volume of foreign direct investment in manufacturing industry in this area in the second half of the nineties was five times that in the North-East and more than sixteen times that in the Centre. The South and Islands received only a marginal amount of direct investment.

Building and construction

The growth in value added at base prices in the construction sector rose from 1.2 to 2.6 per cent. Investment in buildings continued to expand and increased by 3.6 per cent (5.1 per cent for non-residential buildings).

The Regional Reports show that investment in non-residential buildings increased significantly in the regions of the North-West. In Tuscany the figure was boosted by the construction of supermarkets and leisure facilities. In Veneto, according to estimates made by the Centro ricerche economiche e sociologiche di mercato nell'edilizia (CRESME), there was a high level of non-residential building activity.

Investment in residential buildings rose by 2.5 per cent and was boosted by the restructuring of existing dwellings, which has benefited from tax incentives in the last few years.

In 2000 the Ministry of Finance received 274,000 applications for tax relief in connection with spending on extraordinary maintenance and renovation, an increase of 7.4 per cent compared with 1999, when there had been an increase of 6.1 per cent. Considerable interest in these

incentives was shown by the regions of the North-West and those of the South and Islands: the proportion of total applications rose in the former from 34.9 to 35.8 per cent and in the latter from 11.3 to 12.5 per cent.

The Report on Campania indicates that the increase of 23.3 per cent in the number of applications for this type of tax relief was also influenced by the rise in the number of transactions in the housing market during the year. The good performance of the residential building industry also benefited from the recovery in the construction of new housing, although the level remained below those recorded in the early nineties. There was also a significant increase in investment in new buildings in Puglia.

After rising by 5.9 per cent in 1999, public works spending fell by 0.6 per cent, partly as a consequence of the completion of works for the Jubilee.

According to CRESME, the value of public works put out to tender declined further in 2000, albeit by less than in 1999 (4.1 per cent as against 8.1 per cent). Particularly large falls were recorded in the South and the North-East (12 and 10.4 per cent respectively). The downward trend in the North-West was reversed, with an increase of 0.7 per cent.

The Reports for the regions of the North-West indicate that public works spending in the area remained at high levels owing in part both to the urgent measures made necessary by the floods in October and to the start of major infrastructure works.

The roughly three-year old recovery in the real-estate market continued. Ministry of the Interior data show that the number of transactions in the housing market increased by 8 per cent (11 per cent in 1999). The largest increases occurred in the regions of the Centre.

The prices of dwellings rose faster throughout the country, but especially in Tuscany, Lazio and the Islands.

Services

Value added at base prices in the services sector rose by 3 per cent in real terms in 2000, compared with 1.5 per cent in 1999. Most of the increase came from market services.

Value added in the sector comprising wholesale and retail trade and repair services grew by 2.8 per cent, compared with 1.3 per cent in 1999;

for retail trade (excluding sales of motor vehicles) growth accelerated from 0.6 to 2 per cent. The expansion in value added in lodging and catering services accelerated from 1.4 to 5.1 per cent, while the result for maritime and air transport services swung from a contraction of 1.9 per cent to an expansion of 3.1 per cent.

Wholesale and retail trade. – Retail sales rose faster for supermarkets and chain stores than for traditional outlets (by 4.4 per cent as against 0.8 per cent). In the South and Islands total sales continued to grow less fast than in the other areas.

A contribution to the growth of the sector came from the increase in sales of motor vehicles, with registrations of new vehicles exceeding the previous peak recorded in 1997, when demand had been boosted by tax incentives. The increase in registrations was larger in the Centre-North (4.3 per cent) than in the South and Islands (1.7 per cent).

The effect of the tax incentives came to an end in 1997 but subsequently annual vehicle registrations remained at a high level in excess of 2.3 million, compared with an average of 1.7 million in 1995-96. The demand for new vehicles benefited from the supply policies adopted by manufacturers and the need to bring the stock of vehicles on the road into line with the new rules on the emission of pollutants.

According to the National Distribution Observatory at the Ministry for Industry in 2000 the openings and closings of retail outlets led to a net increase of 12,562, compared with one of 528 in 1999. Positive balances were recorded in every region except Lombardy and Friuli Venezia Giulia; the growth in outlets was substantial in the regions of the South and Islands, which accounted for more than two thirds of the total net increase.

Outlets increased both in the networks of large distributors and among family businesses. According to several Regional Reports, the recent measures liberalizing retail trade contributed to the rise in net openings of new outlets. The Report on Campania indicates that the increase of more than 4,000 in net openings was partly due to persons unable to find payroll employment deciding to open a shop.

In 1999 the surface area of supermarkets and hypermarkets expanded faster in the South and Islands than in the other parts of the country; the shortfall in modern distribution facilities nonetheless remained substantial (Table B1).

Table B1

DENSITY OF RETAIL OUTLETS
(square metres of surface area per 10,000 inhabitants)

	North	Centre	South and Islands	Italy
	Supermarkets			
1992	670	505	312	509
1998	1,128	837	500	843
1999	1,201	923	562	915
2000	1,182	991	593	932
	Hypermarkets			
1992	206	187	52	147
1998	319	253	78	218
1999	346	255	90	235
2000	475	293	127	314

Source: Based on Ministry for Industry data. As at 1 January of year indicated.

The changes that have occurred in retail trade have altered the structure of employment in the sector. Between 1996 and 2000 the share of payroll employment in total employment increased in Italy by 6 percentage points to 47.2 per cent. Over the same period payroll employment rose at an average annual rate of 4.5 per cent, while self-employment fell by an average of 1.6 per cent. The shift was most pronounced in the North, where payroll employees have outnumbered the self-employed since 1999, and in the Centre. In the South and Islands the large rise of around 25,000 in payroll employment in 2000 was actually accompanied by an increase of around 12,000 in self-employment.

Tourism. – In 2000 arrivals at lodging facilities in Italy and overnight stays increased by 6 and 7.4 per cent respectively, compared with 2.7 and 3.4 per cent in 1999. The foreign component grew more than the Italian component.

The Jubilee year boosted arrivals and overnight stays, with Lazio benefiting substantially, especially as regards accommodation other than hotels and that made available by religious orders (see the Regional Reports).

Tourism expanded in all the various areas of the country except for the North-West, where both arrivals and overnight stays decreased (Table B2).

The Report on Valle d'Aosta attributes part of the decline in overnight stays in the region to the closing of the Mont Blanc tunnel. The flooding that occurred had only a limited effect on tourism.

Table B2

TOURISM BY GEOGRAPHICAL AREA IN 2000
(percentage changes on 1999)

	Italian		Foreign		Total	
	Arrivals	Overnight stays	Arrivals	Overnight stays	Arrivals	Overnight stays
North-West	-1.9	-1.9	1.4	-0.7	-0.6	-1.5
North-East	7.8	13.1	8.9	10.5	8.3	11.8
Centre	5.6	3.9	9.4	9.0	7.4	6.1
South and Islands	3.7	6.2	12.1	9.3	6.0	7.1
Italy	4.3	6.7	8.1	8.3	6.0	7.4

Source: Istat, *Rilevazione sul movimento nelle strutture ricettive*; provisional data.

The largest increases in overnight stays occurred in the South and Islands and especially the regions of the North-East, which were the leading tourist area in Italy with a market share of 41.6 per cent.

Between 1993 and 2000 the overnight stays in the South and Islands grew faster than in the rest of the country, partly thanks to the efforts made to promote the area and foster its inclusion in Italian and foreign tourist circuits. In 2000 overnight stays in the area were 20 per cent of the total, an increase of 2 percentage points on 1993. The share of foreign tourists rose over the same period by 2.3 percentage points to 14.6 per cent.

Transport. – According to Istat data, in 2000 the turnover of the maritime transport industry showed a small increase of 0.5 per cent, thereby reversing the negative trend of the two preceding years (-0.3 per cent in 1998 and -2.1 per cent in 1999). Container traffic in Italian ports returned to rapid growth after the slowdown in 1999; the largest increases were recorded by Genoa, Gioia Tauro and Naples (Table B3).

According to the Report on Liguria, the effects of the favourable conditions in the international economy were backed by an improvement in the competitiveness of the region's ports due in part to the introduction of advanced logistics systems.

Table B3

CONTAINER TRAFFIC IN THE LEADING ITALIAN PORTS*(thousands of TEUs and percentage changes)*

	1998	1999	2000	Change 1998-1999	Change 1999-2000
Gioia Tauro	2,094	2,203	2,653	5.2	20.4
Genoa	1,266	1,234	1,501	-2.5	21.6
La Spezia	732	843	910	15.2	7.9
Livorno	535	480	501	-10.3	4.4
Naples	320	334	397	4.4	18.9
Salerno	251	267	276	6.4	3.4
Trieste	174	189	206	8.6	9.0
Ravenna	173	173	181	0.0	4.6
Total	5,751	5,923	6,625	3.0	11.9

Source: Based on Port Authority data.

Turnover in the air transport sector rose by 16.9 per cent, substantially more than in 1999 (4 per cent).

According to Assaeroporti, aircraft movements in Italian airports increased by 9.9 per cent, with a rise of 11.9 per cent in the number of passengers. Rapid growth in traffic at Milan's airports was accompanied by a recovery at Rome's airports after the downturn in 1999. Positive results were also recorded by the main airports in the South and Islands (Naples, Catania, Palermo and Cagliari).

Exports

Italy's trade surplus on a *cif-fob* basis declined from 13.9 billion euros in 1999 to 1.3 billion in 2000. At current prices exports rose by 16.4 per cent, compared with 0.4 per cent in 1999. The recovery in production and investment and the increase in the prices of merchandise imports as a consequence of the depreciation of the euro and the rise in oil prices led imports to grow by 23.6 per cent, compared with 5.8 per cent in 1999.

Table B4

EXPORTS BY GEOGRAPHICAL AREA IN 2000
(percentage changes)

	North-West	North-East	Centre	South	Islands	Italy
EU	10.5	8.1	8.8	8.5	34.8	9.8
<i>of which: euro area</i>	10.5	7.8	8.4	6.9	38.6	9.6
<i>of which: France</i>	8.9	13.3	7.3	11.4	40.7	10.9
<i>Germany</i>	6.9	3.2	3.2	6.3	17.6	5.1
Non-EU	20.6	22.0	31.7	36.3	78.8	25.5
<i>of which: OPEC/USSR (1)</i>	23.5	23.8	20.6	37.9	84.4	25.4
<i>Industrial countries</i>	19.1	17.3	35.3	34.4	106.8	23.6
<i>of which: USA</i>	25.8	19.3	41.2	41.0	157.5	29.8
<i>Japan</i>	23.3	22.3	30.3	21.6	14.7	23.6
<i>China</i>	22.4	31.2	12.1	131.0	20.2	29.8
<i>NICs (2)</i>	28.7	31.0	31.4	77.4	66.6	33.5
Total	14.7	14.0	19.1	18.6	57.1	16.4
Total excluding refined oil products	14.6	13.9	18.8	18.3	25.0	15.4

Source: Based on Istat data. See the Methodological Notes in the Appendix.

(1) Countries of Central and Eastern Europe and the former Soviet Republic. (2) Newly industrializing Asian countries (South Korea, Hong Kong, Singapore, Taiwan).

Exports grew in all the areas of the country and especially in the regions of the Centre and the South and Islands (Tables B4 and aB4). In the latter area the result was partly due to the large increase in the prices of refined oil products, which account for a major share of the exports of the area, especially for the Islands. However, even excluding these items, the exports of the South and Islands grew more (by 19.3 per cent) than those of the rest of the country.

The Regional Reports show that in the North-West exports from Piedmont grew less than the national average (12.4 per cent), while those of machinery and equipment from Liguria benefited from the recovery in the economies of the South-East Asian countries. Exports from the North-East grew least of all. The 20.5 per cent rise in exports from Tuscany was fueled by sales to non-EU countries, especially the United States, the Asian NICs and Japan. Among the main sectors present in Lazio the motor vehicle and other transport equipment sectors saw exports to EU countries grow faster than those to non-EU countries. In Puglia the national average growth in exports was exceeded by those to the EU, which benefited from a shift in the geographical and product specialization of the region's exports. In Campania there was a revival in exports of leather goods following the crisis of the two previous years.

Exports to EU countries were 54.4 per cent of the total and grew by 9.8 per cent; those to non-EU countries grew by 25.5 per cent.

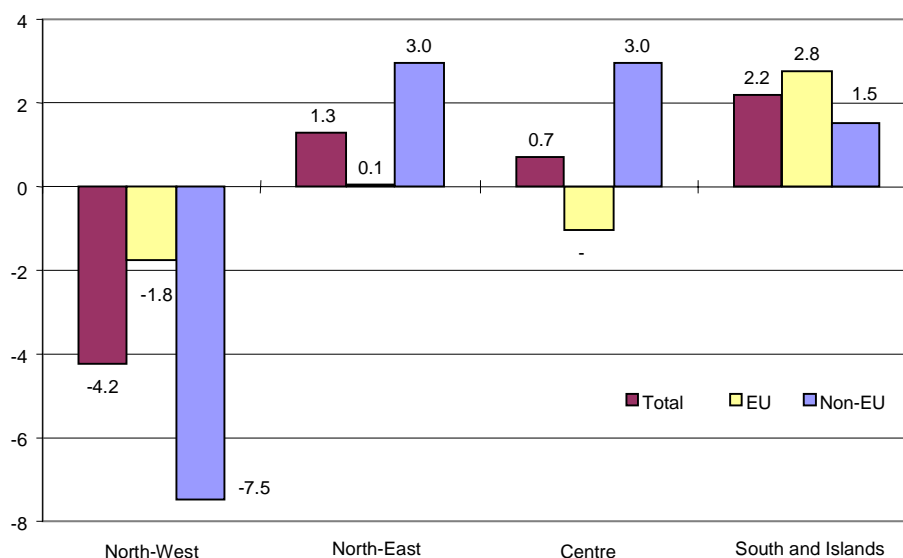
Considering the euro area, exports to Germany showed only modest growth (5.1 per cent), especially machinery and equipment (1.3 per cent). Some traditional sectors saw exports decline: leather goods by 2.5 per cent, furniture by 1.5 per cent, wood products by 0.1 per cent and food products by 0.9 per cent. The North-East and the Centre recorded below-average growth in their exports to Germany.

The Report on Emilia-Romagna stresses that the below-average growth in exports of manufactures was due to the region's specialization in sectors that benefited to a lesser extent from the expansion in world demand. Moreover, there were virtually no gains in competitiveness such as those produced by the 1992-93 devaluation, which had allowed firms to expand their exports much faster than the national average.

The increase of 16.6 per cent in exports of manufactures was pronounced for chemicals and fibres (23 per cent), electrical goods and precision instruments (20.6 per cent), leather products (19.7 per cent) and metal products (19.5 per cent). There were also significant increases in exports of motor vehicles (14 per cent) and textiles (12.2 per cent).

Figure B3

**CHANGES IN THE SHARES OF EXPORTS
OF MANUFACTURES BETWEEN 1993 AND 2000 (1)**
(percentage points)



Source: Based on Istat data. See the Methodological Notes in the Appendix.

(1) Excluding refined oil products.

Between 1993 and 2000 there was a shift in the geographical distribution of Italian exports of manufactures (Figure B3). The reduction of 4.2 percentage points share of the North-West (to 42.5 per cent) was matched by increases in those of all the other areas (for the North-East to 31.5 per cent, for the Centre to 16.8 per cent and for the South and Islands to 9.1 per cent).

The fall in the North-West's share of exports was greatest for those to non-EU countries, especially for electrical goods and precision instruments and transport equipment. For motor vehicles, this was partly due to the relocation of production in the South (Table B5). In contrast with the North-East and Centre, growth in the South's exports was fastest for those to the EU. At the sectoral level, growth was fastest for machinery and equipment, metal products, motor vehicles, and chemicals and fibres.

Table B5

**SHARES OF ITALIAN EXPORTS OF MANUFACTURES
BY DESTINATION IN 2000 AND CHANGES ON 1993 (1)**
(percentages and percentage points)

	Machinery and mechanical equipment	Electrical equipment and precision instruments	Chemical products and fibres	Transport equipment		Metals and metal products	Traditional products (2)
					of which: Motor vehicles		
Share going to other EU countries							
North-West	44.5 (-2.9)	49.4 (-8.1)	49.5 (-8.0)	48.6 (-4.0)	52.1 (-3.2)	54.4 (-2.6)	31.3 (-0.3)
North-East	40.9 (0.1)	27.3 (8.7)	16.0 (-3.8)	20.5 (0.9)	16.4 (-2.1)	28.0 (0.7)	36.2 (0.4)
Centre	10.6 (1.3)	13.3 (-6.8)	23.3 (8.8)	12.6 (-1.7)	9.2 (-3.0)	10.1 (-0.3)	24.3 (-1.6)
South and Islands	4.0 (1.4)	10.0 (6.1)	11.2 (3.0)	18.3 (4.8)	22.3 (8.4)	7.5 (2.2)	8.2 (1.5)
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Share going to non-EU countries							
North-West	45.3 (-7.2)	54.1 (-11.4)	53.9 (-5.4)	37.2 (-13.8)	54.9 (-10.2)	49.7 (-4.4)	30.6 (-7.3)
North-East	38.7 (4.2)	22.3 (4.1)	17.7 (-1.5)	33.3 (4.3)	29.2 (3.1)	26.6 (8.5)	31.8 (3.7)
Centre	12.5 (2.0)	14.1 (1.1)	19.5 (7.8)	14.5 (2.4)	4.1 (0.2)	14.8 (1.8)	27.0 (1.9)
South and Islands	3.2 (0.8)	9.4 (6.1)	8.7 (-1.1)	14.8 (7.1)	11.7 (6.8)	8.8 (-6.0)	10.4 (1.4)
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Based on Istat data. See the Methodological Notes in the Appendix.

(1) The area shares are calculated by putting total Italian exports equal to 100 for each sector and destination; the differences in percentage points between the shares in 1993 and 2000 are shown in brackets in italics. (2) Includes textiles and clothing, leathers and leather goods, furniture and wooden products.

Several Reports show changes in the geographical and sectoral specialization of exports. In Puglia the EU share increased thanks in part to the development of a car components industry and the relocation to the region of furniture exports, which offset the falls in those of textiles, clothing and footwear. The growing importance of exports of car components in Piedmont was reflected in the share of the region's exports. In Tuscany fashion goods decreased in importance, engineering products increased; the United States replaced Germany as the leading market. In the Marche the share of shoe exports to the EU fell while those of exports to Eastern Europe and the United States rose.

Information and communication technology

The localization of the information and communication technology sector. – OECD data referring principally to 1997 show that the production of the ICT sector is concentrated mainly in the United States and Japan, which account for more than 50 per cent of the OECD total in terms of both number of employees and value added. According to the data, the Italian ICT sector is smaller than the European average in relation to total productive activity: the sector's employees and value added are respectively 3.5 and 5.8 per cent of the total, as against respectively 3.9 and 6.4 per cent in the European Union.

According to Istat's intermediate census, there were around 480,000 employees in Italy's ICT sector in 1996, with EDP services accounting for 42.5 per cent of the total and manufacturing for 37.9 per cent. The composition of employment in the sector has changed significantly over time, with the share of EDP services rising and that of manufacturing falling.

A survey conducted by the Bank of Italy on the localization of ICT firms shows that, as in the other OECD countries, the geographical concentration of the sector is higher than the average for all productive sectors, as regards both manufacturing (which includes hardware, telecommunications equipment, measurement and process control instruments) and services (telecommunications and EDP services). The indicators show that the North-West (in particular Lombardy and Piedmont) and the Centre (Lazio) are the areas with the highest degree of specialization in the ICT sector (Table B6). Considering only manufacturing, Campania and Abruzzo are among the top four regions by degree of specialization; this is due in part to the presence of large ICT firms in the South and Islands, attracted by the incentives that were offered in the 1960s within the framework of the special development programme. Between 1971 and 1996 the share of ICT employment in the South and Islands nonetheless increased in manufacturing and EDP and telecommunications services.

Table B6

**SHARES OF EMPLOYMENT IN LOCAL UNITS AND
INDICATORS OF SPECIALIZATION IN 1996**

(percentages)

	Shares of national employment		Specialization in ICT (1) (3)			
	ICT (1)	All sectors (2)	ICT (1)	Manufacturing	Telecom- munications	EDP
North-West	40.3	34.3	1.17	1.41	0.81	1.13
North-East	18.0	24.7	0.73	0.63	0.67	0.85
Centre	23.9	20.1	1.19	0.97	1.43	1.28
South and Islands	17.7	20.9	0.85	0.48	1.28	0.68
Italy	100.0	100.0	1.00	1.00	1.00	1.00

Source: Based on Istat data (*Censimento intermedio dell'industria e dei servizi, 1996*).

(1) OECD definition (*Measuring the ICT Sector, 2000*). (2) Covered by the intermediate census. (3) Ratio of the share of ICT employees in total employment in the area to the share of total ICT employees in total employment in Italy.

The application of information and communication technology. – The survey on the industrial capital spending of firms with at least 50 employees conducted by the Bank of Italy at the beginning of 2001 threw some light on the application of the new technological equipment.

In the first place the survey found that spending per employee on the purchase and maintenance of ICT products in the South and Islands was around 60 per cent of the national average, while the number of PCs per 100 employees was more than 40 in the North-West and the Centre and less than 30 in the South and Islands (Table B7). The survey also showed that a high proportion of Italian industrial firms were connected to the Internet. At the beginning of 2001 more than 96 per cent of all firms were connected and more than 81 per cent had their own website, in both cases a substantial increase on 1998. The gap between connections to the Internet in the South and Islands and the rest of the country, still wide in 1998, almost disappeared in the two following years, although the proportion of firms with their own website is still significantly lower in the South and Islands than in the rest of the country.

Despite the widespread recourse to the Internet, growth in e-commerce among Italian firms has been limited. The sample survey showed that only 10 per cent of the companies covered had used the Internet for B2B sales, with the related turnover equal to around 5 per cent of the sample total. On the other hand, around 15 per cent of companies had bought raw materials and semi-finished products on the Internet. Only 5 per cent of companies had used the Internet for B2C sales, with the related turnover equal to around 3 per cent of the sample total. The growth in e-commerce does not show significant differences across the various areas. Throughout the country there is a tendency for the Internet to be used mainly to search for counterparties, while traditional channels are used to define contractual conditions and make payments. The most widespread use of the Internet is in the supply of online banking services.

Table B7

**APPLICATION OF INFORMATION AND COMMUNICATION
TECHNOLOGY BY ITALIAN INDUSTRIAL FIRMS**

(percentages, euros and units)

	Companies connected to the Internet		Company website		ICT purchases and maintenance per 100 employees (in euros)	PCs per 100 employees
	1998	2000	1998	2000	2000	2000
North-West	48.4	97.3	38.6	83.3	49,063	44.4
North-East	49.1	97.3	43.0	86.7	48,547	32.9
Centre	47.2	95.3	36.0	77.9	49,063	41.8
South and Islands	38.2	94.6	26.6	64.3	29,438	29.3
Italy	47.3	96.7	38.4	81.6	47,514	39.2

Source: Banca d'Italia, *Indagine sugli investimenti delle imprese dell'industria in senso stretto*. See the Methodological Notes in the Appendix.

Area and regional accounts

In 2000 Istat presented the first results of its revision of the area and regional accounts for the four years 1995-98, whereby they were made consistent with the new system of European accounts, ESA95, although they have not yet been adjusted in line with the revision of the national accounts of March 2001. The North-East and the South and Islands are the areas that recorded the highest average annual rates of GDP growth (1.7 per cent in both cases, as against a national average of 1.5 per cent).

With the exception of Lombardy (1.6 per cent), all the regions of the North-West recorded below-average growth. In the North-East, Veneto recorded the highest growth (2.1 per cent). In the Centre, the growth recorded by Umbria and Lazio was less than half the national average. Of the main regions of the South and Islands, Sicily recorded growth of 2.2 per cent, while Puglia and Campania achieved 1.4 per cent.

Although the new data do not significantly alter the contribution of the South and Islands to national GDP (which rose from 24.2 per cent in 1995 to 24.3 per cent in 1998), they do indicate a better situation than had emerged from the previously available statistics (based on Istat data for 1995-96 and Svimez simulations for 1997-98), which had indicated a lower growth rate for the South and Islands than for all the other areas.

Table B8

AVERAGE GROWTH RATES OF GDP AND PER CAPITA GDP 1995-98*(percentages)*

	GDP	Per capita GDP
North-West	1.4	1.2
North-East	1.7	1.4
Centre	1.1	0.9
Centre and North	1.4	1.2
South	1.5	1.4
Islands	2.2	2.1
South and Islands	1.7	1.6
Italy	1.5	1.3

Source: Based on Istat data, ESA95.

Per capita GDP in the South and Islands rose by 1.6 per cent in real terms in the South and Islands, or faster than in the other areas, while population growth in the area was slower (Table B8).

The new area and regional accounts confirm that unit labour costs in the South and Islands rose from 96.6 per cent of those in the Centre and North in 1995 to 101.5 per cent in 1998. The increase can be attributed to the fact that labour costs rose in relative terms, partly owing to the termination of the measures providing for social security contributions to be charged to the budget, while productivity, measured as value added per standard labour unit, remained unchanged over the period at a slightly higher level than shown by the earlier data.

The improvement in the performance of the South and Islands compared with that based on the earlier data is partly due to the revision of investment expenditure. On the basis of the new data, in the period 1995-98 gross fixed investment grew at an average annual rate of 4.3 per cent in real terms (compared with a national rate of 3 per cent). The estimates based on the earlier data had shown below-average growth for the South and Islands. The average annual rate of growth in final domestic consumption in the four areas was similar to the national average (1.6 per cent). In the South and Islands household spending on durable goods outpaced the national average (9 per cent, compared with 7.3 per cent), while the growth in spending on non-durable goods was slightly below the national average (0.7 per cent, compared with 0.9 per cent). The per capita consumption of durable goods in the South and Islands is just above 50 per cent that of the Centre and North; the gap is smaller for

spending on non-durable goods and services (respectively 83.1 and 60.8 per cent of the levels in the Centre and North).

The ratio of exports to total output in the manufacturing sector in the South and Islands rose significantly between 1995 and 1998, but remained much lower than in the Centre and North. Istat data show the ratio as having remained stable in the Centre and North and risen by nearly 10 percentage points in the South and Islands.

C – THE LABOUR MARKET AND REGIONAL POLICIES

Employment

According to the labour force survey, in 2000 total employment in Italy increased by an average of 1.9 per cent, corresponding to 388,000 new jobs (Table C1). In the northern regions, the number of employed rose by 201,000 to exceed the 1991 peak by more than 100,000; nationally, the largest increase, 2.3 per cent, was recorded in the North-East and the smallest, 1.6 per cent, in the North-West. The increase in the Centre was 2 per cent, corresponding to 82,000 units. Growth in the South and Islands was the highest in ten years at 1.8 per cent or 103,000 jobs.

The number of self-employed rose by 80,000, with about half the increase in the South and Islands (38,000).

According to data from Unioncamere-Movimprese, in 2000 in all the southern regions, except Basilicata and Molise, the number of non-farm firms grew at a higher rate than the national average. The contribution of the South and Islands was important in the sector “real estate, renting and business activities”, with a 2.8 per cent increase compared with the national average of 1.5 per cent; the sub-group “computer and related services” grew by 6.6 per cent, two percentage points higher than the national average.

Labour demand by sector and geographical area. – In the South and Islands wholesale and retail trade employment showed a substantial expansion of 5.5 per cent, the largest of all the areas. Employment in construction rose by 4.9 per cent, reversing the negative trend of the last few years. For the fourth year running, employment in industry excluding construction rose; in comparison with 1999, the increase was fairly small, 0.9 per cent or 7,000 units, but still better than the national average, which declined by 0.5 per cent, corresponding a loss of 26,000 units.

Table C1

**STRUCTURE AND DYNAMICS OF EMPLOYMENT,
BY GEOGRAPHICAL AREA**

(thousands of persons, percentages, and absolute and percentage changes)

	Employment			Changes		
	1995	2000	2000 (% share)	1998-99 (%)	1999- 2000 (%)	Absolute values 1999-2000
North-West						
Agriculture	183	171	2.7	-3.6	2.0	3
Industry excluding construction	2,087	1,979	31.4	-1.0	-1.7	-34
Construction	419	432	6.9	6.5	-1.8	-8
Services	3,306	3,712	59.0	3.0	3.8	137
<i>of which: wholesale and retail trade</i>	1,091	1,218	19.3	5.8	4.3	50
Total	5,996	6,294	100.0	1.7	1.6	98
North-East						
Agriculture	285	243	5.3	-0.2	-6.4	-17
Industry excluding construction	1,327	1,397	30.2	0.3	-0.2	-2
Construction	300	326	7.1	1.9	5.2	16
Services	2,392	2,648	57.4	2.7	4.2	106
<i>of which: wholesale and retail trade</i>	904	933	20.2	1.0	2.9	27
Total	4,305	4,613	100.0	1.7	2.3	103
Centre						
Agriculture	176	154	3.6	-8.5	5.1	7
Industry excluding construction	929	922	21.7	0.3	0.2	2
Construction	285	288	6.8	1.7	2.9	8
Services	2,639	2,890	67.9	3.0	2.3	65
<i>of which: wholesale and retail trade</i>	819	870	20.5	6.1	0.8	7
Total	4,030	4,255	100.0	1.9	2.0	82
South and Islands						
Agriculture	689	553	9.3	-7.6	-1.5	-9
Industry excluding construction	843	851	14.4	0.3	0.9	7
Construction	568	572	9.7	-1.1	4.9	26
Services	3,595	3,943	66.6	1.3	2.0	78
<i>of which: wholesale and retail trade</i>	1,074	1,171	19.8	-1.5	5.5	61
Total	5,696	5,918	100.0	0.0	1.8	103

Source: Based on Istat data: *Labour Force Survey*. See the Methodological Notes in the Appendix.

In Abruzzo, Basilicata and Puglia employment grew faster than in the country as a whole and faster than in the South and Islands (Table aC1). The greatest increase in employment in industry excluding construction was also recorded in Basilicata. Employment in Campania and Sardinia did not follow the trend of the other southern regions, falling by 2.4 and 3.4 per cent respectively.

In the North-West employment in industry excluding construction

fell sharply by 1.7 per cent, a loss of 34,000 units, as big industrial firms continued to reorganize and restructure. The trend was different in Liguria where the number of industrial workers increased by 7.6 per cent. There was a decline in employment in the construction sector of 1.8 per cent, following an expansion in 1999. Piedmont was an exception in this respect and recorded an increase of 2.5 per cent in building employment.

The contraction in employment in the construction sector in the North-West may have been caused in part by the hiring of workers resident in other areas of the country and of non-EU workers (see the Report on Lombardy).

According to the Report on Piedmont, between 1993 and 2000 there was a structural change in employment in this region in favour of services other than wholesale and retail trade. The share of total employment accounted for by these services increased considerably and more rapidly than in the regions of the North as a whole. The development of business services contributed to this as a result of the growth in outsourcing and the tendency for the main industrial groups to centralize these activities in specialized subsidiaries.

The regions of the North-East were only marginally affected by the contraction in industrial employment, which declined by 0.2 per cent. The demand for labour in construction expanded by 5.2 per cent, twice as fast as the national average of 2.7 per cent; the services sector also grew considerably, driven by the component excluding wholesale and retail trade.

Employment in the Centre grew across all sectors, even if at different rates: a limited expansion of 0.2 per cent in industry excluding construction was accompanied by an increase of 2.9 per cent in construction and 2.3 per cent in services.

The Wage Supplementation Fund. – In 2000 the hours paid out by the Wage Supplementation Fund fell by 13.3 per cent in Italy as a whole. The South was the only area in which they rose; the increase of 6.1 per cent was attributable to the extraordinary benefit scheme. Ordinary benefits decreased throughout the country (Table aC5). Extraordinary benefits rose by 17.5 per cent nationally but there were large disparities: total hours paid increased by 40.3 per cent in the North-West and by 23.4 per cent in the South and Islands.

Flexibility in employment relationships

According to the labour force survey, in 2000 just over half the net

increase in the average number of jobs was due to the increase in “atypical” work contracts (203,000), compared with 95 per cent between 1996 and 1999. Growth in economic activity and a shortfall in labour supply, especially in the northern regions, encouraged the development of more stable payroll jobs (105,000).

Fixed-term contracts. – In 2000 workers with temporary contracts (1.5 million) made up 10.1 per cent of average total employment, an increase of 8.5 per cent compared with 1999; fixed-term contracts continued to spread outside agriculture, rising from 8.6 per cent of employees in 1999 to 9.3 per cent in 2000. Excluding agriculture once again, one-third of employees on fixed-term contracts are in the South and Islands; in this area 12.5 per cent of non-farm workers are hired in this way, almost double the figure for the North-West (Table C2).

The 9.8 per cent growth in fixed-term employment outside agriculture (121,000 workers) was particularly noticeable in the north-western regions where there was a 15.7 per cent increase (44,000 people), which occurred mainly in services other than wholesale and retail trade and accounted for more than half the increase in payroll employment. In the North-East, growth was much lower (4.3 per cent, 11,000 people), possibly because the lack of available labour in these regions, particularly in the first part of the year, led firms to offer more stable jobs.

Among people with non-permanent jobs, temporary workers proved to be highly mobile geographically: in 2000 more than a third of those resident in the South and Islands went to work for firms in the North (see the Ministry of Labour’s Rapporto di monitoraggio sulle politiche occupazionali e del lavoro). Lombardy and Piedmont are the regions where this form of employment is most common (see the related Reports). The frequent hiring of temporary workers resident in other areas could be one consequence of the scarcity of labour in the North.

According to a survey conducted by the Bank of Italy on a sample of temporary employment agencies in Puglia (see the Report on Puglia), temporary workers employed in the region had a better level of education than the national average for the category. Furthermore, 40 per cent of the temporary appointments were later made permanent by the company in question. In Emilia-Romagna as well (see the Report on Emilia-Romagna) permanent jobs were frequently offered to temporary workers following a further period of work at the same company under a fixed-term contract.

Table C2

STRUCTURE OF EMPLOYMENT (1)*(thousands of persons, percentage changes and percentage shares)*

	Average number of workers 2000	Absolute change 1999-2000	Percentage change 1999-2000	Percentage share of total
North-West				
Self-employed	1,548	15	0.9	25.3
Payroll employee	4,575	81	1.8	74.7
of whom: <i>Permanent</i>	4,246	37	0.9	69.3
<i>Temporary (2)</i>	329	44	15.7	7.2
North-East				
Self-employed	1,187	36	3.1	27.2
Payroll employee	3,183	84	2.7	72.8
of whom: <i>Permanent</i>	2,911	73	2.6	66.6
<i>Temporary (2)</i>	272	11	4.3	8.6
Centre				
Self-employed	1,100	1	0.1	26.8
Payroll employee	3,000	74	2.5	73.2
of whom: <i>Permanent</i>	2,730	43	1.6	66.6
<i>Temporary (2)</i>	270	30	12.6	9.0
South and Islands				
Self-employed	1,444	45	3.2	26.9
Payroll employee	3,922	67	1.7	73.1
of whom: <i>Permanent</i>	3,432	32	0.9	64.0
<i>Temporary (2)</i>	490	35	7.7	12.5
Italy				
Self-employed	5,280	97	1.9	26.5
Payroll employee	14,680	306	2.1	73.6
of whom: <i>Permanent</i>	13,320	185	1.4	66.7
<i>Temporary (2)</i>	1,360	121	9.8	9.3

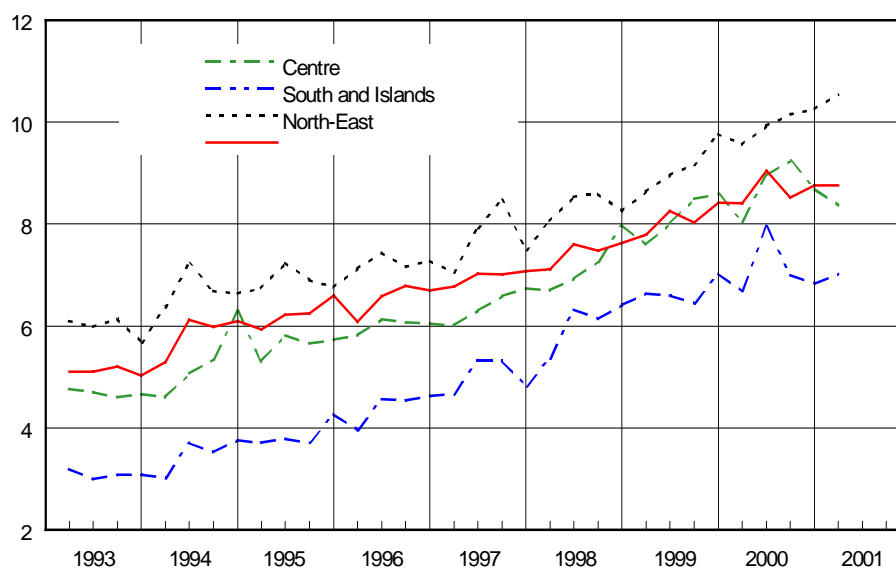
Source: Based on Istat data: *Labour Force Survey*. See the Methodological Notes in the Appendix.

(1) Excluding the agricultural sector. (2) Calculated on the total of payroll employees.

Part-time work. – The average number of part-time workers in 2000 grew by 143,000 to 1.8 million or 8.4 per cent of all workers. In the North more than 40 per cent of net job creation outside agriculture involved part-time contracts, about ten percentage points higher than in the rest of the country. The South and Islands is still the area where such contracts are least common, accounting for 6.5 per cent of total non-farm employment; in the North-East, the share is 9.4 per cent (Figure C1).

Figure C1

SHARE OF PART-TIME CONTRACTS IN SALARIED EMPLOYMENT (1)
(percentages)



Source: Based on Istat data, *Labour Force Survey*.

(1) Excluding agriculture.

Labour supply and unemployment

In 2000 the average labour force grew by 214,000 people (0.9 per cent); women accounted for two-thirds of the increase, which involved the whole country (Table aC1). In the South and Islands, the labour supply increased by 43,000 people, which was lower in percentage terms than in other parts of country but comprised men and women in similar measure. The female participation rate in the South and Islands is still more than ten percentage points below the national average at 35.6 per cent, as against 46.3 per cent, and is less than half that for men in the same area (Table aC3). More than a third of the growth in the labour supply was concentrated in the North-East, where there was an increase of 72,000 people or 1.5 per cent.

The average unemployment rate in Italy was 10.6 per cent, the lowest figure since 1994. Unemployment fell in all parts of the country (Table aC4); only in the South and Islands did it not fall below the 1994 level.

In 2000, the lowest unemployment rates were recorded in Trentino-Alto Adige (2.7 per cent) and Veneto (3.7 per cent), while the highest was in Calabria (26.1 per cent). Campania was the only region where the number of job seekers increased slightly, by 0.5 per cent.

The employment rate continued to rise and exceeded 50 per cent in the North-East; the gap between the North and the South and Islands widened to more than 14 percentage points; that between the North and the Centre also increased, to just below 5 percentage points.

Migration flows and territorial mobility. – According to Istat data, in 2000 net migration in Italy was over 181,000 people (3.1 foreigners per thousand people, up from 1.8 in 1999). Net migration was positive throughout the North and Centre, at 5.1 per thousand in the North-West, 7.5 per thousand in the North-East and 7.1 per thousand in the Centre but it was negative in the South and Islands, at -2.3 and -3.2 per thousand respectively.

On the basis of local registry office information, during the 1990s there was a sharp rise in the stable foreign presence: at the end of 1999, there were 1,270,000 foreigners registered compared with about 537,000 in 1991. There are more foreigners in the northern regions (55.1 per cent of the total), followed by the Centre (28.6 per cent) and the South and Islands (16.3 per cent). Throughout the country, non-EU immigrants comprise over 86 per cent of the total number of foreigners registered with a local authority.

Regional development policies

Financial resources. – In 2000, funding allocated on an accruals basis by the Interministerial Committee for Economic Planning (CIPE) to depressed areas amounted to 10,534 million euros, a considerable increase on 1999 (8,067 million euros). There was an increase both in appropriations for the completion of extraordinary development projects (provided for under Law 64 of 1 March 1986) (from 1,076 to 2,131 million euros), and funding allocations for new projects (from 6,991 to 8,403 million).

The increase in funding for old projects mainly involved official support for industry and infrastructure. The largest spending item among the new projects, as in 1999, was public investment in infrastructure (33 per cent). The drop in funding for automatic incentives was not offset by the increase in funding for incentives for

industry under Law 488 of 19 December 1992 (from 1,764 to 1,892 million euros) and research. Appropriations for official support for the promotion of entrepreneurial development amounted to 2,008 million euros (1,388 million in 1999), almost entirely assigned to negotiated development planning.

Table C3

**COMMUNITY SUPPORT FRAMEWORK (1994-99) FOR OBJECTIVE 1
REGIONS: STATE OF IMPLEMENTATION**
(amounts in millions of euros and percentages)

	Total grant	Cumulative disbursements as a percentage of total grant				
		31.12.1996	31.12.1997	31.12.1998	31.12.1999	31.12.2000
Multiregional	16,475	22.0	44.6	59.0	65.6	80.7
Regional	15,200	9.2	32.4	51.2	55.3	71.4
<i>of which: Abruzzo</i>	551	15.6	40.5	56.3	68.1	84.5
<i>Molise</i>	617	11.7	44.9	64.2	73.9	89.0
<i>Campania</i>	3,092	2.4	37.1	51.0	52.7	67.9
<i>Puglia</i>	2,645	5.2	24.8	45.9	47.2	67.0
<i>Basilicata</i>	1,272	20.9	43.2	60.6	66.8	89.4
<i>Calabria</i>	1,900	12.9	30.2	55.4	60.5	78.6
<i>Sicily</i>	3,305	5.8	32.4	44.6	47.9	60.6
<i>Sardinia</i>	1,816	18.2	34.1	55.0	61.0	73.4
Total	31,675	15.9	38.8	55.3	60.6	76.3

Source: Treasury Ministry, SIRGIS.

As regards disbursements under the Community Support Framework 1994-99, which should all be completed by the end of this year, the Treasury Ministry estimated that at end-2000 spending was less than had been planned. In particular, cumulative disbursements for Objective 1 regions were estimated at 76.3 per cent of total grants, almost 16 percentage points higher than the previous year, but still lower than the amount planned in the Government's *Forecasting and Planning Report* for 2001.

Among the regional programmes, more than 80 per cent of available funding was disbursed in Abruzzo, Molise and Basilicata, but less in Campania, Puglia and, in particular, in Sicily, the three main regions in the area (Table C3).

The Community Support Framework 2000-2006, approved in August 2000, allocates 44 billion euros to the spending programme for Objective 1 regions. In particular, the regional authorities in the South and Islands will be directly responsible for disbursing 28 billion euros.

The regional authorities will be able to identify specific objectives, decide on the allocation of funds among different sectors, and select the projects presented by local authorities or private operators. The Community Support Framework 2000-06 also provides for the performance reserve allocation (“riserva di premialità”): 10 per cent of funding will be divided among those Authorities that, after two years, have respected a series of indicators of spending efficiency and quality.

The eligibility conditions for Objective 1 structural funds could change with EU enlargement. According to current criteria, regions qualify whose per capita GDP (measured on a purchasing power parity basis) is below 75 per cent of the EU average. On the basis of recent estimates, for example, the entry of some central and eastern European countries and the ensuing fall in average per capita GDP in Europe would result in only Campania and Calabria qualifying for Objective 1 funding.

The promotion of entrepreneurial development. – In the past few years, as well as traditional measures to support private investment there have been projects to promote the integrated development of local economies through the broad involvement of public and private operators (“negotiated planning”).

The sources and uses of income account prepared by the Treasury Ministry for the depressed areas presents capital cash flows specifically for Objective 1 and 2 areas in addition to ordinary spending. It shows that in the period 1997-2000, the financial significance of negotiated planning was limited in comparison with other forms of intervention, such as the incentives provided under Law 488/92.

At the end of 2000, 427 million euros had been disbursed for the 15 Area Contracts signed between 1998 and 1999 and 115 million euros for the 12 first generation Territorial Pacts approved between 1996 and 1997 and entirely concentrated in the regions of the South and Islands (Table C4). In both cases the disbursements represent less than a third of the funds allocated by the Interministerial Committee for Economic Planning (CIPE) for these items. As regards the second generation Territorial Pacts, which began in 1999, in the South and Islands disbursements amounted to 20 per cent of the total intervention by the State; in the Centre and North, the share was less than 10 per cent (Table C5).

Table C4

**TERRITORIAL PACTS APPROVED UNDER OLD PROCEDURES,
BY REGION**

(disbursements in billions of lire and millions of euros)

	Pacts approved		Situation at 31/12/2000		Disbursements				
	Number of active initiatives	Number of planned new jobs	Number of active initiatives	Number of planned new jobs	lire				euros
					1998	1999	2000	Total	Total
Campania	73	1,254	50	887	9.8	9.2	29.5	48.5	25.0
Puglia	135	2,477	109	2,047	16.9	27.8	18.5	63.2	32.6
Calabria	29	324	27	286	0.1	9.2	3.5	12.8	6.6
Sicily	181	2,730	149	2,176	41.4	23.7	24.0	89.1	46.0
Sardinia	17	198	12	83	-	6.2	4.0	10.2	5.3
Total	435	6,983	347	5,479	68.2	76.1	79.5	223.8	115.6

Source: Treasury Ministry, *Relazione generale sulla situazione economica del Paese*, 2000.

Table C5

**TERRITORIAL PACTS APPROVED UNDER NEW PROCEDURES,
BY REGION**

(disbursements in billions of lire and millions of euros)

	Situation at 31/12/2000		Disbursements			
	Number of active initiatives	Number of planned new jobs	lire			euros
			1999	2000	Total	Total
Piedmont	223	2,142	1.4	13.5	14.9	7.7
Liguria	60	164	-	0.2	0.2	0.1
Veneto	222	2,039	13.1	10.1	23.2	12.0
Emilia-Romagna	37	408	1.1	2.3	3.4	1.8
Tuscany	417	4,717	4.2	32.5	36.7	19.0
Marche	117	753	-	8.4	8.4	4.3
Lazio	72	1,040	0.6	2.7	3.3	1.7
Centre and North	1,148	11,263	22.2	77.7	99.9	51.6
Abruzzo	79	1,164	0.4	10.1	10.5	5.4
Campania	151	1,342	2.9	34.0	36.9	19.1
Puglia	276	3,295	16.7	42.1	58.8	30.4
Basilicata	41	358	-	8.9	8.9	4.6
Calabria	310	3,211	45.9	72.1	118.0	60.9
Sicily	79	1,009	22.7	27.6	50.3	26.0
South and Islands	936	10,379	88.6	194.8	283.4	146.4

Source: Treasury Ministry, *Relazione generale sulla situazione economica del Paese*, 2000.

At the end of 2000, disbursements for the 10 European Employment Pacts, concentrated in the regions of the South and Islands, accounted for 36 per cent of the approximately 516 million euros committed, a share that was evenly distributed among the various regions in the area.

There were 71,081 applications for “word-of-honour” loans up to 31 December 2000 of which 15,966 had been accepted; of these, 97 per cent were concentrated in the South and Islands. Out of a total of 8,215 funded projects, the regions with the highest number were Campania, Puglia and Sicily.

Investment subsidies. – According to Industry Ministry data, official support granted under Law 488/92 in the first four rounds of application between 1996 and 1998 comprised, up to 31 December 2000, 16,716 industrial projects, 61 per cent of which were in the South and Islands, for a total planned investment of 27,828 million euros, 62 per cent of which in the South and Islands. The share of completed investments out of those accepted for funding was 38.1 per cent in the South and Islands and 50.7 per cent in the Centre and North.

The different state of project implementation in the two halves of the country is partly explained by the tighter deadlines for investment completion in the Objective 2 area and by the fact that in the South and Islands investments in new plant (which take more time on average than other types of investment) represent more than half of the total compared with 27 per cent in the Centre and North.

Table C6

LAW 488/92: STATE OF IMPLEMENTATION AT 31 DECEMBER 2000
(number of projects and millions of euros)

	Number of projects		Investments		Disbursements
	supported	completed	supported	completed	
Calls for applications from industry (rounds 1-4)					
Centre and North	6,541	4,559	10,584.6	5,365.4	755.2
South and Islands	10,175	4,438	17,244.2	6,573.0	4,195.4
Calls for applications from tourism (round 6)					
Centre and North	285	12	420.4	3.4	5.1
South and Islands	841	2	1,528.2	4.4	40.6

Source: Based on data from the Ministry for Industry, provisional data.

The Reports on Campania, Basilicata and Calabria underline the

importance of the extension, beyond 1999, of support for the tourist industry in the sixth round of applications under Law 488.

According to Industry Ministry data, this extension led to the funding of 1,126 projects of which 841 in the South and Islands, for a total investment of almost 2 billion euros of which 78.4 per cent went to regions in the South and Islands. At 31 December 2000 completed investments amounted to about 7.8 million euros.

D – BANKING

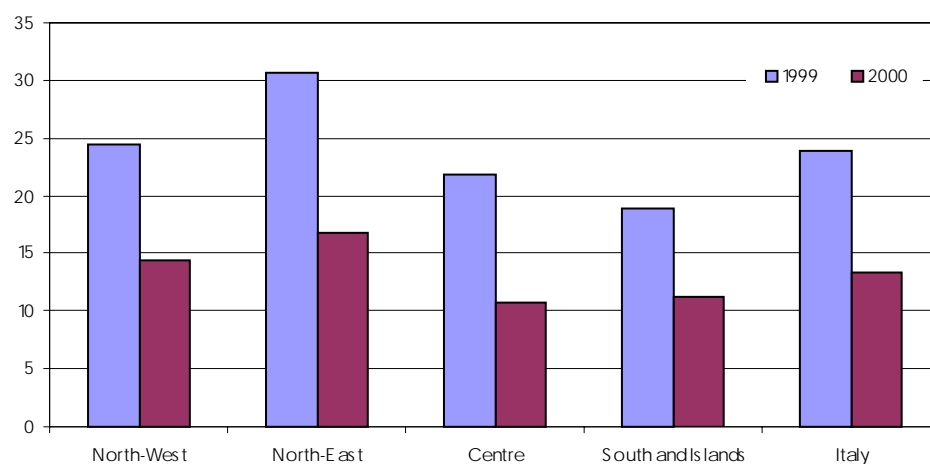
Lending

Bank lending in Italy grew by 11.9 per cent in 2000, up from 9.5 per cent in 1999 thanks mainly to the acceleration in short-term lending (Table aD2). The rate of increase in lending to households was lower than in 1999 but rapid nonetheless.

Net of bad debts, which declined nationwide, the expansion in lending was sharpest in the northern regions.

Figure D1

LENDING TO CONSUMER HOUSEHOLDS (percentage changes on previous year)



Source: Supervisory returns. Data classified by borrower's location.

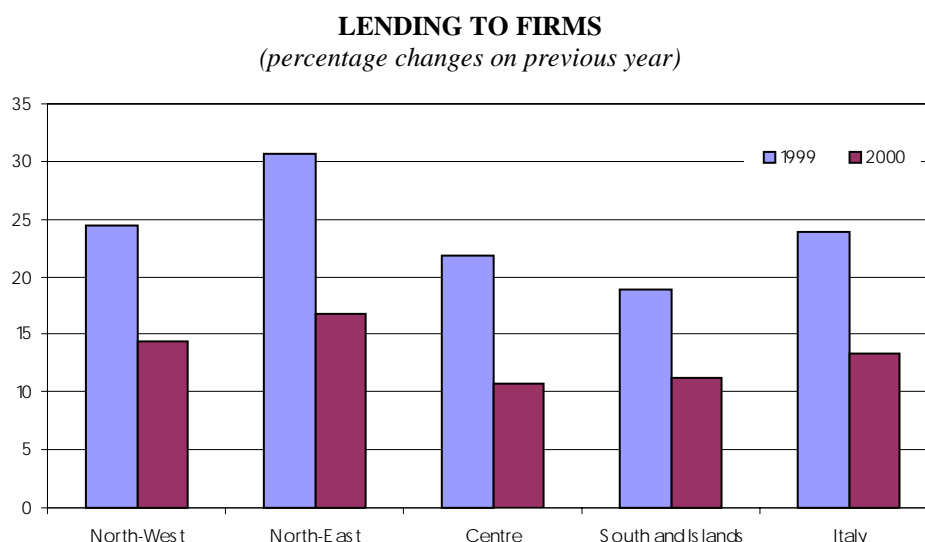
The rate of growth in lending to consumer households slowed from 23.9 to 13.4 per cent over the year (Figure D1). The geographically uniform deceleration affected both short-term lending and long-term loans, which at the end of 2000 accounted for more than 75 per cent of all loans to households.

Medium and long-term loans to households for home purchases increased by 21.4 per cent, compared with 29.3 per cent in 1999; the slowdown was concentrated in the regions of the Centre and North.

According to the Reports on Lombardy, Piedmont and Veneto, during the phase of rising interest rates banks sought to support the demand of younger or lower-income customers by lengthening the maturities of mortgage loans.

The recovery of production and investment was reflected in corporate loans, whose annual rate of growth rose from 7.3 to 14.4 per cent. The acceleration was most pronounced in the North-West and Centre, and only slight in the North-East (Figure D2).

Figure D2



Source: Supervisory returns. Data classified by borrower's location.

The growth in short-term loans to firms, in particular, rose from 3.2 to 16 per cent. In all the areas it was concentrated among the largest firms: the amount of credit drawn increased by 18.4 per cent for firms with credit lines of more than 1 billion lire, compared with 2.7 per cent for other companies.

Credit supply conditions remained relaxed. Only at the end of 2000 did the increase in the demand for short-term credit cause the margin available to firms to contract. The ratio of short-term credit drawn to that granted rose by 2.5 percentage points to 52 per cent over the year (Table D1); the increase was sharpest for larger firms, for companies located in the North and, in the South and Islands, for industrial companies. At the end of 2000 the ratio in the South was 7.7 percentage points higher

than the national average, compared with 8.6 points a year earlier; the gap mainly regarded large firms.

Table D1

**RATIO OF CREDIT DRAWN TO CREDIT GRANTED,
BY ECONOMIC SECTOR AND SIZE OF CREDIT LINE (1)**
(percentages)

	North		Centre		South and Islands		Italy	
	1999	2000	1999	2000	1999	2000	1999	2000
Economic sector								
Agriculture	62.2	63.4	76.8	75.4	74.8	74.4	66.5	67.0
Industry	41.2	44.6	47.8	47.9	51.3	54.9	43.1	46.0
Construction	56.8	59.9	70.6	71.0	67.6	66.5	61.6	63.4
Services	52.8	55.8	59.4	57.6	59.9	60.7	54.9	56.7
Size of credit line								
150-250 million lire	52.6	53.3	61.5	57.0	55.3	55.3	54.8	54.4
250-1,000 million lire	54.2	54.4	59.4	58.8	58.7	57.7	55.8	55.7
> 1,000 million lire	46.0	50.0	54.6	53.7	58.1	60.2	48.6	51.6
Total	46.9	50.4	55.2	54.2	58.1	59.7	49.5	52.0

Source: Central Credit Register. See the Methodological Notes in the Appendix.

(1) The ratio refers only to short-term credit.

Medium and long-term lending to firms continued to expand at a rapid rate (12.2 per cent, compared with 13.6 per cent in 1999). Only in the South and Islands did it outstrip short-term lending.

In the South and Islands the increase in loans used for investment in machinery, equipment and transport equipment was greater than the national average (20.4 and 5.8 per cent respectively). This was due in part to the sharper acceleration in gross fixed investment and more intense recourse to bank debt to finance production (see the Report on Campania).

The pick-up in lending was strongest in credit to industrial firms, whose annual rate of growth rose from 4.6 to 12.1 per cent nationally, with peaks in the Centre and South. The increase exceeded 10 per cent everywhere except the North-East, where it remained at the previous year's level (Table aD3).

The annual growth in lending to the service sector rose from 11.3 per cent in 1999 to 18.5 per cent last year. The increase was substantial in the North-West and Centre for loans to telecommunications companies (see the Reports on Piedmont, Lombardy and Lazio). Lending to companies in the distributive trades accelerated especially in the South.

Lending to the construction industry grew by 9.6 per cent, compared with 2.3 per cent in 1999. The increase was largest in the regions of the North, in connection with the robust recovery in non-residential building in the area (see the Reports on Piedmont, Lombardy, Veneto and Emilia-Romagna).

The financial structure of firms. – Analysis of the annual accounts of a sample of firms surveyed by the Company Accounts Data Service shows that bank debt gradually declined as a proportion of total debt in the nineties. By contrast, trade credits payable and financial debt to other firms and financial companies increased.

The Reports on Piedmont, Lombardy and Tuscany examine recourse to external sources of finance alternative to bank debt (bond issues, merchant banking, stock exchange listing). The Reports on Marche and Campania present analyses of the financial structure of regional firms based on the information collected by the Company Accounts Data Service.

Leverage (the ratio of financial debt to the sum of financial debt and shareholders' equity), which averaged 50.3 per cent in 1999, declined from the start of the nineties, when it was close to 60 per cent (Table D2). Only in the North-East has the ratio remained stable in the last few years, at a higher level than the national average.

The share of bank debt in total financial debt was highest in the South and Islands (75.8 per cent) and the North-East (71.3 per cent), partly owing to the smaller average size of firms.

Table D2

**FINANCIAL STRUCTURE OF FIRMS IN 1999
BY GEOGRAPHICAL AREA (1)**

(percentages)

	(Financial debt) / (financial debt + shareholders' equity)	Bank debt / financial debt	Trade payables / total debt
North-West	50.4	65.0	47.1
North-East	56.3	71.3	43.1
Centre	47.0	48.8	34.9
South and Islands	49.3	75.8	43.3
Italy	50.3	62.4	42.7

Source: Company Accounts Data Service; in 1999 the database comprised around 49,000 firms.

(1) Averages, weighted by total assets.

The decrease in indebtedness, together with the fall in interest rates, abetted a generalized contraction in the ratio of net financial costs to gross

operating profit, which for the median firm fell from 24 to 13.1 per cent between 1996 and 1999. In 1999 the indicator was higher for small firms; it exceeded 40 per cent for a quarter of the companies based in the South and Islands.

In the nineties trade credits payable rose as a proportion of total debt by around 7 percentage points to 42.7 per cent. The increase was largest in the South and Islands (8.4 percentage points).

According to the survey by the Bank of Italy of trade credits receivable and payable by industrial firms with more than 50 employees, recourse to trade credit is prevalently motivated by the need to synchronize payments with future receipts. Motivations of a financial nature connected with the cost and availability of this source of financing figure more prominently in the South and Islands than in the other areas. Trade payables are larger in relation to turnover in small firms and in the North-East and the South and Islands, where deferment of payment is longest on average. Around 15 per cent of the accounts payable are paid after the contractual time limit, but penalties for delay are rarely applied. Some 95 per cent of trade payables do not involve an explicit cost in the form of the forgoing of a discount for cash payment or the payment of interest for deferment. The proportion of firms that contract interest-bearing debt in this form averages 17 per cent nationally; it is slightly higher in the South and Islands and in the Centre.

The conditions of corporate debt affect the terms that companies apply to trade credit. The share of turnover achieved by means of sales on credit is correlated with the intensity of recourse to trade credit for the purchase of raw materials. Moreover, in 75 per cent of the cases where firms pay an explicit cost for trade credit, they apply more onerous conditions to their own customers.

Lending by financial companies. – The growth in factoring and leasing finance and consumer credit granted by financial companies supervised by the Bank of Italy remained high (19.7 per cent, compared with 22.9 per cent in 1999). As a proportion of bank lending, lending by financial companies rose from 8.2 to 8.6 per cent; in the South, where the growth in finance outpaced the national average in all sectors of activity, the ratio was 10 per cent.

Factoring accelerated in all the geographical areas except the North-East (Table D3). Leasing finance picked up pace in the North-East and Centre (see the Reports on Veneto and Lazio); in the South its rate of growth continued to exceed the national average. The slackening in consumer credit was mainly attributable to securitization transactions.

Table D3

LENDING BY FINANCIAL COMPANIES BY GEOGRAPHICAL AREA
(percentage changes on previous year)

	Total		of which:					
			Factoring		Leasing		Consumer credit	
	1999	2000	1999	2000	1999	2000	1999	2000
North-West	23.6	12.8	26.8	5.9	21.3	19.0	19.5	9.2
North-East	22.6	25.6	16.5	20.9	24.4	29.5	21.4	18.0
Centre	16.2	17.8	11.0	14.8	19.4	21.7	29.4	17.0
South	29.5	26.8	20.2	32.7	31.5	30.2	35.8	19.7
Islands	34.4	21.3	23.3	38.6	47.4	30.0	30.3	11.0
Italy	22.9	19.7	19.5	18.6	22.0	23.3	25.9	14.2

Source: Supervisory returns of companies entered in the special register referred to in Article 107 of the 1993 Banking Law. Data classified by customer's location. The changes are calculated taking account of the transformation of some financial companies into banks. See the Methodological Notes in the Appendix.

Nationally, 32.6 per cent of financial companies belong to banking groups. At the end of 2000 they accounted for 56.3 per cent of the sector's lending. This share, reflecting the degree of specialization of the banking groups in the various segments and the extent of decentralization of the activities in specialized group companies, ranged from 29.3 per cent in consumer credit to 68.7 per cent in the leasing segment. In the southern regions, the share was nearly always higher than the national average.

In the Centre and North, lending by financial companies belonging to banking groups expanded more rapidly than that by the other companies of the sector (21.3 and 12.1 per cent respectively). In the South, by contrast, the increases in factoring and leasing were primarily attributable to companies not belonging to banking groups, which expanded their supply of finance at around twice the rate for companies belonging to banking groups.

Bad debts

Bad debts declined by 13.9 per cent (Table aD2); a contributory factor was the disposal of loan assets, in part through securitization transactions. The ratio of bad debts to total loans, which stood at 5.6 per cent at the end of 2000, fell sharply in the South (from 17.8 to 14.2 per cent) and Islands (from 25 to 18.7 per cent).

The flow of new bad debts contracted further in every geographical area. The decline, which came to 22.5 per cent for Italy as a whole, was largest in the Centre and South (Table D4). The ratio of the flow of bad

debts to the stock of loans outstanding at the end of the previous year was equal to 1 per cent in 2000, compared with 1.4 per cent in 1999; the differences between areas diminished, although the ratio remained higher than the national average in the South and Islands and in the Centre.

Table D4

NEWLY CLASSIFIED ADJUSTED BAD DEBTS BY GEOGRAPHICAL AREA
(billions of lire, millions of euros, percentages and percentage changes)

	Annual flow of adjusted bad debts			Bad debts/total loans (%) (1)	
	2000		% change 1999-2000	1999	2000
	lire	euros			
North-West	3,968	2,049	-13.6	0.9	0.7
North-East	2,439	1,259	-5.2	0.9	0.7
Centre	4,675	2,414	-30.3	1.9	1.3
South	2,095	1,082	-35.2	2.6	1.6
Islands	1,232	636	-17.2	2.7	1.9
Italy	14,409	7,442	-22.5	1.4	1.0

Sources: Supervisory returns and Central Credit Register. Data classified by borrower's location. See the Methodological Notes in the Appendix.

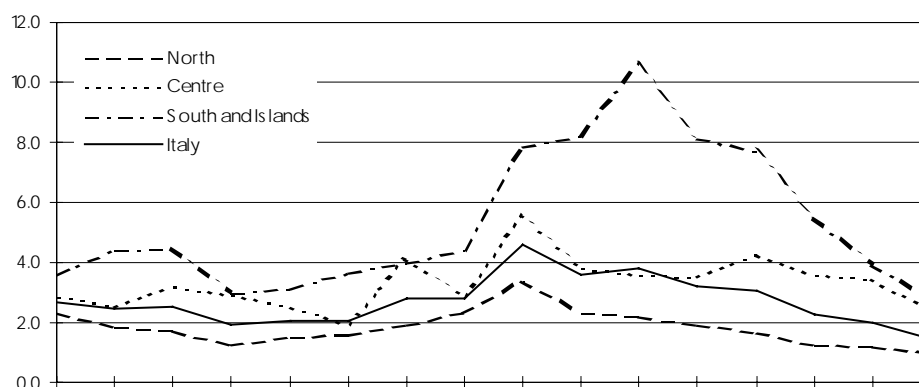
(1) Ratio of the annual flow of bad debts to the stock of loans outstanding at the beginning of the period.

Loan quality has continued to improve since the first half of the nineties. The ratio of the flow of adjusted new bad debts to credit drawn at the beginning of the period (the rate of decay) fell by more than 3 percentage points after 1993, when it reached its peak for the period of 4.6 per cent (Figure D3).

In the South the ratio rose between 1992 and 1995, when it exceeded 10 per cent. The increase in the flow of bad debts in those years involved all productive sectors, most notably construction and public works. In the second half of the nineties the difference with the national average narrowed in the North and the South and Islands; in the Centre it widened from virtually nil to around 1 percentage point.

Figure D3

RATE OF DECAY OF LOANS (1)
(percentages)



Source: Central Credit Register. See the Methodological Notes in the Appendix.

(1) Ratio of annual flow of adjusted bad debts to stock of credit drawn net of adjusted bad debts at the beginning of the period. From 1997 onwards the data include the returns of financial intermediaries entered in the special register referred to in Article 107 of the 1993 Banking Law.

Deposits and borrowed funds

Funds raised from resident customers increased by 3.2 per cent in 2000 (Table D5), up slightly from 2.3 per cent in 1999. Repos expanded markedly, whereas current accounts and bond issues recorded slower growth and certificates of deposits contracted further.

There remain pronounced geographical differences in the composition of fund-raising by technical form: the proportion of bond issues, current accounts and repos is higher in the Centre and North (by 7.9, 6.3 and 3.4 percentage points respectively), that of certificates of deposit and savings accounts is higher in the South.

In the Centre and North, the build-up in households' accounts was most pronounced in the larger size classes; the total amount of accounts smaller than 10,000 euros declined (Table D6). In the South and Islands, the increase was concentrated in the two intermediate classes and, in the Islands alone, in the smallest class as well. The divergence in the trend in large accounts in the different areas reflected, among other factors, the larger flows of disinvestment from asset management products in the Centre and North, particularly in the North-East.

Table D5

**BANKS' DEPOSITS AND BORROWED FUNDS IN 2000
BY GEOGRAPHICAL AREA**

(percentage changes on the previous year)

	Total funding					
		Deposits				Bonds (1)
		of which:				
		current accounts	certificates of deposit	repos		
North-West	3.8	4.3	4.2	-29.0	39.0	2.7
North-East	1.5	1.7	5.4	-22.7	21.6	1.1
Centre	5.5	6.2	5.7	-25.5	40.8	2.9
South	2.2	1.5	4.9	-16.9	40.2	5.2
Islands	-0.3	0.4	4.0	-14.7	61.7	-2.5
Italy	3.2	3.6	4.8	-23.1	36.4	2.2

Source: Supervisory returns. Data classified by customer's location.

(1) Data derived from information on third parties' securities deposited with banks. See the Methodological Notes in the Appendix.

The rate of growth in current accounts declined from 10.7 per cent in 1999 to 4.8 per cent last year, owing partly to the increase in the opportunity cost of holding deposits (Table aD4); the differential between the net yield of Treasury bills and that of current accounts, equal to 2.2 percentage points at the start of the year, reached 3.1 points in the summer.

Table D6

**REGISTERED ACCOUNTS AND CURRENT ACCOUNTS OF HOUSEHOLDS
IN 2000 BY GEOGRAPHICAL AREA**

*(percentage changes on previous year; size classes in millions of lire
and thousands of euros)*

	Change 1999-2000				Average balance in 2000	
	less than 10,000 euros	10,000 to 50,000 euros	50,000 to 250,000 euros	more than 250,000 euros	lire	euros
North-West	-10.3	6.3	9.2	7.8	16.0	8.3
North-East	-9.5	5.6	10.1	19.7	14.6	7.5
Centre	-7.1	4.0	10.3	9.2	17.0	8.8
South	-5.6	5.7	14.0	-6.4	14.2	7.3
Islands	2.3	2.6	5.6	-11.8	12.6	6.5
Italy	-7.9	5.2	10.2	6.5	15.3	7.9

Source: Supervisory returns. Data classified by customer's location. See the Methodological Notes in the Appendix.

Repos grew by 36.4 per cent, reversing the two-year decline in their use as a fund-raising instrument. The trend was fostered on the demand side by the yields offered, normally linked to money market rates and higher than those on current accounts, and on the supply side by banks' need to avoid a generalized increase in the cost of funding.

The growth in repos was rapid in all parts of the country, recording the highest level in the Islands (61.7 per cent) and the lowest in the North-East (21.6 per cent). In some regions the cash raised with major disposals of assets or stock market offerings was invested in this form (see the Reports on Tuscany and Piedmont).

The rate of growth in bank bonds held by resident customers eased further from 7.5 to 2.2 per cent. Banks encountered greater difficulty in selling securities with standard characteristics, especially to their more sophisticated customers (see the Reports on Emilia-Romagna, Liguria, Lombardy and Marche). They turned increasingly to Euromarket loans targeted to institutional investors.

In the South, the aggregate increased more rapidly than in the rest of the country (5.2 per cent) owing to the larger amount of certificates of deposit maturing and presumably converted into bonds.

Asset management services

The weakening of the bond markets in the second half of 1999 and the downturn of the equity markets in the spring of 2000 affected the portfolio choices of households and firms, causing them to reduce the flow of savings entrusted to professional asset managers and revert to investing in more traditional financial instruments.

In some regions there was renewed interest in investment in real estate, reflecting expectations of rising prices (see, for example, the Reports on Veneto and Marche).

In 2000 the total face value of securities deposited with the banking system by residents other than institutional investors rose by 4.4 per cent (Table D7), compared with 3.1 per cent in 1999.

Table D7

**SECURITIES DEPOSITED WITH BANKS AND BANKS' PORTFOLIO
MANAGEMENT SERVICES IN 2000 BY GEOGRAPHICAL AREA (1)**

(millions of euros and percentage changes on previous year)

	North-West	North-East	Centre	South and Islands	Italy
Year-end stocks in millions of euros					
Custody accounts (2)	485,182	205,023	195,848	108,254	994,308
<i>of which:</i>					
<i>Italian government securities</i>	146,120	55,767	71,580	31,312	304,679
<i>Bonds</i>	152,952	82,976	60,093	37,578	333,598
<i>shares and other equities</i>	36,955	19,807	13,432	4,994	75,187
<i>collective investment undertakings</i>	109,368	29,077	20,715	19,449	178,609
Portfolio management (3)	62,105	40,524	22,453	8,582	133,666
Total	547,288	245,548	218,301	116,836	1,127,963
Percentage changes					
Custody accounts (2)	10.5	-0.3	6.1	7.0	6.8
<i>of which:</i>					
<i>Italian government securities</i>	28.5	-3.5	5.6	15.4	14.4
<i>Bonds</i>	4.0	1.8	7.3	3.8	4.0
<i>shares and other equities</i>	24.4	5.3	-13.1	-9.2	8.2
<i>collective investment undertakings</i>	-10.2	-6.1	-37.6	-2.1	-13.2
Portfolio management (3)	-12.0	-8.8	-10.4	-10.4	-10.7
Total	7.4	-1.8	4.2	5.5	4.4

Source: Supervisory returns. Data classified by customer's location. See the Methodological Notes in the Appendix.

(1) At face value; excludes securities deposited by banks, investment funds, trust companies and securities firms.
(2) Excludes securities relating to banks' portfolio management services. (3) Securities relating to banks' portfolio management services.

The rate of growth was slightly higher in the South and Islands (5.5 per cent) than in the Centre and North (4.3 per cent), where professional asset management services had developed earlier.

Portfolio adjustments were characterized by net investment in less risky assets, such as government securities and other bonds, which increased by respectively 14.4 and 4 per cent; holdings of units of collective investment undertakings declined by 13.2 per cent. Direct holdings of shares grew by 8.2 per cent, which was less than in 1999; purchases were stimulated in part by the spread of on-line trading and by

the rise in share prices until March. The internationalization of portfolios intensified.

The reallocation of portfolios in favour of government securities occurred in all the regions except Friuli-Venezia Giulia, Emilia-Romagna and Calabria, which recorded a decline in the total amount of securities deposited with banks.

The change in holdings of shares varied greatly from area to area: the value of holdings rose rapidly in the North-West (24.4 per cent) and more moderately in the North-East (5.3 per cent), whereas it fell in the Centre (-13.1 per cent) and in the South and Islands (-9.2 per cent).

Among securities deposited with banks (excluding those held in collective investment portfolios), the proportion of instruments issued by foreign financial and non-financial issuers and by international organizations rose from 14.7 to 16.2 per cent for Italy as a whole; the figure was twice as high in the Centre and North as in the South and Islands (17.4 against 8.6 per cent).

Foreign investment funds, many of them controlled by Italian banking groups, recorded net subscriptions in 2000. By contrast, fund-raising by Italian open-end investment funds turned negative from September 1999 onwards as a result of substantial redemptions of units of bond and money market funds and a decrease in subscriptions of equity funds. Net redemptions in the first three months of this year equaled the total for 2000 as a whole.

Within investment funds' gross fund-raising in 2000, the share of equity funds was similar in all areas of the country at about 42 per cent. Savers in the Centre and North showed a greater preference for bond and money market funds (the differential with respect to the South and Islands amounted to 7.9 and 4.2 percentage points respectively). In the South and Islands, sales of balanced funds were more prevalent. Fund units were marketed largely by third parties, such as financial salesmen and banks; direct sales by collective investment undertakings accounted for 8.3 per cent of the total in the Centre and North and 6.8 per cent in the South and Islands.

SICAVs registered net subscriptions of around 200 million euros in 2000. Fund-raising was negative only in the Centre. The North-West accounted for roughly half of total subscriptions nationwide.

The face value of holdings of banks' portfolio management services fell considerably, declining by 10.7 per cent owing mainly to the tendency of banks to concentrate the activity of individual portfolio management in their respective groups' asset management companies. In addition, banks sought to reposition supply of the product, on the one hand reserving it to substantial portfolios, on the other with greater recourse to portfolio

services that invest only in investment funds, which facilitate portfolio diversification and yield high margins.

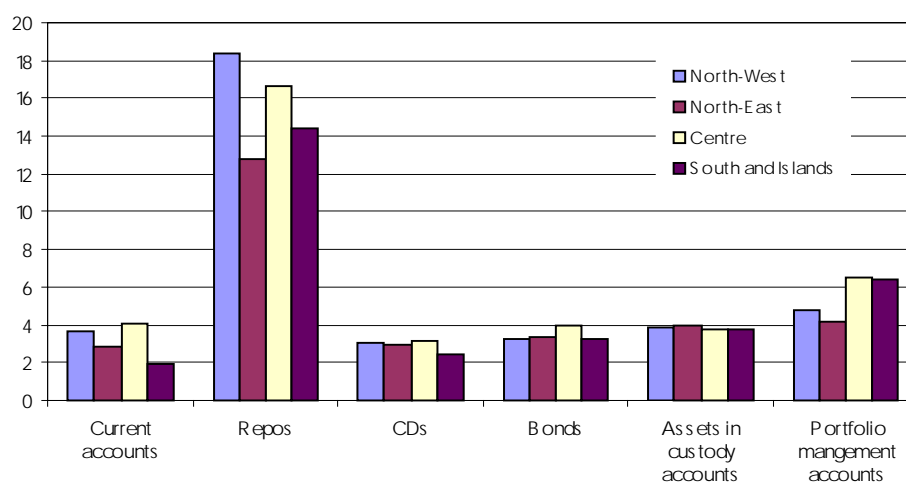
The composition of holdings reflects the rise in the share of units of collective investment undertakings (from 44.7 to 54.3 per cent,) and the decline in that of government securities (from 40.5 to 28.8 per cent). The share of portfolios invested directly in equities is minimal (2.1 per cent). The proportion of units of collective investment undertakings in the portfolios of customers in the South and Islands is 7.6 percentage points higher than the national average.

There was further rapid growth throughout Italy in the distribution by bank branches of life insurance products, whose financial characteristics make them increasingly similar to investment instruments (see, for example, the Reports on Lazio, Liguria, Lombardy and Veneto).

The mobility of market shares. - Changes of banks by customers were common in the period 1999-2000 for repos, instruments that are particularly sensitive to the yield offered, and portfolio management services (Figure D4). Mobility was less pronounced for security custody accounts, longer-term forms of fund-raising (bonds and certificates of deposit) and current accounts; in the last-mentioned case, the indicator may have reflected the spread of accessory services linked to accounts (periodic debiting, credit cards, etc.).

Figure D4

MOBILITY OF MARKET SHARES BY GEOGRAPHICAL AREA (1)
(percentages)



Source: Supervisory returns.

(1) Average of quarterly values for the period 1999-2000.

The mobility of market shares of current accounts was lowest in the southern regions, probably owing to the smaller increase in the number of bank branches and less extensive use of Internet banking; that of repos was lowest in the North-East, where the growth in repos was least pronounced; that of portfolio management services was highest in the Centre and the South and Islands, where the product is least widespread.

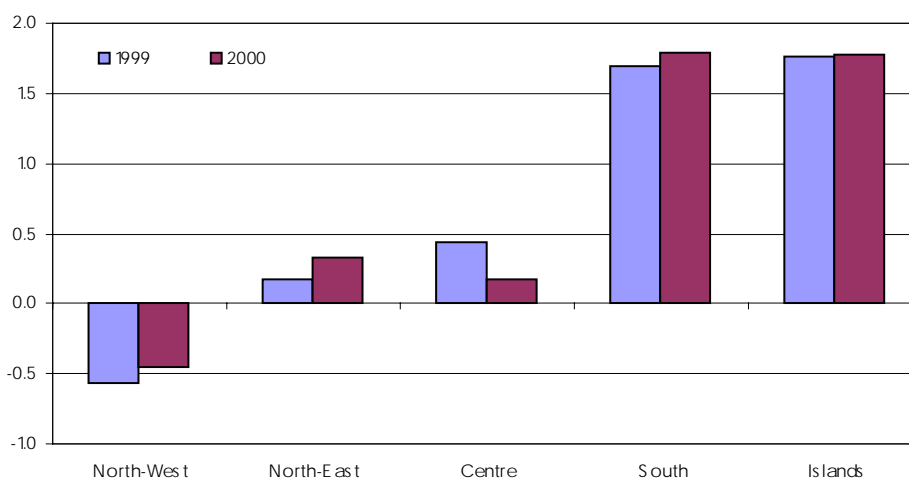
Interest rates

In 2000 bank interest rates went up. In the fourth quarter, the average rate on short-term loans recorded by the Central Credit Register was 6.7 per cent, 1.3 percentage points higher than a year earlier (Table aD6). The increase in rates involved every region and was sharpest in the North and the South and Islands and less marked in the regions of the Centre. The differential between short-term lending rates in the South and Islands and the Centre and North remained unchanged at 1.9 percentage points; that for firms and producer households narrowed slightly to 1.7 points.

Figure D5

SHORT-TERM INTEREST RATE DIFFERENTIALS

(percentage points; differences in relation to the national average)



Source: Central Credit Register. See the Methodological Notes in the Appendix.

The rates on the issue of medium and long-term loans increased by 1.6 percentage points for both consumer households and firms (to 6.2 and 5.9 per cent respectively). The differential between the rates in the South and Islands and those in the Centre and North narrowed slightly. Excluding officially-supported lending, the gap for firms contracted by 0.2 percentage points to 0.9 points, that for consumer households by 0.3 percentage points to 0.5 points.

Deposit rates rose by 0.9 percentage points to 2.7 per cent. The increase was greater in the Centre and North, where deposit rates were 0.5 percentage points higher than in the South and Islands compared with 0.1 points in 1999.

This greater increase in lending rates than in deposit rates caused the spread to widen in every part of the country.

The structure of the banking system

The restructuring of the Italian banking system continued in 2000. There were 33 mergers and 25 acquisitions of majority shareholdings, involving 1.5 and 4.9 per cent of total assets respectively. The number of banks active in the market fell from 876 to 841 (Table aD1).

The average number of banks operating in each province rose from 30.5 to 31.3 during the year, increasing in all areas. The indicator ranged from 19.5 in the Islands to 41 in the North-East, where intermediaries operating in specific business segments and branches of foreign banks entered the market (see the Report on Veneto).

At the end of the year, 202 banks were members of 74 banking groups. Groups comprising at least two banks accounted for 83.8 per cent of the total number of branches, compared with 70.7 per cent in 1993 (Table D8).

The presence of groups operating in a large part of the nation's territory has expanded. The share of the total number of branches accounted for by groups established in more than 50 provinces rose from 34.5 in 1993 to 53.7 per cent in 2000; in the South and Islands, it reached 63.3 per cent, compared with 50.9 per cent in the Centre and North.

Table D8

**GEOGRAPHICAL REACH OF BANKING GROUPS
AND INDEPENDENT BANKS (1)**

(percentage shares of the total number of branches in the area)

	Centre and North		South and Islands		Italy	
	1993	2000	1993	2000	1993	2000
Banking groups	72.6	82.9	64.8	86.8	70.7	83.8
- up to 10 provinces	11.7	5.7	14.0	12.6	12.3	7.2
- from 11 to 30 provinces	17.9	8.6	3.4	2.0	14.4	7.1
- from 31 to 50 provinces	10.0	17.7	7.8	8.9	9.5	15.7
- more than 50 provinces	32.9	50.9	39.6	63.3	34.5	53.7
Independent banks	27.4	17.1	35.2	13.2	29.3	16.2
- up to 10 provinces	25.0	16.9	30.1	13.2	26.2	16.0
- from 11 to 30 provinces	2.4	0.2	5.1	0.0	3.0	0.2
- from 31 to 50 provinces	0.0	0.0	0.0	0.0	0.0	0.0
- more than 50 provinces	0.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Archivio Siotec.

(1) Operational branches. Groups with more than one non-instrumental company are considered. Geographical reach is defined by the number of provinces in which the group or the bank has a branch of its own.

Branch and marketing networks. – In 2000 the number of branches grew by more than 1,000 or 3.8 per cent. The increase was larger in the North-East and the Centre (4.2 and 5 per cent respectively; Table aD1). The rationalization of banking operations and the growing use of IT allowed the average number of employees per branch to be reduced from 8.4 to 8.1. Smaller branches are more common in the North-East (6.8 employees per branch) and the Islands (7.7).

The banks continued to invest in expanding other channels of contact with customers (financial salesmen, ATMs, POS terminals, and telephone and computer links).

The number of financial salesmen grew by about 6,800 or 53.7 per cent. At the end of 2000, there were 8.3 financial salesmen for every 100 bank employees assigned to branches, up from 5.4 in 1999.

The ratio between the number of salesmen entered in the regional registers and that of branch staff varied considerably across the country: figures below or close to 5 per cent were found in Valle d'Aosta, Trentino-Alto Adige, Basilicata and the Islands; the ratio was greater than 11 per cent in Emilia-Romagna, Friuli-Venezia Giulia and Umbria.

The number of ATMs grew last year by 4.7 per cent to more than 31,500. At the end of the year, there were 10.8 ATMs for every 10,000 inhabitants compared with 4.2 in 1996 (Table D9); in the South and Islands the figure more than tripled, rising from 2 to 6.1.

Table D9

ATMs BY GEOGRAPHICAL AREA
(units and percentages)

	ATMs (units)	Average annual % change	ATMs per 10,000 inhabitants		% share of withdrawals from ATMs (1)	
	2000	1996-2000	1996	2000	1996	2000
North-West	10,226	5.5	5.6	13.3	34.7	38.3
North-East	8,634	6.4	6.6	16.0	31.9	42.7
Centre	6,353	7.9	4.4	11.2	33.6	44.6
South and Islands	6,508	13.3	2.0	6.1	29.1	39.1
Italy	31,751	7.6	4.2	10.8	32.8	40.6

Sources: Supervisory returns, Half-yearly sample survey of payment systems, and Istat.

(1) Cash withdrawals from current accounts out of total withdrawals from current accounts for the consumer household sector. See the Methodological Notes in the Appendix.

In 2000, 40.6 per cent of cash withdrawals from current accounts by households were made at ATMs compared with 32.8 in 1996. The sharp rise in the number of ATMs in the South and Islands brought their use broadly into line with the national average. The share of cash withdrawals from ATMs in the southern regions rose from 29.1 per cent in 1996 to 39.1 per cent last year.

The number of POS terminals increased by 29.6 per cent to more than 570,000. From 1996 to 2000, the number of terminals per 10,000 inhabitants rose from 37.4 to about 100. Growth was more rapid in the southern regions, where there was an increase from 14.7 to 53.5 terminals per 10,000 inhabitants (Table D10).

Table D10

POS TERMINALS BY GEOGRAPHICAL AREA
(units and percentages)

	POS (units)	Average annual % change	POS terminals per 10,000 inhabitants		POS transactions as % of GDP	
	2000	1996-2000	1996	2000	1996	2000
North-West	179,822	32.2	52.3	120.3	0.4	1.0
North-East	145,313	38.5	54.5	138.4	0.5	1.2
Centre	134,763	44.9	43.7	122.6	0.2	0.9
South and Islands	110,898	65.4	14.7	53.5	0.0	0.4
Italy	570,982	41.5	37.4	99.8	0.3	0.9

Source: Supervisory returns, Half-yearly sample survey of payment systems, Istat and Svimez. See the Methodological Notes in the Appendix.

Transactions carried out on POS terminals have increased in the last few years at a higher rate than the average for other payment instruments, reaching 0.9 per cent of GDP, compared with 0.3 per cent in 1996. The figure continues to be low in the southern regions (0.4 per cent).

With reference to the type of businesses with terminals, POS units are common both in retail outlets and at hotels and restaurants. At the end of 2000, nationwide, 35.8 per cent of the former and 28.4 per cent of the latter had POS terminals. In the retail trade, regional differences in the number of terminals are correlated with the presence of the large chains.

In the past few years banks have been making increasing use of distance services. The diffusion of remote banking services with computer or telephone access is greater in the regions of the Centre and North, in particular in the North-East (see the Report on Veneto).

Among households, until the end of last year the number of customers enabled to use phone and home banking services was equal, respectively, to 3.6 and 1.5 per cent of the resident population (Table D11). Home banking services are offered almost exclusively via the Internet.

Table D11

REMOTE BANKING BY SECTOR AND GEOGRAPHICAL AREA IN 2000
(percentages)

	North-West	North-East	Centre	South and Islands	Italy
Households (1)					
Phone banking	3.8	5.7	3.9	2.3	3.6
Home banking	1.8	2.1	2.0	0.8	1.5
<i>of which: Internet banking</i>	1.6	1.8	1.7	0.8	1.4
Enterprises (2)					
Phone banking	3.3	5.4	3.6	3.2	3.8
Corporate banking	18.2	22.2	14.8	5.0	14.7
<i>of which: Internet banking</i>	2.5	3.8	4.4	1.3	2.8

Source: Supervisory returns, *Censimento intermedio dell'industria e dei Servizi, 1996*.

(1) Percentage of resident population. (2) Percentage of number of firms. See the Methodological Notes in the Appendix.

In the case of firms, computer rather than telephone banking services are more commonly used (14.7 as against 3.8 per cent of all firms). As regards computer banking services, Internet use is limited to 2.8 per cent of firms. Geographical density was less uniform than for households: only 5 per cent of southern companies utilized computer banking services.

APPENDIX

STATISTICAL TABLES

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Table aB1

SECTORAL COMPOSITION OF VALUE ADDED BY REGION IN 1998*(percentage shares and amounts in billions of lire at 1995 prices)*

	Agriculture, forestry and fishing	Industry		Services	Total	Amounts (1)	
		Industry excluding construction	Construction				
Piedmont	2.5	36.4	31.7	4.7	61.1	100.0	151,684
Valle d'Aosta	1.6	21.7	14.8	6.9	76.7	100.0	4,620
Lombardy	1.9	37.6	33.6	4.0	60.5	100.0	364,794
Liguria	2.6	19.1	15.3	3.8	78.3	100.0	52,533
North-West	2.1	35.5	31.3	4.2	62.4	100.0	573,631
Trentino-Alto Adige	4.0	24.5	17.3	7.2	71.5	100.0	37,632
Veneto	3.5	36.5	31.0	5.5	60.0	100.0	162,615
Friuli-Venezia Giulia	3.1	29.0	24.7	4.3	67.9	100.0	40,904
Emilia-Romagna	3.7	34.1	29.3	4.8	62.2	100.0	155,449
North-East	3.6	33.7	28.4	5.3	62.7	100.0	396,600
Tuscany	2.1	30.7	26.2	4.5	67.2	100.0	117,331
Umbria	4.1	28.5	23.4	5.1	67.4	100.0	24,478
Marche	3.7	33.1	28.2	4.9	63.2	100.0	44,684
Lazio	1.7	18.2	13.3	4.9	80.1	100.0	178,138
Centre	2.2	24.8	20.0	4.8	73.0	100.0	364,631
Abruzzo	4.8	29.4	24.3	5.1	65.8	100.0	32,560
Molise	5.2	26.5	20.3	6.2	68.3	100.0	7,794
Campania	3.7	21.5	16.1	5.4	74.8	100.0	112,299
Puglia	7.0	21.8	16.9	4.9	71.2	100.0	79,753
Basilicata	7.6	27.1	19.3	7.8	65.3	100.0	12,953
Calabria	6.0	16.0	9.9	6.1	78.0	100.0	37,204
Sicily	5.3	18.8	12.7	6.1	75.9	100.0	100,709
Sardinia	5.2	22.3	15.0	7.3	72.5	100.0	37,903
South and Islands	5.3	21.4	15.6	5.8	73.3	100.0	421,175
Italy	3.2	29.5	24.6	4.9	67.3	100.0	1,757,169

Source: Based on Istat data. The total for Italy does not correspond to the sum of the individual regions or areas owing to geographically unattributed exports.

(1) Value added at base prices, gross of imputed financial intermediation services.

Table aB2

COMPOSITION OF REGIONAL MANUFACTURING VALUE ADDED IN 1998

(percentage shares)

	Food products, beverages and tobacco products	Textiles and clothing	Leather and leather products	Paper, paper products, printing and publishing	Coke, refined petroleum products, chemicals and pharmaceuticals	Non-metallic mineral products	Basic metals and fabricated metal products	Machinery, equipment, precision instruments and transport equipment	Wood, rubber and other products of manufacturing	Total manufacturing industry
Piedmont	9.2	10.1	0.4	6.6	7.2	2.8	17.1	35.5	11.1	100.0
Valle d'Aosta	16.0	1.7	0.2	5.2	3.3	3.5	39.1	11.9	19.1	100.0
Lombardy	6.6	11.8	0.9	8.0	14.0	3.0	18.6	26.0	11.1	100.0
Liguria	11.3	3.1	0.1	6.4	8.4	5.5	19.5	36.9	8.8	100.0
North-West	7.6	10.9	0.8	7.5	11.9	3.0	18.3	29.0	11.0	100.0
Trentino-Alto Adige	15.5	6.0	0.5	10.9	6.3	6.6	14.6	20.1	19.5	100.0
Veneto	7.6	14.1	5.2	5.6	7.3	6.6	14.5	23.6	15.5	100.0
Friuli-Venezia Giulia	8.3	4.3	0.6	7.3	4.8	6.1	17.7	25.5	25.4	100.0
Emilia-Romagna	12.7	8.5	1.5	5.4	5.7	12.6	15.3	28.9	9.4	100.0
North-East	10.2	10.5	3.0	6.0	6.3	9.1	15.1	25.7	14.1	100.0
Tuscany	6.5	21.6	10.3	7.0	7.7	7.2	8.7	18.6	12.4	100.0
Umbria	14.0	16.3	1.0	7.0	7.0	10.5	20.0	13.6	10.6	100.0
Marche	8.1	8.2	16.2	5.6	7.3	3.2	11.2	21.3	18.9	100.0
Lazio	10.9	4.7	0.2	12.2	22.2	6.6	7.1	27.1	9.0	100.0
Centre	8.7	13.6	7.6	8.3	11.9	6.6	9.6	21.2	12.5	100.0
Abruzzo	10.6	12.1	2.6	7.8	8.6	9.7	11.8	26.4	10.4	100.0
Molise	21.3	11.8	0.1	2.9	10.0	7.6	10.4	27.4	8.5	100.0
Campania	18.2	8.3	4.0	5.7	7.4	5.2	10.6	31.2	9.4	100.0
Puglia	16.8	11.9	4.3	3.7	9.1	5.6	19.4	17.3	11.9	100.0
Basilicata	15.3	3.2	0.4	2.2	7.0	5.4	7.1	46.8	12.6	100.0
Calabria	32.2	7.8	0.7	4.1	11.2	9.4	8.9	12.3	13.4	100.0
Sicily	18.3	2.7	0.3	4.3	34.4	7.3	8.9	15.7	8.1	100.0
Sardinia	17.0	4.4	0.3	4.4	33.4	7.6	11.7	11.4	9.8	100.0
South and Islands	17.4	8.1	2.5	4.9	15.1	6.7	12.2	22.9	10.2	100.0
Italy	9.8	10.9	2.8	6.8	10.8	5.8	15.1	26.0	12.0	100.0

Source: Based on Istat data.

Table aB3

**GROSS FIXED INVESTMENT, TURNOVER AND EMPLOYMENT IN INDUSTRY
EXCLUDING CONSTRUCTION: FIRMS WITH AT LEAST 50 EMPLOYEES**

(percentage changes at 2000 prices) (1)

Area (2)	No. of firms in sample (2000)		% change 1999-2000		% change 2000-2001 (3)
				of which: manufacturing	
North-West	516	Investment (4)	4.5	5.8	-0.6
		Turnover	-3.2	-4.4	3.0
		Employment at end of year	-0.6	-0.4	0.3
North-East	338	Investment (4)	2.7	3.1	6.3
		Turnover	6.7	6.1	4.1
		Employment at end of year	1.8	1.9	0.9
Centre	298	Investment (4)	1.9	6.5	9.3
		Turnover	1.3	0.2	4.3
		Employment at end of year	0.0	0.5	-0.3
South and Islands	323	Investment (4)	-0.2	3.9	4.2
		Turnover	4.8	3.4	4.5
		Employment at end of year	-1.7	-1.1	1.6
Italy	1,475	Investment (4)	3.3	5.5	3.0
		Turnover	0.7	-0.4	3.6
		Employment at end of year	0.1	0.4	0.5

Source: Banca d'Italia, *Indagine sugli investimenti delle imprese dell'industria in senso stretto*. See the Methodological Notes.

(1) The deflator of investment and turnover was calculated as the average of the price changes estimated by sample firms. - (2) Sample firms are classified by geographical area according to location of registered office, whereas investment and employment are classified by geographical area according to actual location and turnover is assigned on the same basis as employment. - (3) Forecasts. - (4) "Winsorized" robust averages obtained by reducing the extreme positive and negative values of the distribution of annual changes in investment on the basis of the 5th and 95th percentiles. The method was applied taking account of the proportions polled in each stratum of the sample ("Winsorized Type II Estimator").

Table aB4

EXPORTS (FOB) BY REGION*(billions of lire and, in brackets, millions of euros; percentage changes)*

	Total		of which:							
			Chemical products		Machinery, equipment and precision instruments		Transport equipment		Textiles and clothing, leather and footwear	
	2000	% change 1999-00	2000	% change 1999-00	2000	% change 1999-00	2000	% change 1999-00	2000	% change 1999-00
Piedmont	57,167	12.4	3,197	14.2	16,245	8.1	15,132	17.6	6,259	14.1
Valle d'Aosta	765	37.9	3	11.6	245	36.8	48	259.3	28	18.0
Lombardy	140,894	15.1	19,911	23.6	51,156	14.4	9,808	12.5	18,784	11.9
Liguria	6,923	26.8	775	2.6	1,987	51.8	786	115.5	157	29.8
North-West	205,748	14.7	23,886	21.5	69,633	13.7	25,774	17.4	25,228	12.5
Trentino-Alto Adige	8,343	11.1	694	14.8	1,937	9.3	923	13.0	652	16.0
Veneto	71,033	13.9	3,068	5.3	20,875	13.8	5,448	28.2	16,283	15.5
Friuli-Venezia Giulia	17,375	17.5	466	27.4	6,202	8.5	2,170	58.2	486	4.5
Emilia-Romagna	57,347	13.5	3,565	12.7	22,173	14.8	6,035	19.2	5,989	13.9
North-East	154,098	14.0	7,792	10.6	51,187	13.4	14,577	26.7	23,411	14.9
Tuscany	41,338	20.5	2,133	17.8	6,972	17.0	2,256	20.1	15,123	16.2
Umbria	4,442	17.7	332	10.4	961	13.9	94	38.3	948	15.3
Marche	13,790	11.8	340	42.0	4,852	11.2	248	-5.7	4,624	18.6
Lazio	22,859	21.6	7,214	46.5	5,377	-1.4	5,109	28.9	1,157	38.0
Centre	82,428	19.1	10,019	37.7	18,162	9.3	7,706	24.8	21,853	17.6
Abruzzo	9,849	30.5	545	20.8	2,840	82.1	2,586	15.2	1,070	21.8
Molise	955	2.0	212	16.9	47	16.7	8	-30.8	409	-1.9
Campania	14,915	17.6	1,100	12.7	2,645	13.6	3,887	22.8	2,286	46.2
Puglia	11,480	16.4	659	35.2	1,286	30.3	1,417	-1.0	2,101	2.6
Basilicata	2,109	-2.8	105	1.1	61	-3.4	1,255	-19.0	52	47.5
Calabria	597	33.7	101	-5.2	163	109.8	9	-34.4	56	25.8
South	39,905	18.6	2,722	18.1	7,041	39.3	9,162	8.9	5,974	19.8
Sicily	10,697	57.7	1,318	57.0	1,281	64.8	672	-12.2	76	20.5
Sardinia	4,741	55.7	621	20.7	60	-10.3	26	-39.5	42	17.9
Islands	15,438	57.1	1,939	43.2	1,341	58.9	698	-13.6	118	19.6
Italy	498,201	16.4	46,386	23.0	147,551	14.3	57,950	18.5	76,636	15.0
	(257,299)		(23,956)		(76,204)		(29,929)		(39,579)	

Source: Based on Istat data. The total for Italy does not correspond to the sum of the individual regions or areas owing to geographically unattributed exports.

**REGIONAL INDICATORS OF EXPORT SPECIALIZATION
BY BRANCH OF MANUFACTURING INDUSTRY IN 2000 (1)**

	Non-metallic mineral products	Chemical products	Basic metals and fabricated metal products	Machinery, equipment and precision instruments	Transport equipment		Food products	Textiles and clothing	Leather and footwear	Other products of manufacturing
						of which: motor vehicles and engines				
Piedmont	0.41	0.59	0.82	0.95	2.24	2.93	1.25	0.97	0.17	0.86
Valle d'Aosta	0.30	0.04	5.81	1.06	0.53	0.77	0.33	0.29	0.11	0.41
Lombardy	0.44	1.49	1.41	1.21	0.59	0.64	0.62	1.12	0.31	0.79
Liguria	1.26	1.42	1.36	1.14	1.15	0.35	1.36	0.21	0.11	0.81
North-West	0.45	1.23	1.26	1.13	1.07	1.27	0.82	1.05	0.26	0.81
Trentino-Alto Adige	1.02	0.94	1.09	0.82	1.00	1.37	2.95	0.60	0.39	1.17
Veneto	1.11	0.46	0.92	0.99	0.65	0.32	0.88	1.14	2.17	1.19
Friuli-Venezia Giulia	0.61	0.29	1.14	1.20	1.07	0.24	0.85	0.21	0.12	1.90
Emilia-Romagna	3.34	0.67	0.74	1.31	0.91	1.08	1.38	0.83	0.38	0.46
North-East	1.87	0.54	0.89	1.12	0.81	0.65	1.17	0.89	1.18	1.00
Tuscany	1.30	0.55	0.65	0.57	0.47	0.22	0.91	2.17	2.81	1.27
Umbria	1.22	0.81	3.02	0.74	0.18	0.12	1.56	1.77	0.64	0.54
Marche	0.34	0.26	0.85	1.17	0.15	0.05	0.25	0.72	5.03	1.09
Lazio	0.65	3.40	0.30	0.80	1.93	1.24	0.47	0.33	0.33	0.52
Centre	0.95	1.30	0.71	0.74	0.80	0.47	0.71	1.39	2.39	0.99
Abruzzo	1.49	0.59	0.63	0.96	2.24	3.12	0.89	0.78	0.53	0.80
Molise	0.14	2.34	0.11	0.16	0.07	0.09	1.61	3.97	0.24	1.25
Campania	0.52	0.81	0.48	0.61	2.29	1.85	2.96	0.48	2.12	0.60
Puglia	0.50	0.68	1.75	0.41	1.16	1.50	1.35	0.66	2.59	1.51
Basilicata	0.11	0.54	0.06	0.10	5.15	7.30	0.38	0.19	0.10	1.63
Calabria	0.49	2.11	0.45	1.06	0.15	0.10	3.48	1.03	0.06	0.73
South	0.74	0.76	0.83	0.62	2.04	2.31	1.82	0.69	1.65	0.97
Sicily	0.55	1.44	0.25	0.44	0.59	0.69	1.19	0.06	0.02	3.54
Sardinia	0.27	1.41	1.12	0.04	0.05	0.01	1.19	0.08	0.01	4.35
Islands	0.46	1.43	0.53	0.31	0.41	0.47	1.19	0.07	0.02	3.81

Source: Based on Istat data.

(1) Ratio of each branch's share of total regional manufacturing exports to the branch's share of total Italian manufacturing exports.

Table aC1

EMPLOYMENT AND LABOUR FORCE
(thousands of persons and percentage changes)

	Employment					Job-seekers	Labour force
	Agriculture	Industry excluding construction	Construction	Other sectors	Total		
Average values in 2000							
Piedmont	68	578	110	1,013	1,769	118	1,887
Valle d'Aosta	3	7	5	39	54	3	56
Lombardy	80	1,294	275	2,226	3,875	177	4,052
Liguria	19	101	42	434	596	53	649
North-West	171	1,979	432	3,712	6,294	351	6,645
Trentino-Alto Adige	37	72	35	275	419	12	431
Veneto	88	669	142	1,042	1,940	75	2,016
Friuli-Venezia Giulia	14	132	30	305	480	23	504
Emilia-Romagna	105	523	119	1,026	1,773	74	1,847
North-East	243	1,397	326	2,648	4,613	184	4,797
Tuscany	54	393	91	887	1,424	93	1,517
Umbria	15	83	23	202	323	22	345
Marche	24	200	40	327	591	31	622
Lazio	61	247	134	1,474	1,916	237	2,154
Centre	154	922	288	2,890	4,255	384	4,638
Abruzzo	24	112	39	272	448	38	485
Molise	12	20	12	64	108	17	125
Campania	109	236	137	1,078	1,559	485	2,044
Puglia	140	212	108	753	1,212	250	1,462
Basilicata	21	38	23	103	185	36	221
Calabria	64	45	58	374	541	190	731
Sicily	135	130	140	946	1,350	426	1,776
Sardinia	47	58	57	354	515	134	649
South and Islands	553	851	572	3,943	5,918	1,576	7,495
Italy	1,120	5,149	1,618	13,193	21,080	2,495	23,575
Changes on 1999							
Piedmont	4.4	-0.4	2.5	4.3	2.6	-12.3	1.5
Valle d'Aosta	15.6	-0.9	-12.8	6.7	4.0	-12.4	3.1
Lombardy	0.7	-2.9	-2.6	4.1	1.1	-8.8	0.6
Liguria	-3.1	7.6	-5.7	1.5	1.7	-16.9	-0.1
North-West	2.0	-1.7	-1.8	3.8	1.6	-11.3	0.8
Trentino-Alto Adige	1.6	0.8	-4.4	4.8	3.0	-18.4	2.3
Veneto	0.4	-1.1	7.7	5.1	2.8	-16.0	2.0
Friuli-Venezia Giulia	-27.5	-0.9	0.7	4.4	1.4	-17.8	0.4
Emilia-Romagna	-10.5	1.1	6.6	3.0	1.8	-11.2	1.2
North-East	-6.4	-0.2	5.2	4.2	2.3	-14.5	1.5
Tuscany	21.1	-0.3	2.7	2.5	2.3	-14.5	1.1
Umbria	-9.9	7.0	-6.5	3.5	2.9	-13.6	1.6
Marche	-11.6	-1.9	7.3	4.3	1.5	-18.4	0.3
Lazio	4.9	0.8	3.5	1.6	1.7	-4.8	1.0
Centre	5.1	0.2	2.9	2.3	2.0	-9.1	1.0
Abruzzo	-14.8	1.8	8.6	4.1	2.6	-23.2	0.0
Molise	-8.1	1.7	4.9	4.0	2.1	-14.2	-0.5
Campania	-9.7	-2.4	7.0	1.8	0.7	0.5	0.6
Puglia	4.4	1.7	3.3	3.4	3.2	-9.0	0.9
Basilicata	-16.7	10.7	11.0	4.8	3.6	-2.7	2.5
Calabria	-1.8	8.1	-3.0	2.5	1.8	-7.9	-0.9
Sicily	4.1	1.8	6.9	0.8	1.8	-0.8	1.2
Sardinia	5.7	-3.4	2.2	-0.2	0.2	-2.0	-0.2
South and Islands	-1.5	0.9	4.9	2.0	1.8	-3.7	0.6
Italy	-1.3	-0.5	2.7	3.0	1.9	-6.5	0.9

Source: Istat, *Indagine sulle forze di lavoro*. See the Methodological Notes.

Table aC2

TOTAL EMPLOYMENT
(thousands of persons)

	1994	1995	1996	1997	1998	1999	2000
Men and women							
Piedmont	1,696	1,692	1,711	1,700	1,686	1,724	1,769
Valle d'Aosta	51	51	51	52	52	52	54
Lombardy	3,669	3,681	3,697	3,705	3,768	3,833	3,875
Liguria	571	572	577	577	585	586	596
North-West	5,987	5,996	6,036	6,034	6,091	6,195	6,294
Trentino-Alto Adige	386	382	394	395	401	407	419
Veneto	1,787	1,797	1,816	1,846	1,859	1,887	1,940
Friuli-Venezia Giulia	453	456	463	463	469	474	480
Emilia-Romagna	1,672	1,669	1,681	1,693	1,705	1,743	1,773
North-East	4,298	4,305	4,354	4,397	4,434	4,510	4,613
Tuscany	1,347	1,355	1,351	1,351	1,362	1,393	1,424
Umbria	298	295	296	298	302	314	323
Marche	556	559	567	562	567	582	591
Lazio	1,841	1,820	1,833	1,850	1,865	1,884	1,916
Centre	4,042	4,030	4,047	4,061	4,095	4,172	4,255
Abruzzo	434	437	448	444	443	436	448
Molise	107	105	105	106	106	106	108
Campania	1,578	1,505	1,497	1,514	1,559	1,549	1,559
Puglia	1,169	1,152	1,159	1,140	1,156	1,174	1,212
Basilicata	177	175	173	175	176	179	185
Calabria	577	556	539	538	540	531	541
Sicily	1,292	1,278	1,280	1,299	1,326	1,326	1,350
Sardinia	494	487	488	500	509	514	515
South and Islands	5,827	5,696	5,688	5,715	5,816	5,815	5,918
Italy	20,154	20,026	20,125	20,207	20,435	20,692	21,080
Women							
Piedmont	641	643	662	661	656	680	713
Valle d'Aosta	21	20	21	21	21	21	23
Lombardy	1,381	1,393	1,413	1,419	1,459	1,505	1,530
Liguria	206	210	210	214	222	228	235
North-West	2,249	2,266	2,306	2,315	2,359	2,434	2,501
Trentino-Alto Adige	146	145	152	155	159	162	170
Veneto	641	651	670	696	698	715	748
Friuli-Venezia Giulia	169	173	180	179	183	188	195
Emilia-Romagna	669	673	689	697	709	734	753
North-East	1,625	1,643	1,691	1,727	1,749	1,799	1,866
Tuscany	502	517	519	519	530	555	577
Umbria	105	105	109	112	115	120	128
Marche	211	215	221	218	222	234	238
Lazio	626	627	643	652	663	681	706
Centre	1,444	1,463	1,492	1,501	1,531	1,590	1,648
Abruzzo	148	148	155	155	157	151	154
Molise	38	36	36	37	37	36	37
Campania	456	438	429	434	453	449	452
Puglia	334	323	326	321	330	328	348
Basilicata	54	54	53	55	56	59	60
Calabria	179	175	166	162	161	157	165
Sicily	330	323	325	336	356	364	374
Sardinia	143	138	141	149	158	165	160
South and Islands	1,680	1,635	1,633	1,649	1,707	1,710	1,749
Italy	6,998	7,007	7,122	7,192	7,345	7,533	7,764

Source: Istat, *Indagine sulle forze di lavoro*. See the Methodological Notes.

Table aC3

PARTICIPATION RATES*(labour force as a percentage of population aged 15-64)*

	1994	1995	1996	1997	1998	1999	2000
Men and women							
Piedmont	62.0	62.3	63.4	63.3	63.1	64.2	65.5
Valle d'Aosta	65.5	65.7	65.5	66.5	66.2	66.5	68.6
Lombardy	62.2	62.3	62.6	62.7	63.6	64.2	64.6
Liguria	57.3	58.4	59.4	59.6	60.9	61.5	62.0
North-West	61.6	61.9	62.5	62.6	63.2	63.9	64.6
Trentino-Alto Adige	65.4	64.8	66.3	66.2	66.7	67.5	68.8
Veneto	61.9	61.9	62.4	63.2	63.5	64.1	65.2
Friuli-Venezia Giulia	60.1	60.7	61.6	61.8	62.1	62.9	63.3
Emilia-Romagna	6.5	66.6	67.0	67.9	68.2	69.2	69.9
North-East	63.7	63.7	64.4	65.0	65.4	66.2	67.1
Tuscany	61.9	62.4	62.4	62.5	63.0	64.2	64.9
Umbria	60.0	59.9	60.2	59.9	60.6	62.4	63.4
Marche	62.2	62.5	63.2	63.4	63.3	64.9	65.0
Lazio	57.2	57.5	57.9	58.2	58.5	59.0	59.6
Centre	59.5	59.9	60.2	60.3	60.7	61.6	62.2
Abruzzo	57.2	57.8	59.0	58.5	58.3	58.0	57.9
Molise	59.7	58.5	58.2	59.0	59.6	59.4	59.4
Campania	52.7	52.1	51.7	52.2	53.1	52.6	52.9
Puglia	50.5	50.5	51.0	51.0	52.7	52.8	53.2
Basilicata	52.9	53.1	52.6	53.9	54.0	54.2	55.7
Calabria	52.8	52.3	51.9	51.3	53.7	54.4	54.1
Sicily	50.3	49.6	49.9	50.8	52.4	52.6	53.3
Sardinia	53.9	53.5	53.2	54.2	55.5	56.5	56.4
South and Islands	52.2	51.8	51.8	52.3	53.5	53.6	53.9
Italy	58.3	58.2	58.6	58.9	59.7	60.2	60.8
Women							
Piedmont	49.3	50.0	51.9	52.1	52.2	53.4	55.2
Valle d'Aosta	55.7	55.9	56.2	56.9	56.9	57.4	60.7
Lombardy	48.6	48.9	49.7	49.9	51.4	52.1	52.7
Liguria	43.2	44.6	45.9	46.5	48.0	49.9	50.4
North-West	48.3	48.8	50.0	50.2	51.3	52.3	53.2
Trentino-Alto Adige	50.8	50.7	52.8	53.4	54.3	55.4	57.0
Veneto	46.3	46.7	48.2	49.6	49.8	50.6	52.2
Friuli-Venezia Giulia	46.8	48.6	50.2	50.2	50.7	52.1	53.4
Emilia-Romagna	55.0	55.8	56.9	58.2	58.6	59.9	60.8
North-East	50.0	50.7	52.0	53.2	53.6	54.7	55.9
Tuscany	48.6	50.0	50.0	50.3	51.4	53.3	54.1
Umbria	44.5	45.4	47.1	47.7	49.2	50.5	52.2
Marche	49.3	49.8	50.9	51.6	51.8	54.3	53.9
Lazio	40.6	41.5	42.4	42.7	42.9	44.2	45.3
Centre	44.5	45.5	46.2	46.6	47.2	48.8	49.6
Abruzzo	41.2	41.8	43.3	43.2	43.3	43.0	41.9
Molise	45.7	44.3	43.8	44.6	45.0	44.2	44.3
Campania	33.6	34.1	33.2	33.9	34.6	34.0	34.4
Puglia	30.4	30.7	31.5	31.6	33.4	33.2	34.1
Basilicata	35.2	36.4	35.5	37.9	38.3	39.7	39.9
Calabria	36.2	36.6	36.4	35.1	37.8	38.9	38.8
Sicily	28.7	28.1	28.6	29.6	32.0	33.1	34.1
Sardinia	35.4	34.9	35.2	36.9	39.1	40.8	40.1
South and Islands	32.9	33.0	33.0	33.6	35.2	35.5	35.9
Italy	42.4	42.8	43.5	44.1	45.1	46.0	46.8

Source: Istat, *Indagine sulle forze di lavoro*. See the Methodological Notes.

Table aC4

UNEMPLOYMENT RATES

(percentages)

	1994	1995	1996	1997	1998	1999	2000
Piedmont	8.2	8.2	8.2	8.3	8.3	7.2	6.3
Valle d'Aosta	5.8	6.6	5.7	5.3	5.3	5.3	4.5
Lombardy	6.4	6.1	6.0	5.8	5.5	4.8	4.4
Liguria	10.4	11.3	11.2	10.6	10.2	9.9	8.2
North-West	7.3	7.2	7.2	7.0	6.8	6.0	5.3
Trentino-Alto Adige	4.1	4.2	3.8	3.8	3.2	3.4	2.7
Veneto	6.2	5.6	5.4	5.1	5.0	4.5	3.7
Friuli-Venezia Giulia	7.2	7.3	6.8	6.6	5.6	5.6	4.6
Emilia-Romagna	6.0	5.9	5.4	5.8	5.4	4.6	4.0
North-East	6.0	5.7	5.4	5.4	5.1	4.6	3.8
Tuscany	8.4	8.3	8.0	8.1	7.8	7.2	6.1
Umbria	8.6	9.5	9.8	8.6	8.6	7.6	6.5
Marche	6.6	6.6	6.2	7.2	6.3	6.1	5.0
Lazio	11.0	12.4	12.3	11.9	11.8	11.7	11.0
Centre	9.4	10.1	9.9	9.8	9.5	9.2	8.3
Abruzzo	8.9	9.1	8.9	9.0	9.1	10.1	7.7
Molise	16.2	16.0	15.9	16.2	16.8	16.2	14.0
Campania	20.9	24.2	24.4	24.6	23.8	23.7	23.7
Puglia	15.0	16.5	17.2	18.7	20.3	19.0	17.1
Basilicata	16.3	17.7	17.8	18.6	18.1	17.1	16.2
Calabria	19.7	21.8	23.8	23.1	26.1	28.0	26.1
Sicily	21.7	22.3	22.9	23.4	24.2	24.5	24.0
Sardinia	19.7	20.3	20.0	20.0	20.6	21.0	20.6
South and Islands	18.7	20.4	20.8	21.3	21.9	22.0	21.0
Italy	11.1	11.6	11.6	11.7	11.8	11.4	10.6

Source: Istat, *Indagine sulle forze di lavoro*. See the Methodological Notes.

Table aC5

AUTHORIZED HOURS OF WAGE SUPPLEMENTATION*(thousands)*

	Ordinary benefits		Total (1)	
	1999	2000	1999	2000
Piedmont	13,793	8,693	19,907	16,991
Valle d'Aosta	257	518	814	1,083
Lombardy	25,441	10,148	35,035	23,741
Liguria	2,113	760	4,277	4,169
North-West	41,604	20,120	60,033	45,983
Trentino-Alto Adige	916	421	5,603	5,177
Veneto	4,287	2,583	7,708	4,657
Friuli-Venezia Giulia	959	452	2,251	1,411
Emilia-Romagna	3,386	1,972	6,323	5,084
North-East	9,548	5,428	21,885	16,328
Tuscany	4,569	2,758	8,941	7,706
Umbria	870	733	2,089	2,035
Marche	3,003	1,364	4,385	2,480
Lazio	3,974	2,901	11,568	10,851
Centre	12,416	7,756	26,983	23,072
Abruzzo	2,512	1,339	5,423	4,512
Molise	651	270	1,270	634
Campania	3,470	2,173	14,852	13,907
Puglia	5,513	4,502	16,725	22,493
Basilicata	958	503	2,574	1,617
Calabria	559	272	3,839	4,136
Sicily	2,915	2,098	9,503	10,507
Sardinia	1,061	511	4,048	3,984
South and Islands	17,639	11,668	58,234	61,791
Italy	81,207	44,972	167,135	147,175

Source: INPS.

(1) Includes ordinary and extraordinary benefits and hours authorized by the special building industry fund.

Table aD1

NUMBER OF BANKS AND BANK BRANCHES BY REGION

(end-of-year data)

	1989		1999		2000	
	Banks	Branches	Banks	Branches	Banks	Branches
Piedmont	75	1,354	69	2,281	75	2,343
Valle d'Aosta	12	49	14	87	14	92
Lombardy	222	2,881	232	5,228	224	5,435
Liguria	36	548	44	836	49	864
North-West		4,832		8,432		8,734
Trentino-Alto Adige	191	634	143	870	143	881
Veneto	127	1,269	125	2,815	133	2,949
Friuli-Venezia Giulia	68	434	59	802	61	834
Emilia-Romagna	123	1,492	119	2,714	119	2,840
North-East		3,829		7,201		7,504
Tuscany	86	1,241	102	1,956	106	2,045
Umbria	30	261	38	441	38	457
Marche	54	487	61	871	61	918
Lazio	133	1,198	140	2,064	152	2,179
Centre		3,187		5,332		5,599
Abruzzo	42	310	50	514	46	552
Molise	21	62	26	116	28	126
Campania	88	717	89	1,408	83	1,445
Puglia	77	681	59	1,180	61	1,226
Basilicata	37	149	35	224	34	229
Calabria	58	296	42	467	41	477
South		2,215		3,909		4,055
Sicily	107	1,305	66	1,623	70	1,640
Sardinia	15	201	17	635	18	643
Islands		1,506		2,258		2,283
Italy	1,121	15,569	876	27,132	841	28,175

Source: Supervisory returns.

Table aD2

BANK LOANS AND BAD DEBTS BY REGION*(end-of-year stocks in billions of lire and millions of euros, percentages and percentage changes)*

	Loans			Bad debts			Bad debts/Total loans (%)	
	2000		% change 1999-2000	2000		% change 1999-2000	1999	2000
	lire	euros		lire	euros			
Piedmont	156,429	80,789	20.6	4,535	2,342	-6.1	3.7	2.9
Valle d'Aosta	2,955	1,526	9.8	149	77	-9.4	6.1	5.0
Lombardy	517,813	267,428	17.6	14,658	7,570	-10.1	3.7	2.8
Liguria	34,721	17,932	10.5	2,114	1,092	-21.0	8.5	6.1
North-West	711,918	367,675	17.8	21,456	11,081	-10.5	4.0	3.0
Trentino-Alto Adige	36,832	19,022	13.1	716	370	1.9	2.2	1.9
Veneto	153,573	79,314	15.7	5,602	2,893	-6.5	4.5	3.6
Friuli-Venezia Giulia	36,590	18,897	16.7	1,142	590	-7.2	3.9	3.1
Emilia-Romagna	166,736	86,112	12.1	5,437	2,808	-0.4	3.7	3.3
North-East	393,731	203,345	14.0	12,897	6,661	-3.6	3.9	3.3
Tuscany	109,736	56,674	12.8	5,183	2,677	-11.4	6.0	4.7
Umbria	21,171	10,934	11.2	1,233	637	1.9	6.4	5.8
Marche	39,947	20,631	14.2	1,944	1,004	-10.9	6.2	4.9
Lazio	251,328	129,800	2.8	18,125	9,361	-10.3	8.3	7.2
Centre	422,182	218,039	6.7	26,486	13,679	-10.1	7.4	6.3
Abruzzo	21,924	11,323	7.3	2,136	1,103	-13.1	12.0	9.7
Molise	4,306	2,224	12.7	515	266	12.2	12.0	12.0
Campania	65,955	34,063	0.6	8,103	4,185	-24.2	16.3	12.3
Puglia	47,878	24,727	4.4	7,368	3,805	-19.5	20.0	15.4
Basilicata	8,442	4,360	3.5	1,700	878	-8.7	22.8	20.1
Calabria	17,581	9,080	2.3	3,756	1,940	-6.0	23.2	21.4
South	166,087	85,777	3.1	23,578	12,177	-17.6	17.8	14.2
Sicily	59,627	30,795	-2.1	12,162	6,281	-31.0	28.9	20.4
Sardinia	25,958	13,406	9.6	3,803	1,964	6.8	15.0	14.7
Islands	85,585	44,201	1.2	15,965	8,245	-24.6	25.0	18.7
Italy	1,779,504	919,037	11.9	100,392	51,848	-13.9	7.3	5.6

Source: Supervisory returns. The data are classified by customer's location. Loans include bad debts. See the Methodological Notes.

Table aD3

BANK LOANS BY REGION AND SECTOR IN 2000 (1)*(twelve-month percentage changes at end of year)*

	General government	Financial and insurance companies	Holding companies	Non-financial companies and sole proprietorships			Consumer households (2)	Total	
				Industry excluding construction	Construction	Services			
Piedmont	41.4	12.3	7.3	26.7	12.0	18.8	44.4	11.6	21.7
Valle d'Aosta	80.0	-10.4	0.0	11.3	9.7	24.4	8.4	10.7	11.0
Lombardy	10.2	22.8	55.3	14.1	9.7	13.5	19.5	15.5	18.7
Liguria	4.3	26.2	-14.1	14.7	31.6	-0.3	11.5	13.8	13.4
North-West	15.6	21.5	44.8	17.1	10.9	13.7	25.1	14.3	19.0
Trentino-Alto Adige	5.0	23.3	9.9	12.8	13.8	13.8	12.4	13.8	13.4
Veneto	13.8	92.1	100.3	11.2	10.3	14.2	12.5	18.5	16.7
Friuli-Venezia Giulia	24.4	-9.6	125.2	18.2	11.2	17.6	30.4	14.8	17.7
Emilia-Romagna	-9.9	39.7	32.6	9.5	5.9	17.8	10.9	16.7	12.6
North-East	3.7	44.2	66.4	11.2	8.6	16.0	13.1	16.9	14.7
Tuscany	-6.5	39.1	-1.4	13.3	15.5	9.8	11.7	12.8	14.3
Umbria	4.5	94.3	75.0	10.6	16.2	4.3	7.3	11.9	11.9
Marche	-3.7	23.4	52.5	15.9	16.3	15.9	16.4	18.6	15.9
Lazio	-13.2	4.9	-17.6	20.4	26.6	1.7	24.4	7.5	4.0
Centre	-12.4	15.5	-15.1	16.9	20.0	5.1	18.6	10.7	8.0
Abruzzo	-14.5	52.0	275.0	8.8	8.5	6.0	11.2	14.5	10.1
Molise	9.5	-7.7	200.0	14.5	18.6	3.7	13.9	8.2	12.8
Campania	27.5	-20.4	-35.0	9.5	15.1	-5.1	10.3	11.4	5.4
Puglia	11.7	-32.8	-52.6	10.1	10.6	10.0	9.3	12.5	10.4
Basilicata	2.1	100.0	-	6.3	8.1	1.0	4.0	10.5	7.1
Calabria	-12.5	-33.3	-	6.8	13.6	-6.7	5.1	6.8	4.7
South	9.6	-19.4	-22.6	9.3	12.1	1.6	9.4	11.4	7.6
Sicily	8.7	-8.2	-15.4	9.2	11.1	4.8	9.0	10.9	9.7
Sardinia	16.6	12.0	14.3	8.7	20.4	-5.1	9.9	11.6	10.1
Islands	11.1	4.4	-5.0	9.0	14.5	1.1	9.3	11.1	9.8
Italy	-5.5	20.4	33.1	14.4	12.1	9.6	18.5	13.4	13.9

Source: Supervisory returns. The data are classified by customer's location. Loans include bad debts. See the Methodological Notes.

(1) Loans do not include bad debts. - (2) Includes private non-profit institutions and units not elsewhere classified.

Table aD4

BANK DEPOSITS BY REGION*(end-of-year stocks in billions of lire and millions of euros and percentage changes)*

	2000				% change 1999-2000	
	lire		euros			
	Total deposits		Total deposits		Total deposits	
		current accounts		current accounts		current accounts
Piedmont	93,005	65,266	48,033	33,707	2.6	7.2
Valle d'Aosta	2,835	2,050	1,464	1,059	-1.6	1.5
Lombardy	295,041	220,146	152,376	113,696	5.4	3.5
Liguria	29,297	21,436	15,131	11,071	-0.5	2.3
North-West	420,177	296,582	217,003	159,532	4.3	4.2
Trentino-Alto Adige	23,732	15,087	12,257	7,792	-3.2	-1.5
Veneto	86,885	58,310	44,872	30,115	1.5	5.1
Friuli-Venezia Giulia	25,970	19,106	13,412	9,867	6.6	14.2
Emilia-Romagna	93,305	64,190	48,188	33,152	1.8	5.0
North-East	229,892	148,648	118,729	80,926	1.7	5.4
Tuscany	78,616	50,944	40,602	26,310	3.6	5.7
Umbria	13,721	8,157	7,086	4,213	2.2	3.6
Marche	27,174	15,868	14,034	8,195	6.3	13.6
Lazio	143,573	111,729	74,149	57,703	8.1	4.8
Centre	263,083	176,660	135,871	96,421	6.2	5.7
Abruzzo	18,105	10,301	9,350	5,320	3.1	9.6
Molise	2,984	1,805	1,541	932	3.9	7.0
Campania	66,812	40,010	34,506	20,663	3.5	5.3
Puglia	45,923	23,146	23,717	11,954	-0.4	3.7
Basilicata	6,206	3,085	3,205	1,593	-0.7	1.7
Calabria	16,935	9,177	8,746	4,740	-2.4	2.0
South	156,965	83,429	81,066	45,202	1.5	4.9
Sicily	49,809	26,396	25,724	13,632	0.4	5.5
Sardinia	20,180	13,520	10,422	6,982	0.4	1.3
Islands	69,989	38,370	36,146	20,615	0.4	4.0
Italy	1,140,107	743,690	588,816	402,695	3.6	4.8

Source: Supervisory returns. The data are classified by customer's location. See the Methodological Notes.

Table aD5

**SECURITIES HELD FOR CUSTODY AND
PORTFOLIO MANAGEMENT SERVICES BY REGION (1)**

(end-of-period data; stocks in billions of lire and millions of euros and percentage changes)

	Securities held for custody (2)			Portfolio management services (3)		
	2000		% change 1999-2000	2000		% change 1999-2000
	lire	euros		lire	euros	
Piedmont	214,256	110,654	4.2	28,043	14,483	8.6
Valle d'Aosta	3,859	1,993	3.0	431	223	-8.8
Lombardy	658,284	339,975	13.3	83,071	42,902	-18.4
Liguria	63,044	32,560	5.3	8,708	4,497	2.7
North-West	939,444	485,182	10.5	120,253	62,105	-12.0
Trentino-Alto Adige	26,535	13,704	6.7	3,631	1,875	-18.3
Veneto	136,011	70,244	9.3	29,117	15,038	-2.7
Friuli-Venezia Giulia	48,926	25,268	-6.1	4,960	2,562	-20.9
Emilia-Romagna	185,508	95,807	-5.8	40,759	21,050	-10.3
North-East	396,981	205,023	-0.3	78,466	40,524	-8.8
Tuscany	110,563	57,101	6.2	19,625	10,135	-10.4
Umbria	16,847	8,701	7.4	2,227	1,150	-11.1
Marche	32,278	16,670	5.4	3,946	2,038	-13.5
Lazio	219,527	113,376	6.1	17,677	9,130	-9.7
Centre	379,215	195,848	6.1	43,476	22,453	-10.4
Abruzzo	16,384	8,462	12.1	885	457	7.9
Molise	2,181	1,127	3.3	139	72	17.3
Campania	61,035	31,522	7.0	4,764	2,460	-11.6
Puglia	46,559	24,046	13.7	5,143	2,656	-25.1
Basilicata	5,202	2,687	3.1	209	108	-30.6
Calabria	13,601	7,024	-8.8	741	383	-24.8
South	144,964	74,868	7.7	11,881	6,136	-17.9
Sicily	51,091	26,386	5.0	3,398	1,755	33.9
Sardinia	13,554	7,000	7.4	1,338	691	-12.8
Islands	64,645	33,386	5.5	4,734	2,446	16.3
Italy	1,925,248	994,308	6.8	258,812	133,666	-10.7

Source: Supervisory returns. The data are classified by customer's location.

(1) At face value. Excludes securities deposited by banks, investment funds, trust companies and Italian securities firms (SIMs). - (2) Excludes securities held for banks' portfolio management services.

SHORT-TERM BANK LENDING AND DEPOSIT RATES BY REGION
(percentages)

	Loans					Deposits				
	Dec. 1999	Mar. 2000	June 2000	Sept. 2000	Dec. 2000	Dec. 1999	Mar. 2000	June 2000	Sept. 2000	Dec. 2000
Piedmont	5.1	5.6	5.8	6.3	6.6	1.6	1.8	2.1	2.3	2.5
Valle d'Aosta	6.7	6.6	6.9	7.5	8.1	1.6	1.8	2.1	2.2	2.5
Lombardy	4.6	5.0	5.4	5.9	6.1	1.8	1.8	2.2	2.4	2.7
Liguria	6.1	6.5	6.6	7.3	7.3	1.5	1.6	1.7	1.9	2.2
North-West	4.8	5.2	5.6	6.0	6.2	1.7	1.8	2.1	2.3	2.6
Trentino-Alto Adige	5.7	6.0	6.4	7.0	7.2	1.7	2.0	2.4	2.7	2.8
Veneto	5.9	6.1	6.5	7.0	7.3	1.8	1.8	2.1	2.4	2.6
Friuli-Venezia Giulia	5.6	5.9	5.9	6.5	7.2	1.8	1.8	2.1	2.4	2.6
Emilia-Romagna	5.2	5.5	5.8	6.4	6.7	1.6	1.6	2.0	2.2	2.5
North-East	5.5	5.8	6.1	6.7	7.0	1.7	1.7	2.1	2.3	2.6
Tuscany	5.6	5.9	6.1	6.8	6.9	2.1	2.3	2.6	2.8	3.0
Umbria	6.8	7.0	7.1	8.0	7.9	2.1	2.2	2.4	2.6	2.8
Marche	5.2	5.8	5.9	6.4	6.5	1.8	2.0	2.2	2.5	2.8
Lazio	6.0	6.1	6.7	7.2	6.9	2.0	2.1	2.6	2.8	3.1
Centre	5.8	6.0	6.5	7.0	6.9	2.0	2.1	2.5	2.8	3.1
Abruzzo	6.4	6.7	7.4	8.0	7.6	1.7	1.7	1.9	2.3	2.3
Molise	8.2	8.6	9.0	8.8	9.0	1.6	1.7	1.9	2.1	2.3
Campania	7.3	7.5	7.7	8.3	8.4	1.6	1.7	1.8	2.0	2.2
Puglia	6.6	7.1	7.9	8.3	8.5	1.7	1.8	2.0	2.1	2.4
Basilicata	7.9	7.7	8.3	8.8	8.8	1.8	2.1	2.0	2.2	2.4
Calabria	7.0	7.7	7.2	9.4	9.9	1.7	1.8	1.9	2.0	2.2
South	7.0	7.4	7.7	8.4	8.5	1.7	1.8	1.9	2.0	2.2
Sicily	7.0	7.2	7.7	8.1	8.3	1.7	1.9	2.1	2.2	2.3
Sardinia	7.5	7.8	8.3	8.7	9.0	1.7	1.8	2.1	2.3	2.4
Islands	7.1	7.4	7.9	8.3	8.5	1.7	1.9	2.1	2.2	2.3
Italy	5.4	5.7	6.1	6.6	6.7	1.8	1.9	2.2	2.4	2.7

Source: Central Credit Register. The data are classified by the location of each branch. Transactions denominated in euros and euro-area currencies are included. See the Methodological Notes.

Table aD7

REMOTE BANKING SERVICES FOR HOUSEHOLDS*(thousands of contracts)*

	North-West	North-East	Centre	South and Islands	Italy
Number at 31.12.2000					
Phone banking	572	596	431	484	2,083
<i>of which: with transaction functions</i>	442	234	320	370	1,366
Home banking	267	219	220	167	873
<i>of which: with transaction functions</i>	229	135	194	138	697
- via the Internet	242	193	185	157	776
- via other networks	26	26	36	11	97
Changes 1999-2000					
Phone banking	136	- 83	148	209	410
<i>of which: with transaction functions</i>	163	94	183	208	648
Home banking	203	181	170	132	686
<i>of which: with transaction functions</i>	176	107	147	104	533

Source: Supervisory returns.

Table aD8

REMOTE BANKING SERVICES FOR FIRMS*(thousands of contracts)*

	North-West	North-East	Centre	South and Islands	Italy
Number at 31.12.2000					
Phone banking	37	44	29	33	143
<i>of which: with transaction functions</i>	26	10	14	18	67
Corporate banking	206	181	117	53	558
<i>of which: with transaction functions</i>	185	143	99	46	473
- via the Internet	28	31	35	13	107
- via other networks	178	151	82	40	450
Changes 1999-2000					
Phone banking	- 11	- 9	- 1	- 10	- 31
<i>of which: with transaction functions</i>	- 5	- 1	- 1	- 9	- 15
Home banking	92	71	58	25	246
<i>of which: with transaction functions</i>	94	56	53	25	228

Source: Supervisory returns.

METHODOLOGICAL NOTES

B - ECONOMIC ACTIVITY

Tables B5 and aB3

Indagine sugli investimenti delle imprese dell'industria in senso stretto

The Bank of Italy's survey of investment by manufacturing firms for 1999 was carried out using a stratified sample of 1,475 firms with at least 50 employees. The participation rate was 78.6 per cent. For more detailed information, see the "Note metodologiche" section in the Appendix to the Bank's Annual Report in Italian.

Tables B6, B7 and aB4

Regional exports (*fob*) by economic sector

The data on trade with EU countries are obtained using the Intrastat system; those on trade with other countries using customs documentation. The regional data are the result of the aggregation of the data classified by province of origin and destination. The province of origin is that in which goods for export were produced or obtained following the processing, transformation or repair of temporarily imported goods. For further information, see the "Note metodologiche" section in *Commercio estero e attività internazionali delle imprese*, published by Istat-Ice.

C - THE LABOUR MARKET AND REGIONAL POLICIES

Tables C1, C2 and aC1-aC4

Labour force, unemployment rate and participation rate

Istat conducts the quarterly labour force survey in January, April, July and October by interviewing a sample of around 75,000 households in some 1,400 municipalities in all of Italy's provinces. The annual averages refer to the four surveys. For further information, see the notes to the "Forze di lavoro" table in the Appendix to the Bank's Annual Report in Italian and the "Notes to the statistical tables" in the Bank of Italy's *Economic Bulletin*.

D - BANKING

Table D1

Statistics of the Central Credit Register on credit granted and drawn

The Central Credit Register records all the risk positions of banks (including the Italian branches of foreign branches for credit granted to borrowers resident in Italy) for which the amount granted or drawn exceeds 150 million lire. Bad debts are

recorded regardless of the amount. For further information, see the “Methodological appendix” in the Bank of Italy’s *Statistical Bulletin*.

Table D3

Consumer credit, leasing and factoring

The amounts shown are drawn from the statistical reports of non-bank financial intermediaries entered in the special register established by Article 107 of the 1993 Banking Law. The data, which refer to customer resident in the region, are those provided for in section II (“other information”) and subsection 6 (“economic and geographical distribution”) of the reports.

For further information, see the Appendix of the Bank Annual Report in Italian and *Manuale per la compilazione delle Segnalazioni di Vigilanza per gli Intermediari Finanziari iscritti nell’“Elenco Speciale”* (Circular no. 217 of 5 August 1996).

Tables D4-D6, D9-D11, aD1-aD4, aD7 and aD8

Supervisory returns

The data are drawn from the statistical reports (third section of the supervisory returns) that the Bank of Italy requires banks to send pursuant to Article 51 of the 1993 Banking Law (Legislative Decree 385/1993). Since 1995 the former special credit institutions have been submitting identical reports to those sent by other banks; from the same date the information on the former special credit sections is included in the reports of their parent institutions. For details on the classification of customers by economic activity, see the Glossary of the Bank of Italy’s *Statistical Bulletin* (“Classification of customers by sector and segment of economic activity”).

The aggregates are consistent with those adopted by the European System of Central Banks for the euro area and are based on end-of-period data.

The definitions of some items in the tables are given below:

Deposits: savings accounts, certificates of deposit, savings certificates, current accounts and repos with resident non-bank customers.

Loans to residents: lending in lire and foreign currency to resident non-bank customers in the following technical forms: discounting of bills, current account overdrafts, self-liquidating transactions (advances on bills, other credit instruments and documents credited subject to final payment), import and export credits, mortgage loans, repos, advances other than current account advances, pledge loans, loans secured by the pledge of salary, assignments of claims, loans granted drawing on funds administered for third parties, and other financial investments (banker’s acceptances and commercial paper, etc.). Short-term loans are those with maturities of up to 18 months; medium and long-term loans, more than 18 months.

Substandard loans: claims on borrowers in a temporary situation of objective difficulty whose solution can be expected within a reasonable period of time. The data are available half-yearly.

Bad debts: loans to persons in a state of insolvency (even if not judicially declared) or basically equivalent situations.

Adjusted bad debts: the total loans outstanding when a borrower is reported to the Central Credit Register:

a) as a bad debt by the only intermediary that disbursed credit;

- b) as a bad debt by one intermediary and as having an overshoot by the only other intermediary exposed;
- c) as a bad debt by one intermediary and the amount of the bad debt is at least 70 per cent of its exposure to the financial system or as having overshoots equal to or more than 10 per cent of its total loans outstanding;
- d) as a bad debt by at least two intermediaries for amounts equal to or more than 10 per cent of its total loans outstanding.

Unless otherwise specified, the data refer to the residence of the counterparty.

Tables D7 and aD5

Securities deposited with banks

The collective investment undertakings referred to in the table comprise UCITS and real-estate investment funds. The UCITS comprise open-end securities investment funds, SICAVs, units of unharmonized investment funds specializing in foreign securities, and closed-end securities funds. For further information, see the “Glossario” section of the Bank of Italy’s Annual Report in Italian.

Table aD6

Bank interest rates

The data on interest rates are based on quarterly reports by two groups of banks, comprising 68 banks for lending rates and 57 for deposit rates at the end of 2000. Both groups include the leading Italian banks except for former special credit institutions.

The data on lending rates refer to the average rates on loans in lire (and, from 1 January 1999, in euros and euro-area currencies) to resident non-bank customers reported to the Central Credit Register. The latter records, in general, the positions where credit granted or drawn exceeds 150 million lire (77,469 euros).

The data on deposit rates (shown gross of withholding tax) refer to savings and current account deposits in lire of at least 20 million lire (10,329 euros) held by resident non-bank customers. The data are averaged by weighting the reported rates with the amounts outstanding at the end of the reference period (presumed rate). The information for the fourth quarter of each year, when the interest accrued is paid on most accounts, corresponds to the average cost of funds for the whole year (average effective rate).

For further information, see the “Methodological appendix” in the Bank of Italy’s *Statistical Bulletin*.

The Summary of the Reports on economic developments in the Italian regions in 2000 and the Reports on economic developments in Italian regions are available on the Internet at www.bancaditalia.it. They can also be obtained from the Bank of Italy, Servizio Studi, Divisione Biblioteca e Pubblicazioni, Via Nazionale 91, 00184 Rome (Fax: 0647922059) or directly from the Bank of Italy's branch in each regional capital (addresses shown below).

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Via Dante, 3
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Trentino-Alto Adige

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38100 Trento

Veneto

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Marche

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