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Case Study

The Apulia Region

Patrizia Luongo

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1. Introduction

The aim of this work is to analyse the impact of the current economic crisis on the Apulia region and the role of the European Cohesion Policies on local development and on the overcoming of the crisis.

In order to do that, besides using data on the socio-economic context, we interviewed a number of local actors asking them an evaluation of the current situation, on the policies implemented at the European, national and regional level, and, finally, their forecasts on future development of the region.

The Apulia region is located in the South of Italy and has more than 4 millions of inhabitants. Bari, the most populous city, is the capital of the region that comprises a total of six provinces; one of them, the so-called BAT province, was created by the union of three towns (Barletta, Andria and Trani) only recently, in 2004, although the first elections for the regional council were held in 2009.

Given its geographical location, the proximity to the Balkan countries and especially with Albania, in recent years the Apulia region has strengthened the cooperation with countries situated in this area, increasing not only the commercial relationships with them but also the socio-cultural cooperation programmes.

However, although the region has turned its attention mainly to strengthen the relationships with countries located in Euro-Mediterranean area, it also has institutional relationships with countries outside this area, like Russia, the United States, the Latin American countries and China. These are mainly due to the support given by the region to the firms' internalization process.

In fact, with the planning for 2007-2013, the Apulia region pursued the objective of consolidating the process of local production systems' and local territories' openness. Moreover, the region participates in several European and international networks, that involves Institutions and Operators mainly belonging to the European Union[1].

From the political point of view, after being governed for long time by centre-right coalition, the 2005 represented a turning point for the regional political framework, as the election was won by Nichi Vendola, leader of the SEL (Left, Freedom and Ecology) party, who was confirmed as President of the Region also in 2010's elections.

Perhaps, the political change was at least partly driven by the increasing difficulties that, since early 2000s, led to a series of socio-economic problems, and a modest performance of the economic system, both in terms of production and employment.

As pointed out in a number of studies on the regional socio-economic context[2], the limits to the regional development, both in qualitative and qualitative terms, come from three major critical issues, involving the living conditions, the social background and the productive system.

The relevance of citizens' living conditions in determining the development level of a territory, not only from the economic point of view, is widely recognized.

Even before the onset of the current financial and economic crisis, the household poverty level was particularly marked: for example, in 2007, about a quarter of the population was poor. This obviously has important consequences on the area's growth potential. As it is well known, household with poor standard living conditions, tend to consume almost exclusively primary goods, devoting only a fraction of their income to superior goods. From the economic point of view, this has at least two negative effects: first, it decreases the aggregate demand for regional goods and services that are more innovative, and therefore more expansive; secondly, it becomes more difficult, when not impossible, for a share of the population to invest in assets such as education and training, with obvious consequences on the degree of social mobility and, consequently, on the chronic nature of poverty. In this regard, in fact, although in recent years the investment in education is increased, it results still insufficient, as it is lower not only than the European average, but also than the national one. For example, even if the data on the attendance of compulsory school are positive and show an overall decline in the drop out rate, the figures on the school attendance rate are still below the national average.

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[1] The cooperation Programmes approved by the Region in 2009 were numerous and most of them were focused on Albania. In 2009, the Apulia region was involved in 3 interregional cooperation programmes: the first one aims at the socio-economic and cultural development of the Balkans countries and of the Mediterranean area; the second one is an international cooperation programme for Albanian children; and, finally, the third aims at the Argentinean socio-economic development.

[2] "Prima Indagine sulla Povertà e l'Esclusione Sociale in Apulia", 2008; "Apulia in Cifre", 2010.

Finally, another criticism of the social context, that negatively affects the citizens' living conditions and, consequently, the socio-economic development of the region, is the spread of illegal behaviours, such as illegal constructions or employments, the tax evasions, and so on and so far.

As regard the production system, it should be stressed that it was modified over time thanks to the creation and development of local firms, on one side, and with the contribution of external investments, on the other. This implies that at regional level it was established a strongly diversified production systems where one can find industrial districts or specialized cluster in the engineering sector, but also large rural areas.

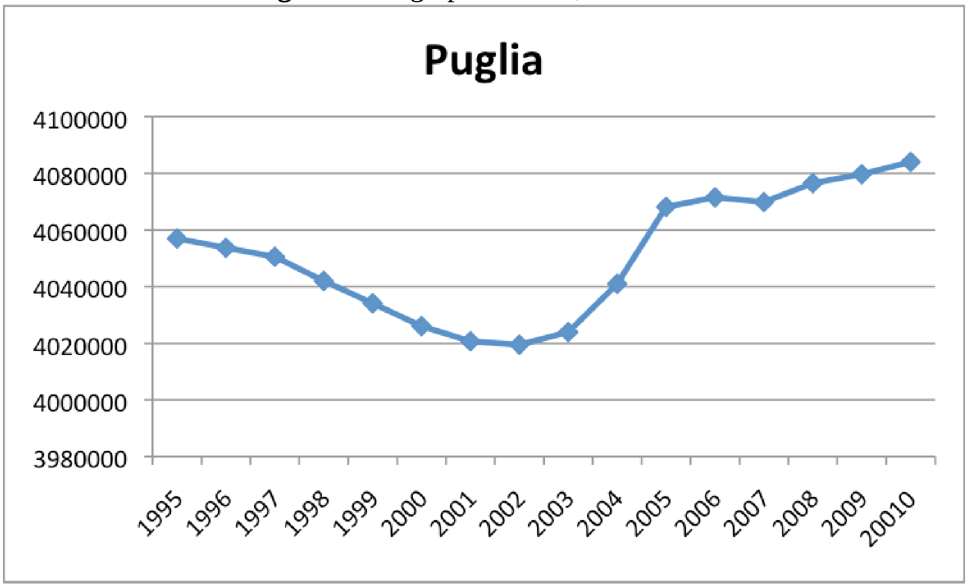
In what follow, we will analyze more deeply the socio-economic characteristics of the Region, comparing the performances of the economic systems before and after the onset of the crisis started in 2008, where the availability of data allows for it.

The work is organized as follow. In section 2 we present the demographic and migration trends that characterize the Apulia region in the last decade. In section 3, starting from the description of the socio-economic framework, we analyze the regional economic system, with particular emphasis on the production system, on the labour market, supporting the analysis with the interview results. Section 4 is devoted to the analysis of the policies implemented at European, national and regional level, and on respondents' evaluation. Finally, section 5 concludes with respondents' forecasts on future development of the region.

2. Demographic changes and migration flows

After a decline occurred during the last five years of the past century, from 2003 the population living in the Apulia region has continued to grow. According to the data provided by the National Institute of Statistics (ISTAT) at the 1° January of 2011, there were more than 4 millions of people living in the Region, the 1.5% more than the same period in 2010, that account the 7% of the National population and for the 19% of those living in Southern Italy.

Fig. 1: Demographic Trend, 1995-2010

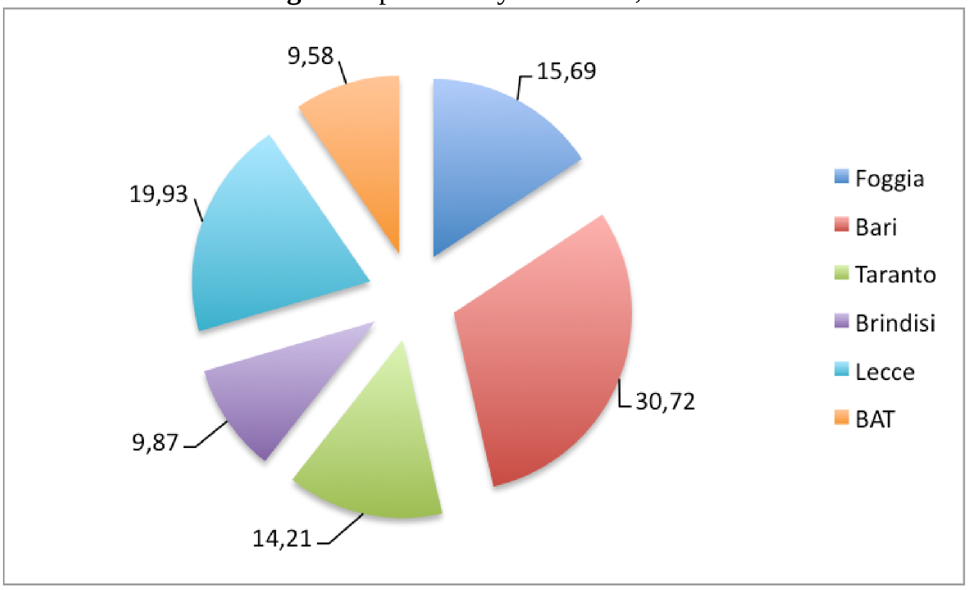


Source: demo – ISTAT, various years

Against a low birth rate, there was an increase in the proportion of the elderly population, although not only the percentage of people over-65 is still below the National average, but also the proportion of young individuals on total population is still high if compared with the national data.

However, the population is not uniformly distributed across the region. The most populous province is Bari, where lives the 30.7% of the total population, while the provinces of Barletta and the "BAT" are those with the lower percentage of residents.

Fig. 2: Population by Provinces, 2010

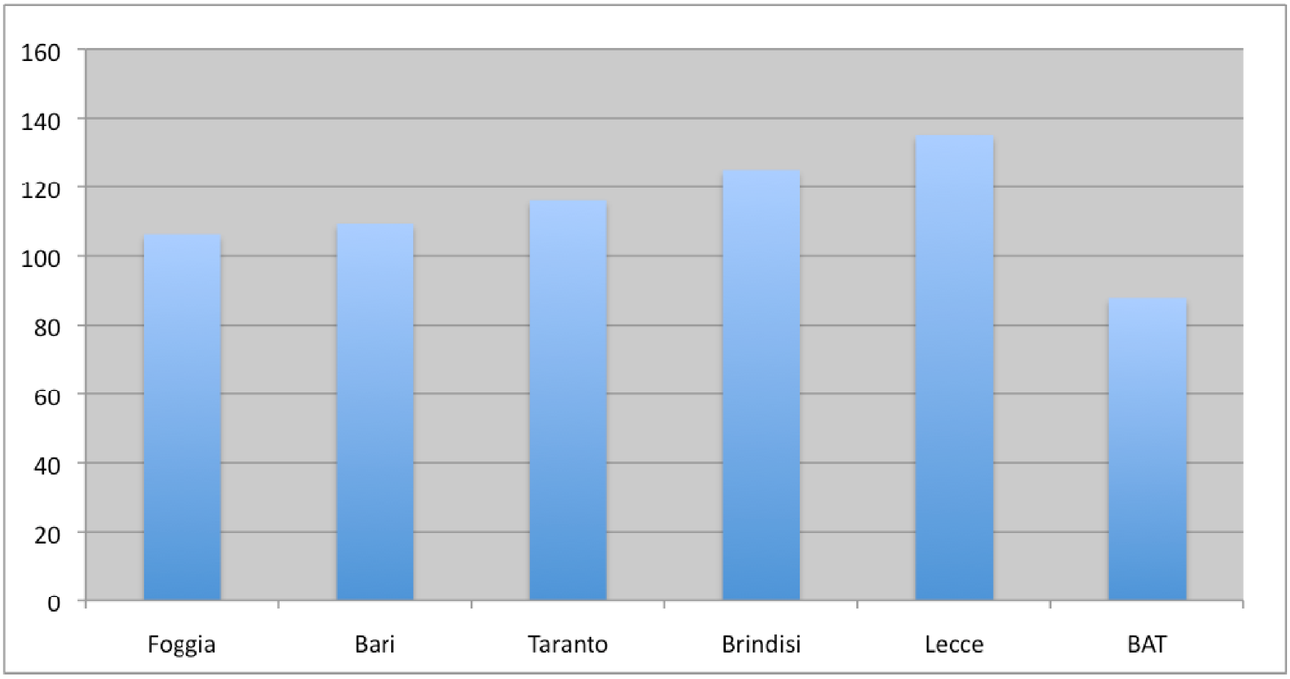


Source: author's elaboration on ISTAT data, 2010

The differences between the six provinces are confirmed also by other demographic indexes. Here, we will limit the analysis to two of them that better than others provide information on the demographic structure of the population, namely the birth rate, on one side, and the old-age index on the other. The figures provided by ISTAT show that the fertility rate, computed as the ratio between live births for 1000 women in reproductive life, is higher than the regional average in the provinces of Taranto, Foggia and in the BAT, while the lowest rate is observed in the province of Lecce (ISTAT[3], 2010). The birth rate, computed as the ratio between the live birth and the average population, multiplied by 1000, had a declining trend over the past four years in all the six provinces, although there exists some differences between them. In Brindisi and Lecce the mean value are below the regional figure, while we get the opposite result in the remaining four provinces, which show values higher not only than the regional one, but also than the southern and national averages.

As for the second index, although the population aging process depends on the interaction of many variables, some information on it can be drawn from the analysis of the old-age index, computed as the ratio between the over-65 and individuals aged between 0 and 14. The highest values in this case are registered in the provinces of Brindisi and Lecce, while only in the municipalities that compose the BAT province there is a higher incidence of young people, as the index takes a value lower than the parity (100).

Fig. 3: Old-age Index by Province, 2010

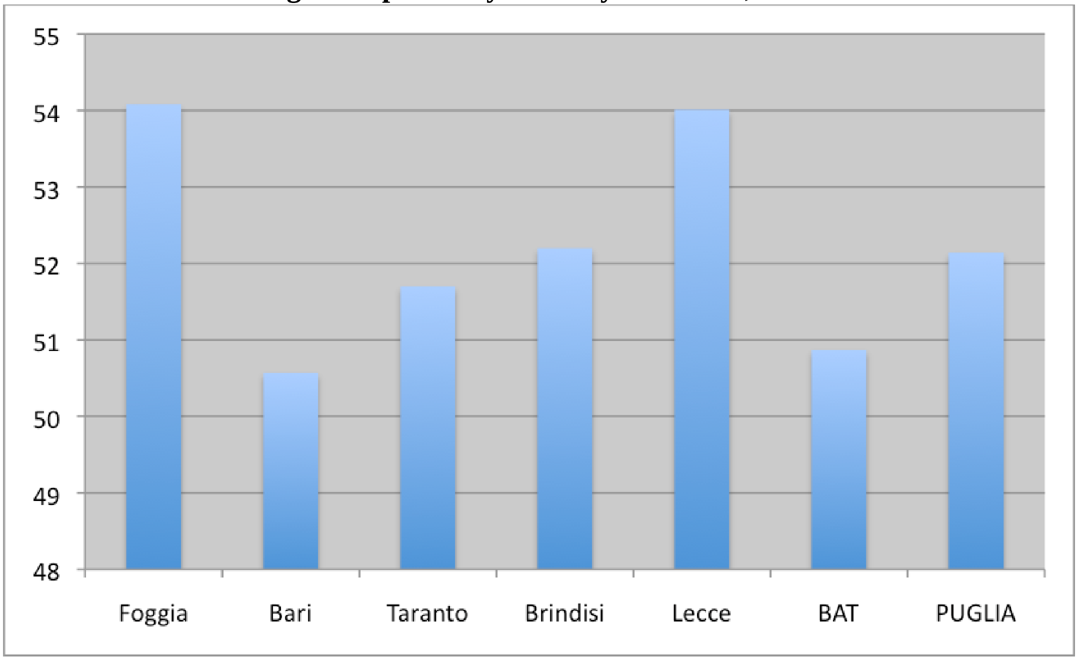


Source: author's elaboration on ISTAT data, 2010

Finally, in order to have a complete framework, it seems necessary to provide also some information on the dependency ratio, which gives both economics and social information, as it relates the number of individuals that are likely to be dependent on the support of other for their daily living, as they are unproductive for age reasons, to the number of those in working age. At regional level the ratio is around 1 to 2, meaning that for each unproductive individual there about two potentially active, even if the figures for the provinces of Lecce and Foggia are higher than the regional average.

3 "Indicatori demografici", ISTAT 2010.

Fig. 4: Dependency Ratio by Provinces, 2010



Source: author’s elaboration ISTAT data

However, what is worrying, both from the economic and social point of view, is that the percentage of “old unproductive” is higher than that of individuals under-14 (Tab. 1), and this will have inevitable repercussions on the national contributory system.

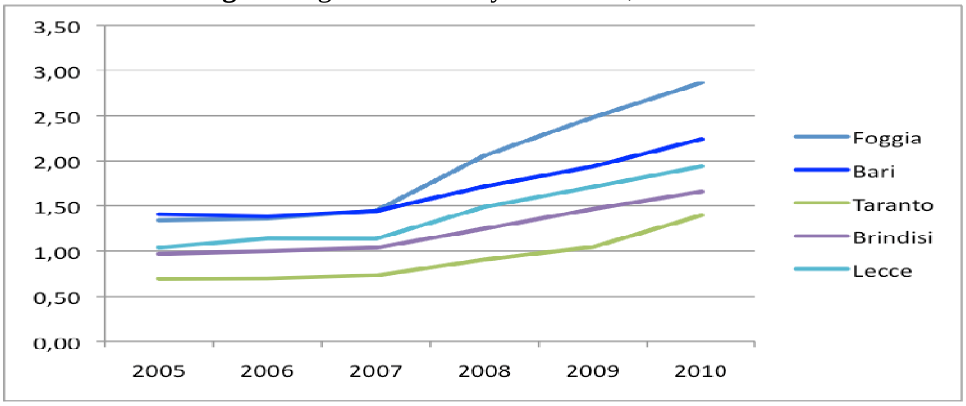
Tab. 1: Population by Provinces and Age Classes, 2010

	0-14 over-65	**15-65**	**over-65**
Foggia	224,955	415,936	115,88
Bari	421,303	833,158	220,044
Taranto	197,854	382,671	106,299
Brindisi	138,251	264,845	76,834
Lecce	285,326	52,823	164,008
BAT	132,008	259,498	61,743
APULIA	1399,697	2684,338	744,808

Source: Demo-ISTAT, various years

How it emerges form the analysis of these data, the positive trend of the population growth should be attributed to the attractive power of the region, which has generated a strong migratory movement, rather than to the positive balance of the natural trend. The immigrants account for around the 2% of total population residing in the region, a figure lower than the national average but similar to the Southern Italy. Once again, there exist some differences between provinces.

Fig. 5: Migration trend by Provinces, 2005-2010



Source: author's elaboration ISTAT data

Although in recent years the presence of immigrants is increased, the provinces in which it is more consistent and higher than the regional average are those of Foggia and Bari. However, there was a consistent growth of immigrants in the province of Taranto, where they risen from just over 4,000 in 2005 to around 8,000 in 2010, so that the share on total population is risen from the 0.7% to the 1.4% (Tab. 2).

Tab. 2: Foreign residents by Provinces, 2005-2010

	2005	2006	2007	2008	2009	2010
Foggia	9,217	9,322	9,86	14,049	16,933	18,365
Bari	22,44	22,103	23,041	27,451	31,023	2,805
Taranto	4,018	4,05	4,244	5,257	6,076	8,111
Brindisi	3,894	4,041	418	5,034	5,905	6,686
Lecce	8,374	9,209	9,209	12,077	13,911	15,77
BAT	-	-	-	-	-	7,338
APULIA	47,943	48,725	50,534	63,868	73,848	84,32

Source: Demo-Istat, various years

The relatively low proportion of immigrants on total population has at least two implication: on one side, it reduces criticism in the management and provision of social services, but, on the other, it also reduces the potentially important contribution that immigrants can give to the development of the region.

Moreover, during the last years, citizens from Apulia start again to migrate to the Centre-North of Italy, and this figure is still more worrying when one considers that, in most cases, emigrants are highly qualified young people, who do not find job opportunities in the region.

3. The socio-economic framework

As mentioned in the introduction, since the beginning of the new millennium, the Apulia region faced increasing difficulties that led to a series of socio-economic problems, and a modest performance of the economic system, both in terms of production and employment.

The data on the GDP, employment and exports show a scarce capacity to create new jobs and promote social inclusion, but also the lack of innovative activities and a number of difficulties in the production system in terms of competitiveness.

Hence, starting from the data on the GDP, in this section we will analyze the characteristics of the regional economic systems, focusing particularly on the labour market and production systems of the region, and on the changes produced or accelerated by the crisis. The analysis of the data will be followed by the results of the interviews.

3.1 GDP, Poverty and Social Exclusion

In 2009 the regional GDP accounts for the 4% of the national one (Tab. 14) and to the 28% of the Southern GDP (ISTAT, 2009[4]). By analyzing the dynamic of the GDP in a longer span of time it can be seen that, apart from a slight decline between 2002 and 2003, it was constantly growing since 1995, and this trend lasted until 2006. However, as noted above, the regional economy was in a downturn since the early 2000s. In fact, although during the last years of the past century the regional GDP had grown at a rapid pace, and in some cases it increased not only more than the geographical reference area, but also with respect to the national average, starting from 2001 there was a decline in growth rate.

Fig. 6: GDP Apulia, South and Italy

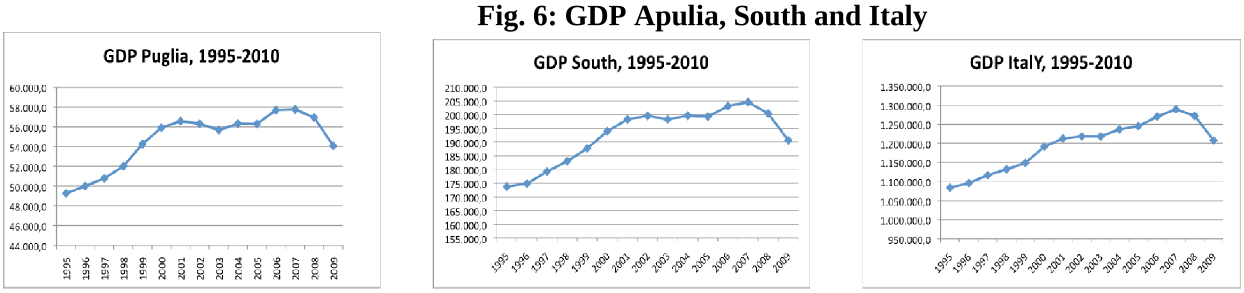
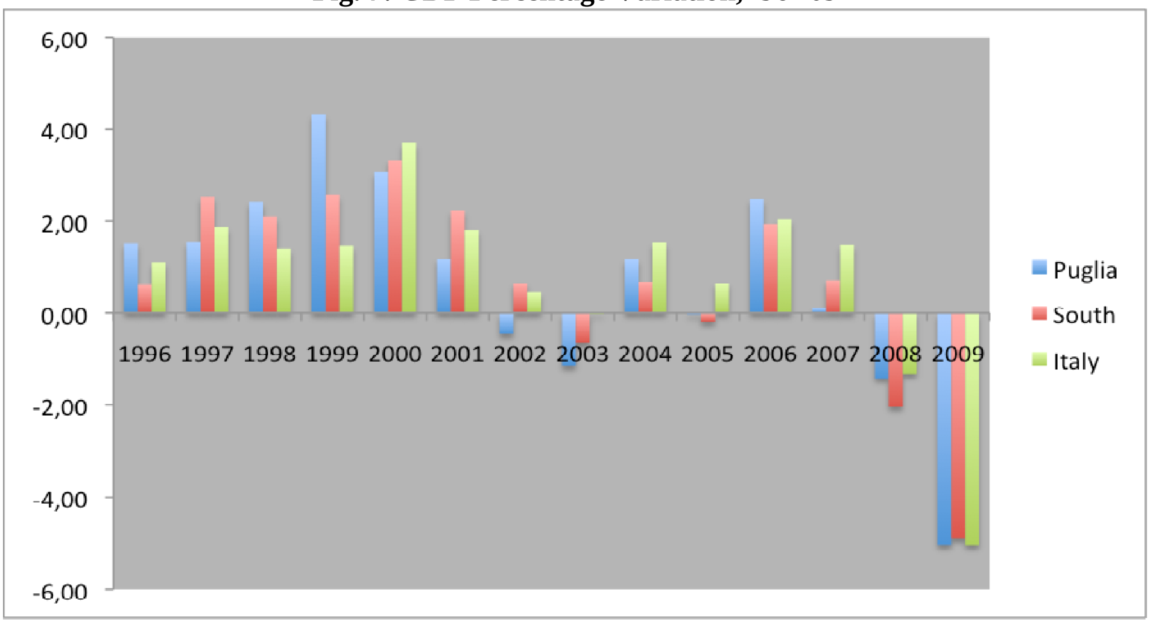


Fig. 7: GDP Percentage Variation, '96-'09



Source: Conti Economici Territoriali, ISTAT various years

4 "Principali aggregati dei conti economici nazionali", ISTAT, 2009.

The current economic crisis, which was initially a financial crisis and only later on becomes a crisis of consumption and, hence, affected the demand side, seems to have not affected immediately the national and regional economy (thanks also to a rather stable situation of national banks and a strong propensity to save of the Italian families), as in 2009 its impact was stronger. The figures on the percentage variation of the GDP can help to detect the impact of the crisis in the Apulia region, and show that the regional GDP decline was similar to the national one but slightly higher than that observed in the South of Italy.

However, as it has been widely recognized in the economic literature on social welfare, even if the GDP is a very useful tool, the information it provides in terms of welfare and wellbeing are quite poor. The information provided by this indicator should be enriched and integrated by the analysis of other characteristics that affect not only the social welfare, but also the socio-economic development of the society.

We are referring, in particular, to those measures which allow to capture the “multidimensionality” aspect of individuals’ well being and the inequality dynamics. As regard the former, it should be noticed that individual’s welfare depends not only on the level of income they own, but also on a number of factors like (i) the level and the quality of consumptions; (ii) the capacity and the possibility to actively participate to the political and social community in which the individual lives, and hence the degree of social exclusion; (iii) the labour market participation and, finally, (iv) the environmental context in which individuals live. As regard the inequality dynamics, then, it is known that an higher income concentration or, said it differently, a higher level of inequality in the income distribution implies not only higher social costs linked to the provision of services for poor citizens, and an increase in social conflicts, but it is also associated with a loss of welfare for the whole society.

Hence, in what follows we will present some data related both to the first and the second points, referring to the following subsections for the analysis of the labour market participation in the Apulia region.

The data on social quality provided by the Ministry of Economic Development show that, in the five years for which data are available (from 2001 to 2006), the indexes considered, namely the incidence of environmental certification, the rate of violent crimes, the incidence of spending on leisure and culture and, finally, the attractiveness of tourist consumptions, have followed a similar path at both national and regional level (Tab. 3).

Particularly, the improvement in the first indicator, that is more than doubled in five years, suggests a better quality of life, at least from this point of view. However, this data could be partly due to the fact that Apulia was the first Italian region that introduced the Green Public Procurement, and this could cause an increase in the demand for environmental certification. The data on the remaining three indicators are less encouraging. The level of spending in leisure and culture, together with the capacity to attract tourist consumption have remained almost unchanged during the period considered, while the rate of violent crime is increased, although it remained lower than the national average.

Tab. 3: Social Quality Indicators

	Apulia		Italy	
	2001	2006	2001	2006
Incidence of environmental certification	4,4	10,8	2,9	7,7
Rate of violent crimes	11,6	15,9	13,3	20,1
Incidence of spending in leisure and culture	6,5	6,6	7,3	7,5
Attractiveness of tourist consumption	2,3	2,5	6,1	6,2

Source: Ministry of Economic Development

A lower economic development of the Apulia region with respect to the national one, that also characterizes all the Southern Italian regions, is demonstrated by the high incidence of poverty. In this regard, it should be noticed that in the two years preceding the crisis, the incidence of relative poverty in the region was decreasing, but between 2008 and 2009 it is markedly increased (Tab. 4), although by comparing it with the national and the Southern average it emerges that, even if incidence of poverty is always more than double in Apulia than in the rest of Italy, it is significantly lower than the average observed in the South of Italy.

Tab. 4: Incidence of Poverty by Households (H) and Individuals (I), 2005-2009

	2005		2006		2007		2008		2009	
	H.	I.	H.	I.	H.	I.	H.	I.	H.	I.
Apulia	19,4	20,2	19,8	22,3	20,2	21,9	18,5	21,1	21,0	21,9
South	24,0	26,5	22,6	25,2	22,5	24,9	23,8	26,7	22,7	25,7
Italy	11,1	13,1	11,1	12,9	11,1	12,8	11,3	13,6	10,8	13,1

It is defined relatively poor a family whose monthly expenses in consumption is equal or lower the relative poverty line, measured by using the per capita average consumption.
Source: Survey on Family Consumption, ISTAT

Another measure often used to analyze the socio-economic context is the deprivation index. It shows a trend similar to that observed for the incidence of poverty. However, in this case the data are available only until 2008 and the index shows a relatively constant trend over time, apart from the peak registered in 2007 (Tab. 5). However, differently from what observed for the previous index, in this case the figures for the Apulia region are very close to those observed for the macro-area to which it belongs and, once again, substantially higher than the national average.

Tab. 5: Deprivation Index for Family (Eurostat Indicator), 2004-2008

	2004	2005	2006	2007	2008
Apulia	25,4	25,3	24,6	28,1	25,3
South	26,9	27,3	25,3	25,5	26,6
Italy	14,5	14,5	14,0	14,8	15,8

A family is defined deprives if it shows at least one of the following characteristics: *i)* can not face unpredicted expenses; *ii)* can not afford one week of holiday far from home; *iii)* have bac krent; *iv)* can not afford an adequate meal at least every two days; *v)* can not adequately keep warm his house; do not have: *vi)* washing machine; *vii)* tv colour; *viii)* tv; *ix)* car.
Source: ISTAT, Survey on "Income and Living Conditions" Eu-SILC, 2007

Finally, as regard the level of inequality, it is well known that there exist several methods to measure it. The one most commonly used in the literature consists in using a synthetic index which allows to precisely measure the degree of inequality in the distribution of income, thus allowing to evaluate whether it has changed over time and in which direction, namely if it is increased or decreased. Among these indexes, the most commonly used is the Gini coefficient, which allows one to measure the degree of concentration in a distribution and ranges from 0, in case of equally distributed outcome, to 1, in the case of maximum concentration. Unfortunately, the data on this index are available only until the 2007, the year immediately before the onset of the crisis.

The data show that, while remaining almost stable at the national level during the period considered (2003-2007) slightly declining over the last two years considered, in Apulia the trend was not stable and, after an increase in 2006, there was a reduction in the last year considered, when it reach a level lower than the national one (Tab. 6).

Tab. 6: Gini Index, 2003-2007

	2003	2004	2005	2006	2007
Apulia	0,33	0,30	0,30	0,33	0,29
Italy	0,33	0,33	0,33	0,32	0,31

Source: ISTAT, Survey on "Income and Living Conditions" Eu-SILC, 2007

Notice that only when more recent data will be available we will be able to draw some conclusion on the impact of the financial and economic crisis on regional inequality, and verify if this positive trend observed till 2007 has been affected in some way from it.

3.2 Production System

The most important sector, at regional level, is the one linked to the provision of services, followed, by a considerable distance, by the agriculture and industry sectors, whose weight on total economy is pretty similar.

Obviously, each sectors has a different importance for the total added value of the six provinces that compose the region, as shown by the data in Tab. 16. For example, the agricultural sector is more important in the provinces of Brindisi, Lecce and Taranto than at regional level. Particularly, in the latter the agricultural sector accounts for about the 37% of the total added value of the province, only 3 percentage points less than the tertiary sector.

By looking at the trend of the last five years for which data are available, one notices that in all the provinces the weight of the agricultural and manufacturing sectors are decreased by 2 percentage points, while it is simultaneously increased the relevance of the industry and of the tertiary sectors, although the former increase less than the latter.

Some information on the impact of the current crisis on the regional production systems can be drawn from the analysis of the firms' stillbirth, that provides information on the number of firms operating in a given area. By analyzing the firms' growth rate between 2006 and 2009 it clearly emerges that the regional production systems was in a restructuring phase that begun before the onset of the current crisis (Tab. 7). With the exceptions of 2007, when the regional performance is similar to the national one and much higher than that observed in the South, already in 2008 it is observed a negative trend in the region, and the reduction in the number of operating firms is even more pronounced in 2009. By disaggregating the data at provincial level, it emerges that in 2008 there was a more marked decline in the provinces of Bari and Lecce, where the number of firms' closure was higher than the newborn, and the phenomenon is even more pronounced in Lecce in 2009. Only the province of Taranto and Foggia show a slight increase in the number of firms in 2009.

Tab. 7: Firms' growth rate and demographic changes, 2007-2009

	2007	2008	2009
		Demographic Change	
Foggia	1.24	0.76	0.03
Bari	0.64	-0.62	-0.29
Taranto	0.22	0.55	0.11
Brindisi	0.38	0.07	-0.43
Lecce	0.69	-0.3	-1.58
Apulia	**0.78**	**-0.1**	**-0.44**
		Growth Rate	
Apulia	0.78	-0.1	-0.44
South	0.46	0.32	0.24
Italy	0.75	0.59	0.28

Source: Movimprese

However, the last data denote an improvement, as in 2010 the regional firms' growth rate was positive (1.34), and slightly higher than that observed in the South (1.24%) and at the national level (1.19%)[5].

By looking at more recent data, it emerges that the first half of 2010 was characterized by an initial reduction in the production level and a subsequent recovery (Bank of Italy, 2010[6]).

According to a recent survey conducted by the Bank of Italy[7] (2010), in the first three trimesters of 2010 there was a decline in sales, especially in the engineering sector.

Moreover, the economic recovery seems to be not yet well established, as demonstrated by data on the investment and the use of facilities. As regard the latter, although it grown up in late 2009, it is still very low. As for the investments, in 2010 they were below expectations for 30% of the firms considered for the

5 "Natalità e Mortalità delle Imprese registrate presso le Camere di Commercio", Movimprese 2010.

6 "L'economia della Apulia, 2010", Economie Regionali, Bank of Italy.

7 Bank of Italy, *op. cit.*

survey conducted by the Bank of Italy[8] (2010), mainly because of the unexpected decline on the demand side, the uncertainty on the economic global trend, and financial factors. However, the Bank of Italy points out that in 2010 are increased both the level of profitability and the percentage of firms with positive expectations on profits.

Finally, it seems necessary to say something about the region's international trade. The figures on the first half of 2010 show a marked improvement; the level of exports is increased by 20% with respect to the same period of the previous year, much more than the national average (Bank of Italy[9] 2010). Although more than the 50% of total goods are exported in European Union countries, especially in Germany, the exports in non –EU countries in 2010 rose by over 21 percentage points with respect to 2009, although they are decreased in Asian countries, due to a reduction of exports in China.

Tab. 8: International Trade by geographical area

Country	Export		
		% variation	
	I sem. 2010 (mln. Of euro)	2009	I sem 2010
EU countries (1)	1,811	-25.4	19.5
Total Euro area	1,475	-27.0	20.0
France	346	-27.7	29.3
Germany	382	-15.3	34.1
Spain	249	-42.0	11.0
Other EU countries	336	-17.6	17.7
UK	164	-11.0	8.4
Extra-EU countries	1,401	-18.9	21.0
Centre-Eastern countries	178	-20.5	7.3
Other European countries	478	-10.8	33.8
Switzerland	348	-2.5	16.1
North America	307	-27.0	23.3
US	288	-23.0	24.3
Centre-South America	33	-64.4	26.1
Asia	204	-15.1	-13.1
China	35	-20.0	-17.6
Japan	32	0.6	37.2
EDA (2)	38	571.9	20.3
Other Extra-EU countries	200	-11.2	-15.2
Total	**3,212**	**-22.7**	**20.2**

(1) UE-27; (2) Dynamic Asian Economies
Source: Bank of Italy, 2010

3.2.1 Regional disparities

Even before the onset of the crisis there were strong regional disparities in terms of economic development. In particular, the provinces of Foggia, Brindisi and Lecce are particularly disadvantaged so that the crisis has accelerated an ongoing process.

The southern of the region, and hence the provinces of Brindisi and Lecce, had long been in a critical situation due to the collapse of traditional industries, namely textile clothing and footwear. Although in recent years it has been emphasized the role of tourism, especially in the province of Lecce, it is still a recent phenomenon, whose production levels are relatively low compared to those lost in the sectors previously prevalent in these areas.

The provinces of Bari and Taranto are in a different situation. Given to the current crisis and its structural system, the first suffered more from the decline in trade and commerce, two important sectors for

8 Bank of Italy, *op. cit.*

9 Bank of Italy, *op. cit.*

the economy of this province. At the same time, although there are firms in crisis, due to the diversification of its production system the province of Bari is suffering less than others for the current crisis.

As regard Taranto, it seems to be the one most directly affected by the crisis, due to its impact on the steel industry, which is very important for the provincial economy.

Summarizing, even if there exists some differences in terms of the impact of the current economic crisis, in most cases these differences already existed. The only exception might be represented by the province of Taranto, for which is most likely that the provincial crisis is due to the cyclical one, that is it could be due to the impact of the current economic crisis on the steel sector.

3.2.2 Interviews' Results

The crisis is described as a "horizontal phenomenon", meaning that it uniformly affected the regional economic system. Actually, some sectors are affected more than others, namely the steel, the textile, the fashion and the footwear sectors. However, as regard the first one, there was a recovery at the beginning of 2010. As for the latter, the situation is more critical, but this is due to the fact that the crisis occurs in a downturn period.

These sectors were in a negative phase since 2003, and this was due not only to the international competition, particularly from East Asiatic countries, but also to the appreciation of euro with respect to other currencies, particularly the dollar, which caused a downturn for these sectors, whose competitiveness was mainly based on costs.

Thus, despite having affected all sectors, the impact of the crisis was higher for those already struggling.

However, besides some specific case, such as the steel, textile, clothing and footwear sectors, the crisis mainly affected those sectors linked to the international trade, with the exception of the food sector.

The strategic response of firm' have primarily focused on finding new markets and on increasing the added value of their products, although they differ in the strategy adopted according to the sector in which they operate, and depending on their dimension.

As regard the search for new markets, the most dynamic firms were undoubtedly those already active in the international markets, as for them was easier to diversify the export markets.

On the opposite, the small, mini and micro firms faced more difficulties, are they enter the international markets only recently, as a reaction to the current crisis, and therefore they are still in the decision-making process on the international strategy to implement.

Besides the dimensional factor, the strategic differences also depend on the ability of firms to benefit from the opportunities they face in more dynamic markets, and thus on their ability to capture market signals.

As for the difference between sectors, respondents argue that firms producing investment goods have chosen as a natural target market European Union countries, such as France and Germany, while those that produce consumer goods are more oriented to the markets of the emerging countries. It is more difficult however, to predict how the situation will evolve for suppliers of larger enterprises, that is, if they will be still able to stay in business or not.

In the construction sector, that is really important for the regional economy and was strongly affected by the current crisis, it is trying to pursue the idea of sustainable growth, focusing in this case, therefore, on the quality of the product. This kind of diversification, in fact, was already in place, and was generated by a series of regulatory constraints imposed an the European level, and induced by the example of other countries. Hence, there were adopted various measures "externally induced" driven by countries with a higher sensitivity to these issues, mainly Northern European countries. Companies operating in this sector are trying to create a network of coordination among various enterprises, and between these, on one side, and the Universities, on the other. This kind of process is viewed positively by employers, who complain for a discrepancy between universities' research and business needs: networking of this type may be particularly beneficial for a region like Apulia, mainly characterized by small and medium-sized enterprises, which would not be able to invest in research and development with their own resources.

Finally, companies operating in the so-called traditional sectors, namely textiles, clothing and footwear, are in quite different situation. They are trying to position themselves on higher value-added products, focusing on brands, and this adds to the delocalisation process started approximately fifteen years ago. The difference is that they are now trying to produce more for their brand. Many companies operating in the service sector have therefore focused on the domestic market, meaning that they are focusing on the sale phase and on promotion of their brand.

To conclude, the prevailing view among respondents is that the structural change in the production system was not caused by the crisis, as it was a process started several years ago, mainly driven by the globalization process. Therefore the crisis acted on an ongoing process, and had principally affected the weakest sectors, namely those that had focused on non-strategic factors (such as the labour costs) to increase their competitiveness.

It follows that the first effect of the crisis was to accelerate the changing process in the local production structure. In particular, it is accelerating the search for new markets and the diversification of products and services, thereby increasing the integration in traditional sectors, and it is bringing firms on the production of higher added value goods, increasing in this way the degree of specialization in some markets and the transfer of labour in developing countries, a process already started, but accelerated by the crisis.

To conclude, according to the respondents, the main effects of the crisis will be a business' reorganization, especially in the management of the relationships with banks, an increase in the search for new markets and, above all, a selection of the actors in the market, both in terms of numbers and of structural features of enterprises.

3.3 The Labour Market

Although the manufacturing activity shows a positive trend of recovery, the same does not hold for the labour market, at least according to current data.

A lack in the ability to create new jobs emerges from the figures of the Labour Force Survey conducted by ISTAT, according to which the dynamics of employment in the Apulia region is negative, as in the rest of Southern Italy, hence going in the opposite direction with respect to the national trend. The surveys conducted by ISTAT shows that, after the crisis, the labour market indicators in Apulia have followed a pattern similar to that of Italy and of other southern regions. However, although data on the employment and unemployment rates are substantially similar to the Southern average, the gap with the national average is still high (Tab. 9).

Tab. 9: Activity rate, 2004-2010

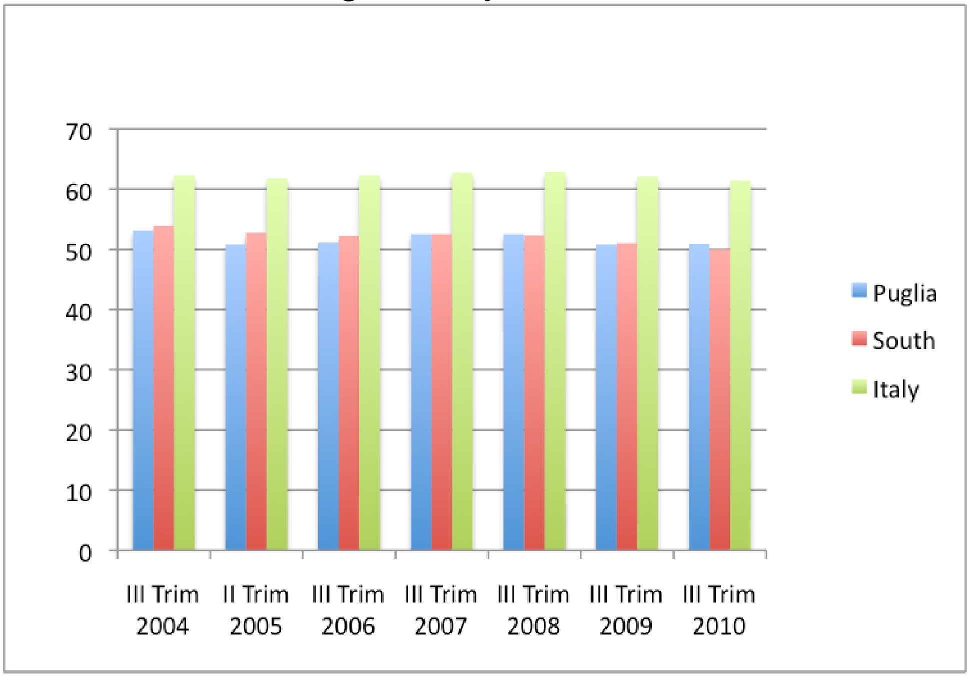
	Apulia			South			Italy		
	Male	Female	Tot	Male	Female	Tot	Male	Female	Tot
III Trim 2004	69.9	36.6	53.1	70.4	37.8	53.9	74.6	50.1	62.3
II Trim 2005	70.5	31.7	50.8	69.6	36.3	52.8	74,0	49.6	61.8
III Trim 2006	69.5	33	51.1	68.5	36.2	52.2	74.4	50.1	62.3
III Trim 2007	71	34.5	52.5	69,0	36.3	52.5	74.7	50.7	62.7
III Trim 2008	70.3	35.1	52.5	67.8	37,0	52.3	74.4	51.3	62.8
III Trim 2009	68.5	33.6	50.8	66.5	35.8	51	73.7	50.5	62.1
III Trim 2010	66.8	35.5	50.9	64.8	35.5	50	72.7	50.2	61.4

Source: Labour Force Survey, ISTAT various years

In the third trimester of 2010, the workforce in Apulia was composed of 170,000 units, about 40% of which are women.

The first indicator from which it is usually started the analysis of the labour market is the activity rate, being computed as the ratio between the active population and individuals in working age, provides some information on the labour supply. According to the data, during the six years we consider the labour supply fell proportionately more in the Apulia region than the rest of Italy: although modest, the reduction in terms of percentage points was double than in the rest of Italy (Tab. 9).

Fig. 8: Activity rate, ’04-‘10



Source: ISTAT, Survey on Labour Force

Both at national and regional level, there is a significant gender difference in terms of participation to the labour market, as the employment rate is markedly higher for men than for women, and the gender difference in Apulia is much more pronounced than at national level (Tab. 10). However, it should be noted that the participation rate has declined much more for men than for women in the six years considered. Moreover, while for the former the trend is decreasing even in the third trimester of 2010, for women the most recent available data show a slight improvement with respect to the same period in 2009. Nevertheless, the employment rate for women, although having grown up in the last six years, it is still a half of the male employment rate, and 15 percentage points lower than the national average.

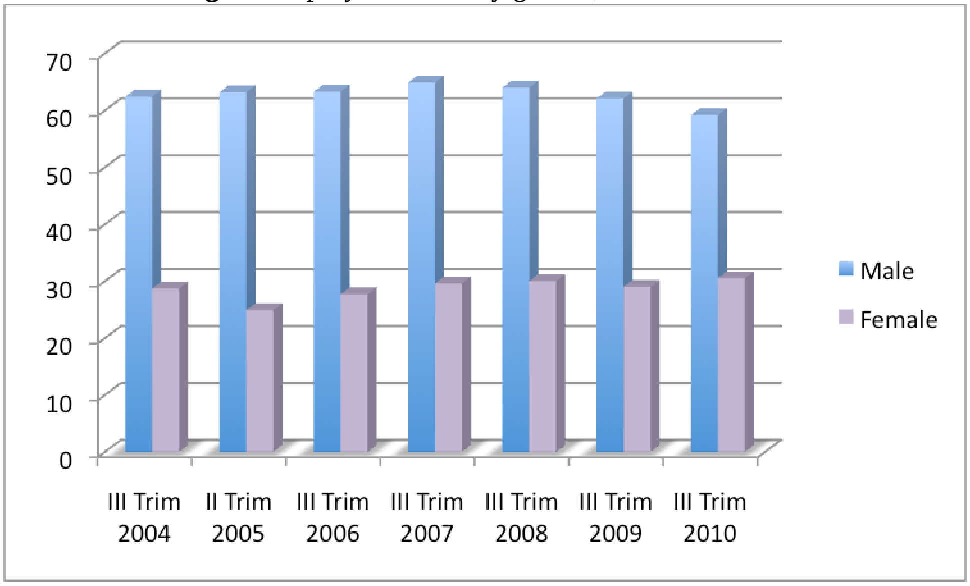
Tab. 10: Employment rate, 2004-2010

	Apulia			South			Italy		
	Male	Female	Tot	Male	Female	Tot	Male	Female	Tot
III Trim 2004	62.4	28.7	45.3	62.7	30.7	46.5	70.3	45.1	57.7
II Trim 2005	63.2	24.9	43.8	62.5	29.3	45.7	69.9	44.8	57.4
III Trim 2006	63.3	27.7	45.3	62.5	31,0	46.6	70.7	46.1	58.4
III Trim 2007	64.9	29.6	47.1	63.2	31.2	47	71.3	46.9	59.1
III Trim 2008	64	30	46.8	61.5	31.7	46.4	70.7	47.2	59,0
III Trim 2009	62.1	29	45.3	59.5	30.8	45	68.9	46.1	57.5
III Trim 2010	59.2	30.5	44.7	57.6	30.5	43.9	67.6	45.8	56.7

Source: Labour Force Survey, ISTAT various years

Besides women, also young people appear to be particularly disadvantaged. The analysis of the data on the employment rate, disaggregated by age classes, reveals that, although the figures are lower than the national average for all age classes, the regional gap is particularly strong for individuals aged between 25 and 44. However, it should be noticed that, disaggregating the data by gender, it emerges that the most disadvantaged among males are those aged between 25 and 34, while among women the most disadvantaged are those aged between 35 and 44.

Fig. 9: Employment rate by gender, '04-'10



Source: ISTAT, Survey on Labour Force

As regards the geographical distribution of employment, in 2009 Bari was the province who performed better, as the data on the employment rates are higher than the regional average, both when considering the overall figure and when the sample is disaggregated by gender. The provinces of Taranto and Foggia follow it, despite in the latter this result holds only for men, as it is the province with the lowest female employment rate.

If one wants to analyze more deeply the effect of the crisis on the labour market outcomes, some intuitions can be drawn from the analysis of the trend of the unemployment rate, although it does not necessarily express a causal relationship, as this kind of analysis does not allow us to surely deduce that the observed changes in trend are attributable to the crisis, it provides some information that allow us to make an evaluation of the labour market performances.

The overall unemployment rate, that is without distinguishing between men and women, in the third trimester of 2010 amounted to 12.12%, identical to the one observed in the South (Tab. 11) but 5 percentage points higher than the national average (7.6 %).

Tab. 11: Unemployment rate, 2004-2010

	Apulia			South			Italy		
	Male	Female	Tot	Male	Female	Tot	Male	Female	Tot
III Trim 2004	10.6	21.8	14.5	10.8	18.8	13.6	5.7	9.9	7.4
II Trim 2005	10.3	21.3	13.7	10,0	19.2	13.2	5.5	9.5	7.1
III Trim 2006	8.9	15.9	11.2	8.7	14.3	10.7	4.8	8,0	6.1
III Trim 2007	8.4	14	10.3	8.3	14.1	10.3	4.4	7.4	5.6
III Trim 2008	8.9	14.5	10.8	9.2	14.4	11.1	4.9	7.9	6.1
III Trim 2009	9.3	13.5	10.7	10.4	14,0	11.7	6.4	8.6	7.3
III Trim 2010	11.2	14	12.2	11.1	13.9	12.1	6.8	8.7	7.6

Source: Labour Force Survey, ISTAT various years

By looking at the employment trend of the past five years, it emerges that the regional trend has followed that of the South of Italy and of the entire nation: it is increased until 2007 and it decreased since the third trimester of 2008 (Tab. 10).

A study recently conducted by the Bank of Italy[10] (2010) shows that the crisis has mainly affected employees and those working in the construction and industry sectors. The increase of the unemployment rate was mitigated, during the past two years, through an increase in the use of social security benefit and of the *Cassa Integrazione Guadagni* (CIG[11]) that is a short time work scheme which makes up the pay of

[10] Bank of Italy, *op. cit.*

[11] In the Italian social security system, this instruments aims at substituting or integrating wage in cases explicitly defined by law; at the same time it is used to support firms that face problems in maintaining the cost of temporary "unused" workers.

permanent employees affected by temporary lay-offs, or under a forced reduction of working hours, for a maximum of two years. Particularly, the latest available data show that there were not improvement in the last year, as the use of the CIG is increased by 76% in 2010 with respect to 2009, and this increase results from a reduction in the use of the CIGO, and an increase of more than 300 percentage points for the CIGS and more than 200 for the GIGD (Tab. 12).

Tab. 12: CIGO, CIGS and CIGD variation in percentage points, 2009-2008

Regions	CIGO	CIGS	CIGD	Total
Piemonte	-54.69	159.00	218.39	12.67
Valle d'Aosta	-48.88	-30.75	-25.66	-43.60
Lombardia	-39.44	122.93	131.70	15.59
Trento	-13.77	-.47.40	130.54	9.90
Veneto	-41.39	113.55	117.13	-0.17
Friuli-Venezia Giulia	-39.45	221.68	134.44	54.34
Liguria	-39.97	178.01	211.98	46.56
Emilia-Romagna	-38.89	206.05	486.60	83.43
Toscana	-36.36	144.39	351.33	59.05
Umbria	-25.36	62.53	498.94	94.85
Marche	-41.19	36.17	789.61	61.26
Lazio	-37.90	31.14	295.92	25.26
Abruzzo	-56.64	147.06	44.34	-5.82
Molise	-31.19	190.15	724.92	63.70
Campania	-35.49	136.73	85.18	32.95
Apulia	**-31.44**	**324.78**	**261.93**	**75.62**
Basilicata	4.17	35.17	799.69	25.68
Calabria	-1.04	45.75	359.92	72.71
Sicilia	-2.71	99.75	288.83	43.50
Sardegna	-1.86	-19.22	135.42	32.18
ITALY	**-.40.70**	**126.40**	**206.48**	**31.68**

Source: CGIL elaboration on INPS data

3.3.1 Interviews' results

The firms' response to the economic crisis in terms of employment strategies differs according to their dimension, that is depending on whether one considers the small one or the medium-large companies. Although there are some exceptions, in general the first reacted to the contraction in the market demand by seeking to reduce the employees as little as possible, then using any kind of social benefit, while the latter preferred to maintain the employees with higher strategic competencies, cutting all other costs, wherever possible, and consequently increased redundancies. Some of the respondents have pointed out then, that these differences in the reactions of firms do not directly depend on their dimensional factor, but are probably due to the fact that large companies have a risk of social conflict related to the dismissal much higher than small, and often have used tools such as the *Cassa Integrazione,* even when they would prefer to dismiss.

The Italian labour market is actually composed by a group of "guaranteed", composed primarily of employees with permanent contracts and often highly unionized, a group of "flexible", consisting of workers with temporary or atypical contracts, and, finally, the third group composed by those working in the so-

This measures are divided in "ordinary" and "extraordinary": the first one (*Cassa Integrazione Guadagni Ordinaria, CIGO*) lasts less and is used in case of temporary market crisis or other unpredictable events; the second one (*Cassa Integrazione Guadagni Straordinaria, CIGS*) lasts longer and is used in case of restructuring process. These instruments are mainly devoted to the industrial sectors, and the CIGS can be used only by firms with more than 15 employees. It follows that they are related to specific categories, and depends on the size of the firms and on the economic sector to which they belong.

Since 2004 it is possible to use these instruments in situation that differ from those defined by law (*Cassa Integrazione Guadagni Straordinaria, CIGS*), by basing their use on territorial pacts that confirm the existence of an occupational crisis.

called "black economy". With the onset of the crisis, individuals in the first group risk to loose their guarantees and go down into the second one, while the "flexible" risk to slide into third[12].

For example, in the public sector, there has been a stop in the turn-over, and then in the demand for new employees, and the temporary contracts were not renewed; therefore it seems that both groups have been affected by the crisis, although the latter in a stronger way.

By analysing the effects of the crisis on the labour market according to the employees' contract, it emerges that, initially, in 2009, temporary workers were the most affected by the crisis. Moreover, in 2009 there was a decline in self-employment while, in the same year the reduction for employees was not that marked thanks to contractual guarantees and to the wide use of layoffs that have limited the impact of the crisis.

However, when considering temporary workers, it should be bear in mind that we come from a period of marked flexibility, characterised by and extensive use of atypical and/or flexible employment contracts, so it was probably the flexibility at the entering phase that causes these effects. To be more clear, the distribution of the effects of the crisis could not depended on the firms' legal systems but from the fact that these categories of workers have contracts types that lend themselves to not be renewed.

To conclude, although a recent survey conducted by the Bank of Italy (2010) has shown a situation particularly worrying for young workers and women, some respondents believe that the phenomena of "under-employment" for these two categories are mainly attributable to two factors. As for women, the data on their participation to the labour market was quite low also before the onset of the crisis, so that the negative performance currently observed is only partly attributable to it. As regard the second category, the low use of skilled young people by firms could be at least partly attributable to the cost factor. That is, on the one hand, young graduates entering the job market with a temporary contract in a previous period, namely before the onset of the crisis, have been strongly negatively affected by the effects of the crisis simply because the firms' first reaction has been to not confirm these kind of contracts, which are those more commonly used in the access to the labour market. Secondly, at least for the moment, companies tend to hire low-skilled workers (especially those with a secondary school degree) and invest in the internal training process, reducing in this way the labour cost.

More recent data show that in 2010 there was a sharp reduction of the employees, and this trend has characterized the entire region. There are no observed reversal trends in the last months with respect to previous period, even if the data show a slowing in the job losses process.

Although it is difficult to predict what will happen in the medium to long term, the respondents' opinions differ from each other. On one side, there are some who believe that the skilled young people will be those most affected by the crisis, as they will not find job opportunities, and, on the other, there are those who believe that the most affected will be the unskilled workers. The hypothesis of a greater impact for the latter is based on that about the firms' future production strategy. In fact, some respondents believe that firms will tend to maintain in the Apulia region the production characterized by higher added value, delocalizing the production stages characterized by a lower added value. The effect on the labour market should therefore be an increase in employment opportunities for high skilled workers. However, this should not affect the local labour market on the supply side, as the supply of skilled workers is growing in Apulia. Some respondents, in the light of this consideration, suggested that it should instead be favoured the vocational training. This means facilitating the enrolment in technical secondary schools that do not reduce individuals' opportunities to access to higher education and, at the same time, better satisfies the business needs.

[12] This phenomenon is quite widespread in Italy, so it should not be undervalued. Unfortunately, there exist no data that allow to have a clear idea of what happened in this area, that is it is not possible, at least for the moment, to verify if the crisis affected also the black economy or if, instead, the increases in the level of "regular" unemployment bring to a growth of employment in the black economy.

4 Regional Development Policies

4. 1 European Policies

The EU regional policies are financed through the Structural and the Cohesion Funds, whose main purpose is to equalize the level of development between region and Member States. There exists two Structural Funds, while the Cohesion one was established only in 1994 with the aim of promoting and accelerating the process of economic, social and territorial cohesion.

The Cohesion policies are based on national and regional co-financing, meaning that the EU actions respects the additionality principle, so that the EU Funds are always in addiction to the public expenditure of the Member States. Hence, a seven-years programming allows to the Member States and regions to set clear targets, based on the priorities defined in the Operational Programmes, and to have a stable financial framework.

The Operational Programme approved for the Apulia region falls within the Convergence objective and has a total budget of 5,2 billion to which the EU contributes for 2,6 billion (Tab. 13). The main objective of the Programme is to promote the full convergence of the region in terms of growth and employment by enhancing the attractiveness of the region, through the improvement of accessibility and of the quality of services provided in the region, by promoting innovation and the development of the knowledge economy, and, finally, by increasing citizens' well-being and social inclusion.

The objectives defined in the Programme do not work alone but together with other macro-objectives in the area of sustainable development, equal opportunities and the spatial dimension of development.

The main expected impact of the Programme is a reduction in greenhouses gases and an increase in the GDP and employment level.

The main objectives of the Programme are articulated into eight priorities. The first one aims at increasing the contribution of research and innovation to local competitiveness and at successfully taking on the challenges of globalization. The second priority focuses on the use of environmental and energy resources and aim at promoting the sustainable and efficient use of natural resources. The third one is more focused on the citizens' quality of life, as its main aim is to guarantee wellbeing and safety of individuals living in the Apulia region. Hence, the regional priorities have to focus on the increase of care services provided to individuals and families; on the creation of new enterprises operating in the social care and health sectors; and, finally, on the improvement of the accessibility to social and health services. The fourth priority aims at promoting the attractiveness of the region or, better, at attracting more tourist by directing those working in the tourism industry toward products and market niches with the highest value added. The fifth one is more focused on the accessibility to the region, as it intends to improve regional mobility. The remaining three priorities are on the improvement of the competitiveness of the governance of the region, of its productive systems and of cities and urban areas. As for the latter issue, the aim is to enhance the historical, cultural and environmental resources of cities and urban area that might risk to be abandoned. The competitiveness of the productive systems will be improved by supporting the structural transformation of regional industry. In this case, the regional strategy aims at creating conditions that will improve the advantages of localisation and support the strategies of the productive system to expand to international market. To conclude, the last priority, focused on the competitiveness of territorial governance aims at improving the capacity of administrations involved in programming and managing the European Regional Development Funds. Moreover, it pays particular attention to initiatives that support the participation of various types of public and private actors in the implementation and evaluation of the Operational Programme.

Tab. 13: Cohesion Funds by priority axis

Priority Axis	EU contribution	National Public Contribution	Total Public Contribution
Promotion & Dissemination of R&I for competitiveness	290,500,000	290,500,000	581,000,000
Sustainable and efficient use of environmental & energy resources for development	454,000,000	454,000,000	908,000,000
Social Inclusion & services to enhance the quality of life and the attractiveness of the region	285,000,000	285,000,000	570,000,000
Promoting the potential of natural & cultural resources to improve the attractiveness & development of the region	196,000,000	196,000,000	392,000,000
Network & mobility links	525,000,000	525,000,000	1,050,000,000
Competitiveness of productive systems and employment	551,000,000	551,000,000	1,102,000,000
Competitiveness & attractiveness of cities and urban systems	260,000,000	260,000,000	520,000,000
Governance, institutional capacity and competitive and efficient market	57,521,978	57,521,978	115,043,956
Total	2,619,021,978	2,619,021,978	5,238,043,956

Source: Operational Programme 2007-2013 “Apulia”, European Regional Policies

With the onset of the crisis, the European Commission has proposed a series of measures to accelerate the implementation of the Operational Programme in order to ensure that all resources devoted to the cohesion policies are fully used to support the Member State and regional recovery effort.

The idea behind these measures, presented in the European Economic Recovery Plan (EERP), is to introduce “great flexibility, give regions a head start and target cohesion policy programmes on smart investment” (“Cohesion policy: response to the economic crisis”, European Union). The first point will be reached by simplifying the financial management of the funds so that to reduce the administrative burden. The second one consists in increasing the cash flow for investment by helping the Member States in accelerating the development of major projects and, finally, by simplifying the state aid rule. Finally, the targeting on cohesion policies on smart investment will be reached by investing in areas with high growth potential, by encouraging the Member States to maintain high levels of public spending and by enhancing the cooperation between entrepreneurship on one side, and the European Investment Bank and the European Investment Funds on the other.

4.2 National Policies

The regional development programme for the 2007-2013 period is based on a Strategical National Plan (*Quadro Strategico Nazionale*, QSN hereafter), adopted after the Committee that is in charge of the National Economic Planning (CIPE) approved it in 2007. The crucial characteristic of the QSN is that it unified, for the entire period, the national and European programmes and funding (the UAS at national level, the European Structural Funds and the Cohesion Fund). This guarantees a unified framework for the regional Italian policies.

This choice was carry out with the Financial Law for 2007 that define the amount of resources available for the 2007-2013 period.

As regard the objectives of the QSN, they are coherent with what defined at the European level. It has four macro-objectives, namely: (i) the development of the knowledge economy; (ii) the improvement of the quality of life, of legality and of social inclusion in the Italian regions; (iii) the improvement of the production system and of its competitiveness; and, finally, (iv) the modernization and internalization of the economy and of the Public Sector.

They are grouped into “thematic priorities”, and each priority has its own funds. The main innovations of the 2007-2013 plans are: the higher relevance of the priorities linked to the Lisbon Agenda (Europe 2020), particularly to those linked with education, innovation and research, and a greater coordination between “ordinary policies” and regional development policies. To the former is devoted the 60% of the overall resources allocated to the regions in the Convergence Objective and the 75% of those allocated to those in the “Competitiveness framework”.

Overall, the QSN allocated 101 billions of euro to the South of Italy, 47 come from the Structural Funds and about 54 from the national funds for underdeveloped areas (FAS, hereafter). The 85% of the latter have to be allocated to the South of Italy, and the remaining 85% to the Centre-North, as prescribed by law. The policies designed for the South are managed by both national and regional administrations. About 50 billions were assigned to the regional programming, 30 billions to Ministries, and, finally 20 billions were assigned to interregional programmes. To these resources were added those remaining from the previous programming.

Besides the National Plan described above, there are Regional Operational Programmes that implement the policies defined in the QSN and financed through the European Structural Funds and the European Cohesion Fund.

The 2007-2013 national plan was designed during the two legislatures of 2001-2006 and 2006-2008, and then it was strongly modified.

The Ministries and the Regions start to use the European funds, as prescribed by the Programmes, but the spending process, and hence the implementations of action, policies and investments, is very slow.

Moreover, with the current legislature, the national funding for underdeveloped regions (FAS) is pretty changed, as it was reduced and used for different objectives, so that a significant part of these resources were assigned to different uses. This had a relevant impact on the objectives designed in the QSN, and has significantly reduced the national funding for the regional development.

However, it is not simple to follow all the acts and law through which this happened. Firstly, the financial law for 2007 allocated 64,4 billions of euro to the FAS. There was a first reduction, during the previous legislature and it passed to 63,3 billions of euro. Then, with the current legislature, the FAS was further reduced, both in 2008 and 2010, so that the resources passed to 63,3 billions to 48,7 billions.

The resources coming from the first reduction, in 2008, were used mainly to guarantee the national financial stability, but also for other measures, like the funding of the National Health Service. As regard the second reduction, that was in a first moment equal to 2,5 billions of euro and then doubled (as the reduction was applied also to the programming for the next three years), it should be used also in this case for the national health system and to guarantee the national financial stability.

The amount available for the national funds of the 2007-2013 (FAS) was assigned at the beginning of 2009, and 27 billions of euro were devoted to Regional and Interregional Programmes, as previously decided. The allocation of the remaining 25,5 billions of euro was completely redefined.

In the previous national plan, it was decided that their allocation should be based on Thematic National Plan (PAN, hereafter), but at beginning of 2009 they were grouped into three Funds: (i) an “Infrastructural Fund”, to which are devoted more than 12 billions of euro; (ii) a “National Strategic Plan for supporting real economy”, to which are devoted about 9 billions of euro, and, finally, (iii) the “Social Fund for Employment", with something more than 2 millions of euro. The remaining resources were used to finance policies previously designed, mainly devoted to the road system of the Calabria region, linked to recommendation of the Civil Protection, and to the funding of the tax credit in the Southern regions.

The QSN allocated also 3 billions of euro to the Service Level Objectives (SLOs, hereafter), about 2 billions for interregional programmes and, finally, 22,3 to regional programmes (18 of which devoted to Southern Italian regions). However, these resources were not used until now, as the regional plans defined by Southern regions still have been not approved by the CIPE.

As regard the Structural Funds, they are grouped into 3 programmes, one managed by regional administration, one devoted to interregional programmes, and the last one managed by the central administration.

For all these programmes, there exists data on their implementation, certified by the European Union, that are very useful as there are fixed term before which the funds have to be used, otherwise they are lost.

In fact, after the planning phase, the projects that have to be financed through the European resources must be exactly defined (lets call it the "commitment phase"). After that, the national or regional administration in charge, can directly implement the actions planned and defined or they can transfer the resources to "third actors", like local administrators, public companies, and so on and so far.

For the 2007-2013 period, there exist data on the use and commitment of the resources of the Structural Funds and on the Cohesion Fund. As regard the commitment of the resources coming from the Structural Fund (ERDF), the programmes managed by the Ministries show percentages of implementation that range from the 20% to the 34%. The data on the interregional programmes are even less encouraging; one of them is still not started while the percentage for the other is 8%. The programmes for the regions of the Centre-North are at the 23%, on average, while those for the centre South range from the 10% in Campania, to the 31% in Calabria.

As regard the payment of these commitments, they range from the 9% to the 13%, and in the Centre North are higher than in the South.

The same hold for the Cohesion Fund, that is at national level the commitments range form 16% to 49%, and the payments range from the 6% to the 23%, and once again they are higher in the Centre-North than in the South.

However, it should be noticed that, as pointed out in the EU Strategic Report, there have been some obstacles that hampered a rapid implementation of the programmes, namely: (i) the delay in the approval of the EU balance; (ii) the changes in the role on financial control; (iii) the difficulties linked to the management of overlapping programming periods; and (iv) the current economic and financial crisis that has modified the priorities.

To conclude, we can say that the differences in the implementation of programmes between administrations depend on four factors. The first is due to their efficiency, both in the identification of objectives and in the implementation phase. The second is linked to the size of the programmes. The third depends on the kind of interventions designed, and, finally, the third one is linked to the expenditure reporting process needed for projects already financed and previously implemented.

4.3 Regional Policies

The Apulia region has several economic and territorial plans that delineate its strategies and regional objectives, which are complementary to the strategic documents adopted at national and European level.

The regional policies that aim at the development of the Apulia region are defined in the Regional Operational Plans, in which are declined the objective of regional policies and the allocation of regional, national and European resources. Here, for brevity, we will not go through a detailed description of each of these Regional documents, but on the general development goals that they aim to achieve, referring to the Regional Plan for more precise and detailed information. It is still worth to notice that the growth and development goals declined in the regional operational plans are “coherently expressed”, that is for each of them there is a high correspondence between what stated in the regional plans and at national and European level.

The overall objective is declined in three macro-objectives: the strengthen of attractiveness of the region; the promotion of innovation, entrepreneurship and of the development of knowledge economy; and, finally, the creation of better conditions for employability, cohesion and social inclusion.

The first objective is related not only to the need to improve the context in which regional firms operate, but also to the necessity of attracting more domestic and foreign investment, consistently with the objectives of development in the region. This objective is pursued with particular attention to environmental sustainability through the promotion of a more sustainable and effective use of resources. Particular attention is then paid to a number of structural problems that the region has in those areas related to water resources, pollution, waste and protection of natural risks.

The second objective is due to the need of supporting the process of structural shift of the regional economic system towards economic activities based on knowledge and innovation, in order to favour growth and employment.

Finally, the third objective requires efforts on several initiatives that involve the improvement of both the social health system, and of the education system, which is a key factor in promoting the economic, social and employment growth.

Beyond these general objectives, the current economic crisis has made it necessary to adopt ad hoc measures able to mitigate in some way its impact on the regional economy, and the majority of them are focused on the labour market.

As in all other Italian regions, the intervention strategies developed by the Apulia region have been focused on the labour market, aimed primarily at limiting the negative effects of the crisis in terms of employment reduction.

In particular, the Region has implemented a series of interventions devoted to the more disadvantaged categories of workers, which are focused on the training process and aim to stimulate job creation.

An example is represented by the “Welfare to Work” plan. The main objective pursued by the Apulia region with this plan is to implement active policies that favour individual entry or re-entering into the labour market, through an Individual Action Plan, on one hand, and a voucher, on the other. The proposed policies are then designed in order to optimize the pursued results by distinguishing between three types of beneficiaries: individuals already out of the production system; those who risk to be dismissal; and, finally, those that do not require long periods of re-training in order to re-enter in the labour market.

It is exactly for this reason that the region has distinguished between two kinds of programmes: those of re-qualification, which aim to upgrade skills in accordance with the needs of workers, and then designed for individuals who should be fully reintegrated into the manufacturing process; and those of relocation, characterized by various measures aimed at the improvement of skills, which are especially designed for individuals expelled from the production process. Besides these, there have been planned other policies focused on employment and on training and more related to the effects of crisis, meaning that are more specifically focused to the affected categories, namely women, youth and the unemployed over-50.

4. 4 Respondents’ policies evaluation

We asked respondents an evaluation of the policies implemented at the European, national and regional level to face the crisis.

As regards those implemented at the European level, although all of them positively evaluate the protective measures adopted to face the risk of financial speculation against the euro, some respondents complained about the lack of a counter-cyclical policy and stated that it was “wasted an opportunity”, in sense that the crisis could be an opportunity to lay the basis for a cooperation between the Member States in tax policy.

The opinion on the instruments adopted at national level is much more critical, as all respondents have complained about the lack of a countercyclical fiscal policy. Moreover, it was strongly criticized the delay with which the central government intervened and the lack of both an overview and of focusing on few specific targets. This is because the only measures implemented have been basically two: the expansion of the categories of persons entitled to the layoff and the use of part of the European Funds for financing the Cassa Integrazione. Hence, they were essentially measures focused on income support aimed to indirectly support also the domestic demand, but there were not recovery policies able to really overcome the crisis.

The respondents’ evaluation of the policies adopted at the regional level was less negative, although not lacking, also in this case, of critical elements.

Some of them have particularly appreciated the measures implemented to support research and innovation, that are considered not only appropriate but also necessary to promote the diversification of goods required to overcome the crisis and promote the internationalization of enterprises. However, not all the respondents agreed with this positive evaluation. The political incentive for research and innovation, in fact, are not perceived as political support to companies negatively affected by the crisis, but rather as tools to support those that are not in a particularly critical situation, having an investment development plan. This critical view is based on the idea that it would be more important to promote access to credit for firms that have recovery plans, as the crisis led to a particular restriction on lending by banks.

Even the evaluations of employment policies are controversial. Passive policies or those aimed at incentivizing recruitment are in fact essentially considered as income support policies: this interpretation comes from the consideration that there were no specific interventions, for example, with regard to training, and this in turn is due to the fact that since there is no demand for labour, it is virtually impossible to identify the area or areas in which workers should be trained. Finally, some respondents think that it would be necessary to increase the incentives of recruitment of young skilled workers to employ in research and development so as to facilitate the innovation processes.

Overall, the willingness to intervene is positively valued by respondents, who, at the same time, emphasize the lack of an effort to rationalize operations, arguing that scarce resources should be used for more rational interventions and should be focused on few targets. Some policies have been considered to be particularly positive and appreciable, but no one of the implemented measures is considered to be able to overcome the crisis in the long term.

According to respondents, the main problems faced by the region were two. The first concerns a lack of organization in the regional administrative sector, in the sense that little has been done to increase its efficiency. The second one is related to the initial lack of coordination between political actors, on one hand, and social actors on the other.

Finally, respondents agreed in considering the lack of coordination between different government levels as the main problem that has characterized the anti-crisis policies adopted. As regards the European Union, it has no many instruments to intervene, hence, in most cases, it provides resources and suggests action plans, but their implementation is then up to the central and local governments.

The lack of coordination between different government levels makes it not be possible to define "comprehensive" policies, that is policies that take into account the effects of any interventions on the overall economy of the nation, and, in a similar framework, even the best policies may not fully achieve the proposed results.

The reaction time of the measures adopted to face the crisis constitutes another problem. This is partly intrinsic, namely it is due to the time that passes from the recognition of the problem, and then the adoption and implementation of a policy, and the effectiveness of the policies adopted.

In any case, the fundamental problem in the definition and implementation of the policies undertaken to tackle the crisis, is due to the absence of the additionality principle, which has led to an overlapping of policies, in some cases even at a regional level, due to the fragmentation of the strategic plans and to the lack of coordination between different departments.

The lack of coordination and cooperation between various levels of government, particularly between the national and regional governments, is emphasized by all respondents, who attribute this attitude to political reasons.

On the opposite, at regional level, the relations between the regional government and the provinces in managing the crisis tended to be characterized by strong cooperation, regardless of the political party to which they belong, while the cooperation with municipalities has been more problematic.

5. What will happen in the long run?

In light of these considerations, respondents agree that the economic crisis will undoubtedly lead to a strong selection of firms, in the sense that there will be a reduction in the number of companies active in the region.

The majority of firms have already reacted to the crisis by diversifying the goods produced, pushing production to a higher value-added segment, promoting their brand and looking for new opportunities in international markets, although in some cases, as in the textile, apparel and footwear sectors, no recovery has been observed till now.

Respondents think that in the long-term firms will tend to produce in the region high added value goods with strong innovative content, delocalizing abroad the production phase characterized by lower added value. This will due not only to the need of reducing the production cost but also to the willingness of providing services in the final market.

In the labour market this will increase the job opportunities for high skilled young workers and a decrease, obviously, in the demand of unskilled job. However, given the regional schooling rate trend, this should not have many effects on the structure of labour supply, since that of skilled labour is already growing in the region.

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Appendix

Descriptive Statistics

Tab. 14: Economic Indicators

Regions and Macro-areas	2007-2008 variation (%)			2009-2008 variation (%)			Absolute value (2009)	
	GDP	GDP per-capita	Added-Value by unit of labour	GDP	GDP per-capita	Added-Value by unit of labour	GDP	GDP per-capita
Piemonte	-1.5	0.3	-1.2	-6.3	-4.6	-3.3	96,325	27,351
Valle d'Aosta	1,0	1.8	1,0	-4.4	-4,0	-2.5	3,414	32,784
Lombardia	-1.7	-0.1	-1.3	-6.3	-5,0	-3.8	247,359	31,743
Bolzano	1.1	3,0	-1,0	-2.6	-1.5	-2.9	13,630	34,421
Trento	0.4	2.1	-1.1	-3,0	-2.1	-3.2	12,703	30,918
Veneto	-0.8	0.3	-0.7	-5.9	-4.9	-3.5	113,725	28,856
Friuli-Venezia Giulia	-1.8	0.4	-1,0	-5.6	-3.7	-3.3	27,354	28,248
Liguria	-0.7	2,0	0.1	-3.3	-1.8	-2.3	34,049	26,858
Emilia-Romagna	-1.5	-0.2	-1.7	-5.9	-4.9	-4.2	106,435	30,493
Toscana	-0.8	1.1	-1.6	-4.3	-2.8	-3.1	82,157	27,933
Umbria	-1.3	0.4	-0.3	-5.9	-4.3	-3,0	16,603	23,531
Marche	-0.8	0.6	-0.8	-4.7	-3.8	-3.2	32,277	25,640
Lazio	-0.4	1.1	0.3	-3.3	-2.6	-2,0	134,757	29,838
Abruzzo	-1.1	0.9	-1.6	-6.9	-5,0	-1.9	21,829	20,701
Molise	-0.3	2.1	-0.2	-3.6	-1.3	-1.5	5,117	20,098
Campania	-2.7	-0.1	-0.1	-5.2	-3.3	-1.6	74,430	16,322
Apulia	**-1.4**	**1.2**	**0.1**	**-5,0**	**-3.5**	**-1.8**	**54,078**	**16,711**
Basilicata	-0.9	2,0	0.3	-4.5	-2.6	-2.5	8,634	18,587
Calabria	-3,0	-1,0	-1.1	-2.3	0,0	-1.3	26,509	16,898
Sicilia	-1.7	-1.4	-0.8	-2.7	-1.7	-1.4	68,785	17,045
Sardegna	-1.2	-3,0	0.3	-3.6	-2.9	-1,0	26,602	19,986
North West	-1.5	-3.1	-1.2	-6,0	-4.6	-3.5	381,173	30,036
North East	-1,0	-2.5	-1.1	-5.6	-4.5	-3.7	273,868	29,746
Centre	-0.6	-1.8	-0.5	-3.9	-2.9	-2.5	265,782	28,204
South	**-1.9**	**-3,0**	**-1.6**	**-4.3**	**-2.7**	**-1.6**	**285,977**	**17,324**
ITALY	**-1.3**	**-2.6**	**-0.8**	**-5,0**	**-3.7**	**-2.9**	**1207,874**	**25,237**

Source: Main regional economic Indicators, ISTAT 2009

Tab. 15: Added value at constant prices by sectors, percentage, 2009

Regions and Macro-areas	Agricolture, sylviculture & fishing	Industry	Services	Total
Piemonte	-4.1	-16,0	-2.9	-6.7
Valle d'Aosta	-1.2	-11.2	-3.1	-5.1
Lombardia	2,0	-15,0	-2.8	-6.8
Bolzano	1.5	-7,0	-1.9	-2.9
Trento	7.6	-9.4	-1.6	-3.3
Veneto	-2,0	-14.1	-2.2	-6.4
Friuli-Venezia Giulia	-9.7	-13.4	-3.3	-6.1
Liguria	-5,0	-9.5	-2.3	-3.7
Emilia-Romagna	2.8	-13.7	-3.1	-6.5
Toscana	-8.7	-12.6	-1.3	-4.6
Umbria	-11.2	-12.9	-3.5	-6.3
Marche	-8,0	-11,0	-2.2	-5.2
Lazio	-4.4	-7.2	-2.9	-3.6
Abruzzo	-8.6	-14,0	-4.6	-7.6
Molise	-8.7	-9.9	-1.9	-4.2
Campania	-0.6	-13.8	-3.7	-5.5
Apulia	**-7,0**	**-12.7**	**-3,0**	**-5.4**
Basilicata	-10.7	-4.8	-4.4	-4.8
Calabria	-6.8	-6.5	-1.2	-2.3
Sicilia	-4,0	-12.1	-0.6	-2.7
Sardegna	-1,0	-8.5	-3,0	-4,0
North West	-0.6	-14.9	-2.8	-6.5
North East	0.5	-13.5	-2.6	-6.1
Centre	-7.3	-10.5	-2.4	-4.3
South	**-4.7**	**-11.9**	**-2.6**	**-4.5**
ITALY	**-3.1**	**-13.2**	**-2.6**	**-5.5**

Source: Main regional economic Indicators, ISTAT 2009

Tab. 16: Added value at constant price by sector and province (million of euro), 2004-2008

Regions and Macro-areas	Agricolture, sylviculture & fishing	Industry	Services	Total
		2004		
Foggia	760	1,509	6,081	8,352
Bari	945	5,914	17,506	24,366
Taranto	471	2,055	5,904	8,431
Brindisi	225	1,245	3,819	5,290
Lecce	349	2,218	7,633	10,201
APULIA	**2,752**	**12,943**	**40,945**	**56,642**
		2005		
Foggia	712	1,629	6,271	8,612
Bari	876	5,939	17,455	24,271
Taranto	463	2,139	5,987	8,591
Brindisi	232	1,275	3,853	5,361
Lecce	340	2,343	7,935	10,620
APULIA	**2,626**	**13,328**	**41,502**	**57,456**
		2006		
Foggia	689	1,759	6,485	8,934
Bari	865	6,056	18,158	25,080
Taranto	418	2,068	6,178	8,665
Brindisi	215	1,398	4,099	5,714
Lecce	253	2,577	8,414	11,245
APULIA	**2,442**	**13,860**	**43,336**	**59,640**
		2007		
Foggia	646	1,780	6,790	9,217
Bari	845	6,113	18,900	25,859
Taranto	445	2,033	6,361	8,840
Brindisi	187	1,366	4,212	5,766
Lecce	216	2,689	8,759	11,665
APULIA	**2,341**	**13,983**	**45,024**	**61,349**
		2008		
Foggia	712	1,841	6,950	9,505
Bari	803	5,999	18,862	25,665
Taranto	457	2,107	6,595	9,160
Brindisi	210	1,378	4,307	5,896
Lecce	227	2,839	9,141	12,208
APULIA	**2,410**	**14,166**	**45,858**	**62,436**