

BANCA D'ITALIA

**Summary of the Reports
on economic developments in
the Italian regions in 2001**

Rome 2002

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, analyzes territorial developments on the basis of the information contained in the regional Reports, in which interested readers can find more detailed local information.

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A - THE RESULTS FOR THE YEAR

The Italian economy's rate of growth fell from 2.9 per cent in 2000 to 1.8 per cent in 2001. The slowdown in world trade contributed to a sharp deceleration in exports, which, together with the uncertain economic outlook, depressed the growth rate of investment. Consumption also expanded more slowly. Signs of an upturn in economic activity appeared towards the end of the year.

The economy of the South and Islands, less exposed to the cyclical slowdown in world demand, recorded growth of 2.2 per cent, compared with 1.7 per cent in the Centre and North. Given the emigration from the South to the rest of the country, the per capita GDP growth differential between the two areas was slightly wider.

Signs of improvement in the economic situation of the South and Islands emerged in the second half of the 1990s. According to regional accounts data published by Istat and the reconstructions effected by Svimez for the most recent two years, between 1995 and 2001 average annual GDP growth at constant prices was 0.2 percentage points higher in the South and Islands than in the Centre and North. Between 1997 and 2001 the number of non-farm businesses rose more rapidly in the South and Islands than in the rest of Italy; industrial employment increased by 1.1 per cent a year in the South and Island, whereas it was basically flat in the Centre and North.

Export growth, excluding refined petroleum products, was slightly higher in the South and Islands than in the Centre and North in 2001. Between 1995 and 2001 the former's share of total exports rose from 8.6 to 9.9 per cent.

Eastern Europe became increasingly important for Italian exports during the past decade, partly compensating for the loss of shares in the other European markets. The degree of trade integration of Italy's regions with the Central and Eastern Europe countries is highest in the North-East and Marche. A significant proportion of trade in the traditional sectors is connected with the transfer of phases of production abroad.

According to Svimez, investment and household consumption slowed down in both the Centre and North and the South and Islands. In 2001 the increase in gross fixed investment was slightly higher in the southern regions (3.3 per cent, compared with 2.1 per cent in the rest of Italy).

The Bank of Italy's survey of firms in industry excluding construction with at least 20 employees found that investment declined nationally by 1 per cent. A decrease in investment for firms based in the northern regions was accompanied by an increase for those based in the Centre, South and Islands.

Information and communication technologies continued to spread. There are still geographical differences in the use of the new technologies, to the detriment of the South and Islands and, to a lesser extent, the North-East.

The unemployment rate fell in all parts of the country. The number of persons in work rose nationally by 2.1 per cent. The increase was higher in the South and Islands, similar to the national average in the North-East and Centre, and lower in the North-East.

Partly in response to social contributions relief, the number of permanent non-farm employees rose by 397,000, of whom more than a third in the South and Islands. The increase in employment was concentrated in construction and private services.

The provisional figures of the 2001 census of industry and services show that employment in services other than distribution rose in the past decade throughout Italy. The increase, which was nearly 25 per cent nationally, was most marked in the South and Islands and the North-East. The workforce in distribution remained at the 1991 level. In industry the workforce contracted by around 10 per cent, with a smaller decline in the North-East. Employment growth, particularly in services other than distribution, was higher and the decline in industrial employment more limited in the industrial districts than in the other local labour systems. The average size of local units shrank, reflecting the performance of the industrial sector. The decline was common to all parts of the country except the North-East.

Bank lending to firms decelerated in 2001 as economic activity slowed down and credit demand for extraordinary corporate actions subsided. Lending to households continued to grow at a sustained pace, albeit less rapidly than in 2000. The slowdown in bank lending was most pronounced in the regions of the Centre and North.

Banks' bad debts fell further, thanks in part to securitizations. The

flow of adjusted new bad debts contracted from the previous year for Italy as a whole, as a consequence of the declines recorded in the Centre and Islands.

Credit conditions remained easy overall. Interest rates on short-term bank loans came down progressively, adjusting to the changes in money market rates. The decline was virtually uniform in all parts of the country.

Bank deposits and borrowed funds grew more rapidly, with a boost from the reduction in the yield differential with respect to alternative assets. The fall in share prices and the climate of uncertainty contributed to portfolio reallocation in favour of more liquid assets. The growth in current accounts was also due to the approach of the switch to the euro, which prompted holders of cash to anticipate its conversion; it was largest in the South and Islands, where payment in cash is more frequent.

The nominal amount of securities held for custody by the banking system remained virtually unchanged from the previous year. There was a decrease in the amount of government securities and investment fund units and an increase in that of bank bonds and foreign securities. The share of the latter in the total of securities deposited with the banking system rose to nearly 20 per cent nationally; the proportion is twice as high in the North-West as in the South and Islands.

The Bank of Italy's survey of household income and wealth in 2000 confirms the lesser diffusion of financial instruments in the South and Island compared with the rest of Italy. The proportion of households that own government securities is just under 20 per cent in the North, 10 per cent in the Centre and 4 per cent in the South and Islands. Ownership of shares or investment fund units is one fifth as common in the South and Islands as in the northern regions.

In the second half of the 1990s the banking system underwent intense restructuring. In the years since 1995, there were 235 bank mergers and 140 takeovers. The total number of banks fell from 994 to 830. Despite the consolidation of the banking system, the role of smaller banks did not shrink. Mutual banks and independent minor banks had a combined 14.8 per cent share of the loan market in 2001, compared with 10.9 per cent in 1995; in the North-East their share amounted to around 20 per cent, reflecting the greater presence of mutual banks.

The expansion of remote banking services continued. At the end of 2001, 8.9 per cent of households in the Centre and North with bank accounts had access to home banking services, compared with 6.3 per cent in the South and Islands. The proportion of firms using corporate banking services was 20 per cent in the Centre and North and 7.1 per cent in the South and Islands.

B - ECONOMIC ACTIVITY

Manufacturing industry

The growth in value added at factor costs in manufacturing contracted from 3.1 to 0.7 per cent in real terms, reflecting the stagnation of world demand and the deceleration in domestic demand.

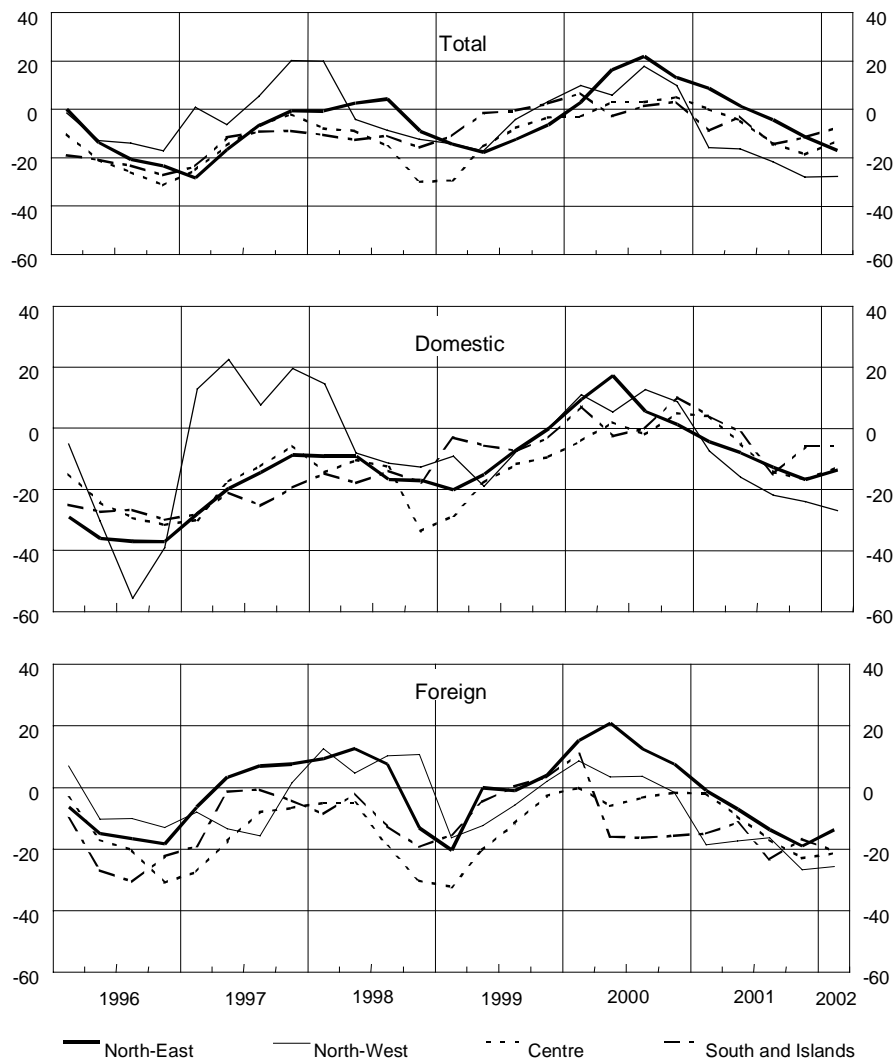
Demand and production. – Demand for manufactures fell back from the peak reached in 2000. The ISAE's qualitative indicators showed a nationwide deterioration in the level of orders of industrial firms, which was more pronounced in the second half of the year (Figure B1). Firms' evaluations of the trend of orders turned upwards in November.

The weakening of demand was most marked in the North-West. The expansion in both the domestic and foreign components of demand also slowed down sharply in the North-East and Centre; in the fourth quarter firms' assessments of orders reached levels close to the low of early 1999. In the South the slowdown in orders was not as severe as in the rest of Italy, particularly as regards domestic orders.

In Lombardy and Tuscany, significant declines in orders were reported. In Piedmont, the negative trend was due to the slackening in demand for producer goods and intermediate goods, compounded in the second half of the year by that in demand for durable consumer goods and, in particular, by a slump in foreign demand for motor vehicles. In Sicily, the electronics industry, which had expanded vigorously in the second half of the 1990s especially in Catania province, was affected by the fall in world demand for the sector's products (see the related Reports).

Figure B1

LEVEL OF ORDERS BY GEOGRAPHICAL AREA (1)
(percentages)



Source: Based on ISAE data (Iscso until December 1998).
(1) Three-month averages of the balances between positive responses ("high") and negative responses ("low") in ISAE and Isco business opinion surveys.

The Italian car market was practically flat in 2001, but foreign producers gained market share. According to the Italian Automobile Industry's Association (ANFIA), new registrations of Italian cars fell by 1.7 per cent during the year while those of foreign cars rose by 1.5 per cent. The decline grew more accentuated in the first few months of 2002. Italian car makers' market share contracted by 0.7 percentage points to 34.7 per cent; the loss of market share compared with 1996 came to almost 9 percentage points (see the Report on Piedmont).

According to Istat, industrial production declined by 0.7 per cent on average in 2001. According to the ISAE survey, the capacity utilization rate fell from 79.3 to 78.1 per cent. The decrease was particularly marked in the South and Islands; in the North-East and Centre the capacity utilization rate showed a recovery in the fourth quarter.

Investment. – According to the Bank of Italy’s survey of firms in industry excluding construction, gross fixed investment at constant prices diminished by 1 per cent in 2001 (Table aB3). Contributory factors were the deterioration in demand and uncertainty about the prospects of expansion, as well as the intense pace of capital spending by firms in the preceding years. The decline in investment was larger in companies with at least 50 employees than in those with between 20 and 49 employees (1.8 and 0.6 per cent, respectively).

The survey, which the Bank of Italy’s branches carry out at the start of each year, was extended in 2002 to firms with between 20 and 49 employees. The sample of firms interviewed consists of 1,769 with at least 50 employees and 1,024 with between 20 and 49 employees, equal respectively to 15.1 and 3.7 per cent of the universe.

In the manufacturing sector the fall in investment was more accentuated (-2.8 per cent) and capital spending was less than had been planned by companies at the start of the year. There were geographical differences in the trend in investment, which fell by 4.8 and 2.4 per cent respectively for firms based in the North-West and Centre, was flat for those based in the North-East and rose by 4.6 per cent for those based in the South and Islands. The contrast between the latter result and the decline of 3 per cent in investment in manufacturing operations located in the South and Islands reflects a large cutback in capital spending in those areas by firms based in the North.

In Piedmont, the fall in investment was particularly sharp in the motor vehicle sector and its supplier industries, textiles and clothing, and contrasted with an increase in capital spending in the paper, printing and publishing sector (see the Report on Piedmont).

A rise in planned capital spending this year in the energy sector is set against a fall in planned investment in manufacturing. Overall, a slight increase is expected.

Utilization of information and communication technology. – The Bank of Italy’s survey of firms in industry excluding construction, conducted at the beginning of 2002, also covered the utilization of new technologies. Nationally, at the end of 2001 firms with at least 50 employees had an average of 40.6 personal computers per 100 employees, a slightly higher percentage than that found in 2000 (Table B1). In 2001 84.6 per cent of the firms interviewed had a company website, compared with 81.6 per cent in 2000. The Internet was most commonly used to provide services to customers and suppliers (28 per cent of the firms). Internet banking services are used primarily to obtain current account information (80.2 per cent of the firms) and for receipts and payments (64.3 per cent).

TableB1

UTILIZATION OF INFORMATION AND COMMUNICATION TECHNOLOGY BY FIRMS IN INDUSTRY EXCLUDING CONSTRUCTION (1)
(units and percentages)

	Personal computers per 100 employees		Company website		Activities carried out on the Internet in 2001			
	2000	2001	2000	2001	Sales	Purchases	Customer and supplier services	Staff recruitment
North-West	44.4	43.4	83.3	86.9	7.5	15.2	32.0	10.3
North-East	32.9	35.9	86.7	86.0	8.7	14.2	26.4	13.6
Centre	41.8	47.8	77.9	83.8	6.8	14.1	24.2	11.0
South and Islands	29.3	30.0	64.3	72.3	4.6	7.5	22.6	9.2
Italy	39.2	40.6	81.6	84.6	7.4	13.9	28.0	11.3

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

(1) Firms with at least 50 employees. End-of-period data.

The number of PCs per 100 employees ranges from 48 in the Centre to 30 in the South and Islands. Companies based in the South and Islands have made up ground in terms of having a website, but the proportion of those that use the Internet for business is still significantly below the national average. It is relatively more common in the North-East for firms to use the Internet to obtain information on their bank current account and for receipts and payments.

Despite the spread of websites and Internet links, the growth of electronic commerce remains limited. Only 7.4 per cent of the firms surveyed sold their products over the Internet, while 13.9 per cent used the Internet for purchases; the figures are considerably lower for firms in the South and Islands.

Building and construction

The growth in value added at factor costs in the construction sector rose from 2.3 to 4.5 per cent in real terms. Investment grew by a further 3.7 per cent in 2001, compared with 5.6 per cent in 2000; as in the previous year, the increase was more pronounced in non-residential building (4.5 per cent, compared with 10.3 per cent in 2000).

According to the regional Reports, investment in buildings for commercial and industrial use showed strength in Tuscany, Lazio, Abruzzo and Calabria. In Veneto, investment in buildings by industrial companies was a contributory factor. In Puglia, investment was buoyed by the construction of new supermarket and hypermarkets. In Campania, the extension of the incentives provided for by Law 488/1992 to the tourist and distributive sectors led to a recovery of investment in construction in those sectors as well.

Investment in residential buildings grew by 3 per cent (against 5.2 per cent in 2000) and was stimulated by housing renovation work, which has been fostered in the past few years by tax benefits.

In 2001 the Ministry for Finance received 319,000 applications for tax benefits for extraordinary maintenance and renovation work, a rise of 16.6 per cent on top of that of 7.4 per cent in 2000. The increase was larger in the regions of the Centre and North than in the South and Islands (17.7 as against 9.7 per cent); in the southern regions, the ratio of applications to the number of existing housing units was again one third the national average.

In Piedmont, Tuscany and Lazio, residential building also benefited from the rise in housing starts. In Veneto, investment in new buildings exceeded that for extraordinary maintenance and renovation. Private building also expanded in Trentino-Alto Adige and Umbria, where the reconstruction of private and public buildings damaged by the 1997 earthquake continued. In Marche, most of the support for residential building came from the public segment (see the related Reports).

Public works spending, which had decreased by 1.4 per cent in 2000, rose by 4.6 per cent.

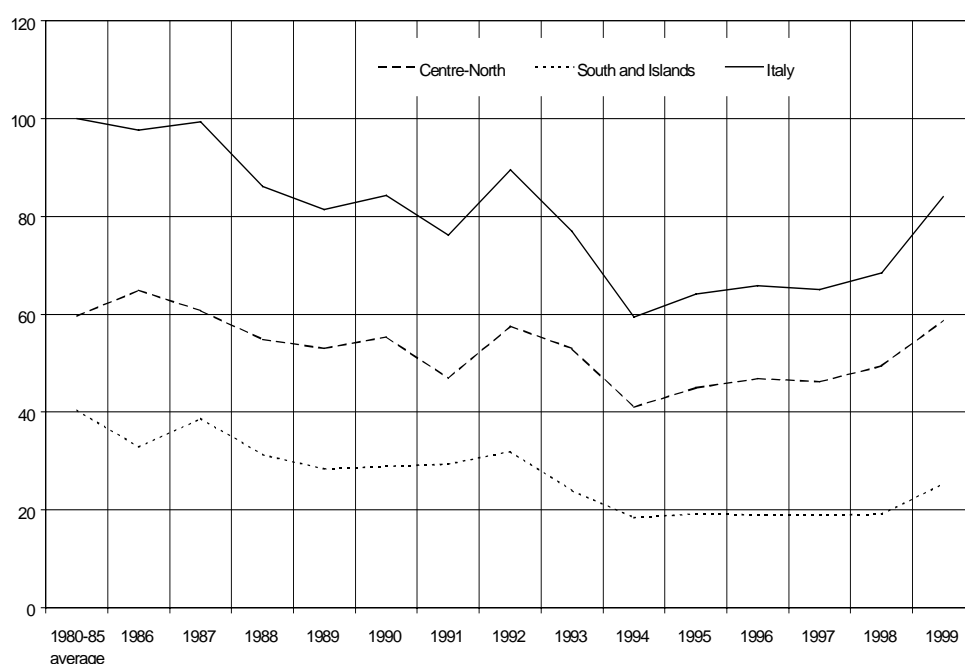
According to CRESME estimates, the value of public works at current prices put out to tender rose appreciably by 11.9 per cent after two successive years of decline (-8.5 per cent in 2000). Set against increases of 31.1 per cent in the northern regions and 12.2 per cent in the Centre, there was a fall of 14.7 per cent in the South and Islands.

After reaching a low in the mid-1990s, public works activity recovered in the subsequent years (Figure B2). At the end of 1999 the value at constant prices of the projects realized had risen back to the levels of the beginning of the decade in the North and Centre but remained lower in the South and Islands.

Figure B2

**VALUE OF PUBLIC WORKS REALIZED
BY GEOGRAPHICAL AREA (1)**

(at 1995 prices; indices: average for Italy 1980-85=100)



Source, Based on Istat, *Rilevazione trimestrale sulle opere pubbliche*. See the Methodological Notes in the Appendix.
(1) The projects realized do not include housing.

The performance of the public works sector was positive in 2001 in Piedmont and Lombardy. In Liguria, urban renewal projects in the first half of the year in preparatory to the G-8 summit in Genoa boosted activity in the sector. In Campania, the value of works realized rose substantially. In Sicily, by contrast, the complexity of the procedures for awarding contracts and the lengthiness of the examination phase were a brake on the sector's growth (see the related Reports).

According to a survey carried out by the Bank of Italy's branches in April and May 2002 with the major construction firms, the leading entities awarding public works contracts and local trade associations, activity in the sector was intense in many regions, particularly in Piedmont, Lombardy, Emilia-Romagna, Tuscany, Campania and Puglia. The sector's medium-term prospects continued to be considered positive. In some regions, particularly in Piedmont, Lombardy and Campania, the interviewees signaled the possibility of supply-side constraints in view of a high rate of capacity utilization.

The recovery in the property market strengthened. It was favoured in the past years by the low level of interest rates and, more recently, by the shift of savings into investment in real estate following the fall in the stock markets. The prices of dwellings continued to rise rapidly.

Data from the Ministry of the Interior show that the number of transactions in the housing market rose to 690,000 in 2000, compared with just over 480,000 in 1996. The largest increase occurred in the regions of the Centre.

According to the index of the selling prices of new or wholly renovated dwellings, calculated by the Bank of Italy on the basis of information derived from Il Consulente Immobiliare, real housing prices in Italy rose by 6.2 per cent over the two years 2000 and 2001; in 2001 alone the increase was 5 per cent. The largest increases were recorded in the provincial capitals of Tuscany, Emilia-Romagna and Lombardy (see the related Reports).

Services

The value added at factor costs in the service sector grew in real terms by 2.5 per cent in 2001, compared with 3.5 per cent in 2000.

In the sector comprising wholesale and retail trade and repairs, the annual growth in value added declined from 3.8 to 1.6 per cent; in retail trade, excluding car, motorcycle and motorbike sales, the increase came to 1.5 per cent (3.3 per cent in 2000).

The growth in the value added of hotels and restaurants slowed down significantly, from 8.2 to 3.4 per cent.

In the air and maritime transport sector, the increase in value added was equal to 1.8 per cent, substantially less than in 2000 (5.3 per cent).

Wholesale and retail trade. – Among fixed retail outlets, sales growth at current prices was again higher for supermarkets and hypermarkets than traditional stores. The negative differential between the growth of total sales in the South and Islands and the national average narrowed further to 0.2 percentage points, from 1.6 points in 1999 and 0.5 points in 2000. Retail sales growth was strongest in the regions of the Centre.

New car registrations numbered just over 2.4 million and were flat over the year as a whole, compared with an increase of 3.9 per cent in 2000. Sales rose by 4.4 per cent in the Centre and by 1 per cent in the South and Islands, but fell by 2.6 per cent in the North.

According to the National Wholesale and Retail Trade Observatory at the Ministry of Commerce, the number of retail outlets grew further in 2000. The balance between openings and closings was positive by 8,447 units, compared with 528 in 1999 and 12,562 in 2000; the South and Islands accounted for more than 90 per cent of the overall gain. In the North-West the difference between openings and closings was slightly negative. Positive balances were registered in all the regions except Lombardy, Emilia-Romagna and Friuli-Venezia Giulia. As in 2000, the balance was larger for local units of chains than for stand-alone businesses.

In the Centre and North, the increase in outlets exclusively concerned local units of chain stores; traditional small retail trade continued to contract, with a net loss of 2,139 independent units. In the South and Islands, by contrast, small independent retail units accounted for nearly 70 per cent of the net increase, up from 62 per cent in 2000. At the end of 2001 chain store outlets accounted for 20 per cent of all retail outlets in the North, 17.4 per cent in the Centre and 14.9 per cent in the South and Islands.

Among store that opened in 2001, just over 90 per cent of the surface area of traditional small retail outlets (identified as those where the location of sales activity coincides with the registered place of business) was attributable to neighbourhood stores (95 per cent in 2000); among local outlets of chains, neighbourhood stores accounted for 65 per cent of the surface area (74 per cent in 2000) and medium-sized stores 25 per cent (21 per cent in 2000). More than 76 per cent of the number of openings and 72 per cent of the surface area regarded the non-food sector; these percentages were in line with those of the previous year.

In 2000 there was a let up in the pace of expansion of supermarkets and hypermarkets, especially in the South and Islands (Table B2). The southern regions remained underendowed with modern retail outlets; surface area per inhabitant was equal to 57 per cent of the national average.

Table B2

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	1,130	839	501	845
1999	1,204	925	561	916
2000	1,187	995	593	934
2001	1,195	1,008	622	951
	Hypermarkets			
1992	206	187	52	147
1998	320	253	78	219
1999	346	256	90	236
2000	477	294	127	314
2001	550	359	132	361

Source: Based on Ministry of Commerce data. As at 1 January of the year indicated.

According to a recent ISAE study, Legislative Decree 114 of 13 March 1998 (the so-called Bersani Law) has had a beneficial impact on competitive conditions in small retail trade. The liberalization of opening for smaller businesses appears to be largely responsible for the high positive balance between openings and closings in the last two years, especially in the South and Islands, where the surfacing of underground activity in response to the simplification of administrative formalities following the reform also contributed to this outcome.

Evaluations of the effects of the Bersani Law for large-scale distribution are less clear-cut. No region approved the regulations by the deadline (April 1999). The wide discretion left to the local authorities has produced different results. According to an ISAE indicator that takes account of the timetable for implementing the regional measures, the actual completion of the reform and the possible maintenance of restrictive quotas for large outlets, the degree of liberalization is highest in the North, where the density of small stores is lowest and that of supermarkets and hypermarkets highest.

These indications are confirmed by the findings of a survey of large-scale food distribution, conducted by the branches of the Bank of Italy on a sample of around 100 firms with at least 50 employees (accounting for around half of the turnover of firms in the reference universe). Seventy per cent of the firms interviewed were of the opinion that obstacles still lay in the way of the opening and expansion of outlets; the figure rises to 85 per cent for firms with at least 500 employees and for those based in the South and Islands. The obstacles were attributed mainly to the delays in establishing regional planning criteria (particularly for the firms in the South and Islands) and, to a lesser extent, the delays in the granting of permits.

There were 537 shopping centres at 1 January 2001, 64 more than at the start of 1999. The expansion was fastest in the South and Islands, where the number rose by 26 per cent to 73; however, surface area per inhabitant was equal to only 42 per cent of the national average (compared with 37 per cent at the start of 1999).

Franchising continued to spread in Italy. According to Assofranchising, in 2001 there were 592 franchisors, up from 560 in 2000, and more than 31,000 franchisees, an increase of 5.7 per cent. Around 72 per cent of the franchisors were located in the North, 19 per cent in the Centre and 9 per cent in the South and Islands.

Tourism. – In 2001 arrivals at lodging facilities and overnight stays increased by 1.9 and 3 per cent respectively, compared with 7.7 and 9.9 per cent in 2000 (Table B3). The foreign component again outpaced the domestic component, despite the fall in the number of foreign tourists (especially Americans and Japanese) in the last four months of the year due mainly to the terrorist attacks of 11 September

Table B3

TOURIST TRAFFIC BY GEOGRAPHICAL AREA IN 2001

(percentage changes on 2000)

	Italian		Foreign		Total	
	Arrivals	Overnight stays	Arrivals	Overnight stays	Arrivals	Overnight stays
North-West	0.9	-0.2	3.6	4.1	2.0	1.4
North-East	3.0	2.8	4.8	5.5	3.9	4.0
Centre	-0.1	1.5	-2.5	1.0	-1.3	1.3
South and Islands	3.3	4.2	4.0	4.5	3.5	4.3
Italy	1.9	2.4	2.0	4.0	1.9	3.0

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

In Veneto, the effects of the terrorist attacks appear to have been attenuated by a moderate decline in arrivals of foreigners in the main cities. In Friuli-Venezia Giulia, the international crisis probably favoured the arrival of numerous tourists from central Europe, who preferred places closer to home to overseas destinations. In Tuscany, the balance between domestic and foreign tourist flows has shifted in recent years to the benefit of the former (see the related Reports).

Tourism grew in all the geographical areas. In the Centre there was a fall in the number of arrivals, especially of foreigners, but an increase in the average stay. As in 2000, the sharpest increases in overnight stays were recorded in the South and Islands and the North-East.

According to the Report on Lazio, the monthly sample survey on international tourism conducted by the Italian Foreign Exchange Office indicated a significant reduction in arrivals of foreigners compared with 2000, the Jubilee year. According to the Report on Sardinia, overnight stays of German and British tourists increased; in recent years arrivals have been stimulated by, among other things, the development of low-cost flights between Britain and the airports of Alghero and Olbia.

Transport. – According to Istat data, the turnover at current prices of the maritime transport industry increased by 5.1 per cent in 2001, compared with 0.2 per cent in 2000. Container traffic in Italy's main ports slowed down from the rapid growth registered in 2000; in Gioia Tauro it contracted and in Genoa it decelerated, especially in the second half of the year (Table B4).

Table B4

CONTAINER TRAFFIC IN THE LEADING ITALIAN PORTS (1)

(thousands of TEUs and percentage changes)

	1998	1999	2000	2001	% change 1998-99	% change 1999-2000	% change 2000-01
Gioia Tauro	2,094	2,203	2,653	2,488	5.2	20.4	-6.2
Genoa	1,266	1,234	1,501	1,527	-2.5	21.6	1.7
La Spezia	732	843	910	975	15.2	7.9	7.1
Livorno	535	480	501	502	-10.3	4.4	0.1
Naples	320	334	397	430	4.4	18.9	8.5
Salerno	251	267	276	321	6.3	3.5	16.4
Venice	206	200	218	246	-3.2	9.1	12.9
Trieste	174	189	206	201	8.7	8.9	-2.7
Ravenna	173	173	181	158	0.5	4.4	-12.7
Total	5,750	5,923	6,842	6,847	3.0	15.5	0.1

Source: Based on Port Authority data.

(1) The ports in the table account for more than 80 per cent of the container traffic in Italy.

According to the Report on Calabria, the fall in activity in Gioia Tauro, which came after six years of uninterrupted growth, was attributable both to the international economic slowdown and to growing competition from other Mediterranean ports.

The turnover of the air transport industry, which had expanded by 17 per cent in 2000, fell by 1.4 per cent. This was partially due to the negative results for the fourth quarter, following the terrorist attacks of September 2001.

According to Assaeroporti, commercial air traffic in Italian airports grew by 0.6 per cent in 2001, significantly less than in 2000. The number of passengers fell by 2.4 per cent, after growing by 11 per cent in 2000; the decline was concentrated in the

last four months of the year (between January and August passenger traffic was up by 2.8 per cent). The number of passengers fell by 10.4 per cent at Milan's Malpensa airport and by 2.7 per cent at Fiumicino Airport in Rome. It also declined in the other main airports of the South and Islands (Naples, Catania, Palermo and Cagliari).

Foreign trade and direct investment

Foreign trade. – In 2001 the deceleration in world trade and the weakness of domestic demand led to a significant slowdown in foreign trade. The gains in competitiveness deriving from the depreciation of the euro continued to accrue up to June and then diminished in the subsequent months.

Exports at current prices rose by 3.6 per cent, compared with 17.8 per cent in 2000. Imports remained basically unchanged, with growth of 0.7 per cent, compared with 24.9 per cent the previous year. Partly as a consequence of the decline in the prices of oil and raw materials, Italy's *cif-fob* trade surplus expanded from €1.8 billion to €9.5 billion.

Export growth was fastest in the North; it was lower than the national average in the South and Islands and the Centre (Table B5). Excluding oil products, which accounted for 13.3 per cent of the total for the South and Islands, export growth was slightly higher in the southern regions than in the Centre and North.

The performance of exports in the different outlet markets reflected the deterioration in economic activity in the euro area, the United States and Latin America. However, the results differed according to exporting region. Exports to the euro area were basically flat throughout Italy except for the South and Islands, where they increased by 2.4 per cent. The North-East and the South and Islands maintained positive export growth (of more than 3 per cent) towards the United States, and the North-West towards Central and South America (10.3 per cent). Despite the recession in Japan and slower growth in many Asian countries, all areas of Italy increased their exports to those economies significantly.

The prospects of the enlargement of the European Union helped to foster trade integration between Italy and the countries of Eastern and Central Europe and the former Soviet Union. Exports to this group of countries expanded by an average of 23 per cent; those from the South and Islands grew by 12 per cent. For the regions of the North, Eastern Europe and the former Soviet Union replaced the United States as the second most important outlet market after the euro area.

Table B5

EXPORTS (FOB) BY GEOGRAPHICAL AREA IN 2001*(current values; percentage changes on 2000)*

	North-East	North-West	Centre	South and Islands	Italy
Euro area	0.7	-0.1	-0.6	2.4	0.4
Rest of Europe excluding the UK	6.7	8.4	12.8	0.6	7.3
United Kingdom	-1.1	1.8	-1.2	3.9	0.3
Eastern Europe excluding the former USSR	22.2	24.7	24.7	12.4	22.7
Africa	21.7	15.0	-16.6	12.1	10.7
United States	-1.8	3.7	-10.9	3.3	-1.7
Canada and Greenland	8.3	8.6	16.7	9.6	10.0
Central and South America	10.3	-13.4	-0.4	-16.2	-1.7
Middle East	4.7	8.9	3.8	-8.8	4.0
China	51.7	28.5	35.0	6.2	37.5
Japan	7.4	6.5	14.6	7.4	8.4
Other Asian countries	2.7	6.2	11.4	5.6	5.5
Australia and others	10.0	3.5	-14.9	-22.1	-0.4
Total	4.4	4.2	1.2	2.2	3.6

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

The markets of Eastern Europe assumed increasing importance for Italy during the 1990s, in part making up for the shares lost in other European markets. The degree of trade integration of Italy's regions with the Central and Eastern Europe countries (CEECs) involved in the process of EU enlargement (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia) is very uneven. For some regions (Piedmont, Veneto, Friuli-Venezia Giulia, Emilia-Romagna, Umbria, Marche, Abruzzo and Basilicata), the trade flows are higher than the national average, reflecting those regions' geographical proximity and export specialization. In 2000 60 per cent of the trade of these regions with the CEECs involved motor vehicles, machinery, chemicals, textiles and footwear, in which the CEECs are also specialized, albeit in qualitatively lower segments. In textiles, clothing, leather and footwear, outward processing trade accounts for around 20 per cent of Italian trade with these countries.

In the last ten years outward processing has become an important phenomenon in many parts of Italy. In Veneto, the value of goods reimported following processing abroad rose from 0.2 to 3.5 per cent of the value added in industry between 1991 and 2000. By contrast, the value of re-exports from Veneto was equal on average to 2.5 per cent of industrial value added throughout the period. In 2000 Europe accounted for 97.5 per cent of the total flows connected with outward processing. The counterparties of the industries most heavily involved (tanning, leather, textiles and clothing) were firms in Eastern Europe. In Puglia, the re-imports of the leather and footwear sector were equal to an average of 23.9 per cent of the sector's total imports in the period 1993-2001. The flows between that region's firms and industries abroad regarded the Eastern Europe countries, particularly Albania (see the Reports on Veneto and Puglia).

In the manufacturing sector, exports grew by 3.2 per cent overall and faster than that for food products, textiles and clothing, footwear, chemicals, machinery and equipment, but those of transport equipment and wood products fell by more than 2 per cent (Table aB4).

In Sicily, the value of exports (nearly half of which came from oil products) declined by 5.8 per cent, reflecting the slowdown of the industrial economies and the fall in the price of oil. Foreign demand also fell (by 26.5 per cent) for the electronics industry, which accounts for 15.4 per cent of Sicily's non-oil exports. Liguria recorded export growth of 16 per cent, thanks above all to the engineering and transport equipment sectors; however, the high unit value of the production of shipyards and long delivery schedules can result in considerable year-to-year variations in export volumes (see the related Reports).

The classification of the sectors of manufacturing on the basis of the technological level of their products (Pavitt taxonomy) shows that in the North-East and in the South and Islands, as at the national level, the traditional industries (in particular, textiles, footwear and furniture) made the chief contribution to exports (Table B6).

In the Centre and the North-West, by contrast, the growth in manufacturing exports was driven by the specialized sectors (machinery and transport equipment, excluding motor vehicles). The slowdown in world demand for high-tech products (primarily, electrical and electronic equipment and pharmaceuticals) limited their contribution to export growth. In the Centre, the high-tech sectors' exports fell by 11 per cent, making a negative contribution of 2.1 percentage points to overall export growth.

Imports rose by around 1 per cent in the North and Centre, whereas they fell by 2.3 per cent in the South and Islands.

The decline in the price of crude oil led to a 14.2 per cent reduction in the value of imports of oil products. There was also a substantial decline in imports of paper products, wood products, and electrical and electronic equipment. On the other hand, imports expanded in some traditional sectors, particularly those of leather products, textiles, food products and, most notably in the Centre, transport equipment.

Table B6

**CONTRIBUTION OF THE SECTORS OF MANUFACTURING TO THE
GROWTH OF EXPORTS IN 2001 BY GEOGRAPHICAL AREA (1)**
(percentages and percentage points)

	Growth rate of exports of manufactures	Type and degree of specialization (2)	Contributions to the growth of exports			
			Traditional sectors	High-tech sectors	Specialized sectors	Sectors with economies of scale
Piedmont	1.5	SP(1.2) SC(1.1)	0.6	0.8	1.3	-1.3
Valle d'Aosta	-2.4	SC(2.2) SP(1.2)	1.6	0.5	-2.4	-2.1
Lombardy	4.5	HI (1.3) SP(1.1)	1.4	0.8	1.9	0.4
Liguria	18.4	SP(1.4)	0.7	1.6	15.1	1.0
North West	4.0	SP(1.1) HI(1.1)	1.2	0.8	2.1	-0.1
Trentino-Alto Adige	1.7	SC(1.1)	2.1	0.9	-0.2	-1.1
Veneto	5.0	TR(1.3) SP(1.1)	3.7	0.6	0.2	0.5
Friuli-Venezia Giulia	2.9	SP(1.4)	0.1	-0.4	1.2	2.0
Emilia-Romagna	3.0	SP(1.4) SC(1.2)	0.9	0.7	0.8	0.5
North-East	3.8	SP(1.2)	2.2	0.5	0.6	0.6
Tuscany	2.9	TR(1.7)	1.2	1.2	0.3	0.1
Umbria	-0.2	SC(1.6) TR(1.1)	0.5	-0.4	2.0	-2.3
Marche	9.9	HI (1.6) TR(1.5)	4.6	3.0	1.7	0.7
Lazio	-8.6	HI (3.9)	0.9	-11.6	4.8	-2.6
Centre	0.8	HI(1.4) TR(1.3)	1.7	-2.1	1.9	-0.7
Abruzzo	6.3	SC(1.6) HI(1.1)	3.7	0.9	0.4	1.3
Molise	7.4	TR(1.7) SC(1.4)	7.2	0.1	-1.0	1.1
Campania	7.4	HI (1.8) TR(1.1)	2.7	1.3	-0.9	4.4
Puglia	-0.2	TR(1.4) SC(1.2)	1.6	0.7	0.9	-3.4
Basilicata	7.3	SC(3.0)	-0.3	0.3	0.7	6.6
Calabria	-13.2	TR(1.6)	-0.2	-0.4	-12.6	-0.1
Sicily	-6.0	SC(2.9) HI(1.2)	-0.9	-2.0	0.9	-4.0
Sardinia	-7.2	SC(3.6)	1.2	0.1	1.4	-9.8
South and Islands	1.7	SC(1.8)	1.8	0.3	0.2	-0.5
Italy	3.2	-	1.7	0.2	1.4	0.0

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

(1) Rounding may cause discrepancies between the sum of the contributions and the total changes. – (2) The column indicates the main specializations of each region or area in the four sectoral categories: TR = traditional; SP = specialized; SC = with economies of scale; HI = high-tech. The related index of specialization (shown in brackets) refers to 2000 and is calculated as the ratio of the regional share of exports in a given group to the corresponding share for Italy. The figures for Italy also include exports not allocated at the regional level.

Foreign direct investment. – In 2001 there was further internationalization of Italian firms in the form of direct investment in companies or the transfer of part of production abroad. Net non-bank outward direct investment nearly doubled to more than €23.6 billion. As in 2000, the main Italian investors were located in the North-West (Table B7). There was also significant direct investment abroad by firms

located in the Centre. Net non-bank inward direct investment increased to around €15.8 billion, thanks to the growth in net inflows in the North-West, particularly, in Lombardy. The amount of foreign direct investment in the South and Islands was modest.

Table B7

**INWARD AND OUTWARD DIRECT INVESTMENT
BY GEOGRAPHICAL AREA (1)**

(balances and changes in millions of euros)

	Inward investment		Outward investment		Change 2000-01	
	2000	2001	2000	2001	Inward	Outward
North West	5,064	8,189	7,893	12,845	3,125	4,951
North East	2,045	1,779	1,388	2,207	-266	819
Centre	2,404	1,345	915	8,434	-1,058	7,520
South and Islands	550	196	127	1,123	-354	996
Not indicated	3,821	4,329	362	-1,009	509	-1,371
Italy	13,883	15,839	10,685	23,600	1,955	12,915

Source: Based on Italian Foreign Exchange Office data.

(1) A positive balance on inward investment indicates a net capital inflow, one on outward investment a net capital outflow. Investment in property and trade credits between companies linked by shareholding relationships are excluded. Outward investment does not include that by the Italian banking sector, inward investment that in the Italian banking sector. Rounding may cause discrepancies in totals.

Inward direct investment in Campania grew but was still very low in relation to the national total, while it accounted for more than half of all inward investment in the South and Islands. Econometric estimations designed to analyze the determinants of the location of investment by foreign in Italy show that foreign companies prevalently choose the regions where the productive fabric is most closely knit and multinational companies are already present. The size of the regional market and the level of infrastructure endowment are also significant factors attracting capital (see the Report on Campania).

Corporate profitability

In 2001 the ratio of companies' gross operating margin (EBITDA) to value added remained broadly unchanged from 2000. The growth in debt led to an increase in net interest expense. Self-financing declined in relation to value added. Firms' financial requirement also decreased, as a consequence of the slowdown in gross fixed investment and the reduction in stocks.

For the companies included in the sample of the Company Accounts Data Service in the period from 1997 to 2000 (the last year for which Service data are available), gross operating margin rose from 42.2 to 44.1 per cent of value added (Table B8). The increase involved all parts of the country. Over the whole period the ratio of gross operating margin to value added was highest in the Centre (in 2000 it stood at 53.6 per cent, compared with figures of around 40 per cent in the rest of the country).

Table B8

**INDICATORS OF CORPORATE PROFITABILITY
BY GEOGRAPHICAL AREA**
(percentages; weighted averages)

	Gross operating margin / value added				Return on assets			
	1997	1998	1999	2000	1997	1998	1999	2000
North West	38.8	40.1	39.7	41.0	2.0	2.0	2.3	1.9
North East	38.0	39.4	39.0	39.5	1.9	2.0	2.4	2.0
Centre	51.7	54.8	53.9	53.6	2.8	2.9	4.3	3.9
South and Islands	38.6	40.4	38.3	40.3	2.4	2.4	2.1	1.7
Italy	42.2	44.1	43.3	44.1	2.2	2.3	2.8	2.4

Source: Company Accounts Data Service, based on a closed sample of around 36,000 firms.

The ratio of value added to total assets fell by 3.4 percentage points to 21.6 per cent; the decline was sharpest in the North-West and the Centre. At the end of 2000 the ratio was still lowest in the South and Islands, but the gap with the rest of Italy had narrowed compared with 1997. Between 1997 and 2000 net interest expense fell from 8 to 2.2 per cent of the gross operating margin. The fall in interest rates and the reduction in companies' debt contributed to this result. In the South and Islands the contraction was smaller (from 13.5 to 11.9 per cent), widening this gap with the rest of Italy.

The return on assets fell back from 2.8 per cent in 1999 to 2.4 per cent in 2000, 0.2 percentage points above its 1997 level. Between 1997 and 2000 the return on assets declined by 0.7 points to 1.7 per cent in the South and Islands. In each of the four years it was highest in the Centre, thanks in part to the higher profitability of some large companies.

The provincial economic accounts

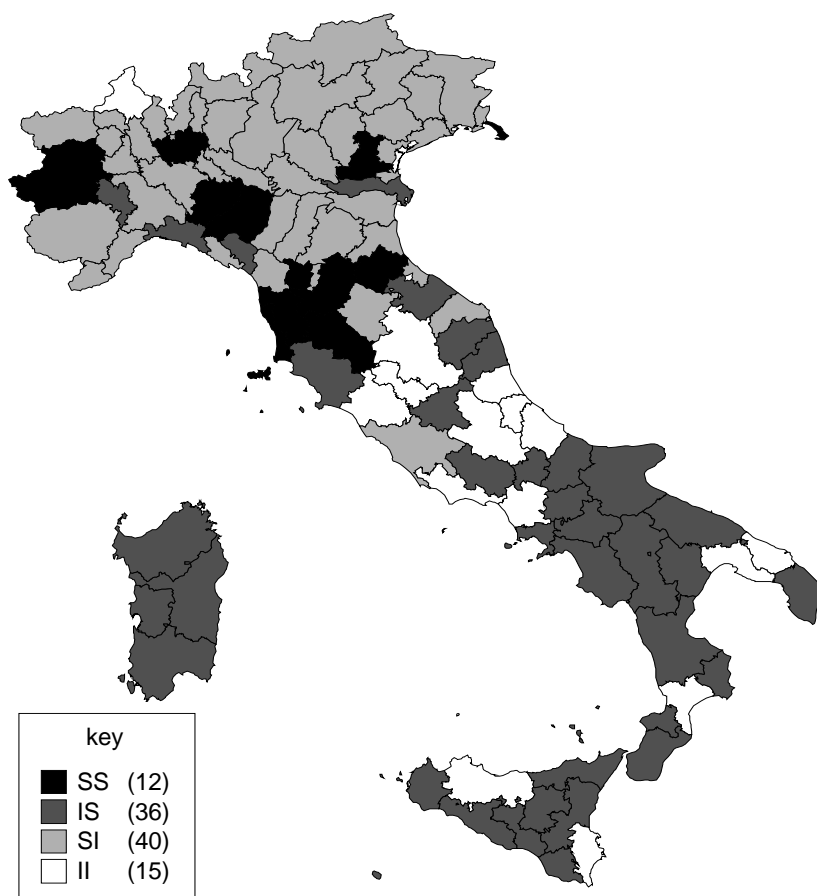
Istat has published the estimates of value added in the Italian provinces in the period from 1995 to 1999. The estimates confirm the existence of large differentials in per capita output. In 1999, in particular, no province of the South and Islands had per capita value added above the national average (33 million lire), where in the North only Verbania, Asti and Rovigo provinces were below that level.

Of the 51 provinces whose per capita value added was lower than the national average in 1995, a total of 36 (including 26 in the South and Islands) recorded above-average growth rates in the five years in question. Of the 52 provinces that placed above the national average in 1995, 40 recorded below-average increases (Figure B3).

The provincial economic accounts for 1995-99 confirm the signs of dynamism of the South and Islands, after the widening of the gap with the Centre and North in the first half of the 1990s. In those years all the regions of the Centre and North, except Umbria and Lazio, grew faster than the national average, while those of the South and Islands, which started out from lower levels of per capita output, showed lower average rates of growth. By contrast, in the second half of the 1990s growth was more rapid in the South and Islands than in the parts of Italy.

Figure B3

**GROWTH OF PER CAPITA OUTPUT
IN THE ITALIAN PROVINCES: 1995-99 (1)**



Source: Based on Istat, *Conti provinciali*.

(1) SS (II) indicates provinces with per capita value added higher (lower) than the national average in 1995 that between 1995 and 1999 grew at rates higher (lower) than the average. IS (SI) indicates provinces with an initial level of per capita value added lower (higher) than the national average that between 1995 and 1999 grew at rates higher (lower) than the average.

The demographics of enterprises and the first results of the census of industry and services

The demographics of enterprises. – In the five years from 1997 to 2001 the non-farm business entry and exit rates were close to 7 per cent: around 14 companies out of 100 opened or went out of business every year (Table B9). Turnover was higher for sole proprietorships (almost 17 per cent) and lower for corporations and partnerships (around 8 per cent). Only partnerships had a negative balance.

Table B9

**ENTRY, EXIT AND GROWTH RATES OF NON-FARM ENTERPRISES
BY GEOGRAPHICAL AREA AND SECTOR (1)**
(averages 1997-2001)

	Entry rate	Exit rate	Growth rate
North-West	6.6	6.8	-0.2
Industry excluding construction	4.9	6.0	-1.1
Construction	9.3	6.7	2.6
Wholesale and retail trade	6.1	7.4	-1.3
Other services	6.7	6.7	0.0
North-East	7.1	6.8	0.3
Industry excluding construction	5.5	6.0	-0.5
Construction	9.7	6.4	3.3
Wholesale and retail trade	6.1	7.2	-1.1
Other services	7.7	7.1	0.6
Centre	7.1	7.1	0.0
Industry excluding construction	5.4	6.1	-0.7
Construction	8.7	6.6	2.1
Wholesale and retail trade	6.3	7.2	-0.9
Other services	8.0	7.4	0.6
South and Islands	7.0	6.1	0.8
Industry excluding construction	6.5	6.4	0.1
Construction	7.5	6.2	1.3
Wholesale and retail trade	6.5	6.0	0.5
Other services	7.8	6.2	1.6
Italy	6.9	6.7	0.2
Industry excluding construction	5.1	5.6	-0.5
Construction	8.8	6.5	2.3
Wholesale and retail trade	6.3	6.8	-0.5
Other services	7.4	6.8	0.6

Source: Unioncamere, *Movimprese*.

(1) Excludes unclassified enterprises. Growth rates are calculated as the percentage ratio of the number of firms registered to the number in business, exit rates as the percentage ratio of the number deregistered to the number in business, growth rates as the percentage ratio of the balance between firms registered and deregistered to the number in business.

Net enterprise creation amounted to 0.2 per cent. Only the construction sector showed significant growth over the period (2.3 per cent).

The market entry of new firms was relatively limited in the North-West. The exit rates were highest in the Centre. The South and Islands recorded the largest net enterprise creation, with an average growth rate of 0.8 per cent over the period; this may have been due in part to the surfacing of some underground economic activity and the greater public incentives for business start-up in the South and Islands than in the rest of Italy.

The South and Islands recorded a positive net change in the number of enterprises in all the main non-farm sectors. The rest of the country showed a negative balance for wholesale and retail trade and industry excluding construction.

Corporations generally had the highest growth rates. In the North-East, their net growth rate (2.4 per cent) was pushed up by the transformation of many partnerships. The increase in corporations was also significant in the South and Islands (2.1 per cent), where the rate of growth in the number of sole proprietorships was more than double the national average.

There remain geographical differences in the structure of firms by legal form. In 2001 non-farm sole proprietorships accounted for 72.4 per cent of all non-farm businesses in the South and Islands, compared with a national average of 64.6 per cent. Corporations made up between 13 and 16 per cent of the population of non-farm businesses in the North and Centre, compared with 9 per cent in the South and Islands.

The results of the 2001 census of industry and services. – The preliminary data of the 2001 census of industry and services show a growing shift to a service economy. Between 1991 and 2001 services other than distribution had the highest employment growth in all parts of the country, with a peak of 32.1 per cent in the South and Islands (Table B10). The smallest decline in employment in industry came in the North-East (3.4 per cent, compared with a national figure of 9.6 per cent).

In municipalities belonging to local manufacturing labour systems (or industrial districts), defined by Istat with reference to the 1991 census, the overall growth in employment in industry and services was much more rapid than in the other municipalities (7.9 per cent, compared with 1 per cent). In the industrial districts, employment expanded more than twice as fast in non-distributive services (42.6 against 19.6 per cent) and its contraction in industry was much more moderate (4 against 13.3 per cent). In the districts of the North-East, industrial employment remained almost unchanged.

The districts' share of total employment in industry rose from 39.2 per cent in 1991 to 41.7 per cent in 2001. In the North-East, in particular, they account for the bulk of employment in the sector (59.9 per cent, compared with 58.2 per cent in 1991).

The average size of local units of firms declined slightly, from 4 to 3.9 workers. The contraction was more pronounced in industry, from 6.7 to 6.3 workers. The North-East alone registered an increase in the average number of employees of local industrial units (from 6.6 to 6.9), but its figure was still smaller than that for the North-West (7.7).

Table B10

**EMPLOYEES OF LOCAL UNITS
BY GEOGRAPHICAL AREA AND SECTOR (1)**
(percentage changes 1991-2001)

	Industry	Wholesale and retail trade	Other services
		Industrial Districts	
North West	-6.5	6.3	46.5
North-East	-0.5	7.2	35.8
Centre	-4.7	1.4	49.8
South	-9.5	-3.3	44.9
Islands	-	-	-
Italy	-4.0	5.4	42.6
		Others	
North-West	-18.6	-0.1	15.5
North-East	-7.4	4.2	24.6
Centre	-12.5	-1.2	15.4
South	-9.3	-1.2	31.5
Islands	-14.9	-6.3	11.1
Italy	-13.3	-0.7	19.6
		Total	
North-West	-13.4	1.9	23.4
North-East	-3.4	5.6	29.3
Centre	-9.4	-0.5	21.7
South	-9.3	-1.3	32.1
Islands	-14.9	-6.3	11.1
Italy	-9.6	0.9	24.7

Source: Based on Istat, *Censimento dell'industria e dei servizi* (1991 and 2001).

In wholesale and retail trade the modest national increase in the average size of local units (from 2.4 to 2.5 workers) reflected an unchanged situation in the Centre and the South and Islands and an increase from 2.6 to 2.9 workers in the North-East, closing that area's gap vis-à-vis the North-West.

C – THE LABOUR MARKET AND REGIONAL POLICIES

Employment

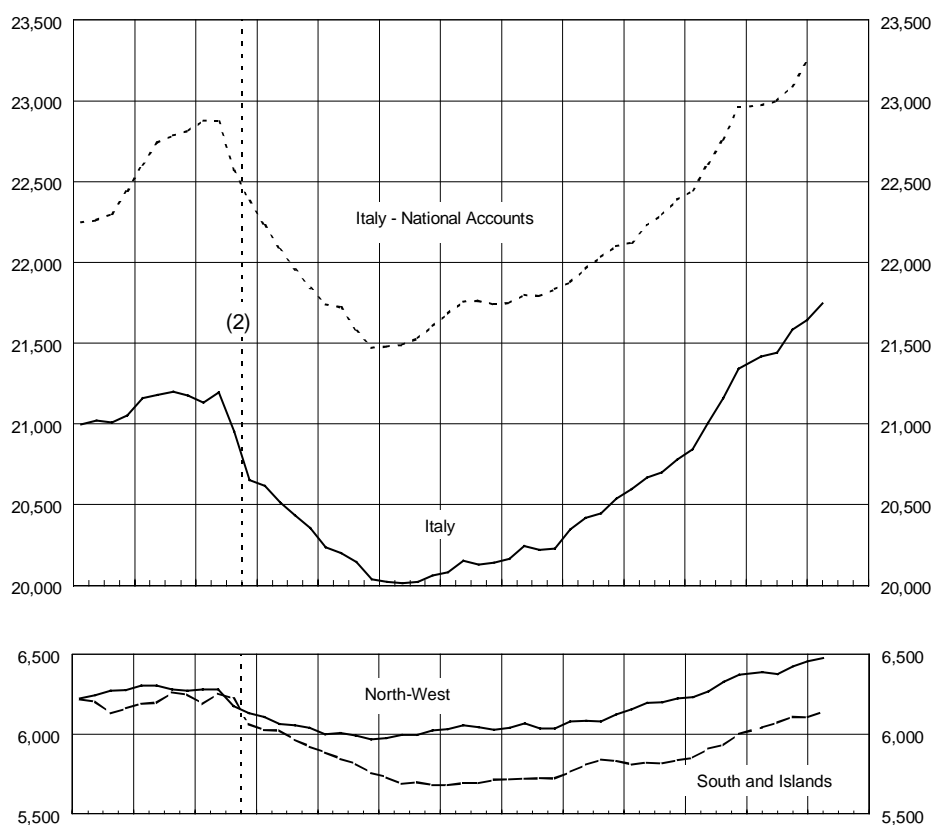
According to the labour force survey, in 2001 total employment in Italy increased by an average of 2.1 per cent, corresponding to 435,000 new jobs (Table aC1). In the North-West and the Centre the growth of employment was in line with the national average and with the growth recorded in 2000. In the North-East the rate of growth was lower than average, with a slowdown from 2.3 per cent in 2000 to 1.4 per cent. In the South and Islands the employment growth that began in 1998 continued, and the area registered the fastest employment growth in Italy (2.7 per cent, or 161,000 jobs). This, however, was the only macro-region of Italy in which at the start of 2002 employment had still not regained its level of 1991-1992 (Figure C1).

The expansion of temporary and part-time employment, under way since 1993, came to a halt in 2001. Thanks in part to social contribution incentives, the number of non-agricultural workers with permanent contracts rose by 397,000, more than a third of the increase (139,000) coming in the South and Islands.

Labour demand by sector and geographical area. – The regions of the South and Islands and of the Centre showed employment growth in all the main sectors of the economy. The fastest growth (more than 7 per cent) was achieved in construction (Table aC3). Only in the Centre and South did the modest expansion in industry excluding construction that began in 1997 continue.

Among the regions of the Centre and South and Islands, industrial employment grew by more than 1 per cent in Marche, Molise, Campania, Basilicata, Calabria and Sardinia; it fell by more than 1 per cent only in Puglia and Lazio, owing mostly to contraction in pharmaceuticals and transport equipment (see the Reports on the respective regions).

Fig. C1

EMPLOYMENT BY GEOGRAPHICAL AREA (1)*(seasonally adjusted; thousands of persons)*

Fonte: Istat, *Indagine sulle forze di lavoro; Conti Nazionali*. See the Methodological Notes in the Appendix.

(1) Same where otherwise indicated, number of persons employed according to the labour force survey. – (2) A new questionnaire was introduced to the labour force survey in October 1992. The data through July 1992 are reconciled with subsequent data to take account of the methodological changes.

In the regions of the North-West and the North-East, employment growth in construction and services was partially offset by a contraction in agriculture (by more than 3 per cent) and in industry (Table aC3). The decline in industrial employment quickened in the second half of the year, as cyclical activity slowed down. The sharpest drop (of 1.2 per cent) was registered in the North-East.

In Veneto, the decline involved mechanical engineering, the wood industry, and in part the fashion sector. In Friuli-Venezia Giulia it was concentrated in shipbuilding and in wood and furniture (See the Reports on these regions).

Nationwide, the number of benefit hours paid by the Wage Supplementation Fund rose by 3.3 per cent. Ordinary benefits jumped by a third, after diminishing in 2000 (Table aC8). The contraction of extraordinary benefit hours, under way since 1996, continued.

The rise in ordinary benefits was sharpest in the North-West (50 per cent) and in the Centre (39 per cent). In the South and Islands total Wage Supplementation hours declined by 10.2 per cent, owing to a fall in extraordinary benefits. In industry excluding construction, net of the equivalent of the workers on Wage Supplementation, labour input declined by 1.3 per cent in the North-East and 0.6 per cent in the North-West, remained unchanged in the Centre, and grew 1.2 per cent in the South and Islands.

Non-regular employment. – According to Istat's National Accounts, the number of non-regular labour units increased nationwide by 349,000 (11.1 per cent) between 1992 and 1999. The rise amounted to 125,000 units between 1992 and 1995, when regular employment diminished by a million units. The share of total employment accounted for by off-the-books positions rose from 13.4 per cent in 1992 to 14.5 per cent in 1995 and 15.1 per cent in 1999.

The regional breakdown is available for 1995-1999. It shows that two thirds of the overall increase of 224,000 non-regular labour units came in the South and Islands and a third in the Centre. There was no significant change in the North (Table C1).

The share of underground employment held at about 11 per cent in both the North-West and the North-East, while rising to 15.2 per cent in the Centre and 22.6 per cent in the South and Islands. The highest incidence of off-the-books work (over 80 per cent, or 598,000 labour units in 1999) is found in services to households. Non-regular work is also quite large-scale in agriculture and construction (30 and 15 per cent respectively). It is much less important in industry excluding construction (5.7 per cent).

The sectoral distribution of off-the-books work is similar in the North-West and the North-East. In these regions, the share of irregular labour in agriculture is 20 per cent or more, in private services 15 per cent, in construction and industry less than 10 per cent. In the Centre, the shares in agriculture and industry excluding construction are just slightly higher than in the North; the main differences are in private services (where non-regular workers account for 19.2 per cent of employment) and especially in construction (18.4 per cent). In the South and Islands non-regular labour is significantly more common than in the rest of the country in all sectors. In agriculture over 38 per cent of total labour units are irregular, owing to the large-scale use of seasonal and foreign workers. In private services about a third of all work is off-the-books. In construction and the rest of industry, non-regular employment is 3 times greater than in the North.

Table C1

**NON-REGULAR LABOUR UNITS
BY GEOGRAPHICAL AREA AND SECTOR**

(thousands of units, percentages)

Sector	Non-regular labour units		Percentage of total labour units	
	1995	1999	1995	1999
	North-West			
Agriculture	43	42	16.6	19.5
Industry excluding construction	78	68	3.9	3.5
Construction	39	41	9.1	9.2
Services excluding government	593	609	15.9	15.3
Total economy	753	759	11.3	11.1
	North-East			
Agriculture	80	73	22.9	23.7
Industry excluding construction	44	42	3.2	2.9
Construction	20	14	6.2	4.4
Services excluding government	408	428	15.4	15.1
Total economy	552	557	11.2	10.9
	Centre			
Agriculture	48	43	23.5	25.2
Industry excluding construction	56	58	6.0	6.2
Construction	53	53	17.9	18.4
Services excluding government	496	564	18.0	19.2
Total economy	653	719	14.2	15.2
	South and Islands			
Agriculture	282	259	34.8	38.4
Industry excluding construction	131	132	14.7	14.5
Construction	137	133	29.3	28.8
Services excluding government	754	928	20.9	24.1
Total economy	1,305	1,451	20.7	22.6
	Italy			
Agriculture	453	417	27.9	30.4
Industry excluding construction	310	299	5.9	5.7
Construction	249	241	16.5	15.9
Services excluding government	2.251	2.529	17.7	18.6
of which: <i>to households</i> (1)	544	598	79.7	81.4
Total economy	3,263	3,486	14.5	15.1

Source: Istat. See the Methodological Notes in Appendix.

(1) Services to households and non-profit institutions serving households.

Flexibility in employment relationships

The labour force survey found that more than 90 per cent of the jobs created in 2001 were permanent (401,000 positions). Permanent jobs had accounted for about half of Italian employment growth in 2000 and less than a tenth in the years from 1996 to 1999. The share of total payrolls accounted for by employees on fixed-term contracts fell back below 9 per cent. In the second half of the year the growth of part-time employment also slowed. The shift in employment form towards permanent jobs was facilitated by the tax credit for open-ended hiring enacted with Law 388 passed in December 2000.

Fixed-term contracts. – In 2001 the number of non-agricultural workers on fixed-term contracts decreased by 24,000 or 1.8 per cent (Table aC4). Fixed-term employment continued to expand only in the North-East, and even there much more slowly than in 2000 (0.5 as against 4.3 per cent). The North-West accounted for more than half the reduction in the number of fixed-term workers outside agriculture (a cut of 13,000 or 3.8 per cent).

In all parts of the country the growth of temporary employment continued. The regional reports indicate that resort to temporary employment agencies was substantial in such southern regions as Calabria, Sardinia and Molise. Contributions to the trend were made by wholesale and retail trade and government, especially the local health units. In the regions of the North temporary employment, which was already substantial in industry and commerce, extended to tourist services and, in Liguria, to maritime transport (see the relevant regional reports)

The halt in the growth of fixed-term employment was due to both cyclical and fiscal factors. The expansion of economic activity through the closing months of 2000 had been accompanied by local shortages of skilled labour, which may have led firms to make greater use of permanent employment (see the *Reports on Lombardy, Veneto and Marche*). A significant contribution to the growth of open-ended hiring came from the social contribution relief (50 per cent greater in the South and Islands than in the rest of the country) provided by Law 388/2000, which will remain in effect until the end of 2003 (see “The Labour Market” in the Bank of Italy’s *Annual Report for 2001*).

Table C2

**USE OF TAX RELIEF AND TAX CREDITS FOR EMPLOYMENT BY
INDUSTRIAL FIRMS WITH 50 OR MORE EMPLOYEES IN 2001**

(percentage shares)

	Total	Location of head office			
		North-West	North-East	Centre	South & Islands
Percentage of firms using tax relief for jobs					
Permanent full-time hiring, Law 388/2000	12.4	8.9	10.9	13.7	29.6
Other permanent hiring (1)	7.8	4.7	6.1	9.8	22.5
Regional funds and the like	3.8	2.0	3.9	2.7	12.2
At least one type of incentive	20.7	14.9	18.3	22.9	48.3
Number of employees involved: percentage of average annual employment					
Permanent full-time hiring, Law 388/2000	0.7	0.3	0.7	0.6	2.6
Other permanent hiring (1)	0.3	0.2	0.1	0.3	2.1
Regional funds and the like	0.2	0.2	0.2	0.1	1.1
All types of incentive	1.2	0.7	1.0	1.0	5.8

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

(1) Funded by national laws.

The Bank of Italy's sample survey of investment by industrial firms with at least 50 employees found that 20.7 per cent had used at least one form of tax relief for employment support in 2001 (Table C2). Resort to the programmes was large-scale especially in the South and Islands, involving nearly half the firms surveyed. For the entire sample, the cost of labour was reduced for 1.2 per cent of the overall work force; in the South and Islands the share was nearly 6 per cent. The most commonly used mechanism was the tax credit introduced by Law 388/2000 for permanent employees, which was apparently applied by 12 per cent of the firms surveyed, and by nearly 30 per cent of those headquartered in the South and Islands (see the Report on Lombardy and the Report on Campania). In the South and Islands the main effect of the credit seems to be to replace temporary with permanent positions. In the Centre and North, and most markedly in the North-East, the firms exploiting the tax breaks are apparently increasing both permanent and fixed-term staff to keep the overall ratio between the two unaltered.

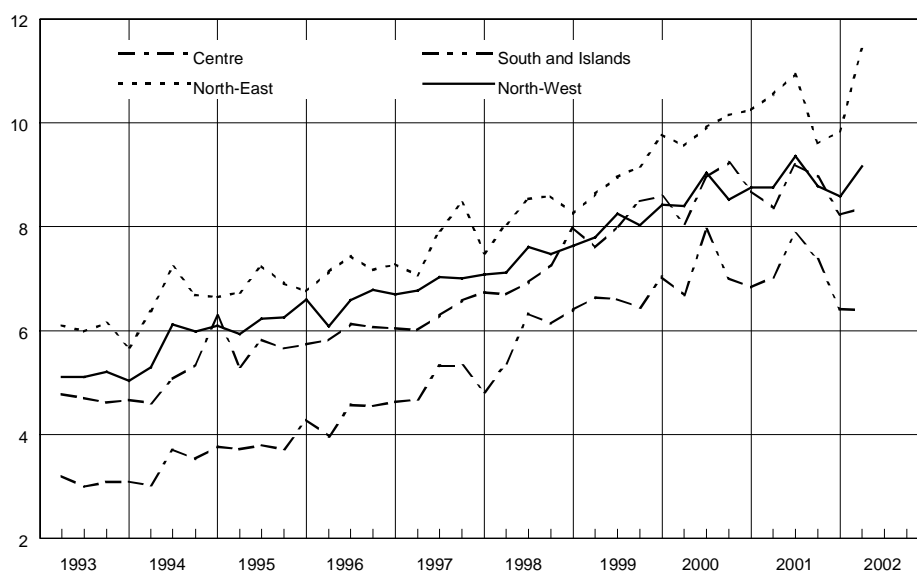
Part-time work. – The expansion of part-time employment that had been under way since 1993 came to a halt in 2001. For the year as a whole the share of non-agricultural payroll employment accounted for by part-time jobs remained unchanged at 8.7 per cent, but with a substantial decline in the second half (Figure C2). The share of part-time work

remains lowest in the South and Islands, where it was just 6 per cent at the start of 2002, 5 percentage points lower than in the North-East and 2.5 points less than in the North-West and the Centre.

Figure C2

**INCIDENCE OF PART-TIME JOBS ON NON-AGRICULTURAL PAYROLL
EMPLOYMENT BY GEOGRAPHICAL AREA**

(percentage shares)



Source: Based on Istat, *Indagine sulle forze di lavoro*.

The incidence of quasi-employee positions (formally known as “continuous, coordinated collaboration”) continued to increase. According to the Reports for the individual regions, this form of labour flexibility is very significant in Lombardy. In Marche the number of quasi-employee contracts doubled between 1996 and 2000 and their share of total employment rose from 4.7 to 8.8 per cent.

Labour supply and unemployment

In 2001 the average labour force grew by 206,000 persons (0.9 per cent); women accounted for two-thirds of the increase, which involved all parts of the country (Table aC1). In the South and Islands, the labour supply increased more modestly (0.5 per cent, or 40,000 persons). Women’s participation for the country as a whole has risen by about half a percentage point a year since 1993. In the South and Islands (where it stands at 29 per cent), it remains more than ten points lower than in the North-West (40.6 per cent) and the North-East (42.3 per cent). The participation rate for men is about 5 points lower in the South and Islands than in the rest of Italy (Table aC5).

The national unemployment rate fell from 10.6 per cent in 2000 to

9.5 per cent in 2001, its lowest level since 1992. Unemployment diminished in all parts of the country and in particular in the South and Islands, where it came down from 21 to 19.3 per cent (Table aC7).

The lowest unemployment rates were registered in Trentino-Alto Adige (2.6 per cent), Veneto (3.5 per cent) and Emilia-Romagna (3.8 per cent). The highest were in Campania (22.5 per cent) and Calabria (25.7 per cent). Female unemployment rates remained above 30 per cent in Campania, Basilicata and Calabria despite the pronounced improvement of women's unemployment nationwide (from 14.5 to 13 per cent) and in the southern regions (from 30.4 to 28.1 per cent).

The employment rate rose further in 2001. In the North-East it went above 50 per cent. The gap in employment rates between the North and the South and Islands narrowed slightly after widening for three years but remains at more than 14 percentage points (Table aC6).

Regional development policies

Financial resources. – In 2001 funding allocated by the Interministerial Committee for Economic Planning (CIPE) to depressed areas amounted to €14,061 million on an accrual basis, up from €10,534 million in 2000. There was a decrease in allocations for the completion of extraordinary development projects (provided for under Law 64 of 1 March 1986) from €2,131 million to €1,685 million, while appropriations for new projects rose from €8,403 million to €12,376 million.

Funding for promotion of entrepreneurial development, nearly all of it as part of negotiated development planning, rose from €2,008 million to €3,034 million. Spending on incentives to industry under Law 488 of 19 December 1992 increased from €1,893 million to €2,431 million. The largest spending item among the new projects, as in 2000, was infrastructure and other public investment, with allocations of €5,046 million.

The Treasury's "Resources and uses of income for depressed areas" account shows capital disbursements allocated expressly to Objective 1 and 2 areas over and above ordinary spending in those territories. According to that account, public spending in the depressed areas increased sharply in 2001, from €9,890 million to €14,583 million. The growth stemmed in particular from greater disbursements in connection with Community funds and increased incentives to industry.

The Community Support Framework. – All payments under the Community Support Framework for 1994-1999 had to be completed by the end of 2001. Cumulative disbursements for Objective 1 areas, which take 60 per cent of total funding, came to 87.7 per cent of total grants in September, a rise of more than 10 percentage points since December (Table C3). Effective spending under the Regional Development Fund, which finances structural projects and enterprise support, came to 90.7 per cent of grants, while disbursements under the European Social Fund, to finance training projects, were at 77.9 per cent.

With reference to individual regions, programme implementation was completed in Abruzzo, Molise and Basilicata.

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	30.09.2001
Multiregional	16,475	22.0	44.6	59.0	65.6	80.7	90.3
Regional	15,200	9.2	32.4	51.2	55.3	71.4	84.8
<i>of which: Abruzzo</i>	551	15.6	40.5	56.3	68.1	84.5	103.2
<i>Molise</i>	617	11.7	44.9	64.2	73.9	89.0	98.6
<i>Campania</i>	3,092	2.4	37.1	51.0	52.7	67.9	80.0
<i>Puglia</i>	2,645	5.2	24.8	45.9	47.2	67.0	75.5
<i>Basilicata</i>	1,272	20.9	43.2	60.6	66.8	89.4	102.6
<i>Calabria</i>	1,900	12.9	30.2	55.4	60.5	67.0	90.7
<i>Sicily</i>	3,305	5.8	32.4	44.6	47.9	60.6	77.4
<i>Sardinia</i>	1,816	18.2	34.1	55.0	61.0	73.4	92.1
Total	31,675	15.9	38.8	55.3	60.6	76.3	87.7

Source: Treasury, SIRGIS.

The Community Support Framework for 2000-2006, approved in August 2000, is now being implemented. A total of more than €50 billion will be available through 2008. Planned spending is modest for the first three years, with outlays scheduled to amount to 6.2 per cent of the total by the end of 2001. The degree of attainment of intermediate objectives, though it did increase during 2001, was still just 68.4 per cent at the end of the year.

In Molise and Sicily disbursements were less than 50 per cent of grants. In the Centre and North the state of implementation of the Objective 2 programmes is less advanced owing to the Commission's lateness in recognizing the areas eligible for Objective 2 funding and approving the programmes of the regions and provinces concerned.

Investment subsidies. – There was a substantial upturn in investment subsidies (under Law 488/1992) in 2001, with three calls for projects in industry, tourism and commerce (Table C4).

Table C4

LAW 488/1992: PROJECTS SUBSIDIZED IN THE 8TH, 9TH AND 10TH ROUNDS OF APPLICATIONS

(number of projects, millions of euros)

Geographical area	Applications	Investment	Subsidy
		Industry	
Centre and North	673	1,806	152
South and Islands	3,769	8,747	2,797
Italy	4,442	10,553	2,949
		Tourism	
Centre and North	207	483	60
South and Islands	801	1,689	452
Italy	1,008	2,172	512
		Commerce	
Centre and North	97	99	11
South and Islands	697	534	166
Italy	794	633	177

Source: Ministero dell'Economia, *Relazione Generale sulla situazione economica del Paese*, 2001.

In the industrial sector, more than 4,400 subsidy applications were approved, 85 per cent of them in the South and Islands, for a total of almost €3 billion. Three quarters of this was cofinanced by the European Union.

In December 2001 the first offer of grants for commercial enterprises was made public, with grants worth 177 million. Eligible firms are those of medium-to-large size, wholesalers, and smaller retailers belonging to chains, associations, or shopping centres.

In November 2001 the second call for applications relating to tourism was issued, and more than 1,000 projects were approved for investment subsidies totaling over 2 billion. The Reports on the main southern regions stressed the positive impact of the first round of subsidies on the tourist industry, especially for the restructuring of lodging facilities.

Monitoring of the results of the previous seven rounds of subsidies covered more than 17,000 projects, 87 per cent of which had been begun and 70 per cent of which had been completed.

The promotion of entrepreneurial development. – A total of 220 national negotiated planning pacts have been approved since 1996, for total financial commitments of over €5 billion. At the end of 2001, 84 of these pacts were still active.

By the end of 2001, the 12 first-generation Territorial Pacts approved in 1996 and 1997, all in the southern regions, had resulted in disbursements of €159 million, or 39 per cent of the funds allocated by the CIPE for this purpose (Table C5). The percentage for the second-generation Pacts, operational from 1999 on, was 9.6 per cent. Disbursements under the Territorial Pacts account for 25 per cent of the total resources appropriated for the South and Islands and 17 per cent of those for the Centre and North. Another €497 million has been spent under the Area Contracts signed since 1998, equal to 25 per cent of the resources allocated.

Disbursements under the eight Objective 1 region Pacts, which enjoyed EU co-financing, had been practically completed at the end of the year. The two employment Pacts in Abruzzo and the central Appenines, outside of the Objective 1 regions and with strictly national funding, were behind schedule.

Table C5

STATE OF IMPLEMENTATION OF NATIONAL TERRITORIAL PACTS

(at 31 December 2001; millions of euros)

Type of pact	Number	Total investment (1)	Cost to government	Disbursement	Jobs	
					New	Total
1 st generation (2) (3)	12	545	403	159	5.336	8.002
2 nd generation (4)	208	13.779	6.191	407	53.723	214.148
<i>of which: active</i> (3)	72	8.679	3.974	407	31.502	158.556
Total	220	10.565	4.655	566	59.059	222.150
<i>Active</i> (3)	84	5.465	2.438	566	36.838	166.558
<i>Centre & North</i>	22	2.313	542	92	10.860	126.545
<i>South & Islands</i>	62	3.152	1.896	474	25.978	40.013
<i>Non-active</i>	136	5.100	2.217	-	22.221	55.592

Source: Ministero dell'Economia e delle finanze, Dipartimento per le politiche di sviluppo e di coesione, Servizio per la programmazione negoziata.

(1) Total investment includes both productive and infrastructural investments. – (2) All these pacts are active. – (3) Active pacts are those for which state subsidies have actually been disbursed. – (4) The data on new jobs are lacking for 32 2nd-generation pacts (2 active and 30 non-active); for 11 others (all non-active) the data on total investment and jobs are unavailable.

A total of 125,521 applications for “word of honour” loans had been submitted by 31 December 2001 and 28,790 had been approved; 95 per cent of these were in the South and Islands. The regions with the largest number of loans granted were Campania, Puglia, Sicily and Calabria.

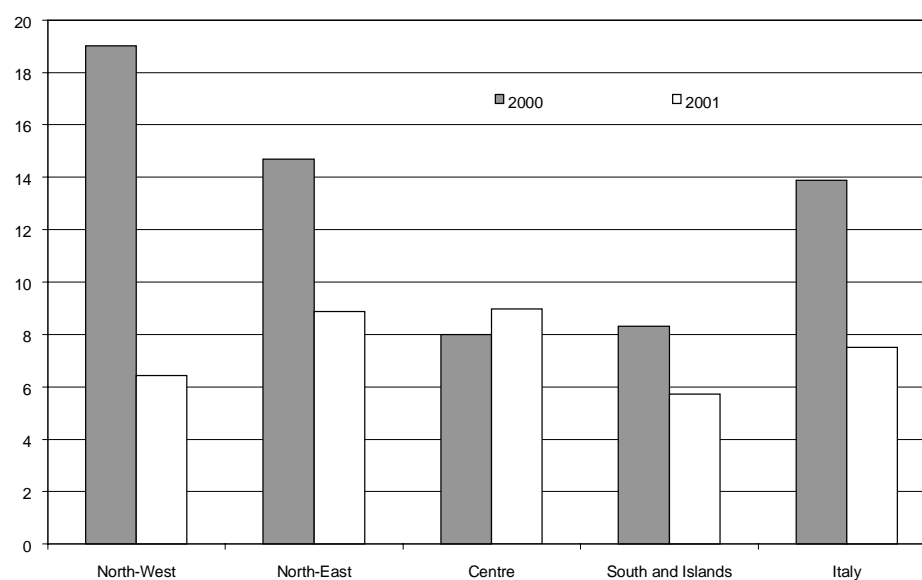
D - BANKING

Lending

The growth in bank loans to resident customers slowed from 11.9 to 6.4 per cent (Table aD2). Contributory factors included the weak state of the economy and the reduction in the financing granted for mergers and acquisitions and other corporate restructuring operations. Net of bad debts, the expansion in both short-term and medium and long-term loans slowed down in nearly all the macro-regions (Figure D1).

Figure D1

LOANS BY GEOGRAPHICAL AREA (1)
(percentage changes on previous year)



Source: Supervisory returns. Data classified by the borrower's location.
(1) Excluding bad debts.

The exception in this respect is the Centre, where disbursements of medium and long-term loans to financial companies and holding companies accelerated. The sharp slowdown in the northern regions was due not only to the effects of the economic downturn on lending to firms but also to the reduction in the number of loans granted for mergers, acquisitions and restructurings (see the subsection Non-financial firms).

Loan assignments amounted to €1.3 billion in 2001, compared with €6.3 billion the previous year. Of the total 56.5 per cent consisted of loans and the remainder of bad debts (see also the section on *Bad debts*). If these operations are added in, the growth in loans in 2001 is 2.3 percentage points higher.

The growth in financing provided by financial companies entered in the register referred to in Article 107 of the 1993 Banking Law slowed slightly (from 15.5 to 15.2 per cent) but continued at a lively pace and outstripped the growth in bank credit throughout the country.

At the end of 2001 the ratio of this type of financing to bank loans was around 10 per cent in the North and the Centre and 14 per cent in the South and Islands; the difference was primarily due to the larger volume of consumer credit in the latter area. As a ratio to GDP, the financing provided by banks and financial companies was between 40 and 50 per cent in the North and the Centre and equal to 20 per cent in the South and Islands.

Last year saw a decline in interest rates on short-term bank loans (for Italy, from 6.7 to 6.1 per cent; Table aD7). The downward movement, which was most pronounced in the fourth quarter, was uniform throughout the country. Geographical rate differentials appear small compared with the past: at the end of 2001 average rates ranged between 5.7 per cent in the North-West and 8 per cent in the South.

Non-financial companies. – The weakness of the economy was reflected in corporate financing needs: the growth in bank lending to firms slowed significantly, from 11.6 per cent in 2000 to 6.5 per cent last year. Although the slowdown was sharper in the northern regions, they continued to record faster growth than the South and Islands.

The growth in bank lending slowed from 10.9 to 6 per cent in manufacturing industry and from 15.7 to 7.9 per cent in services, while it rose slightly in the construction industry, from 2.8 to 3.6 per cent.

The effect of bank-financed corporate events in telecommunications and transport services was absent in 2001, although the energy sector saw the launch of some restructuring projects (see the Reports on Piedmont, Lombardy, Emilia-Romagna, Tuscany and Lazio).

The slowdown in the industrial sector was fairly uniform across the country, while there were larger differences in lending to construction and services, which grew fastest in the North-East (see the Reports on Veneto and Emilia-Romagna).

Even though credit supply conditions remained easy in general, the ratio of credit drawn to credit granted rose by 1.8 percentage points to 57 per cent. The increase was almost entirely attributable to industry and mainly concerned large borrowers (Table D1).

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	
	2000	2001	2000	2001	2000	2001	2000	2001
Economic sector								
Agriculture	68.7	68.3	82.0	83.8	81.6	88.7	72.8	74.1
Industry	46.2	48.9	49.9	53.6	57.7	61.0	47.8	50.7
Construction	65.5	64.9	79.5	78.6	76.1	73.1	70.3	69.0
Services	60.4	60.6	61.8	63.6	66.6	66.8	61.3	61.8
Size of credit line (in euros)								
from 77,469 to 129,114	47.3	45.3	53.7	51.9	57.5	56.0	50.0	48.0
from 129,114 to 516,457	51.4	51.2	58.0	57.4	60.2	58.3	53.7	53.3
from 516,457 to 25,822,845	53.3	54.0	60.4	61.6	65.3	66.1	55.7	56.5
more than 25,822,845	54.8	58.7	54.5	59.7	69.1	75.3	55.4	59.8
Total	53.4	54.9	57.6	60.2	64.8	66.0	55.2	57.0

Source: Central Credit Register. See the Methodological Notes in the Appendix.
(1) The ratio refers only to short-term credit; year-end values.

The weak performance of the economy contributed to a fall in the rate of growth in short-term financing of firms (for Italy, from 16 to 5.4 per cent). Partly as a result of the reduction in mergers, acquisitions and restructurings, disbursements to large borrowers slowed sharply, although they continued to expand faster than those to small firms.

Medium and long-term lending to the corporate sector grew by 11.6 per cent in 2001, slightly less than in the previous year; the North-East and the Centre bucked the downward trend.

The shift in favour of long-term financing was influenced by lending policies designed to encourage borrowings of this kind (see the Reports on Lombardy and Lazio). There were nonetheless reports in the second half of 2001 that the banking system was taking a more cautious approach to new loans to some sectors (see the Report on Veneto).

Table D2

**MEDIUM AND LONG-TERM LOANS EXCLUDING BAD DEBTS
BY GEOGRAPHICAL AREA**
(percentage changes on previous year)

	Capital spending on construction		Capital spending on machinery and equipment		Home purchases by consumer households		Purchases of buildings by other categories		Purchases of durable goods by consumer households	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
North-West	.	2.5	10.9	4.8	22.4	7.2	9.4	11.5	12.5	12.5
North-East	3.5	6.3	6.6	2.6	23.9	8.2	5.9	2.4	13.6	18.7
Centre	-3.5	2.7	-5.7	9.3	16.0	15.8	14.8	13.1	17.0	29.2
South	-0.3	-0.8	24.3	0.6	24.4	11.7	4.1	3.9	17.6	16.3
Islands	4.4	-0.2	10.8	7.3	18.4	12.4	17.7	4.5	14.7	14.1
Italy	2.9	2.6	6.7	5.0	21.1	10.2	10.1	8.7	14.8	18.0

Source: Supervisory returns. Data classified by the location of the investment.

The reports on the use of borrowed funds point to a slowdown in their use for capital spending on industrial and commercial buildings and on machinery, equipment and transport machinery (from 6.7 to 5 per cent, with faster growth in the Centre; Table D2). Although it continued to expand rapidly, the growth in finance for leasing slowed in all the macro-areas (for Italy, from 22.6 to 17.7 per cent; Table D3).

Table D3

**FINANCE PROVIDED BY FINANCIAL COMPANIES
BY GEOGRAPHICAL AREA**
(percentage changes on previous year)

	Total							
			of which:					
			Factoring		Leasing		Consumer credit	
	2000	2001	2000	2001	2000	2001	2000	2001
North-West	10.1	13.1	5.0	10.3	18.6	16.0	9.8	5.0
North-East	23.5	15.0	24.1	3.0	27.8	19.3	16.6	-0.4
Centre	19.3	18.6	29.7	18.3	21.5	16.0	13.5	6.4
South	24.9	18.2	28.5	15.7	29.9	24.2	18.7	8.0
Islands	17.4	13.6	20.8	7.0	29.7	21.9	11.5	3.6
Italy	16.5	15.2	15.7	11.4	22.6	17.7	13.5	5.0

Source: Supervisory returns of companies entered in the special register referred to in Article 107 of the 1993 Banking Law. Data classified by the 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.

Consumer households. – In 2001 bank loans to the household sector increased by 8 per cent, compared with 11.6 per cent in 2000. Encouraged by the historically low level of interest rates, households continued to increase their long-term borrowings, which rose to above 82 per cent of the total.

Mortgage loans for home purchases expanded by 10.2 per cent (Table D2); there was a further increase in disbursements (2.7 per cent), which was most pronounced in the North-East (8.5 per cent) and the Centre (8.7 per cent).

The demand for real-estate credit continued to benefit from the tax relief for the restructuring of buildings. In the wake of the fall in share prices and the climate of uncertainty generated by the terrorist attacks of 11 September, some regions reported an upturn in the demand for properties as investments and for use as second homes (see the Reports on Piedmont and Tuscany).

Distribution channels other than bank branches, such as estate agents, contributed to the growth in mortgages, which were marked by the spread of product innovations, such as variable durations (see the Reports on Lombardy and Puglia).

Consumer credit continued its upward trend, in line with the progressive increase in households propensity to borrow.

Last year saw household debt grow to 15.2 per cent of the sector's financial assets. This indicator has risen over the last few years, although it remains low by international standards.

As in the two previous years some consumer credit companies turned themselves into banks. Adjusting the data to take account of this fact, long-term loans granted by banks for the purchase of durable goods expanded by 18 per cent, with an acceleration compared with 2000 in the North and even larger one in the Centre.

The growth in consumer credit granted by financial companies supervised by the Bank of Italy, again adjusted to take account of those that turned themselves into banks, slowed sharply, from 13.5 per cent in 2000 to 5 per cent (Table D3), partly as a result of the smaller disbursements for the purchase of motor vehicles (see the Report on Veneto).

The growth in credit granted by financial companies in connection with the use of credit cards slowed slightly but remained rapid (18 per cent). Use of this type of credit was stimulated as the changeover to the euro drew nearer (see the Report on Lombardy) and was greater in the southern regions, traditionally marked by less intensive use of non-cash payment instruments.

The financial structure of firms. – In 2001 the leverage of non-financial companies (the ratio of financial debt to the sum of financial debt and shareholders' equity) rose but nonetheless remained below the levels of the first half of the 1990s.

Analysis of the leverage of a sample of companies present in the records of the Company Accounts Data Service without interruption between 1997 and 2000 shows a reduction from 53.3 to 49.6 per cent over the period. At the end of 2000 the highest value was for companies in the North-East (55.6 per cent; Table D4).

Over the same period financial debt rose from 113.4 to 127 per cent of value added. The increase was common to all the macro-regions but most pronounced in the Centre and the South and Islands.

Table D4

FINANCIAL STRUCTURE OF FIRMS BY GEOGRAPHICAL AREA

(weighted averages; percentages)

	Financial debt / (financial debt + shareholders' equity)		Bank debt / financial debt		Short-term bank debt / total bank debt		Financial debt / value added	
	1997	2000	1997	2000	1997	2000	1997	2000
North-West	52.5	48.9	64.5	61.9	68.1	70.6	104.1	115.3
North-East	56.9	55.6	70.8	71.1	70.4	68.4	125.3	135.9
Centre	52.2	46.6	60.3	58.7	54.0	64.2	113.9	133.2
South and Islands	52.6	49.4	72.5	73.5	56.8	56.1	131.8	150.3
Italy	53.3	49.6	65.4	64.1	63.7	67.0	113.4	127.0

Source: Company Accounts Data Service; the sample comprised around 36,000 firms.

The ratio of bank debt to financial debt declined over the period from 65.4 to 64.1 per cent, but with significant differences across the country. It rose in the areas where it was already high, from 70.8 to 71.1 per cent in the North-East and from 72.5 to 73.5 per cent in the South and Islands, and declined where it was below the national average, from 64.5 to 61.9 per cent in the North-West and from 60.3 to 58.7 per cent in the Centre.

At the end of 2000 the share of short-term bank debt in total bank debt ranged from 56.1 per cent in the South and Islands to 70.6 per cent in the North-West.

In 2000 the ratio of trade payables to total debt was 38.9 per cent, virtually unchanged compared with the value recorded in 1997 (38.2 per cent). According to the results of the Bank of Italy survey of manufacturing firms with more than 50 employees, in 2001 trade payables to other companies were equal to 21 per cent of turnover. The ratio was highest in the North-East and the Centre, where it was close to 24 per cent.

Analysis of a sample of commercial transactions shows that buyers had to pay cash with no deferment for 14 per cent of their purchases; the proportion was slightly higher in the Centre and South (more than 15 per cent) than in the North (13.5 per cent).

Bad debts

The decline in bad debts continued in 2001, with a contraction of 12.3 per cent (13.8 per cent in 2000); as in the two preceding years, securitizations contributed to the result. The ratio of bad debts to total loans fell from 5.7 to 4.7 per cent; the ratio continues to show marked geographical differences and was equal to 3.2 per cent in the Centre and North and 13.9 per cent in the South and Islands.

Substandard loans, to customers in temporary financial difficulty, grew by 1.9 per cent in 2001, after contracting by 1 per cent in 2000. The increase was concentrated in the North (especially in Lombardy and Emilia-Romagna) and among consumer households.

Analysis of the flows of bad debts in 2001 shows a reduction of 14.2 per cent in the value of recoveries, although at 7.1 per cent their ratio to the stock of bad debts at the beginning of the year was basically unchanged, and an increase of 31.8 per cent in the value of writeoffs. The reduction in the stock of bad debts over the year reflected assignments amounting to €9.3 million; the ratio of the latter to the opening stock did not vary significantly across the country.

The reports submitted to the Central Credit Register show that in 2001 banks assigned 6.6 billion of bad debts to special purpose vehicles under Law 130/1999. Of the bad debts involved in securitizations, 46.8 per cent consisted of loans to consumer households. The importance of securitizations varied across the country. The ratio of securitizations to the stock of bad debts at the end of 2000 was highest for loans granted to customers in the North-East (28.2 per cent) and the North-West (20.8 per cent), followed by the Centre (12.9 per cent); it was much lower in the South (4.4 per cent) and the Islands (1.8 per cent).

The flow of new adjusted bad debts contracted further in 2001, by 1.8 per cent (Table aD4). However, this was much less than in 2000, when it had contracted by 22.5 per cent, and was the result of the large decreases in Lazio and Sardinia (see the Reports for these regions), which were accompanied by increases in the northern and southern regions.

The flow of adjusted bad debts in respect of consumer households grew by around 10 per cent in Italy, and by more in the North-East and the Islands. Classified by branch of economic activity, the flow of loans subject to legal proceedings showed

a significant increase in agriculture (especially in the North-West), while there were improvements in building and services (except for transport services and distribution); the flow in industry was virtually unchanged.

As a ratio to the opening stock of loans, new bad debts continued to decline, falling from 1 per cent in 2000 to 0.9 per cent. In the South the improvement in this indicator since 1995 reversed and it rose from 1.7 to 1.9 per cent (Table aD4).

At the end of 2001, securitizations and other disposals concluded since 1999 had led to the transfer to assignees of 29.2 per cent of the banking and financial systems' bad debts; at the end of 2000 the ratio had been 16 per cent.

The geographical and sectoral breakdown of the bad debts reported at the end of 2001 by assignees and banks shows differences that reflect the location of the transactions and the portfolio choices connected with the selection of the items to be transferred. In particular, the assignees had a higher proportion of positions vis-à-vis residents in the Centre (41.9 as against 24.4 per cent), consumer households (20.3 as against 19.5 per cent) and building firms (23.3 as against 21.4 per cent).

Recoveries. – The recent survey by the Bank of Italy of recovery activity shows that it costs €1.2 for every €100 of bad debts on average. It is a larger proportion of total operating costs in the South and the Islands (5.3 and 3.1 per cent respectively) than in the Centre and especially the North (2.7 and 1.8 per cent respectively). The average duration of legal proceedings ranges from nearly three years for foreclosures involving personal property to nearly seven years for bankruptcies (Table D5).

Foreclosures involving real property last more than twice as long as those involving personal property. Except for compositions with creditors, the time needed for recovery is always shorter in the North than in the Centre and the South and Islands. To curb the duration of recovery proceedings, banks have mainly had recourse to out-of-court settlements, which are both quicker (2.1 years on average) and show higher recovery rates (68 per cent on average, compared with 27 per cent for bankruptcies and 57 per cent for foreclosures involving personal property).

Table D5

DURATION OF RECOVERY PROCEDURES*(years)*

	North-West	North-East	Centre	South and Islands	Italy
Foreclosures (personal property)	2.8	2.3	2.6	3.1	2.8
Foreclosure (real property)	5.8	5.3	6.6	7.1	6.3
Compositions with creditors	7.4	6.0	6.2	5.4	6.2
Bankruptcy proceedings	6.4	6.0	7.3	7.3	6.8
Out-of-court settlements	2.3	2.0	2.4	2.3	2.1

Source: Banca d'Italia, *Indagine sull'attività di recupero dei crediti*. See the Methodological Notes in the Appendix.

Deposits and borrowed funds

Funds raised from resident customers grew by 6 per cent in 2001, up from 3.2 per cent in 2000 (Table D6). The growth was more pronounced in the South (10 per cent) and the North-East (9.2 per cent).

The growth of 6.5 per cent in deposits was due to that in current accounts having accelerated from 4.8 to 9.6 per cent. Clients' greater preference for liquidity was mainly due to the increased uncertainty in financial markets and the narrowing of the differential between the rates of return on government securities and bank deposits, which is an indicator of the opportunity cost of holding liquid assets. Last year saw deposit rates fall by 0.9 percentage points to 1.8 per cent. The fall was larger in the Centre and the North, so that the geographical dispersion of deposit rates diminished (Table aD7).

Current accounts grew faster in the South and in the Islands than in the Centre and the North. The approach of the changeover to the euro was probably a contributory factor, by encouraging holders of cash to convert it into other instruments. In fact the growth in current accounts was particularly pronounced in the southern regions, where the underground economy is relatively larger (see the Report on Campania).

Table D6

BANKS' DEPOSITS AND BORROWED FUNDS IN 2001
BY GEOGRAPHICAL AREA
(percentage changes on the previous year)

	Total funding					
		Deposits				Bonds (1)
		of which:				
		Current accounts	CDs	Repos		
North-West	3.9	5.9	6.9	-7.4	11.0	-0.6
North-East	9.2	9.7	10.9	-3.4	17.4	8.3
Centre	4.2	2.6	7.9	-17.6	0.2	9.7
South	10.0	9.7	17.8	-15.4	29.6	11.2
Islands	6.4	6.5	15.0	-13.6	3.1	6.1
Italy	6.0	6.5	9.6	-10.9	11.3	4.9

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

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

Deposits in the largest size class increased in connection with disinvestments from less liquid and more risky financial assets; by contrast, the stock of deposits of less than 10,000 remained basically unchanged (Table D7). The average size of deposits increased, especially in the South. Only in the North-East did deposits of more than 250,000 remain unchanged, after growing rapidly in 2000.

Overall, the growth in repos slowed from 36.4 to 11.3 per cent. On the supply side this reflected banks' reduced need for such funding owing to the slowdown in lending and the faster growth in current accounts.

The slowdown in repos was particularly pronounced in the Centre and the Islands (where they grew by 0.2 and 3.1 per cent respectively; see the Report on Tuscany). Rapid growth in this form of funding continued in the South (29.6 per cent).

Resident customers' holdings of bank bonds grew by 4.9 per cent, which was faster than in 2000 (2.2 per cent).

The growth in holdings in the southern regions amounted to 11.2 per cent and exceeded the national average, as in 2000 (see the Reports on Puglia and Sicily). Only in the North-West was there a small contraction in holdings.

Table D7

**REGISTERED ACCOUNTS AND CURRENT ACCOUNTS OF HOUSEHOLDS
IN 2001 BY GEOGRAPHICAL AREA**

(percentage changes on previous year; balances in thousands of euros)

	Percentage change 2001/2000				Average balance in 2001
	less than €10,000	from €10,000 to €50,000	from €50,000 to €250,000	more than €250,000	Thousands of euros
North-West	-1.5	8.9	15.6	13.9	8.9
North-East	0.1	10.9	18.4	0.1	8.1
Centre	-0.4	9.6	19.9	18.4	9.9
South	1.2	10.0	17.0	56.3	8.3
Islands	1.8	11.2	22.1	12.9	7.2
Italy	-0.3	9.8	17.9	18.5	8.7

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

There was a particularly large increase of 22.7 per cent in holdings of subordinated bonds, which are included in capital for the purpose of verifying banks' compliance with capital adequacy requirements. At the end of 2001 such bonds were equal to 2.1 per cent of banks' total bond funding; the proportion was higher in the Centre (4.2 per cent) and the South and Islands (3.3 per cent).

Asset management

In 2001 the flow of funds to institutional investors increased. Portfolio management services, mutual funds set up abroad by Italian intermediaries and insurance policies continued to see substantial net investments, whereas Italian mutual funds recorded net redemptions. The prolonged fall in share prices and their high volatility led to an increase in investors' liquidity preference and a shift in the composition of their portfolios in favour short-term assets.

The nominal value of securities deposited for custody with the banking system by residents other than institutional investors remained virtually unchanged in 2001, rising by 0.3 per cent (Table D8), compared with 4.4 per cent in 2000. A reduction in government securities and units/shares of collective investment undertakings was accompanied by an increase in foreign securities and bank bonds. Excluding the latter, the nominal value of securities deposited for custody with the banking system showed a small decline (0.8 per cent).

Table D8

**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)	459,276	242,917	205,262	114,130	1,021,586
Portfolio management (3)	58,451	37,736	18,818	7,834	122,838
Total	517,726	280,653	224,080	121,965	1,144,424
of which: <i>foreign securities</i>	<i>116,789</i>	<i>49,725</i>	<i>39,201</i>	<i>13,803</i>	<i>219,518</i>
Percentage changes					
Custody accounts (2)	-7.7	18.5	4.8	5.4	1.5
Portfolio management (3)	-5.9	-7.8	-16.5	-8.7	-8.4
Total	-7.5	14.1	2.6	4.4	0.3
of which: <i>foreign securities</i>	<i>2.7</i>	<i>24.3</i>	<i>24.2</i>	<i>18.8</i>	<i>11.5</i>

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 deposited in connection with banks' portfolio management services. (3) Securities deposited in connection with banks' portfolio management services.

The growth in securities held for custody slowed from 4.2 to 2.6 per cent in the Centre and from 5.4 to 4.4 per cent in the South and Islands. In the North-West there was a fall of 7.7 per cent (after a rise of 7.4 per cent in 2000). In the North-East there was rapid growth of 14.1 per cent, fueled by the increase of 30.5 per cent in government securities. This result was influenced by the portfolio management activities of financial and insurance companies; if their securities are excluded, the growth was less pronounced (6.4 per cent).

The results for units/shares of collective investment undertakings deposited for custody varied considerably across the country: an increase of 63.9 per cent in the Centre, a reduction of 23.9 per cent in the North-West and little or no change in the North-East and the South and Islands.

The securities issued by foreign companies and international organizations grew by 11.5 per cent, with above-average growth in the Centre and the North-East. Their share of all securities deposited for custody rose from 17.3 per cent in 2000 to 19.2 per cent in 2001. The breakdown by macro-region shows that the share in the North-West (22.6 per cent) was twice that in the South and Islands, while the internationalization of portfolios in the North-East and the Centre was much the same, with the share of foreign securities equal to 17.7 and 17.5 per cent respectively.

The turbulence in share markets led to an inflow of savings to individual portfolio management services, in which less risky assets are predominant. Banks chose to expand this activity at their group asset management companies and the growth in the latter's volume of business more than offset the contraction of 8.4 per cent in that handled directly by banks; the downturn was common to all the macro-regions and most pronounced in the Centre (16.5 per cent).

Among the banks' holdings of securities for safekeeping, the reduction in those of portfolio management services was offset by the increase in those held directly by customers (1.5 per cent).

In 2001 the net fund-raising of mutual funds set up abroad by Italian intermediaries remained positive, but down by 50 per cent compared with the previous year. By contrast, Italian mutual funds saw a substantial net outflow of resources (about €16 billion, of which nearly half in the month of September alone). The divergence between the fund-raising results of foreign and Italian funds can be explained in part by the more favourable tax treatment of the income of management companies located abroad.

The portfolio of Italian funds saw a shift in favour of those investing in more liquid assets. After recording a net inflow of resources in 2000, equity and mixed funds saw a net outflow last year. Bond funds also recorded a substantial net outflow, although it was no more than half that of 2000. These negative performances were only offset in part by the improvement of money market funds, which saw an increase of 29.1 per cent in subscriptions and a reduction in redemptions.

Net fund-raising was positive only in the South and Islands, where money market funds accounted for 56.7 of the gross inflow of resources (compared with 32.6 per cent in the North and 45.6 per cent in the Centre). The shares of equity and bond funds were highest in the North.

In 2001 the net fund-raising of Sicavs amounted to around 70 million, one third of the figure for 2000. It was only positive in the North-West, but nonetheless down on the previous year; in the other macro-regions redemptions exceeded subscriptions. Subscriptions in Lombardy accounted for nearly 65 of the total gross inflow in 2001, compared with 33.5 per cent in 2000.

The distribution of life insurance products via the banking channel continued apace in 2001 (see, for example, the Reports on Lombardy, Veneto, Marche and Puglia).

Households' financial assets. - The distribution of households' holdings of financial assets in 1990s continued to follow trends that differed considerably across the country.

According to the Bank of Italy's survey of households' wealth, there was a pronounced reduction in holdings of government securities in the second half of the decade; this pattern was observed in all the macro-regions and especially in the North-West. In part this was due to their being progressively replaced by riskier and higher-yielding financial instruments. The proportion of households owning other types of security (shares, bonds, units of mutual funds) doubled from 10.5 per cent in 1995 to 21.2 per cent in 2000 (Table D9). The shift was common to all the macro-regions but was most pronounced in the Centre and the North; the highest percentage was recorded by households in the North-East (34.3 per cent, compared with 9.4 per cent in 1991).

Table D9

HOUSEHOLDS' FINANCIAL ASSETS BY GEOGRAPHICAL AREA

(percentages of households)

	Government securities	Other securities		
			of which: listed shares	of which: Italian mutual funds
1991				
North-West	36.3	13.7	7.5	4.9
North-East	29.3	9.4	4.8	3.7
Centre	21.2	5.8	1.7	2.0
South and Islands	9.2	1.9	0.8	0.3
Italy	23.2	7.5	3.7	2.
1995				
North-West	37.4	15.9	5.8	7.2
North-East	35.1	16.2	6.5	6.2
Centre	25.1	10.9	4.2	3.7
South and Islands	11.9	2.2	0.7	0.8
Italy	26.2	10.5	3.9	4.2
2000				
North-West	17.7	31.1	13.9	19.7
North-East	19.1	34.3	15.6	17.6
Centre	9.9	19.8	8.8	9.8
South and Islands	3.9	6.4	3.4	2.6
Italy	11.8	21.2	9.7	11.7

Source: Banca d'Italia, *I bilanci delle famiglie italiane* (various years). See the Methodological Notes in the Appendix.

The proportion of households holding units of Italian mutual funds rose from 2.6 per cent in 1991 to 11.7 per cent in 2000. These instruments are more widely held in the northern regions than in the rest of the country.

There was also an increase — albeit smaller — in the propensity to invest in shares of companies. The proportion of households holding such assets directly rose from 3.7 per cent in 1991 to 9.7 per cent in 2000. Here again the proportion is higher in the North, where 10.2 per cent of households owning shares had some of privatized companies, twice the figure for the Centre and five times that for the South and Islands.

By contrast, the proportion of households with Post Office deposits or certificates, which frequently replace bank deposits, is highest in the South and Islands (21.8 per cent in 2000). However, in the 1990s Post Office savings also gained ground in the North and especially the Centre, where 19.4 per cent of households had Post Office deposits or certificates in 2000. One factor contributing to the increase was the broadening of the range of products offered by the Post Office.

In 2000 some 2.4 per cent of households had placed savings with banks' portfolio management services (4 per cent of households in the North-West and 5 per cent in the North-East).

The structure and distribution channels of the banking system

The restructuring of the banking system and the role of smaller banks. - The consolidation of the Italian banking system made rapid progress in the 1990s. In the five years 1995-99 there were 171 mergers (compared with 152 in 1990-94) and 107 takeovers (compared with 26 in 1990-94). The process has continued with 64 mergers and 33 takeovers in the last two years. Since the end of 1994 the number of banks in operation has fallen from 994 to 830.

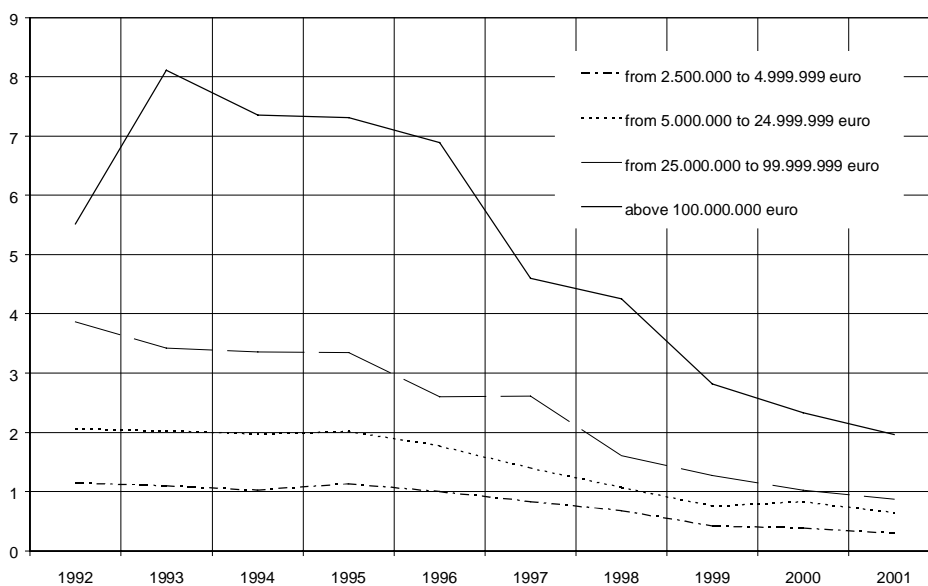
The consolidation of the banking system has contributed to the reduction in multiple banking relationships. The reduction was most pronounced for large firms and those in the Centre and the North, previously the ones that had made the most recourse to this technique. The average number of loan facilities of more than €100 million granted to non-financial companies in the northern regions fell from 21.7 in 1992 to 11.9 in 200 (Table aD8). The differences between the North and the South diminished significantly over the same period (Figure D2).

Despite the recent consolidation of the banking system, smaller banks (total assets of less than €7 billion) still play a significant role in the market for bank credit. At the end of 2001 they accounted for 25.7 per cent of loans to residents; their market share was higher in the North-East

(33.5 per cent) and the South and Islands (27.8 per cent), and lower in the Centre (25.5 per cent) and North-West (20.7 per cent).

Figure D2

**MULTIPLE BANKING RELATIONSHIPS
BY LOAN SIZE (1)**
(absolute differences between North and South)



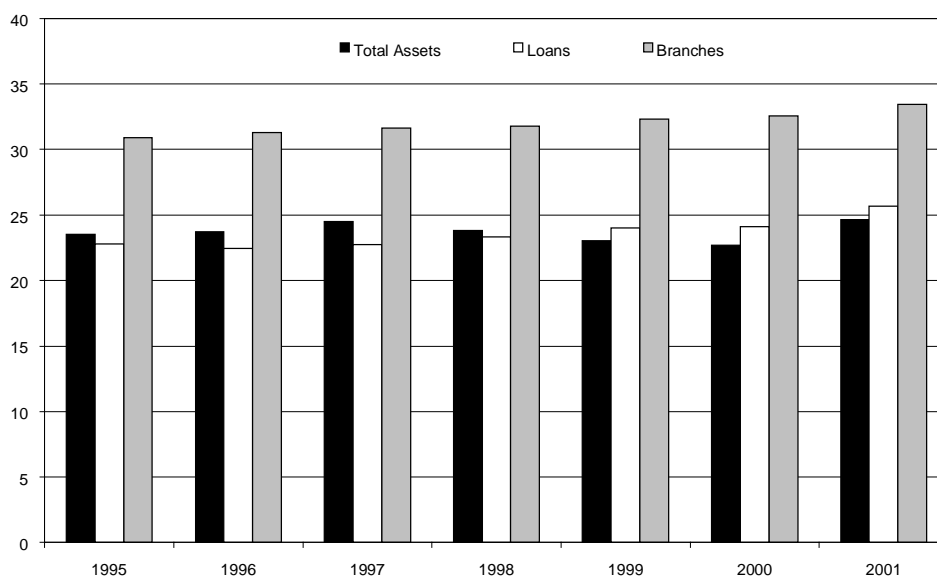
Source: Central Credit Register. See the Methodological Notes in the Appendix.
(1) Banks belonging to the same banking group are considered as a single unit.

Among the smaller banks, those belonging to a banking group accounted for 8 per cent of loans to residents in the North-West, but for a larger share in Centre (12.2 per cent), the North-East (12.8 per cent) and especially the South and Islands (13.7 per cent). The presence of mutual banks varies considerably across the country. At the end of last year they played a much bigger role in the North-East (10.3 per cent) than in the rest of the country (3.7 per cent in the Centre and the South and Islands; 3.2 per cent in the North-West). The importance of smaller banks not belonging to a group (excluding mutual banks) was much the same throughout the country with a share of around 10 per cent of loans to residents in all the macro-regions.

In the second half of the 1990s smaller banks' share of total assets remained basically unchanged (24 per cent; Figure D3). By contrast, between the end of 1995 and the end of 2001 their share of branches grew by 2.5 percentage points to 33.4 per cent and their share of loans by around 3 points to 25.7 per cent. The growth was fastest in the Centre and the South and Islands, where it amounted to 4 percentage points.

Figure D3

MARKET SHARES OF SMALLER BANKS (1)
(percentages)



Source: Supervisory returns.

(1) Banks with total assets of less than €7 billion at 31 December 2001.

The growth in smaller banks' market share occurred mainly in loans to households, where it rose by 6.5 points to 33 per cent. A major contributory factor was the entry of new intermediaries into the bank credit market and especially the transformation of financial companies specialized in consumer credit into banks. Excluding banks that began business after December 1995, the market share of smaller banks grew by 3.3 points to 29.8 per cent.

The changes in market shares were not uniform across the different categories of smaller banks. Between December 1995 and December 2001 those belonging to a group saw their share of the loan market decline from 11.8 to 10.8 per cent, while gains in market share were made by mutual banks (from 3.2 to 5 per cent) and banks not belonging to a group (from 7.7 to 9.8 per cent).

Branch networks. – In 2001 the number of bank branches increased by 3.8 per cent or more than 1,000. The expansion was greatest in the Centre (4.8 per cent; Table aD1).

At the end of December 2001 a total of 1,204 financial shops were in operation, of which 289 in the North-West, 273 in the North-East, 303 in the Centre and 339 in the South and Islands. These were run by 27 mostly small banks. More than three quarters of the shops were run by

just 5 banks, all with a strong bias towards the distribution of banking services based on distance communication techniques.

The number of financial salesmen grew by around 8,800 (45.1 per cent). The number of banks using financial salesmen to sell financial products increased from 122 at the end of 2000 to 155 at the end of last year.

Banks continued to invest in the expansion of their distribution channels based on distance communication techniques (ATMs, POS terminals, and telephone and computer-based links). Last year saw the number of ATMs increase by 7.7 per cent to more than 34,300; the density of ATMs continues to be lower in the southern regions: 7.2 machines per 10,000 inhabitants in the South and Islands, compared with 9.6 in the rest of the country.

The number of POS terminals increased by 23.7 per cent to more than 747,000. The fastest growth (36.3 per cent) was recorded in the South and Islands, where there were 156.3 terminals per 10,000 inhabitants, compared with 208.7 in the rest of the country.

The number of retail customers having computer or telephone access to banking services showed further rapid growth in 2001 (Table aD9). The number signed up for home banking nearly tripled to 2.9 million and for phone banking it rose by 19.1 per cent to 2.8 million. About 60 per cent of the growth in retail home banking services was due to the rapid expansion in 2001 in the number of customers with access to transaction services via the Internet (from 1.1 to 1.8 million). The increase in the number of customers with access exclusively to information services was just 2,200, for home and phone banking together.

Even though access to home banking grew rapidly throughout the country, there continue to be geographical differences, with 6.3 per cent of retail customers signed up in the South and Islands and 8.9 per cent in the rest of the country.

The proportion of deposits held at branches in regions other than customers' region of residence grew from 4.2 per cent at the end of 1998 to 6 per cent at the end of 2001; the fastest growth was recorded in the North-West.

The number of firms with computerized access to bank services grew by 12.2 per cent in 2001 (Table aD10). The largest increase (20.2 per cent) was in the South and Islands, where this form of access is much less widespread (7.1 per cent of business customers, compared with 20 per cent in the rest of the country). At the same time the total number of

firms using telephone links fell by 12 per cent. The biggest reductions were in the North-East (21.9 per cent) and the North-West (10.9 per cent), the macro-regions that saw the largest increases (57.8 and 34.7 per cent respectively) in computerized access to services (especially interbank corporate banking).

APPENDIX

STATISTICAL TABLES

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SYMBOLS AND CONVENTIONS

The following symbols are used in the tables in the text and the Appendix:

- the phenomenon in question does not occur;
- the phenomenon in question occurs but its value is not known;
- .. the value is known but is nil or less than half the final digit shown;
- :: the data are not statistically significant.

Table aB1

SECTORAL COMPOSITION OF VALUE ADDED BY REGION IN 1999*(percentage shares and amounts in millions of euros at 1995 prices)*

	Agriculture, forestry and fishing	Industry			Services	Total	Amounts (1)
			Industry excluding construction	Construction			
Piedmont	2.6	35.6	30.8	4.7	61.8	100.0	79,785
Valle d'Aosta	1.7	21.6	14.4	7.1	76.8	100.0	2,402
Lombardy	1.9	36.6	32.5	4.1	61.4	100.0	190,452
Liguria	2.6	19.3	15.3	4.0	78.1	100.0	27,347
North-West	2.2	34.6	30.4	4.3	63.2	100.0	299,985
Trentino-Alto Adige	4.3	24.7	17.9	6.8	71.0	100.0	19,465
Veneto	3.6	36.7	31.3	5.4	59.7	100.0	85,166
Friuli-Venezia Giulia	3.3	29.3	24.6	4.7	67.4	100.0	21,342
Emilia-Romagna	4.0	33.9	29.0	4.9	62.2	100.0	81,083
North-East	3.8	33.7	28.4	5.2	62.5	100.0	207,056
Tuscany	2.1	30.3	25.7	4.6	67.5	100.0	61,798
Umbria	4.2	28.4	23.7	4.7	67.4	100.0	13,152
Marche	3.6	33.4	28.5	4.9	63.0	100.0	23,794
Lazio	1.7	18.9	13.8	5.1	79.4	100.0	94,133
Centre	2.3	25.0	20.1	4.9	72.8	100.0	192,877
Abruzzo	4.5	30.0	25.0	5.0	65.5	100.0	16,919
Molise	5.6	27.1	20.8	6.3	67.3	100.0	4,143
Campania	3.7	21.9	16.6	5.3	74.3	100.0	59,178
Puglia	8.0	21.4	16.5	4.8	70.6	100.0	42,773
Basilicata	8.6	27.2	18.9	8.3	64.2	100.0	7,090
Calabria	7.4	16.4	10.0	6.4	76.2	100.0	19,839
Sicily	4.9	18.2	12.4	5.8	76.9	100.0	52,609
Sardinia	5.0	21.4	14.5	7.0	73.5	100.0	20,033
South and Islands	5.5	21.3	15.6	5.7	73.2	100.0	222,583
Italy	3.4	29.2	24.3	5.0	67.4	100.0	923,045

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 value added.

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

Table aB2

COMPOSITION OF REGIONAL MANUFACTURING VALUE ADDED IN 1999
(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, electrical apparatus, precision instruments and transport equipment	Wood, rubber and other products of industry	Total manufacturing industry
Piedmont	9.6	10.2	0.4	6.9	6.7	2.8	16.1	36.0	11.3	100.0
Valle d'Aosta	22.8	1.5	0.1	5.3	2.7	2.8	33.2	13.3	18.2	100.0
Lombardy	6.9	11.3	0.9	8.2	14.4	3.4	17.1	26.6	11.3	100.0
Liguria	13.3	2.3	0.1	5.4	7.2	5.6	19.8	38.0	8.4	100.0
North-West	8.0	10.6	0.7	7.7	11.9	3.3	17.0	29.6	11.2	100.0
Trentino-Alto Adige	15.9	4.8	0.6	10.5	5.8	6.9	15.2	20.5	19.6	100.0
Veneto	7.9	13.6	4.8	5.6	6.6	7.1	13.5	24.9	16.0	100.0
Friuli-Venezia Giulia	7.6	4.0	0.6	7.3	4.2	6.5	17.0	27.2	25.6	100.0
Emilia-Romagna	13.8	8.0	1.4	5.3	5.8	12.9	14.2	29.7	9.0	100.0
North-East	10.7	10.0	2.8	5.9	6.0	9.4	14.2	26.8	14.2	100.0
Tuscany	6.4	21.0	9.1	7.5	7.6	7.6	7.9	20.5	12.4	100.0
Umbria	13.2	15.1	1.2	7.5	8.0	11.4	19.4	14.1	10.2	100.0
Marche	8.4	8.1	17.2	5.7	6.2	3.5	10.3	21.8	18.8	100.0
Lazio	9.7	4.6	0.2	14.0	21.3	6.6	6.4	28.4	8.7	100.0
Centre	8.3	13.0	7.2	9.2	11.6	6.8	8.8	22.7	12.3	100.0
Abruzzo	10.7	13.0	2.6	6.6	8.5	9.8	12.4	26.5	9.9	100.0
Molise	25.9	12.7	0.2	1.8	8.8	6.8	8.9	26.6	8.2	100.0
Campania	18.1	8.1	3.9	6.3	6.5	5.8	10.2	31.6	9.5	100.0
Puglia	16.7	12.5	4.6	3.7	6.4	7.5	18.0	17.9	12.6	100.0
Basilicata	17.4	3.8	0.3	2.5	7.0	6.5	6.9	41.4	14.3	100.0
Calabria	33.0	7.6	0.7	4.1	9.0	11.9	8.3	12.8	12.5	100.0
Sicily	18.5	3.1	0.3	4.5	25.6	9.3	9.2	19.2	10.4	100.0
Sardinia	17.3	4.0	0.3	5.0	27.9	9.6	11.2	13.1	11.6	100.0
South and Islands	17.7	8.5	2.6	5.0	11.7	7.9	11.8	23.9	10.8	100.0
Italy	10.2	10.6	2.7	7.1	10.2	6.2	14.1	26.8	12.2	100.0

Source: Based on Istat data.

Table aB3

**GROSS FIXED INVESTMENT, TURNOVER AND EMPLOYMENT IN INDUSTRY
EXCLUDING CONSTRUCTION: FIRST WITH AT LEAST 20 EMPLOYEES (1)**

(percentage changes on previous year at constant prices)

	Location of registered office				Actual location (2)			
	2001		2002 (3)		2001		2002 (3)	
		<i>of which: manufac- turing</i>		<i>of which: manufac- turing</i>		<i>of which: manufac- turing</i>		<i>of which: manufac- turing</i>
North West								
Investment (4)	-3.0	-4.8	-4.6	-7.6	-4.5	-6.3	-0.1	-4.9
Turnover	-0.2	-0.8	2.4	2.2	0.0	-0.9	2.3	2.3
Employment at end of year	-1.5	-1.5	0.4	0.3	-1.5	-1.5	0.4	0.5
North-East								
Investment (4)	-0.4	0.1	2.6	1.3	3.1	1.0	3.6	-0.2
Turnover	5.6	5.3	4.5	4.6	4.9	4.6	4.3	4.5
Employment at end of year	0.7	0.6	1.1	1.1	0.5	0.7	0.9	1.0
Centre								
Investment (4)	3.5	-2.4	21.2	3.6	6.4	5.2	6.0	-1.3
Turnover	0.6	-1.6	-0.5	-0.6	-0.4	-1.2	2.6	2.7
Employment at end of year	-1.7	-0.4	-1.0	0.2	-1.0	-0.7	-0.1	0.2
South and Islands								
Investment (4)	3.1	4.6	-16.1	-16.6	-1.5	-3.0	-6.2	-15.8
Turnover	0.1	-0.1	5.9	5.9	1.3	0.4	0.8	0.7
Employment at end of year	1.6	1.8	2.1	2.2	0.2	1.0	0.8	1.4
Italy								
Investment (4)	-1.0	-2.8	1.6	-4.1	-1.0	-2.8	1.6	-4.1
Turnover	1.5	0.8	2.7	2.8	1.5	0.8	2.7	2.8
Employment at end of year	-0.6	-0.4	0.5	0.7	-0.6	-0.4	0.5	0.7

Source: Banca d'Italia, *Indagine sugli investimenti delle imprese dell'Industry excluding construction*. 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) Investment and employment are classified by geographical area according to actual location, turnover according to the number of employees. – (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 IN 2001*(percentage changes on 2000)*

	Total products of manufacturing	Food products	Textiles and clothing	Leather and footwear	Chemical products	Non-metallic mineral products	Basic metals and fabricated metal products	Machinery, equipment, electrical apparatus and precision instruments	Transport equipment	Other products of manufacturing
Piedmont	1.5	7.9	-2.9	11.2	7.5	2.2	-4.3	5.0	-3.1	3.2
Valle d'Aosta	-2.4	16.0	14.7	16.1	15.8	-37.2	-8.7	-1.8	26.6	2.9
Lombardy	4.5	6.0	4.3	7.2	12.8	2.6	1.8	4.1	1.9	-0.1
Liguria	18.4	7.1	44.2	11.0	-8.1	2.4	2.1	20.7	71.1	5.8
North-West	4.0	6.9	2.5	8.0	11.4	2.4	0.5	4.8	1.1	1.0
Trentino-Alto Adige	1.7	8.2	6.4	9.6	-2.6	12.2	5.4	2.2	-5.4	-4.2
Veneto	5.0	12.2	13.2	9.0	-0.4	1.6	4.3	5.3	-7.6	2.3
Friuli-Venezia Giulia	2.9	7.1	2.9	-13.9	23.2	2.6	16.4	14.0	-35.6	-0.6
Emilia-Romagna	3.0	2.1	6.6	14.2	1.6	1.0	1.0	4.0	3.0	-2.6
North East	3.8	6.8	10.4	9.4	1.7	1.5	5.1	5.7	-7.2	0.5
Tuscany	2.9	5.1	2.3	9.3	24.8	-0.2	-5.9	-3.4	23.9	-5.1
Umbria	-0.2	-7.0	7.1	-9.2	-16.5	7.0	-4.1	3.1	51.7	-5.6
Marche	9.9	3.0	13.0	11.5	30.3	-0.1	0.0	12.6	3.0	4.8
Lazio	-8.6	17.0	7.6	-17.1	-12.5	1.8	1.3	10.0	-35.1	6.3
Centre	0.8	5.9	3.9	8.9	-3.3	0.6	-3.4	5.2	-15.4	-1.5
Abruzzo	6.3	1.8	36.5	-3.4	23.6	-3.7	21.3	-0.3	1.2	6.5
Molise	7.4	-4.0	17.5	1.5	4.7	-44.6	22.0	-5.9	-30.3	-0.3
Campania	7.4	10.7	4.7	1.6	6.7	-5.7	4.7	-6.4	21.2	2.3
Puglia	-0.2	-11.4	0.4	10.3	-0.1	-1.9	-1.0	15.2	-22.1	2.1
Basilicata	7.3	0.9	-5.4	-43.9	-9.2	-31.4	-10.7	-9.7	12.7	3.1
Calabria	-13.2	-7.8	-12.7	10.1	13.2	-4.7	-27.7	-42.8	86.1	0.9
South	4.8	4.3	14.2	4.7	7.9	-4.3	4.5	-0.8	7.7	3.1
Sicily	-6.0	-6.5	6.0	24.9	-4.6	11.9	-22.1	-10.8	-1.7	-6.0
Sardinia	-7.2	19.6	-15.2	109.4	3.1	-27.0	0.8	131.7	-33.0	-14.8
Islands	-6.4	2.0	-2.5	33.3	-2.1	4.4	-6.6	-4.5	-2.9	-9.3
Italy	3.2	6.2	5.7	8.4	5.9	1.3	1.5	4.8	-2.2	-0.5

Source: Based on Istat data.

Table aB5

**REGIONAL INDICATORS OF EXPORT SPECIALIZATION
BY BRANCH OF MANUFACTURING INDUSTRY IN 2001 (1)**

	Food products	Textiles and clothing	Leather and footwear	Chemical products	Non-metallic mineral products	Basic metals and fabricated metal products	Machinery, equipment, electrical apparatus and precision instruments	Transport equipment		Other manufactured products
									of which: motor vehicles and engines	
Piedmont	1.28	0.96	0.17	0.61	0.42	0.78	0.96	2.25	2.81	0.90
Valle d'Aosta	0.39	0.33	0.12	0.05	0.19	5.50	1.05	0.73	1.03	0.46
Lombardy	0.61	1.09	0.30	1.57	0.44	1.40	1.19	0.61	0.67	0.79
Liguria	1.21	0.24	0.09	1.07	1.11	1.19	1.15	1.76	0.35	0.75
North-West	0.81	1.02	0.26	1.29	0.46	1.24	1.12	1.09	1.25	0.81
Trentino-Alto Adige	3.04	0.61	0.40	0.87	1.15	1.15	0.81	0.98	1.32	1.14
Veneto	0.92	1.18	2.13	0.43	1.10	0.93	0.98	0.61	0.31	1.21
Friuli-Venezia Giulia	0.86	0.20	0.10	0.34	0.62	1.31	1.31	0.71	0.23	1.90
Emilia-Romagna	1.33	0.83	0.40	0.64	3.33	0.74	1.30	0.96	1.10	0.46
North-East	1.17	0.91	1.18	0.52	1.87	0.91	1.13	0.77	0.65	1.00
Tuscany	0.90	2.07	2.90	0.65	1.29	0.60	0.53	0.60	0.24	1.21
Umbria	1.43	1.85	0.55	0.67	1.33	2.92	0.75	0.30	0.23	0.52
Marche	0.26	0.70	4.63	0.30	0.30	0.88	1.16	0.17	0.07	1.12
Lazio	0.63	0.39	0.28	3.19	0.74	0.34	0.94	1.44	1.16	0.64
Centre	0.74	1.38	2.46	1.21	0.97	0.71	0.76	0.71	0.43	1.01
Abruzzo	0.83	0.99	0.47	0.67	1.38	0.73	0.89	2.25	3.05	0.83
Molise	1.40	4.20	0.21	2.23	0.07	0.13	0.14	0.05	0.07	1.20
Campania	3.01	0.46	1.88	0.79	0.49	0.49	0.52	2.72	2.28	0.60
Puglia	1.17	0.65	2.69	0.66	0.50	1.75	0.47	0.97	1.16	1.60
Basilicata	0.35	0.16	0.05	0.45	0.07	0.05	0.08	5.72	7.95	1.63
Calabria	3.65	1.01	0.08	2.71	0.54	0.38	0.68	0.34	0.17	0.87
South	1.79	0.73	1.56	0.76	0.69	0.84	0.57	2.21	2.42	0.99
Sicily	1.15	0.07	0.03	1.43	0.67	0.21	0.41	0.65	0.76	3.67
Sardinia	1.49	0.08	0.01	1.54	0.22	1.23	0.10	0.04	0.01	4.13
Islands	1.26	0.07	0.02	1.47	0.53	0.54	0.31	0.45	0.52	3.82

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	Services	Total		
Average values in 2001							
Piedmont	66	571	111	1,038	1,785	92	1,877
Valle d'Aosta	3	7	6	39	55	2	57
Lombardy	74	1,297	283	2,305	3,959	153	4,112
Liguria	21	97	44	449	612	42	654
North-West	165	1,971	443	3,831	6,410	289	6,699
Trentino-Alto Adige	35	74	38	274	421	11	433
Veneto	83	656	145	1,086	1,970	71	2,041
Friuli-Venezia Giulia	16	130	31	318	495	21	515
Emilia-Romagna	101	520	124	1,049	1,794	71	1,865
North-East	235	1,380	338	2,726	4,680	174	4,854
Tuscany	56	395	100	901	1,453	78	1,531
Umbria	16	82	26	206	330	19	348
Marche	24	206	41	332	602	29	631
Lazio	71	242	144	1,503	1,960	223	2,183
Centre	167	925	311	2,942	4,345	348	4,693
Abruzzo	28	113	43	285	469	29	498
Molise	11	21	12	66	110	17	128
Campania	109	241	147	1,096	1,593	462	2,055
Puglia	145	202	120	768	1,236	213	1,449
Basilicata	20	39	24	99	182	36	217
Calabria	67	47	62	383	559	193	751
Sicily	133	129	149	983	1,394	382	1,777
Sardinia	46	65	59	367	536	124	660
South & Islands	559	857	615	4,048	6,079	1,456	7,535
Italy	1,126	5,133	1,707	13,548	21,514	2,267	23,781
Changes on 2000							
Piedmont	-3.1	-1.3	1.0	2.4	0.9	-22.5	-0.5
Valle d'Aosta	-6.4	1.5	11.9	0.9	1.6	-4.5	1.3
Lombardy	-7.3	0.2	2.8	3.6	2.2	-13.7	1.5
Liguria	10.4	-3.4	5.4	3.4	2.6	-20.7	0.7
North-West	-3.6	-0.4	2.7	3.2	1.9	-17.6	0.8
Trentino-Alto Adige	-5.6	2.6	9.4	-0.3	0.5	-2.7	0.5
Veneto	-5.1	-1.9	1.8	4.3	1.5	-6.0	1.2
Friuli-Venezia Giulia	17.5	-2.0	5.2	4.2	2.9	-9.9	2.3
Emilia-Romagna	-3.4	-0.5	3.9	2.1	1.2	-4.1	0.9
North-East	-3.2	-1.2	3.7	3.0	1.4	-5.5	1.2
Tuscany	4.5	0.5	10.1	1.6	2.0	-15.8	0.9
Umbria	6.5	-0.8	12.5	1.8	2.1	-17.1	0.9
Marche	-1.7	2.9	0.9	1.7	1.9	-7.0	1.5
Lazio	16.9	-2.0	7.7	1.9	2.3	-6.3	1.4
Centre	8.6	0.3	7.9	1.8	2.1	-9.3	1.2
Abruzzo	16.2	0.8	11.1	4.7	4.9	-24.1	2.6
Molise	-9.4	5.0	0.6	3.7	2.1	-0.2	1.8
Campania	0.5	2.2	7.5	1.7	2.2	-4.6	0.6
Puglia	3.7	-4.4	11.4	2.1	2.0	-14.9	-0.9
Basilicata	-6.0	1.8	3.2	-3.6	-1.9	-0.4	-1.6
Calabria	4.7	4.6	6.8	2.4	3.3	1.3	2.8
Sicily	-1.2	-0.9	6.5	4.0	3.2	-10.2	0.0
Sardinia	-3.6	11.8	3.7	3.9	4.1	-7.7	1.6
South & Islands	1.3	0.7	7.5	2.7	2.7	-7.6	0.5
Italy	0.6	-0.3	5.5	2.7	2.1	-9.1	0.9

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

Table aC2

TOTAL EMPLOYMENT
(thousands of persons)

	1995	1996	1997	1998	1999	2000	2001
Men and Women							
Piedmont	1,692	1,711	1,700	1,686	1,724	1,769	1,785
Valle d'Aosta	51	51	52	52	52	54	55
Lombardy	3,681	3,697	3,705	3,768	3,833	3,875	3,959
Liguria	572	577	577	585	586	596	612
North-West	5,996	6,036	6,034	6,091	6,195	6,294	6,410
Trentino-Alto Adige	382	394	395	401	407	419	421
Veneto	1,797	1,816	1,846	1,859	1,887	1,940	1,970
Friuli-Venezia Giulia	456	463	463	469	474	480	495
Emilia-Romagna	1,669	1,681	1,693	1,705	1,743	1,773	1,794
North-East	4,305	4,354	4,397	4,434	4,510	4,613	4,680
Tuscany	1,355	1,351	1,351	1,362	1,393	1,424	1,453
Umbria	295	296	298	302	314	323	330
Marche	559	567	562	567	582	591	602
Lazio	1,820	1,833	1,850	1,865	1,884	1,916	1,960
Centre	4,030	4,047	4,061	4,095	4,172	4,255	4,345
Abruzzo	437	448	444	443	436	448	469
Molise	105	105	106	106	106	108	110
Campania	1,505	1,497	1,514	1,559	1,549	1,559	1,593
Puglia	1,152	1,159	1,140	1,156	1,174	1,212	1,236
Basilicata	175	173	175	176	179	185	182
Calabria	556	539	538	540	531	541	559
Sicily	1,278	1,280	1,299	1,326	1,326	1,350	1,394
Sardinia	487	488	500	509	514	515	536
South & Islands	5,696	5,688	5,715	5,816	5,815	5,918	6,079
Italy	20,026	20,125	20,207	20,435	20,692	21,080	21,514
Women							
Piedmont	643	662	661	656	680	713	733
Valle d'Aosta	20	21	21	21	21	23	23
Lombardy	1,393	1,413	1,419	1,459	1,505	1,530	1,585
Liguria	210	210	214	222	228	235	245
North-West	2,266	2,306	2,315	2,359	2,434	2,501	2,587
Trentino-Alto Adige	145	152	155	159	162	170	170
Veneto	651	670	696	698	715	748	773
Friuli-Venezia Giulia	173	180	179	183	188	195	202
Emilia-Romagna	673	689	697	709	734	753	766
North-East	1,643	1,691	1,727	1,749	1,799	1,866	1,910
Tuscany	517	519	519	530	555	577	592
Umbria	105	109	112	115	120	128	133
Marche	215	221	218	222	234	238	249
Lazio	627	643	652	663	681	706	740
Centre	1,463	1,492	1,501	1,531	1,590	1,648	1,714
Abruzzo	148	155	155	157	151	154	166
Molise	36	36	37	37	36	37	39
Campania	438	429	434	453	449	452	463
Puglia	323	326	321	330	328	348	370
Basilicata	54	53	55	56	59	60	57
Calabria	175	166	162	161	157	165	174
Sicily	323	325	336	356	364	374	404
Sardinia	138	141	149	158	165	160	175
South & Islands	1,635	1,633	1,649	1,707	1,710	1,749	1,848
Italy	7,007	7,122	7,192	7,345	7,533	7,764	8,060

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

Table aC3

**STRUCTURE OF EMPLOYMENT, 1995-2001, BY
GEOGRAPHICAL AREA AND SECTOR**

(thousands of persons, percentage shares and changes)

Sector	Employment			Change		
	1995	2001	Share 2001 (%)	1999-2000 (%)	2000-01 (%)	Absolute change 2000-01
North-West						
Agriculture	183	165	2.6	2.0	-3.6	-6
Industry excl. construction	2,087	1,971	30.8	-1.7	-0.4	-8
Construction	419	443	6.9	-1.8	2.7	12
Services	3,306	3,831	59.8	3.8	3.2	119
<i>of which: commerce (1)</i>	911	1,005	15.7	2.5	1.2	12
Total	5,996	6,410	100.0	1.6	1.9	117
North-East						
Agriculture	285	235	5.0	-6.4	-3.2	-8
Industry excl. construction	1,327	1,380	29.5	-0.2	-1.2	-16
Construction	300	338	7.2	5.2	3.7	12
Services	2,392	2,726	58.3	4.2	3.0	78
<i>of which: commerce (1)</i>	700	710	15.2	2.6	-1.6	-12
Total	4,305	4,680	100.0	2.3	1.4	67
Centre						
Agriculture	176	167	3.8	5.1	8.6	13
Industry excl. construction	929	925	21.3	0.2	0.3	2
Construction	285	311	7.2	2.9	7.9	23
Services	2,639	2,942	67.7	2.3	1.8	52
<i>of which: commerce (1)</i>	686	704	16.2	-1.5	1.1	8
Total	4,030	4,345	100.0	2.0	2.1	90
South and Islands						
Agriculture	689	559	9.2	-1.5	1.3	7
Industry excl. construction	843	857	14.1	0.9	0.7	6
Construction	568	615	10.1	4.9	7.5	43
Services	3,595	4,048	66.6	2.0	2.7	105
<i>of which: commerce (1)</i>	917	998	16.4	4.0	3.2	31
Total	5,696	6,079	100.0	1.8	2.7	161

Source: Based on data from Istat, *Indagine sulle forze di lavoro*; See the Methodological Notes.
(1) The sector includes hotels, restaurants and the like.

Table aC4

**COMPOSITION OF NON-AGRICULTURAL EMPLOYMENT BY
GEOGRAPHICAL AREA AND TYPE OF EMPLOYMENT RELATION**

(thousands of persons and percentages)

Type of employment	Employment			Changes		
	1995	2001	Share 2001 (%)	1999-2000 (%)	2000-01 (%)	Absolute change 2000-01
North-West						
Self-employed	1,492	1,559	25.0	0.9	0.7	11
Payroll	4,320	4,687	75.0	1.8	2.5	112
<i>of which: permanent</i>	4,112	4,371	70.0	0.9	2.9	125
<i>fixed-term</i>	209	316	5.0	15.7	-3.8	-13
North-East						
Self-employed	1,103	1,188	26.7	3.1	0.0	1
Payroll	2,917	3,257	73.3	2.7	2.3	74
<i>of which: permanent</i>	2,720	2,983	67.1	2.6	2.5	73
<i>fixed-term</i>	197	274	6.2	4.3	0.5	1
Centre						
Self-employed	1,051	1,120	26.8	0.1	1.8	19
Payroll	2,802	3,058	73.2	2.5	1.9	58
<i>of which: permanent</i>	2,649	2,794	66.9	1.6	2.3	63
<i>fixed-term</i>	154	265	6.3	12.6	-1.9	-5
South and Islands						
Self-employed	1,366	1,469	26.6	3.2	1.7	25
Payroll	3,640	4,051	73.4	1.7	3.3	130
<i>of which: permanent</i>	3,346	3,569	64.7	0.9	4.0	137
<i>fixed-term</i>	294	482	8.7	7.7	-1.5	-7
Italy						
Self-employed	5,012	5,335	26.2	1.9	1.0	55
Payroll	13,680	15,053	73.8	2.1	2.5	373
<i>of which: permanent</i>	12,827	13,717	67.3	1.4	3.0	397
<i>fixed-term</i>	853	1,336	6.5	9.8	-1.8	-24

Source: Based on data from Istat, *Indagine sulle forze di lavoro*. See the Methodological Notes.

Table aC5

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

Regioni e aree geografiche	1995	1996	1997	1998	1999	2000	2001
Men and Women							
Piedmont	49.5	50.1	49.7	49.3	49.9	50.7	50.4
Valle d'Aosta	53.1	52.7	53.2	52.7	52.8	54.2	54.9
Lombardy	51.2	51.3	51.0	51.5	51.8	51.9	52.4
Liguria	43.8	44.2	44.1	44.8	44.9	45.1	45.6
North-West	49.9	50.1	49.9	50.1	50.5	50.8	51.1
Trentino-Alto Adige	53.1	54.2	53.9	54.1	54.7	55.6	55.4
Veneto	50.4	50.7	51.1	51.1	51.5	52.2	52.5
Friuli-Venezia Giulia	47.1	47.6	47.7	47.8	48.3	48.5	49.5
Emilia-Romagna	51.2	51.3	51.8	51.8	52.4	52.8	53.0
North-East	50.6	50.9	51.2	51.3	51.7	52.3	52.6
Tuscany	48.0	47.7	47.6	47.8	48.6	49.0	49.3
Umbria	45.9	45.9	45.4	45.8	46.9	47.5	47.6
Marche	48.4	48.7	48.6	48.3	49.4	49.3	49.7
Lazio	47.2	47.3	47.3	47.3	47.6	47.8	48.2
Centre	47.5	47.5	47.4	47.5	48.1	48.4	48.7
Abruzzo	45.3	46.1	45.5	45.2	44.8	44.6	45.6
Molise	45.3	45.0	45.5	45.7	45.3	45.1	45.9
Campania	44.1	43.5	43.8	44.4	43.9	44.1	44.1
Puglia	42.2	42.5	42.3	43.5	43.4	43.6	43.0
Basilicata	43.0	42.4	43.2	43.1	43.0	44.0	43.2
Calabria	42.9	42.4	41.8	43.5	43.9	43.5	44.7
Sicily	40.7	40.7	41.3	42.5	42.5	42.9	42.9
Sardinia	45.0	44.5	45.2	46.1	46.7	46.5	47.1
South & Islands	42.9	42.8	42.9	43.9	43.8	43.9	44.0
Italy	47.1	47.2	47.2	47.6	47.9	48.2	48.5
Women							
Piedmont	38.1	39.4	39.2	39.1	39.8	41.0	41.0
Valle d'Aosta	43.4	43.4	43.6	43.4	43.6	45.9	45.9
Lombardy	38.6	39.0	38.9	39.9	40.3	40.6	41.3
Liguria	31.8	32.5	32.6	33.5	34.6	34.8	35.5
North-West	37.7	38.4	38.3	39.0	39.6	40.1	40.6
Trentino-Alto Adige	39.9	41.4	41.8	42.4	43.1	44.2	44.3
Veneto	36.6	37.5	38.5	38.5	39.0	40.0	40.9
Friuli-Venezia Giulia	35.7	36.7	36.7	36.9	37.9	38.7	39.6
Emilia-Romagna	41.3	41.8	42.6	42.7	43.5	44.0	44.3
North-East	38.6	39.4	40.1	40.2	40.9	41.7	42.3
Tuscany	37.0	36.7	36.9	37.5	38.8	39.2	39.8
Umbria	33.6	34.6	34.9	35.8	36.6	37.7	38.3
Marche	37.2	37.8	38.2	38.1	39.8	39.4	40.6
Lazio	33.0	33.6	33.7	33.7	34.5	35.3	36.2
Centre	34.9	35.2	35.4	35.7	36.8	37.3	38.1
Abruzzo	31.8	32.7	32.5	32.5	32.2	31.2	32.6
Molise	33.1	32.7	33.2	33.4	32.6	32.5	34.2
Campania	28.1	27.2	27.7	28.1	27.6	27.8	28.3
Puglia	25.1	25.6	25.6	26.9	26.7	27.3	27.2
Basilicata	28.9	28.0	29.7	29.8	30.7	30.7	29.6
Calabria	29.3	28.9	27.8	29.8	30.6	30.3	32.2
Sicily	22.6	22.8	23.6	25.4	26.1	26.7	27.3
Sardinia	28.7	28.8	30.1	31.7	33.0	32.2	33.3
South and Islands	26.6	26.6	26.9	28.1	28.2	28.4	29.0
Italy	33.5	33.9	34.1	34.8	35.3	35.8	36.4

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

Table aC6

EMPLOYMENT RATES
(percentage of population aged 15-64)

	1995	1996	1997	1998	1999	2000	2001
Men and Women							
Piedmont	45.4	46.0	45.6	45.2	46.3	47.5	47.9
Valle d'Aosta	49.6	49.7	50.4	49.9	50.0	51.8	52.6
Lombardy	48.1	48.2	48.1	48.7	49.3	49.6	50.4
Liguria	38.8	39.2	39.4	40.2	40.5	41.4	42.7
North-West	46.3	46.5	46.4	46.7	47.5	48.1	48.9
Trentino-Alto Adige	50.9	52.1	51.9	52.4	52.8	54.1	54.0
Veneto	47.6	47.9	48.5	48.6	49.1	50.2	50.7
Friuli-Venezia Giulia	43.7	44.4	44.5	45.1	45.6	46.3	47.5
Emilia-Romagna	48.2	48.5	48.8	49.0	50.0	50.7	51.0
North-East	47.7	48.1	48.4	48.7	49.4	50.3	50.7
Tuscany	44.0	43.9	43.8	44.1	45.1	46.0	46.8
Umbria	41.6	41.4	41.5	41.8	43.4	44.4	45.1
Marche	45.2	45.6	45.1	45.3	46.4	46.9	47.5
Lazio	41.3	41.5	41.7	41.8	42.0	42.6	43.3
Centre	42.7	42.8	42.8	43.0	43.7	44.4	45.1
Abruzzo	41.2	42.0	41.4	41.1	40.3	41.2	43.0
Molise	38.0	37.8	38.1	38.1	38.0	38.8	39.6
Campania	33.4	32.9	33.0	33.8	33.5	33.6	34.2
Puglia	35.2	35.2	34.4	34.7	35.2	36.1	36.7
Basilicata	35.4	34.8	35.2	35.3	35.6	36.8	36.1
Calabria	33.5	32.3	32.1	32.2	31.6	32.2	33.2
Sicily	31.6	31.4	31.7	32.2	32.1	32.6	33.7
Sardinia	35.8	35.6	36.1	36.6	36.9	36.9	38.3
South & Islands	34.2	33.9	33.8	34.2	34.2	34.6	35.5
Italy	41.6	41.7	41.7	42.0	42.4	43.1	43.8
Women							
Piedmont	33.3	34.3	34.3	34.0	35.3	37.0	38.1
Valle d'Aosta	39.5	39.7	40.4	40.6	40.2	43.0	43.3
Lombardy	35.1	35.5	35.5	36.4	37.4	37.9	39.0
Liguria	26.8	26.9	27.6	28.7	29.8	30.8	32.3
North-West	33.6	34.2	34.3	34.8	35.9	36.9	38.0
Trentino-Alto Adige	37.5	39.2	39.5	40.5	40.9	42.6	42.5
Veneto	33.4	34.2	35.4	35.3	36.1	37.6	38.6
Friuli-Venezia Giulia	31.6	32.8	32.8	33.5	34.6	35.8	37.1
Emilia-Romagna	37.5	38.3	38.6	39.2	40.5	41.4	42.0
North-East	35.1	36.0	36.7	37.1	38.0	39.3	40.1
Tuscany	32.1	32.3	32.2	32.9	34.4	35.7	36.6
Umbria	28.4	29.3	29.9	30.8	32.1	33.8	35.2
Marche	33.5	34.3	33.8	34.3	36.0	36.5	37.9
Lazio	27.3	27.9	28.1	28.4	29.0	30.0	31.2
Centre	29.8	30.3	30.3	30.8	31.9	33.0	34.1
Abruzzo	27.1	28.2	28.0	28.2	27.0	27.3	29.4
Molise	25.3	25.2	25.5	25.6	25.1	26.0	27.1
Campania	18.7	18.2	18.3	19.0	18.7	18.8	19.2
Puglia	19.0	19.1	18.7	19.1	18.9	20.0	21.2
Basilicata	21.3	21.0	21.5	21.7	23.1	23.1	22.0
Calabria	20.5	19.4	18.8	18.7	18.2	19.1	20.1
Sicily	15.4	15.3	15.8	16.6	17.0	17.4	18.8
Sardinia	19.8	20.1	21.0	22.2	23.2	22.4	24.4
South & Islands	18.9	18.8	18.9	19.4	19.4	19.8	20.9
Italy	28.1	28.4	28.6	29.1	29.8	30.6	31.7

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

Table aC7

UNEMPLOYMENT RATES
(percentages)

	1995	1996	1997	1998	1999	2000	2001
Men and Women							
Piedmont	8.2	8.2	8.3	8.3	7.2	6.3	4.9
Valle d'Aosta	6.6	5.7	5.3	5.3	5.3	4.5	4.2
Lombardy	6.1	6.0	5.8	5.5	4.8	4.4	3.7
Liguria	11.3	11.2	10.6	10.2	9.9	8.2	6.5
North-West	7.2	7.2	7.0	6.8	6.0	5.3	4.3
Trentino-Alto Adige	4.2	3.8	3.8	3.2	3.4	2.7	2.6
Veneto	5.6	5.4	5.1	5.0	4.5	3.7	3.5
Friuli-Venezia Giulia	7.3	6.8	6.6	5.6	5.6	4.6	4.0
Emilia-Romagna	5.9	5.4	5.8	5.4	4.6	4.0	3.8
North-East	5.7	5.4	5.4	5.1	4.6	3.8	3.6
Tuscany	8.3	8.0	8.1	7.8	7.2	6.1	5.1
Umbria	9.5	9.8	8.6	8.6	7.6	6.5	5.3
Marche	6.6	6.2	7.2	6.3	6.1	5.0	4.6
Lazio	12.4	12.3	11.9	11.8	11.7	11.0	10.2
Centre	10.1	9.9	9.8	9.5	9.2	8.3	7.4
Abruzzo	9.1	8.9	9.0	9.1	10.1	7.7	5.7
Molise	16.0	15.9	16.2	16.8	16.2	14.0	13.7
Campania	24.2	24.4	24.6	23.8	23.7	23.7	22.5
Puglia	16.5	17.2	18.7	20.3	19.0	17.1	14.7
Basilicata	17.7	17.8	18.6	18.1	17.1	16.2	16.5
Calabria	21.8	23.8	23.1	26.1	28.0	26.1	25.7
Sicily	22.3	22.9	23.4	24.2	24.5	24.0	21.5
Sardinia	20.3	20.0	20.0	20.6	21.0	20.6	18.7
South and Islands	20.4	20.8	21.3	21.9	22.0	21.0	19.3
Italy	11.6	11.6	11.7	11.8	11.4	10.6	9.5
Women							
Piedmont	12.7	12.7	12.7	13.0	11.5	9.7	7.1
Valle d'Aosta	9.0	8.5	7.4	6.5	7.8	6.3	5.6
Lombardy	9.2	9.1	8.9	8.9	7.4	6.7	5.5
Liguria	15.7	17.0	15.5	14.3	14.0	11.4	9.0
North-West	10.9	10.9	10.6	10.6	9.2	8.0	6.3
Trentino-Alto Adige	6.0	5.4	5.4	4.5	5.1	3.7	4.0
Veneto	8.9	8.9	8.1	8.1	7.3	6.1	5.4
Friuli-Venezia Giulia	11.7	10.8	10.5	9.3	8.7	7.5	6.4
Emilia-Romagna	9.3	8.5	9.2	8.1	7.0	5.7	5.3
North-East	9.1	8.6	8.6	7.9	7.1	5.9	5.4
Tuscany	13.1	12.2	12.6	12.3	11.3	9.0	8.0
Umbria	15.4	15.4	14.1	14.0	12.1	10.2	8.0
Marche	9.9	9.3	11.6	9.9	9.6	7.5	6.7
Lazio	17.4	16.9	16.4	15.7	15.9	15.0	13.6
Centre	14.7	14.1	14.3	13.6	13.2	11.6	10.3
Abruzzo	14.8	14.0	13.8	13.3	15.9	12.6	9.8
Molise	23.7	23.0	23.3	23.4	23.0	20.1	20.8
Campania	33.3	33.3	33.9	32.6	32.0	32.4	32.1
Puglia	24.2	25.5	27.1	29.1	29.1	26.8	22.1
Basilicata	26.1	25.0	27.8	27.4	24.8	24.9	25.8
Calabria	30.0	32.8	32.2	37.3	40.5	37.1	37.4
Sicily	31.8	32.7	33.0	34.4	35.0	35.0	31.2
Sardinia	31.0	30.3	30.1	30.2	29.8	30.6	26.7
South and Islands	28.9	29.4	30.0	30.8	31.3	30.4	28.1
Italy	16.2	16.1	16.2	16.3	15.7	14.5	13.0

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

Table aC8

AUTHORIZED HOURS OF WAGE SUPPLEMENTATION

(thousands)

	Ordinary benefits		Total (1)	
	2000	2001	2000	2001
Piedmont	8,693	15,217	16,991	23,271
Valle d'Aosta	518	411	1,083	1,134
Lombardy	10,148	13,655	23,741	26,273
Liguria	760	870	4,169	3,588
North-West	20,120	30,154	45,983	54,266
Trentino-Alto Adige	421	490	5,177	5,343
Veneto	2,583	2,695	4,657	5,860
Friuli-Venezia Giulia	452	498	1,411	1,730
Emilia-Romagna	1,972	1,799	5,084	4,737
North-East	5,428	5,483	16,328	17,669
Tuscany	2,758	2,844	7,706	7,965
Umbria	733	722	2,035	2,093
Marche	1,364	1,098	2,480	2,053
Lazio	2,901	6,145	10,851	12,660
Centre	7,756	10,809	23,072	24,772
Abruzzo	1,339	2,827	4,512	5,035
Molise	270	210	634	713
Campania	2,173	2,446	13,907	11,820
Puglia	4,502	3,611	22,493	18,990
Basilicata	503	963	1,617	2,381
Calabria	272	399	4,136	3,630
Sicily	2,098	2,843	10,507	9,151
Sardinia	511	466	3,984	3,828
South & Islands	11,668	13,765	61,791	55,547
Italia	44,972	60,211	147,175	152,253

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)

	1999		2000		2001	
	Banks	Branches	Banks	Branches	Banks	Branches
Piedmont	69	2,281	75	2,343	82	2,418
Valle d'Aosta	14	87	14	92	16	94
Lombardy	232	5,228	224	5,435	242	5,654
Liguria	44	836	49	864	50	881
North-West		8,432		8,734		9,047
Trentino-Alto Adige	143	870	143	881	139	896
Veneto	125	2,815	133	2,949	139	3,054
Friuli-Venezia Giulia	59	802	61	834	62	874
Emilia-Romagna	119	2,714	119	2,840	124	2,970
North-East		7,201		7,504		7,794
Tuscany	102	1,956	106	2,045	109	2,117
Umbria	38	441	38	457	39	493
Marche	61	871	61	918	66	973
Lazio	140	2,064	152	2,179	164	2,286
Centre		5,332		5,599		5,869
Abruzzo	50	514	46	552	47	574
Molise	26	116	28	126	30	137
Campania	89	1,408	83	1,445	83	1,483
Puglia	59	1,180	61	1,226	61	1,275
Basilicata	35	224	34	229	32	234
Calabria	42	467	41	477	42	496
South		3,909		4,055		4,199
Sicily	66	1,623	70	1,640	71	1,687
Sardinia	17	635	18	643	23	649
Islands		2,258		2,283		2,336
Italy	876	27,132	841	28,175	830	29,245

Source: Supervisory returns.

Table aD2

**BANK LOANS AND BAD DEBTS
BY REGION**

(end-of-year stocks in millions of euros and percentage changes)

	Loans		Bad debts		% ratio Bad debts/loans	
	2001	% change 2000-01	2001	% change 2000-01	2000	2001
Piedmont	80,686	-0.1	2,174	-7.2	2.9	2.7
Valle d'Aosta	1,986	30.1	70	-9.5	5.1	3.5
Lombardy	288,265	7.8	6,637	-12.7	2.8	2.3
Liguria	18,499	3.2	1,035	-5.3	6.1	5.6
North-West	389,437	5.9	9,916	-10.8	3.0	2.5
Trentino-Alto Adige	21,149	11.2	339	-8.5	1.9	1.6
Veneto	85,554	7.9	2,155	-25.5	3.6	2.5
Friuli-Venezia Giulia	19,447	2.9	499	-15.6	3.1	2.6
Emilia-Romagna	93,499	8.6	2,529	-10.0	3.3	2.7
North-East	219,648	8.0	5,522	-17.2	3.3	2.5
Tuscany	62,022	9.4	2,026	-24.3	4.7	3.3
Umbria	11,720	7.2	568	-10.8	5.8	4.8
Marche	23,011	11.5	909	-9.5	4.9	4.0
Lazio	137,345	5.8	7,906	-16.0	7.2	5.8
Centre	234,097	7.4	11,409	-16.9	6.3	4.9
Abruzzo	11,720	3.5	960	-13.0	9.7	8.2
Molise	2,367	6.4	221	-16.8	11.9	9.3
Campania	35,278	3.6	3,787	-9.5	12.3	10.7
Puglia	25,519	3.2	3,497	-8.1	15.4	13.7
Basilicata	4,329	-0.7	827	-5.9	20.1	19.1
Calabria	9,469	4.3	1,793	-7.6	21.4	18.9
South	88,684	3.4	11,084	-9.0	14.2	12.5
Sicily	31,575	2.5	5,680	-9.6	20.4	18.0
Sardinia	14,290	6.6	1,942	-1.1	14.6	13.6
Islands	45,864	3.8	7,622	-7.5	18.6	16.6
Italy	977,731	6.4	45,554	-12.3	5.7	4.7

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 2001 (1)*(end-of year data; percentage changes on previous year)*

	General government	Financial and insurance companies	Holdings	Non-financial companies and sole proprietorships			Consumer households (2)	Total	
				Industry excluding construction	Construction	Services			
Piedmont	16.7	-7.2	48.2	-5.6	8.0	-1.8	-16.9	11.1	0.1
Valle d'Aosta	-2.0	-14.1	-99.0	46.5	156.5	-10.7	24.7	17.2	32.2
Lombardy	0.4	4.8	-6.3	12.1	7.5	7.2	17.8	10.0	8.4
Liguria	-2.8	69.1	-24.1	3.1	-3.7	3.3	7.1	2.5	3.7
North-West	3.8	3.9	1.6	7.2	7.7	4.7	7.1	9.6	6.4
Trentino-Alto Adige	12.0	30.7	-9.2	11.3	13.8	16.3	9.5	8.9	11.6
Veneto	-1.4	28.4	-5.9	9.4	5.8	11.8	13.9	6.8	9.1
Friuli-Venezia Giulia	-9.2	44.9	-86.8	5.0	0.0	9.9	11.0	6.4	3.5
Emilia-Romagna	-2.3	-12.6	176.8	7.9	5.1	14.8	9.2	8.7	9.2
North-East	-2.2	7.3	49.7	8.6	5.4	13.7	11.2	7.7	8.9
Tuscany	4.2	37.8	-44.8	7.1	-0.1	10.3	13.5	12.8	11.1
Umbria	-19.7	-50.5	-25.5	6.9	7.9	5.9	6.3	24.2	8.3
Marche	-1.4	37.1	21.6	12.0	9.5	15.6	15.3	12.0	12.6
Lazio	-6.2	23.2	8.0	13.1	16.9	3.8	13.8	7.6	7.5
Centre	-5.8	27.3	4.3	10.7	9.0	6.7	13.4	10.8	9.0
Abruzzo	-34.6	-36.1	-14.1	4.8	2.3	8.8	7.2	13.3	5.3
Molise	13.5	-33.0	269.9	5.0	-0.6	10.4	12.4	10.2	9.5
Campania	-0.7	0.0	-7.4	4.4	1.4	0.1	8.2	11.2	5.4
Puglia	-1.2	-33.3	59.8	6.0	11.0	-3.4	6.2	6.3	5.3
Basilicata	-16.7	63.1	21.1	0.7	-5.5	-6.7	13.5	5.2	0.6
Calabria	-20.2	::	278.6	4.8	17.1	3.1	1.5	8.0	7.5
South	-6.0	3.6	25.0	4.8	4.1	0.6	7.1	9.2	5.4
Sicily	-4.9	2.4	22.8	5.1	6.1	2.6	4.5	7.2	5.6
Sardinia	65.9	8.8	115.9	3.8	7.3	-1.3	4.8	8.5	7.9
Islands	17.8	6.7	60.6	4.7	6.6	1.3	4.6	7.6	6.4
Italy	-3.5	8.1	8.5	8.0	7.0	6.8	9.3	9.2	7.5

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

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

Table aD4

**FLOWS OF NEW ADJUSTED BAD DEBTS
BY REGION**

(millions of euros, percentage changes and percentages)

	Annual flows of adjusted bad debts			As a percentage of loans (1)	
	2000	2001	% change 2000-01	2000	2001
Piedmont	436	416	-4.5	0.7	0.5
Valle d'Aosta	7	11	59.7	0.5	0.8
Lombardy	1,482	1,561	5.3	0.7	0.6
Liguria	133	220	64.9	0.9	1.3
North-West	2,058	2,209	7.3	0.7	0.6
Trentino-Alto Adige	97	86	-11.0	0.6	0.5
Veneto	590	553	-6.3	0.9	0.7
Friuli-Venezia Giulia	107	122	14.2	0.7	0.7
Emilia-Romagna	466	534	14.7	0.6	0.6
North-East	1,260	1,296	2.8	0.7	0.7
Tuscany	441	562	27.5	0.9	1.0
Umbria	259	126	-51.6	2.8	1.2
Marche	107	193	80.8	0.6	1.0
Lazio	1,965	1,350	-31.3	1.7	1.1
Centre	2,772	2,230	-19.5	1.5	1.1
Abruzzo	125	138	10.4	1.3	1.3
Molise	39	41	5.7	2.3	2.1
Campania	439	561	27.8	1.5	1.9
Puglia	338	426	26.1	1.8	2.0
Basilicata	66	70	5.5	2.0	2.0
Calabria	122	158	29.2	1.8	2.2
South	1,129	1,393	23.4	1.7	1.9
Sicily	343	368	7.4	1.5	1.5
Sardinia	301	223	-25.9	2.9	1.9
Islands	644	591	-8.1	2.0	1.6
Italy	7,863	7,719	-1.8	1.0	0.9

Sources: Supervisory returns and Central Credit Register. The data are classified by customer's location. See the Methodological Notes. (1) Percentage ratio of the annual flow of bad debts to the opening stock of loans.

Table aD5

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

	2000		2001		% change 2000-01	
	Total deposits		Total deposits		Total deposits	
		of which: current accounts		of which: current accounts		of which: current accounts
Piedmont	48,033	33,707	49,475	35,728	3.0	6.0
Valle d'Aosta	1,464	1,059	1,503	1,126	2.7	6.3
Lombardy	152,376	113,696	163,023	121,562	7.0	6.9
Liguria	15,131	11,071	15,844	12,148	4.7	9.7
North-West	217,004	159,532	229,845	170,564	5.9	6.9
Trentino-Alto Adige	12,257	7,792	13,063	8,781	6.6	12.7
Veneto	44,872	30,115	48,978	33,732	9.2	12.0
Friuli-Venezia Giulia	12,817	9,867	13,824	10,240	7.9	3.8
Emilia-Romagna	48,188	33,152	53,741	36,957	11.5	11.5
North-East	118,135	80,926	129,606	89,710	9.7	10.9
Tuscany	40,601	26,310	40,787	28,512	0.5	8.4
Umbria	7,086	4,213	7,593	4,840	7.2	14.9
Marche	14,034	8,195	14,657	8,631	4.4	5.3
Lazio	74,744	57,703	76,946	62,054	2.9	7.5
Centre	136,466	96,421	139,983	104,037	2.6	7.9
Abruzzo	9,351	5,320	10,108	5,906	8.1	11.0
Molise	1,541	932	1,685	1,096	9.3	17.6
Campania	34,506	20,663	39,028	24,974	13.1	20.9
Puglia	23,719	11,954	25,463	13,933	7.4	16.6
Basilicata	3,205	1,593	3,424	1,901	6.8	19.3
Calabria	8,746	4,740	9,190	5,418	5.1	14.3
South	81,067	45,202	88,897	53,228	9.7	17.8
Sicily	25,724	13,632	27,457	15,915	6.7	16.7
Sardinia	10,422	6,982	11,050	7,784	6.0	11.5
Islands	36,146	20,615	38,507	23,699	6.5	15.0
Italy	588,820	402,695	626,840	441,239	6.5	9.6

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

Table aD6

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

(end-of-period data in millions of euros and percentage changes)

	Securities held for custody (2)			Portfolio management services (3)		
	2000	2001	% change 2000-01	2000	2001	% change 2000-01
Piedmont	110,633	109,155	-1.3	14,489	13,921	-3.9
Valle d'Aosta	1,993	2,228	11.8	223	192	-13.9
Lombardy	352,354	314,599	-10.7	42,902	40,762	-5.0
Liguria	32,560	33,294	2.3	4,497	3,575	-20.5
North-West	497,540	459,276	-7.7	62,112	58,451	-5.9
Trentino-Alto Adige	13,690	14,479	5.8	2,285	1,886	-17.5
Veneto	70,247	78,073	11.1	15,038	14,428	-4.1
Friuli-Venezia Giulia	25,268	48,915	93.6	2,562	2,542	-0.8
Emilia-Romagna	95,861	101,451	5.8	21,050	18,879	-10.3
North-East	205,065	242,917	18.5	40,934	37,736	-7.8
Tuscany	57,044	64,778	13.6	10,135	9,334	-7.9
Umbria	8,850	9,118	3.0	1,230	1,147	-6.7
Marche	16,670	18,183	9.1	2,038	1,920	-5.8
Lazio	113,376	113,183	-0.2	9,130	6,417	-29.7
Centre	195,940	205,262	4.8	22,533	18,818	-16.5
Abruzzo	8,462	8,647	2.2	457	492	7.7
Molise	1,127	1,322	17.3	72	76	5.6
Campania	31,523	32,319	2.5	2,460	2,385	-3.0
Puglia	24,046	24,995	3.9	2,656	1,978	-25.5
Basilicata	2,687	2,925	8.9	108	106	-1.9
Calabria	7,024	8,116	15.5	383	582	52.0
South	74,868	78,324	4.6	6,136	5,619	-8.4
Sicily	26,392	28,021	6.2	1,755	1,584	-9.7
Sardinia	7,000	7,786	11.2	691	631	-8.7
Islands	33,392	35,806	7.2	2,446	2,215	-9.4
Italy	1,006,806	1,021,586	1.5	134,161	122,838	-8.4

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. (3) Securities held for banks' portfolio management services.

Table aD7

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

	Loans					Deposits				
	Dec. 2000	Mar. 2001	June 2001	Sept. 2001	Dec. 2001	Dec. 2000	Mar. 2001	June 2001	Sept. 2001	Dec. 2001
Piedmont	6.6	6.5	6.6	6.6	6.2	2.5	2.5	2.4	2.1	1.7
Valle d'Aosta	8.1	8.2	8.2	8.2	7.8	2.5	2.6	2.3	2.0	1.6
Lombardy	6.1	6.4	6.2	6.1	5.5	2.7	2.6	2.5	2.1	1.8
Liguria	7.3	7.6	7.3	7.3	7.0	2.2	2.2	2.1	1.8	1.5
North-West	6.2	6.5	6.4	6.2	5.7	2.6	2.6	2.4	2.1	1.7
Trentino-Alto Adige	7.2	7.3	7.0	7.1	6.4	2.8	2.7	2.6	2.5	1.8
Veneto	7.2	7.4	7.2	7.1	6.8	2.6	2.7	2.5	2.2	1.8
Friuli-Venezia Giulia	7.2	7.3	7.3	7.3	6.8	2.6	2.7	2.5	2.3	1.7
Emilia-Romagna	6.7	6.9	6.8	6.6	5.9	2.5	2.5	2.3	2.1	1.8
North-East	7.0	7.2	7.0	6.9	6.3	2.6	2.6	2.4	2.2	1.8
Tuscany	6.9	7.2	7.1	7.1	6.6	3.0	2.9	2.8	2.4	1.9
Umbria	7.9	8.4	8.1	8.2	7.5	2.8	2.5	2.6	2.3	1.9
Marche	6.5	6.8	6.9	6.7	6.2	2.8	2.9	2.7	2.2	1.8
Lazio	6.9	7.2	7.3	7.1	6.2	3.1	3.1	2.9	2.6	2.0
Centre	6.9	7.2	7.2	7.1	6.4	3.1	3.0	2.8	2.5	2.0
Abruzzo	7.6	8.3	8.2	8.1	7.6	2.3	2.4	2.2	1.9	1.5
Molise	9.0	9.0	8.8	8.9	8.2	2.3	2.3	2.1	1.9	1.5
Campania	8.4	8.7	8.2	8.3	8.0	2.2	2.2	2.1	2.0	1.6
Puglia	8.5	8.5	8.1	7.8	7.9	2.4	2.4	2.3	2.0	1.7
Basilicata	8.8	8.9	8.6	8.5	8.3	2.4	2.3	2.2	1.9	1.7
Calabria	9.9	9.8	9.7	9.7	9.4	2.2	2.2	2.1	1.8	1.5
South	8.5	8.7	8.4	8.3	8.0	2.2	2.3	2.1	2.0	1.6
Sicily	8.3	8.5	8.5	8.2	7.6	2.3	2.5	2.4	2.3	2.0
Sardinia	9.0	9.2	8.9	8.9	7.9	2.4	2.6	2.4	2.2	1.7
Islands	8.5	8.7	8.6	8.4	7.7	2.3	2.5	2.4	2.3	1.9
Italy	6.7	7.0	6.8	6.7	6.1	2.7	2.6	2.5	2.2	1.8

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 aD8

**MULTIPLE BANKING RELATIONSHIPS
BY MACRO-REGION AND BORROWINGS (1)**

Borrowings (in euros)	1992	1995	1998	2001
Nord				
Up to 249,999	1.1	1.1	1.1	1.1
From 250,000 to 499,999	1.7	1.7	1.7	1.6
From 500,000 to 2,499,999	3.2	3.1	3.0	2.7
From 2,500,000 to 4,999,999	5.7	5.5	5.0	4.3
From 5,000,000 to 24,999,999	8.3	7.9	7.1	6.0
From 25,000,000 to 99,999,999	14.0	12.3	10.7	8.7
From 100,000,000	21.7	18.5	15.4	11.9
Centre				
Up to 249,999	1.1	1.1	1.1	1.1
From 250,000 to 499,999	1.6	1.6	1.6	1.6
From 500,000 to 2,499,999	2.7	2.7	2.8	2.6
From 2,500,000 to 4,999,999	4.6	4.5	4.6	4.2
From 5,000,000 to 24,999,999	6.1	6.1	6.1	5.5
From 25,000,000 to 99,999,999	9.5	8.9	8.7	7.4
From 100,000,000	19.7	16.3	14.5	10.9
South and Islands				
Up to 249,999	1.1	1.1	1.1	1.1
From 250,000 to 499,999	1.6	1.6	1.6	1.6
From 500,000 to 2,499,999	2.7	2.6	2.7	2.5
From 2,500,000 to 4,999,999	4.5	4.4	4.4	4.0
From 5,000,000 to 24,999,999	6.3	5.8	6.1	5.3
From 25,000,000 to 99,999,999	10.1	9.0	9.1	7.8
From 100,000,000	16.2	11.1	11.1	10.0
Italy				
Up to 249,999	1.1	1.1	1.1	1.1
From 250,000 to 499,999	1.7	1.6	1.7	1.6
From 500,000 to 2,499,999	3.0	2.9	2.9	2.7
From 2,500,000 to 4,999,999	5.3	5.1	4.9	4.3
From 5,000,000 to 24,999,999	7.6	7.3	6.9	5.8
From 25,000,000 to 99,999,999	12.7	11.4	10.2	8.4
From 100,000,000	20.7	17.3	14.8	11.6

Source: Based on Central Credit Register data. See the Methodological Notes.

(1) All the banks belonging to a banking group are considered as a single entity.

Table aD9

REMOTE BANKING SERVICES FOR HOUSEHOLDS
(thousands of contracts)

	North-West	North-East	Centre	South and Islands	Italy
At 31.12.2001					
Phone banking	843	701	608	670	2,821
of which: <i>with transaction functions</i>	773	467	532	600	2,372
Home banking	974	617	719	564	2,874
of which: <i>with transaction functions</i>	896	413	606	496	2,412
-via the Internet	722	505	541	458	2,226
-via other networks	252	112	177	106	647
Changes 2000-01					
Phone banking	183	25	112	137	457
of which: <i>with transaction functions</i>	243	152	147	182	724
Home banking	652	354	467	369	1,843
of which: <i>with transaction functions</i>	612	235	381	329	1,558

Source: Supervisory returns.

Table aD10

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

	North-West	North-East	Centre	South and Islands	Italy
At 31-12-2001					
Phone banking	34	36	27	32	129
of which: <i>with transaction functions</i>	3	23	13	11	50
Corporate banking	229	212	133	65	638
of which: <i>with transaction functions</i>	193	154	105	51	503
-via the Internet	56	60	52	25	192
-via other networks	173	152	81	40	446
Changes 2000-01					
Phone banking	-3	-8	-1	-2	-14
of which: <i>with transaction functions</i>	-8	-12	-1	-4	-25
Corporate banking	22	31	15	11	79
of which: <i>with transaction functions</i>	7	11	5	5	28

Source: Supervisory returns.

METHODOLOGICAL NOTES

B - ECONOMIC ACTIVITY

Tables B1 and aB3

Indagine sugli investimenti delle imprese dell'Industry excluding construction

The Bank of Italy's survey of investment in industry excluding construction in 2001 was carried out using a stratified sample of 2,793 firms with at least 20 employees. The participation rate was 80.6 per cent. For more detailed information, see the "Note metodologiche" section in the Appendix to the Bank's Annual Report in Italian.

Tables B5, B6, aB4 and aB5

Regional exports (*fob*) by 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. The data presented are based on Istat press releases the foreign trade of the Italian regions For further information, see the "Note metodologiche" section in *Distribuzione estero e attività internazionali delle imprese*, published by Istat-Ice.

Figure B2

Value of public works realized

Public works are defined as construction or civil engineering work to be used in the production of goods and services by general government bodies and the companies they control, or by other entities if the work is financed in whole or in part by general government bodies. Istat's quarterly survey of public works regards the set of public works on a time and materials basis or a tender basis. In particular, the survey is designed to pick up all works begun and all those completed. For further information, see the chapter, "Le Construction", of *Annuario statistico italiano*, published by Istat.

C – THE LABOUR MARKET AND REGIONAL POLICIES

Table aC8

Wage Supplementation Fund

This is a fund administered by INPS for the partial compensation of the wages lost by employees in the case of short-time working or lay-off provided for by law. In the labour force survey the respondents receiving Wage Supplementation benefits should report themselves as employed. In estimating the total labour

input of the economy, the number of hours of Wage Supplementation benefits is translated into number of persons employed (equivalent workers on Wage Supplementation) by dividing it by the contractual working hours.

Figures C1, C2, Tables aC3, aC4

The labour force survey

Istat conducts the quarterly labour force survey in January, April, July and October, interviewing a sample of around 75,000 resident households in Italy. For this survey the labour force does not include persons performing compulsory military service, prisoners, members of religious orders and non-resident aliens, all of whom who are comprised in the national accounts (See *Unità standard di lavoro e occupazione nei conti nazionali.*)

Employed persons are defined as those persons of working age (15 or older) who state that they have a job or do some hours of work at a production unit that operates in Italy. Employed persons may have the professional status either of *wage and salary earners* (or *payroll employees*), if they receive a wage or salary; or *self-employed*, if they engage in a work activity taking the economic risk entailed. Persons employed *part-time* are those who report themselves as such to the labour force survey. *Fixed-term payroll employees* are those who state that they are engaged in salaried employment on a fixed-term contract.

Job-seekers are defined as persons of working age (15 and older) who are actively looking for work. This means having taken at least one job-search action in the 30 days prior to the survey, as well as not having worked in the reference week and being available to start work immediately. Persons receiving Wage Supplementation benefits are not counted as unemployed.

The *labour force* is the total of persons employed and job-seekers. The *employment rate* is the percentage ratio of persons employed to the total population or the population of a given age-group. The *participation rate* is the percentage ratio of the labour force to the total population or the population of a given age-group. The *unemployment rate* is the percentage ratio of the number of job seekers to the labour force. This rate may be adjusted for Wage Supplementation, considering as unemployed a number of persons equal to the full-time equivalent of the number of authorized hours of Wage Supplementation during the reference period.

Temporary employment

Temporary employment agencies were introduced in Italy by Law 196 of 24 June 1997. Temporary employment is a form of fixed-term employment whereby a company uses for a fixed period of time the labour of a worker who has been selected and hired by another private company (the employment agency). The firm using the worker's labour services pays the agency, which pays the worker's salary and discharges employer social contribution obligations.

Table C1

Non-regular employment

Istat defines “non-regular employment” as employment deriving from activities that are legal but not reported to the tax and social security authorities, or which are not in accordance with the type of employment contract and working hours prescribed. Specifically, this aggregate includes non-resident aliens without a regular employment contract and unreported second jobs.

Figure C1, Table C1

Standard labour units and employment in the National Accounts

Employed persons, for the National Accounts, in addition to those found by the labour force survey, comprise persons performing compulsory military service, prisoners, members of religious orders and foreigners (legally present or not) who perform a work activity (see the note on Non-regular employment).

Standard labour units, as defined in the national accounts, measure the amount of labour employed in productive activity in Italy, reduced to homogeneous quantities in terms of work time. Labour input as measured in standard units (or “full-time equivalent workers”) is net of Wage Supplementation but includes the labour of persons performing compulsory military service, undeclared employed persons, non-resident aliens, and second jobs.

Table C2

Tax relief and credits for employment

See the note to Tables B1 and aB3.

D - BANKING

Tables D2, aD4, Figure D2

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 (€77,469). 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 D1, D6, D7, aD1-aD5, aD9, aD10, Figures D1, D3

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: 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 borrower.

Table D5

Duration of recovery procedures

The survey of loan recovery activity conducted in 2000-01 was based on a questionnaire sent to the entire banking system apart from mutual banks and the branches of foreign banks. Responses were received from 253 banks that, in December 1999 (the reference period of the survey), accounted for 90.5 per cent of all outstanding loans to residents. The questionnaire asked for information on organizational and operational aspects of the activity, the average duration and recovery rate for each procedure used, and data on the amounts recovered in respect of bad debts written off during 1999, with details of customer type (the results of the survey were published in *Bollettino di Vigilanza*, December 2001, and are available on the Bank of Italy's website.

Tables D7, aD6

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 D9

Households' financial assets by geographical area

Since the 1960s the Bank of Italy has conducted a survey on Italian households' income and wealth with a view to obtaining more detailed knowledge of their economic behaviour. The data collected supplement those of a macro and microeconomic obtained from other sources. The sample (some 8,000 households in the latest survey) is selected using a two-stage selection procedure. In the estimation phase account is taken, through the use of weighting coefficients, of households' different probability of being included as a consequence of the sample selection procedure adopted. The main results of the surveys and a more detailed description of the methodology employed are to be found in *Supplementi al Bollettino Statistico – Note metodologiche e informazioni statistiche*.

Table aD7

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 (and, as of 1 January 1999, euros and other euro-area currencies) 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*.

Table aD8

Multiple banking relationships

Number of reports submitted to the Central Credit Register with reference to loans and advances granted to the same borrower.

The Reports on economic developments in Italian regions can 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).

Piedmont

Via Arsenale, 8
10121 Turin

Valle d'Aosta

Avenue du Conseil des Commis, 21
11100 Aosta

Lombardy

Via Cordusio, 5
20123 Milan

Liguria

Via Dante, 3
16121 Genoa

Trentino-Alto Adige

Piazza A. Vittoria, 6
38100 Trento

Veneto

Calle Larga Mazzini,
4799 San Marco
30124 Venice

Friuli-Venezia Giulia

Corso Cavour, 13
34132 Trieste

Emilia-Romagna

Piazza Cavour, 6
40124 Bologna

Tuscany

Via dell'Oriuolo, 37
50122 Florence

Umbria

Piazza Italia, 15
06100 Perugia

Marche

Piazza Kennedy, 9
60122 Ancona

Lazio

Via XX Settembre, 97/e
00187 Rome

Abruzzo

Corso Federico II, 1
67100 L'Aquila

Molise

Via Mazzini, 2
86100 Campobasso

Campania

Via Cervantes, 71
80133 Naples

Puglia

Corso Cavour, 4
70121 Bari

Basilicata

Via Pretoria, 175
85100 Potenza

Calabria

Piazza Serravalle, 1
88100 Catanzaro

Sicily

Via Cavour, 131/a
90133 Palermo

Sardinia

Largo Carlo Felice, 13
09124 Cagliari

*Printed by the
Printing Office of the Bank of Italy
Rome, October 2002*