Keeping Emilia-Romagna strong: An integrated industrial policy approach

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Tuesday, October 30th, 2018
at the Hamburg State Representation in Berlin
Agenda

• Story-context-characteristics
• How to support development
• 2015 *Patto per il lavoro* *Deal for Labour*
• First monitoring results
Story-context-characteristics

A few data about the Emilia-Romagna region

- An industrialised area based on high quality traditional and advanced production territorial aggregates (top industries machinery, food, ...),

- Service centres addressing sectoral technology and design needs

- The technology platforms and the technology poles reflecting the regional productive assets

- Internationalisation, quality, cooperation, ...

- The policy mix >
## EMILIA-ROMAGNA: MAIN INDICATORS

<table>
<thead>
<tr>
<th></th>
<th>Emilia-Romagna</th>
<th>Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (2017) inhabitants</td>
<td>4,457,318 (7.3%)</td>
<td>60,589,445</td>
</tr>
<tr>
<td>Foreigner residents</td>
<td>529,337</td>
<td>5,047,028</td>
</tr>
<tr>
<td>Foreigners on resident population</td>
<td>11.9%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Surface sq.km</td>
<td>22,452.78</td>
<td>301,338</td>
</tr>
<tr>
<td>Population Density inhabitants per sq.km</td>
<td>198.51</td>
<td>201</td>
</tr>
<tr>
<td>GDP (2017) million current €</td>
<td>153,927 (9.1%)</td>
<td>1,679,500</td>
</tr>
<tr>
<td>GDP per capita (2017) €</td>
<td>34,533</td>
<td>27,719</td>
</tr>
<tr>
<td>GERD/GDP</td>
<td>1.37 %</td>
<td>1.33%</td>
</tr>
<tr>
<td>Number of companies (2017)</td>
<td>366,475</td>
<td>4,338,085</td>
</tr>
<tr>
<td>Average size of Local Units, employees</td>
<td>3.9</td>
<td>3.5</td>
</tr>
<tr>
<td>Number of agricultural firms (2017)</td>
<td>57,919</td>
<td>745,156</td>
</tr>
<tr>
<td>Employment rate (15-64 year olds) (average 2017)</td>
<td>68.6%</td>
<td>58.0%</td>
</tr>
<tr>
<td>Unemployment rate (15-64 year olds) (average 2017)</td>
<td>6.5%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Export 2017 million €</td>
<td>59,881</td>
<td>442,005</td>
</tr>
<tr>
<td>Import 2017 million €</td>
<td>35,242</td>
<td>381,317</td>
</tr>
<tr>
<td>Trade balance million €</td>
<td>24,639</td>
<td>60,688</td>
</tr>
<tr>
<td>International opening of the economy (EXP+IMP/GDP)</td>
<td>57.6%</td>
<td>49.0%</td>
</tr>
</tbody>
</table>
The regional production systems
The technological platforms

- Agrifood Platform
- Constructions Platform
- Energy Environment Platform
- ICT and Design Platform
- Mechanics Materials Platform
- Life Science Platform
The technological poles
An ‘integrated’ industrial policy

- Industrial Research
- Start ups
- Innovation and competitiveness
- Investment attraction and productive enlargement
- Internationalisation
- Human resources training
- Tourist attraction
- Inter-regional cooperation
- Structural analysis and mapping
- Norms, regulation, territorial planning
UNIVERSITIES AND EDUCATION
THE STRATEGIC ROLE OF AN INTEGRATED EDUCATION

A learning community

- Politechnic network
- Technical education and professional training
- School policies and transition to work
- System of high education and universities
An ‘integrated’ industrial policy
Looking for a balance between policy streams and goals
How to support development

• Building on the existing abilities and production skills, to strengthen the absorptive capabilities

• The regional government concentrates its knowledge and efforts on studying and accompanying the regional repositioning in the global scene.

• Priorities: investing on people, on the linkages, on involvement, on agreeing on the priorities

• policy of attract investments creating places which re-generate hubs much larger than what the region is and has, adequate for long-term embeddedness
Partnerships and networks

• In Brussels, with Hessen Wiesbaden, Nouvelle Aquitaine Bordeaux and Wielkopolska Posnan

• In the world, different levels and types of networks
Deal for Labour

– Philosophy
– Action lines
– Development drivers
– Signatories
– Areas
Philosophy

- a long term view, increase the value added, re-positioning the meridian-sun clock
- to mobilise all the regional system towards a shared goal: To create the conditions for the Emilia-Romagna region to be internationally identified as a region with high added value, which competes in Europe and in the world because it invests in people, skills and initiative capacity.
Philosophy

• to share new analyses necessary to strengthen the competences of the economic-social system and of the regional administration,

• to qualify the planning, implementation and evaluation action of the regional policies for development shared/agreed in the Deal for Labour and co-funded by the European Social Fund;

• to strengthen the role of the territories in the transformation processes of world economies for facing the challenges of globalization with a strategic vision.
Action lines

Growth of our society and its ability to generate good employment are founded:

• on increasing the ability to create **added value**, by acting on the development and dissemination of knowledge and skills and, therefore, on a broad capacity for **innovation** in production and services to businesses, individuals and communities;

• on the full affirmation of **legality** in every area and in particular in every **work relationship**;

• on the capacity to **stimulate investments** which, by improving the quality of collective life, generate new opportunities for employment;

• on the **institutional reorganization** action, organizational efficiency and regulatory simplification initiated by the Region, but extended to the entire institutional set-up present in the regional area;

• on the start-up and consolidation of a method for defining and implementing **public policies** focused on the **sharing of strategic choices** and on the integration of regional, national and European funds;

• on a **welfare** system as a lever to create good and new jobs, reduce inequalities and improve social cohesion.
Development drivers and priority actions

- **People and work**: creation of a regional employment agency and reinforcement of the education - training - work system, which we can define as ER dual education;
- **Community and work**: new welfare and new social work, the third sector and social self-organization;
- **Development, business and work**: internationalization, activation of the Regional Law 14/2014, innovation (S3 Strategy), quality and competitive strengthening of the production system, new businesses and development of skills;
- **Territory and work**: quality of the territory and investments in particular through a plan for the safety and maintenance of the territory - starting from a new regional plan for "an asbestos-free region" - a plan for the home, a plan for mobility and a school building plan;
- **Legality and work**: fight any attempt to infiltrate the legal economy by organized crime and the deny of fundamental rights in the workplace, by acting on tenders, anti-corruption and management of seized and confiscated assets;
- **Simplification and work**: the process of institutional reorganization started, the Regional Government sets a task force to achieve, also through the comparison with the social partners, regulatory simplification and organizational efficiency.
Signatories

50 signatories:
• local institutions,
• universities,
• social partners,
• employers' and trade unions and
• the third sector forum

which, by signing the Pact, have committed themselves to collaborating to implement strategies, actions and tools capable of generating development and a new social cohesion for the Emilia-Romagna.
Areas

• Automotive, the **luxury** and **sport** segment
• Food **safety**
• Big data, from **quantity to value**, collecting and processing, techniques for extracting value from data, cooperation with the global top level competence centres
• Ceramics **special applications** for engines and health
• EmiliaLab – 6 economics depts and technical institutes network
• .....

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Automotive luxury and sport

- Ferrari
- VW with Lamborghini and Ducati
- Toro rosso
- Pagani

and specialised companies like Dallara and Coxa
COMPACTING THE SYSTEM BY SHARING COMMON RULES AND STANDARDS

Connected with the society, within a clear, stable institutional environment
The complexity, complementarities and synergy of the agrifood system

- **Primary sector activities**
  - agriculture breeding, fishing, forestry

- **Food Industries**
  - preserves, dairy, meat, pasta, wine,
    tea-coffee, tobacco, animal feeding

- **Complementary industries**
  - Chemicals for agriculture
  - Packaging materials

- **Value chain services**
  - Retail, distribution, logistics

- **Equipment and engineering**
  - Agricultural and gardening machines
  - Food processing, food packaging, preservation and transportation plants

- **Business services**
  - Packaging, controls, consultancy

- **Consumer services**
  - Gastronomy, mensas, restoration
Research priorities in the S3 area Agrifood
Research priorities in the S3 area Agrifood

Food safety as a cross cutting issue

- GESTIONE DELLA RISORSA IDRICA NELLA FILIERA AGROALIMENTARE
- AGRICOLTURA SOSTENIBILE, DI PRECISIONE ED INTEGRATA NELLA FILIERA
- VALORIZZAZIONE DEI SOTTOPRODOTTI E DEGLI SCARTI DELLA FILIERA AGROALIMENTARE
- ALIMENTI FUNZIONALI NUTRIZIONE E SALUTE
- TECNOLOGIE E BIOTECNOLOGIE INDUSTRIALI INNOVATIVE PER L'INDUSTRIA ALIMENTARE
- PROCESSI SOSTENIBILI PER L'INDUSTRIA ALIMENTARE
- MACCHINE ED IMPIANTI PER L'INDUSTRIA ALIMENTARE
- QUALITÀ NELLA SICUREZZA
- PACKAGING INNOVATIVO E SOSTENIBILE
- GESTIONE DELLA SUPPLY CHAIN NEL SETTORE ALIMENTARE
- AGROINDUSTRIA SMART
The Emilia-Romagna Region (ERR) is the National and European hub for big data:
About the 70% of the Italian research data is stored/processed in its research centre.

- Four top universities, the national university supercomputing consortium (CINECA), the National Institute for Nuclear Physics (INFN) and other National research institutes have their tier one computing services and data centres in ERR

- ERR is the headquarters of world-leading companies in the sector: automotive, mechatronics, digital production, bio-medical, e-commerce, agrifood

- Emilia-Romagna is the 1st Italian region in terms of economic growth rate and one of the most dynamic regions in Europe
Emilia-Romagna Big Data Community

Private and public foundations and Institutions: Opificio Golinelli, Mast Cultural and Philanthropic Foundation, Masotti Fashion Foundation, Marco Biagi Foundation, Bologna Business School, Foundation of Religious Science John XXIII, Nomisma Economic Research, Prometeia Consulting on risk, wealth and performance, European Food Safety Authority, Consortium for the future in Research, ...

Leading IT companies: IBM, Yooks, CRIF, Engineering, Dedagrup, ...

Strong International connections among universities, companies, institutions

Connectivity LEPIDA, GARR, GEANT

HW Infrastructure CINECA, INFN, LEPIDA

SW Infrastructure Center of excellence in Material Design, Operational Chain for Climate Services, Visual information technology lab, Genomic and bioinformatics data processing, ...

End users University system, National Research Institutions and Agencies, Public administrations, Private and industrial organizations
- Climate change
- Health and aging
- Production and innovation
- Humanities and society
- Sustainable cities
- Security and Cybersecurity
- Education
The essence of the approach

• Industrial policy is defined starting from the constraints and the ‘worlds’ that you have around you (e.g. a dis-integrated PA, a national industrial policy not strongly focused, ...)

• Emilia-Romagna Region is acting along an autonomous view, not ‘just’ as a small piece of the nation

• A key pivot is involving and committing many different people from different contexts, because this is the existing world, betting that this variety of views is generating value and richness of ideas/initiatives

• One of the monitoring lenses is: the emphasis on views exchange, dialogue, sharing priorities who much ‘coordination’ has generated?

• Is it worth negotiating an additional degree of freedom for the regional policy?
Monitoring, evaluation, persistence for next steps

• Results on **employment**, on **investment attractiveness and embeddedness/rooting**, on the ‘mantra’ of sharing the priorities

• The convergence of the local system is showing results in terms of **attractiveness** policy: Emilia-Romagna does not need any more to offer the ‘usual’ benefits. E.g., orienting an existing high level training technical school is working well

• Need to be **flexible** in policy actions

• ...
Advancement in the regional economy, three years after the Deal for labour

<table>
<thead>
<tr>
<th></th>
<th>Annual change %</th>
<th></th>
<th></th>
<th></th>
<th>Δ 2017/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2015</td>
<td>2016</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>GDP</td>
<td>+0,9%</td>
<td>+0,8%</td>
<td>+1,9%</td>
<td>+1,8%</td>
<td>+4,5%</td>
</tr>
<tr>
<td>Final consumption</td>
<td>0%</td>
<td>+1,8%</td>
<td>+1,3%</td>
<td>+1,5%</td>
<td>+4,7%</td>
</tr>
<tr>
<td>Fixed investments</td>
<td>-2,6%</td>
<td>+2,7%</td>
<td>+4,2%</td>
<td>+4,0%</td>
<td>+11,2%</td>
</tr>
<tr>
<td>Export</td>
<td>+4,4%</td>
<td>+4,8%</td>
<td>+2,6%</td>
<td>+4,8%</td>
<td>+12,7%</td>
</tr>
</tbody>
</table>

Source: ERVET calculation on ISTAT, PROMETEIA data (July 2018)

* Variation % calculated on chain-linked volumes
Purely Industry in Emilia-Romagna

Employees 2017

504 thousand employees

Value added in purely Industry
(million € and annual change %)

Industrial production
(tendential var. %)

Source: ERVET calculation on ISTAT, SILER, PROMETEIA data (July 2018), Unioncamere Emilia-Romagna
Services in Emilia-Romagna

**Employees 2017**

- Commercio, alberghi e ristoranti: 20%
- Altre attività dei servizi: 45%
- 1,285 thousand employees

**Value added in Services**

(million € and annual change %)

- 2014: +1.3%
- 2015: +0.1%
- 2016: +1.8%
- 2017: +1.9%

- **Value added in Tourism** in Emilia-Romagna: 16.2 billion euro (11.8% of total)

Source: ERVET calculation on ISTAT, SILER, PROMETEIA data (July 2018), Unioncamere Emilia-Romagna
**Patto per il Lavoro**
Un nuovo sviluppo per una nuova coesione sociale

**N. Employees in Emilia-Romagna (thousand)**

![Graph showing the number of employees in Emilia-Romagna from 2008 to 2017. The highest number is 1,973 thousand in 2017. The lowest number is 1,860 thousand in 2008.](image)

*media Luglio 2017 - Giugno 2018*

**Unemployment rate**

![Graph showing the unemployment rate from 2008 to 2017. The highest rate is 8.3% in 2014. The lowest rate is 2.2% in 2008.](image)

*media Luglio 2017 - Giugno 2018*

Source: ERVET calculation ISTAT data
### Regional labour market advancements, three years after the Deal

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2017</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees</strong></td>
<td>1,911 thou</td>
<td>1,973 thou</td>
<td>+62 thou (+3.2%)</td>
</tr>
<tr>
<td><strong>Participation rate</strong></td>
<td>72.4%</td>
<td>73.5%</td>
<td>+1.1</td>
</tr>
<tr>
<td>(15-64 year olds)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employment rate</strong></td>
<td>66.3%</td>
<td>68.6%</td>
<td>+2.3</td>
</tr>
<tr>
<td>(15-64 year olds)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unemployment rate</strong></td>
<td>8.3%</td>
<td>6.5%</td>
<td>-1.8</td>
</tr>
<tr>
<td>(15 year olds and above)</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

*Source: ERVET calculation on ISTAT data*
Skill advancement for youth in Emilia-Romagna three years after the Deal

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2017</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper secondary education rate</td>
<td>81.5%</td>
<td>85.4%</td>
<td>+3.9%</td>
</tr>
<tr>
<td>(20-24 year olds)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>School drop-out</td>
<td>13.2%</td>
<td>9.9%</td>
<td>-3.3%</td>
</tr>
<tr>
<td>(18-24 year olds)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tertiary education</td>
<td>25.1%</td>
<td>29.9%</td>
<td>+4.9%</td>
</tr>
<tr>
<td>(30-34 year olds)</td>
<td></td>
<td></td>
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</tbody>
</table>

Source: ERVET calculation on ISTAT data
Progress in youth condition in the regional labour market, three years after the Deal

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2017</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employment rate</strong> (18-29 year olds)</td>
<td>42.5%</td>
<td>47.5%</td>
<td>+5.0%</td>
</tr>
<tr>
<td><strong>Unemployment rate</strong> (18-29 year olds)</td>
<td>23.4%</td>
<td>16.2%</td>
<td>-7.1%</td>
</tr>
<tr>
<td><strong>NEET on population</strong> (15-29 year olds)</td>
<td>20.6%</td>
<td>16.1%</td>
<td>-4.5%</td>
</tr>
</tbody>
</table>

*Source: ERVET calculation on ISTAT data*
AREAS:
The geography dimension of investments: territorial axes

ASSI PORTANTI DELLA PROGRAMMAZIONE TERRITORIALE DELLA REGIONE EMILIA-ROMAGNA

<table>
<thead>
<tr>
<th>Axis</th>
<th>Inhabitants at 31.12.17</th>
<th>% inhabitants</th>
<th>% contributions assigned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appennino</td>
<td>459.363</td>
<td>11,1%</td>
<td>17,5%</td>
</tr>
<tr>
<td>Via Emilia axis</td>
<td>2.434.804</td>
<td>55,6%</td>
<td>51,1%</td>
</tr>
<tr>
<td>Earthquake crater</td>
<td>511.157</td>
<td>17,6%</td>
<td>14,3%</td>
</tr>
<tr>
<td>Asta of Po river</td>
<td>576.242</td>
<td>12,9%</td>
<td>12,3%</td>
</tr>
<tr>
<td>Coast system</td>
<td>526.105</td>
<td>12,5%</td>
<td>12,0%</td>
</tr>
</tbody>
</table>