

THE FOREIGN SECTOR IN THE
REGIONAL ECONOMIES OF
NORTH EAST ITALY

TRADE AND INVESTMENT IN CENTRAL AND
EASTERN EUROPE

GIORGIO DOMINESE ET AL. (CSNE)

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International economy and the North-East of Italy

Developments and outlook

GROSS DOMESTIC PRODUCT

(annual percentage change)

	1995	1996	1997	1998
European Union	2,4	1,7	2,6	2,8
<i>France</i>	2,2	1,5	2,3	2,8
<i>Germany</i>	2,1	1,4	2,5	2,8
<i>Austria (1)</i>	2,1	1,6	2,0	2,7
<i>United Kingdom</i>	2,4	2,1	3,4	2,5
United States	2,0	2,4	3,8	2,5
Japan	0,9	3,6	0,6	1,4
Central and Eastern Europe (2)	4,2	4,7	4,0	4,0
Mediterranean countries	3,9	3,2	2,5	2,6
Middle East	1,7	2,6	2,5	1,7
Latin America	1,1	3,6	5,0	3,8
South East Asia	8,1	6,9	4,0	3,5
China and Indian sub-continent	8,2	7,9	7,4	7,0
World	2,4	3,0	3,2	3,0
<i>Italy</i>	3,0	0,7	1,3	2,4
<i>North East (1)</i>	4,1	1,9	2,8	3,2

Source: Prometeia

(1) Source: WIFO

(2) Estimates and forecast by Centro Studi Nord Est - Venice and WIIW -Wien

In 1997 two major events characterized and conditioned both the economic and political issues and the developments of the financial and foreign exchange markets.

In the first half of 1997 the focus was on the lively debate about the future of European Monetary Union (Will it begin in 1999? Will it be on a 'wide' or 'restricted' basis?), but, as time went by, a wider consensus spread among the operators, together with the

possibility that EMU would start on schedule. It is almost certain that 11 countries will take part to it, Italy included.

In the second half of the year more attention was given to the crisis of the Asian countries, which affected at first the single national currencies, then the local stock markets and, as a result, the majority of the international ones.

The turmoil in the South East of Asia is far from being definitely concluded and may influence, even if in different ways and degrees, both the local economies and those of the most industrialized countries. It is important to point out that, from the economical point of view, Italy is one of the countries which are less endangered by the inevitable decrease in the development of the Asian countries.

As for the North-East, its foreign trade with the Asian countries has recently being reduced and addressed to the North-American market instead. The effects for some specialized areas of commerce, such as luxuries, may be remarkable, as to diminish considerably the export sales of certain firms.

On the whole, 1997 may be held as a positive year as for the trend of economy and international trade. The world gross domestic product growth is 3.2%, more than 1996, and the progress touched almost all the regions, even if in different forms and degrees. The U.S. economy continued in its positive trend, due to a constant increase in the economic activities and to a low inflation. It overcame the many pressures on demand side, caused by growing consumptions, and on supply side, due to the minimum unemployment rate.

The economic activity progressed also in Europe: the gross domestic product growth of the EU countries is 2.6 complexively, that is to say 100 basis points more than 1996. The Central Europe countries, the Mediterranean and Middle East ones have slowed down a while, but their growth remains satisfactory.

Japan, in spite of the economic and financial policy adopted by the government, could not overcome economic stagnation: its gross domestic product y/y growth is 50bps more than 1996.

The financial crisis occurred during the summertime influenced the final outcomes of the South-Eastern countries economies, but their trends remain very positive.

The large markets of China and India, whose great potentials are attracting the growing interest of the international operators and providing impetus to existing and new initiatives, underwent a 7% growth in 1997, thus confirming a positive trend.

Also the economic development of the Latin American countries has been positive, overcoming the effects of the Mexican crisis: their GDP grew approximately 5% in 1997.

What about Italy?

The main characteristics of its economical and financial development in 1997 were the success in reducing the inflation (y/y rate has shrunk to the 60's low) thanks to a sound income and monetary policy; the diminished ratio of government budget deficit to GDP, whose level (2,7%) now meets the convergence criteria; the decline of interest rates, and the improved performance of the Italian Lira in foreign exchange markets.

The Italian Gdp y/y growth (1.3%) was lower than the EU average (2.6%): nevertheless the Italian economy has already shown that the future performance will be better than expected and it will be in keeping with the implications of European Economic and Monetary Union (EMU) to which Italy, as it seems sure, will take part from the very beginning in January 1999.

As it happened to other EU countries, this objective hindered the public expenditure for the economic growth. The necessary public deficit reduction and higher taxes limited the disposal income of the household, which had a negative influence on the people's expectations.

Their long-lasting prudent attitude had in turn a negative influence on domestic demand, which was, however, supported by the positive, even if not dynamic, development of consumption.

A help was given by some economic measures promoted by the government, among which the financial incentives to buy new cars; they don't seem to have produced any trade-off effect on the consumption of other durable goods, according to some independent econometric estimates.

ECONOMIC ACTIVITY IN THE NORTH EAST OF ITALY

industrial production	average					average	
	1995	1996	1Q97	2Q97	3Q97	4Q97	1997
Alto Adige (1)	44,3	10,2	14,5	42,4	51,6	39,4	37,0
Trentino (2)	10,9	0,6	2,3	9,5	5,1	7,5	6,1
Veneto (2)	8,9	-0,1	-0,7	2,8	2,0	3,8	2,0
Friuli Venezia Giulia (2)	9,8	1,3	-0,6	9,9	10,4	9,8	7,4

(1) = balance between firms which forecast a "lower" and that ones who forecast a "higher" y/y growth

(2) = annual percentage change

Source: Wifo - Bozen, CCIAA Trento, Fed. Industria del Friuli Venezia Giulia, Fed. Industria del Veneto

In this situation, North-East economy showed more flexibility and dynamism than the national average. After a period of instability in the first half of 1997, the second half was characterized instead by a production recovery and by increased purchase orders, coming both from the inland and the outland market.

Industrial production grew significantly especially in Trentino and in Friuli Venezia Giulia (the average annual rate was respectively 6,1% and 7,4% in 1997). In Alto Adige, polls among the local operators say that only a very limited percentage of businessmen expect a decreasing output. In Veneto, industrial production reached very high levels at the end of the first half, then settled on the annual average of +2% : this is far from the record results of 1995 (+8.9%), but the performance was anyhow better than in 1996, when a drop took place in the industrial production.

These data reveal on the whole a positive trend, which becomes excellent taking into account the contemporary recovery of the Lira quotations in financial markets. Because of that, infact, the North-East firms (which - on the average - export 40% of their sales revenue, with even higher percentages in some branches such as for exemple gold-work and spectacles frame manufacturers) couldn't take advantage of exchange levers, as it had happened instead in the first years after the September 1992 devaluation.

This is not possible for the little handicraft firms, which generally charge 'ex factory' the price of their products, and cannot contract again the conditions of their business transaction if a devaluation occurs.

What is the outlook for the North-East in 1998, considering the forecast on the international economic trend?

A financial turbulence is still present in many South-Eastern Asian countries, and it may reach and endanger even the economies of such countries as Japan or China.

It is not easy, at the moment, to foretell how this situation will develop. The majority of studies and reaserches held by IMF, OCDE and the main international banks point out that the effects of the Asian turbulence on GDP growth will be not particularly remarkable, yet relevant for Italy and, as a consequence, for North-East economy, even in case the situation improved in a short time.

Leaving South-Eastern Asia aside, as it plays an important but not decisive role in the trade of the North-East, the development perspectives of the other regions of the world remain positive and the international trade should keep the positive trend of the last years, even if somewhat slower. The Asian crisis, infact, on one hand reduces the inner demand of those countries; on the other, it strenghtens the purchasing power of the industrialized countries, whose currencies rivaluated a great deal against the local ones. As a consequence, the crisis reduces the potential world demand, since in North America and in EU the income is such as to drive consumers to a lower aptitude towards expenses.

According to the forecast, however, the GDP in the North-East could grow 3.2% y/y in 1998 (more than the Italian 2.3%), as the domestic demand is increasing and the North-East operators are expanding and reaching the most dynamic areas.

1998 will also be characterized by the approaching of the EMU which will start in January 1999. In springtime the European Council will take a decision on participating Member States (i.e. countries that will have met convergence criteria) and the cross currency rates with Euro will be fixed for those countries that will be "in".

This process will help reducing the Italian bank rates, particularly the short-term rates which are very high if compared with the European average ones. The necessary convergence, which for short-term rates is expected to be about 4%, should promote the 1.5% reduction of discount rate by the Ume starting. This will have a positive effect on the financial and share markets, and profit margins could increase thanks to lower financial burdens.

Developments and trends in Veneto

ECONOMIC ACTIVITY IN VENETO

		average					average	
		1995	1996	1Q97	2Q97	3Q97	4Q97	1997
industrial production	(1)	8,9	-0,1	-0,7	2,8	2,0	3,8	2,0
equipments use level	(2)	84,1	80,7	81,9	80,7	80,5	80,0	80,8
employment	(1)	3,0	0,8	0,1	-0,1	0,3	1,0	0,3
foreign sales	(1)	12,8	2,9	0,8	2,6	2,2	4,8	2,6
exports as % of global sales	(2)	39,6	41,6	42,4	39,3	41,0	40,1	40,7
manufactured goods prices	(1)	7,4	0,6	0,3	0,5	0,9	1,0	0,7
raw material prices	(1)	14,9	0,2	1,0	1,1	1,9	1,3	1,3

(1) = annual percentage change (2) = in %

Source: Confindustria - Federazione dell'Industria del Veneto

The reference to the great results achieved in 1995 by Veneto economy, welcomed and appreciated by the international press, must not lead us to underestimate the positive trend of the latest conjuncture.

If we compare it with the difficult period Veneto went through at the end of the first term in 1996, when the economic trend seemed to anticipate a further recessive period, we can rightly say that 1997 must be seen as a very positive year for Veneto economy. After the drop of the first quarter, infact, production increased and achieved an average y/y 2% growth, which doubled during spring. Industrial equipments were used extensively and also the other economic indicators confirmed the positive trend of the regional economy.

Foreign sales slowed down, but this is easily understandable if we consider the strong dynamism of export after the 1992 devaluation. The export rate is anyhow estimated 41%, which confirms the disposition of the regional operators towards new markets for their products, to be found especially in those international areas where the dynamic domestic demand gives momentum to foreign goods consumption.

This attitude is confirmed also by the diversification of foreign trade in Veneto, herafter expanded, and especially by the increased importance of the North-American market, due to the long-lasting expansion of the USA economy and the appreciation of the Dollar against the Lira.

The positive trend of Veneto and North-East economy has been fostered also by the economic recovery of France and Germany, which constitute the most important markets for local export. As it often happens, the average positive indicators contain different situations and trends according to the different economic branch or the geographic collocation of the firms. This trend is quite clear if we compare the average production growth in 1995-96 with the 1997 one.

The sectors related to the fashion system (and, in particular, the clothing branch, the shoe industry, the row hide and the leather industry) used to be the flywheel of the regional economic growth: during the last years, however, they revealed a downward trend.

In 1995 and 1996 their economic growth was remarkably lower than the regional average; in 1997 their crisis became even more serious, especially for the clothing and leather industry, whose production and foreign orders decreased. There are many reasons for this negative trend, and they are both conjunctural and structural. The appreciation of the Lira partially determined the decreased competitiveness of the regional firms, as it affected only those sectors where the price of the goods is more important than their quality or image.

The subcontract, which is widely used in North-East economy, underwent a crisis which worsened in periods of sluggish conjuncture, between the end of 1996 and the beginning of 1997. The quality certification of the products, then, was a problem for many firms of this sector, as they are mostly very small and handicraft. To these firms, the new characteristics of the market make things harder than in the past.

The competition of the producers from the emerging countries have become harsher, especially in those sectors where labour is still much more important than the capital. In those countries labour cost is still very low, there are no onerous taxes on labour and often there are not any social security nor pension scheme burdens.

This context promoted the delocalization of production towards those countries where labour cost is lower, particularly to the near Eastern countries. Recent studies on the topic, however, say that this trend didn't endanger the soundness of the specialized industrial areas (the so called "industrial district") which characterize Veneto and North-East economy.

The mechanical industry had a very good period in 1995-96, when together with spectacles industry came out to be the most dynamic sector for production growth and foreign orders: then it slowed down in 1997. This seems to be normal if we consider the massive growth which took place in former years, but this downward trend has also structural reasons. The market segments in which the machines industry operate are in fact located between those held by the leading producers in international markets and those held by the firms from the emerging markets, whose competitiveness depends upon the low prices they can charge.

The lira appreciation caused, in this case, a loss in competitiveness of the regional products. They became in fact less convenient in the market higher segments, as exchange made their price grow up, even if their quality remained inferior, and also in the market lower segments, as the superior quality of regional products many times has not been enough to make up for the low prices charged by producers from emerging markets.

The Lira appreciation, particularly against the Deutsche Mark, created many problems to mechanical industry, especially to the handicraft firms operating in the German market as subcontractors. To these firms price is a very relevant factor, and the maintenance of the market share, when possible, has been achieved at the expenses of their profit margin: in fact they cannot contract again the conditions of their business transactions.

The chemical industry, the spectacles industry (especially as the foreign orders are concerned), the jewellery and the food and beverage industries are the economic sectors which during 1997 had the best performance, also because of the orders coming from domestic market. This is due both to the recovery of domestic demand and to the greater competitiveness of the North-East firms.

Within the Veneto territory, the provinces which achieved the greatest production growth have been Belluno (whose foreign orders have been particularly buoyant in spite of the Lira appreciation), Padua and Venice.

Treviso and Vicenza, instead, marked a slackening of business activity during 1997: this is due to the many problems of a great number of little handicraft firms working in the fields of fashion and machines industry.

Developments and trends in Friuli Venezia Giulia

ECONOMIC ACTIVITY IN FRIULI VENEZIA GIULIA

		average					average	
		1995	1996	1Q97	2Q97	3Q97	4Q97	1997
industrial production	(1)	9,8	1,3	-0,6	9,9	10,4	9,8	7,4
sales	(1)	10,7	2,6	-1,2	9,1	10,8	7,9	6,7
domestic sales	(1)	9,7	-1,2	-2,4	7,1	9,5	6,6	5,2
foreign sales	(1)	12,7	7,0	0,2	11,4	11,2	9,1	8,0
new orders	(1)	8,3	3,2	4,5	11,4	9,9	7,7	8,4
equipments use level	(2)	83,6	81,0	82,1	82,7	83,8	84,1	83,2
manufactured goods prices	(1)	8,8	-0,7	-2,3	0,2	1,4	2,3	0,4
raw material proces	(1)	15,0	-4,8	-5,5	-0,5	1,3	2,7	-0,5

(1) annual percentage change (2) in %

Source: Confindustria - Federazione dell'Industria del Friuli Venezia Giulia

After the slackening of business activity recorded in the first months of 1997, as it happened in all the regions of North East, the economic picture of Friuli Venezia Giulia has improved: the output growth has recently surpassed 10% y/y. This excellent result contributed to make North East economy more dynamic not only than the Italian average but even than other European and international industrialized areas.

The reasons for this success are to be found in the geographical collocation and in the international relations of the local economy. The recovery in Germany, which is one of the major export markets, the sound conjuncture in some Danubian area countries and the good situation of the Deutsche Mark certainly contributed to this great performance of Friuli Venezia Giulia.

The foreign sales kept on rising in spite of the appreciation of the Lira against the principal currencies and particularly against the Mark, which is the main currency used in commercial settlements with buyers from the "Deutsch Mark" and Danubian areas.

This means that the competitiveness of regional firms is not only given by financial factors depending on exchange rates, but also by structural reasons, as the innovating and organizing capacities of the enterprises. To confirm these results, however, it will be necessary to adopt new strategies, even new cultural approaches which can rapidly fit the changes in the market.

The speedy pace of the economic activity averagely recorded by regional economy could be found out also in the developments of almost every economic branch. There are of course some exceptions, for example the non-metalliferrous ore industry, whose production has been constantly deteriorating since the second half of 1996. A negative trend, of conjunctural kind, characterizes also the food and beverage sector and the paper manufacture.

The majority of the other sectors have on the whole a positive trend, even those related to the fashion system which in Veneto are undergoing a period of crisis. The same happens to the mechanical industry which in Veneto has an output slowdown, while it retains an excellent performance in Friuli Venezia Giulia, especially in the sector of electric materials and electronics.

A very positive trend is to be found in the wood and wooden furniture industry, and also in the textile industry, whose trend is very different from the fashion system it belongs to, as it happens in other North East areas with the exception of Vicenza.

Within the Friuli Venezia Giulia territory, the pace of economic activity has been particularly buoyant in the 1997 average in the provinces of Pordenone and Udine.

The economic activity in the province of Gorizia has recently improved, while Trieste, after a very negative first term, had a very positive second term..

Developments and trends in Trentino

ECONOMIC ACTIVITY IN TRENTO

	average						average
	1995	1996	1Q97	2Q97	3Q97	4Q97	1997
<i>y/y growth</i>							
industrial production	10,9	0,6	2,3	9,5	5,1	7,5	6,1
sales revenue	22,4	3,9	2,9	5,2	11,8	12,0	8,0
<i>q/q growth</i>							
domestic orders	5,6	4,5	-0,2	15,5	-1,7	9,0	5,6
foreign orders	4,9	0,5	7,8	6,2	-4,6	11,8	5,3
employment	1,0	-0,2	0,6	2,6	0,0	-0,6	0,6

Source: CCIAA Trento

After the negative conjuncture which in 1996 characterized almost the whole North East, the economy of Trentino recovered in 1997 and achieved a production average growth rate of about 6%, which is a good result if we consider that in 1995, output reached nearly 11% y/y growth, that is one of the best performances in recent years.

This growth has been sustained not only by foreign orders but also by domestic market, which after a long period of uncertainty has started to support local economy.

In the 1997 average, the domestic orders growth was 5,6% y/y and the foreign orders growth was 5,3% y/y. In the beginning of the second term there was a slowdown, but this should be considered only conjunctural taking into account the recovery of the main target markets, especially Germany. In the fourth quarter, indeed, domestic and foreign orders recorded high level again.

The employment rates have been improving, especially in the central part of the year, and confirm the positive trend of Trentino economy.

Developments and trends in Alto Adige

ECONOMIC ACTIVITY IN ALTO ADIGE

	average						average
	1995	1996	1Q97	2Q97	3Q97	4Q97	1997
industrial production (1)							
lower	21,4	27,4	28,1	17,0	14,5	3,6	15,8
equal	14,0	35,0	29,3	23,6	19,4	53,4	31,4
higher	64,5	37,6	42,6	59,4	66,1	43,0	52,8
balance (2)	43,1	10,2	14,5	42,4	51,6	39,4	37,0
orders (1)							
lower	20,1	27,6	22,3	15,6	25,8	5,3	17,3
equal	26,7	37,9	53,6	37,0	25,5	45,2	40,3
higher	53,2	34,6	24,1	47,5	48,8	49,6	42,5
balance (2)	33,2	7,1	1,8	31,9	23,0	44,3	25,3

(1) % firms which forecast "lower", "equal" or "higher" y/y growth

(2) balance between % "lower" and % higher

Source: economic surveys WIFO-Bozen

The Alto Adige economy has very different characteristics from the North East standards, especially for the dominant role of agricultural and turistic activities, and of minute commerce. There are metal and mechanical industries, but they are not so relevant.

If we compare the Alto Adige employment rates with the Veneto ones, we see that in agriculture Alto Adige has thrice the employed of the Veneto (respectively 16.1% and 5.4%), while the industry figures are respectively 25.3% and almost 41%.

As for the manufacturing industry, 1997 has been positive especially in the second half as in the whole North East, so that only less than 4% operators are reported to expect a slowdown in the economic activity.

Also the orders are experiencing a positive trend and they went back to the values of three or four years ago, when the favourable exchange rates after the Lira devaluation in September 1992 promoted export and, as a consequence, economic development.

North East foreign trade

Manufacturing industry in the North East has long been characterized by a positive attitude towards foreign trade, which represents about the 40% of the sales in the North East average and includes every productive sector.

1997 trend confirmed this attitude as a whole, even if, as it was expected, foreign trade expansion was lower than in 1996, when the firms, supported by the favourable exchange rates, did their best with foreign markets to make up for the difficult conjuncture of domestic demand.

According to the figures of UIC (Ufficio Italiano dei Cambi- Italian Exchange Office) , export grew 7.2% in the North East and 5.5% as the national average from the first half of 1995 to the same period in 1997. Within North East, the best performance was achieved by Friuli Venezia Giulia, which rose 9.2%, followed by Veneto reaching 8%. Trentino Alto Adige on the contrary decreased almost 3%, as it was affected by the conjunctural weakness of German economy, its main target market, which in that period reduced more than 20% its orders.

Imports, differently from the national average, from June 1995 to June 1997 decreased 1.3%, but for the Friuli it was worse: more than 10%.

The great development of the foreign trade in the last years aroused great interest in the international press. A presence in international markets doesn't mean only exports, but also foreign direct investments, which are reported to have significantly increased as well. The North East firms' capability of changing rapidly their export markets is really relevant.

Thanks to this dynamism, foreign trade can be lively when addressed to markets where the domestic demand supplies a large amount of foreign orders.

The last two years have highlighted North East flexibility, as it appears from the shares that the different markets have in its foreign trade. The European Union (which in this report contains for statistic purposes also Norway and Switzerland) still constitutes the

main area of development for export business with its 63.3%, even if its share decreased 400 basis points from June 1995 to June 1997. More than 23% of the Italian exports to the Deutsche Mark Area come from North East; this share if directed to Austria is almost 32%.

When we consider the share held by the single countries in the global North East exports, we see that Austria accounts for only 3,3%, while the impact of Germany is 23,2%.

For Trentino Alto Adige the importance of EU is even greater: its share in the second quarterly last year was 83.3% (2000 basis points more than the average of North East), notwithstanding a 5 basis points decrease in the last two years.

This is due partly to a conjunctural sluggish growth of the traditional European most important markets, mainly Germany and France, which has been only recently overcome, and partly to the growth, in spite of ups and downs, of the emerging economies, from Central and Eastern Europe to Latin America and South Eastern Asia, which increased the demand for Italian and North Eastern products.

The evolution of foreign exchange markets has obviously influenced the diversification of foreign trade. The price of the products (rapidly affected by exchange) is a key element of its development, but there are also other determinant factors, such as quality and commercial assistance services .

In the period taken into account, thanks to the slowdown inflation and the progresses in government budget, the Italian Lira appreciated versus the D-Mark and depreciated versus the Dollar (17% in 1997). This was a problem to the little firms which export to the Mark area, but created at the same time many opportunities in the North-American market.

The recovery of the American currency accounts for the importance acquired by the US market in the last years: from the first quarterly of 1995 to the same period of 1997 the share of this area in North East export increased 250 basis points, achieving an almost 13% share, the highest one after the 23.3% of Germany.

The exports to the American market came mostly from Veneto firms, which export 15% of their production there, twice as much as the operators coming from the other regions of North East.

The Central and Eastern Europe countries account for more than 5% of North East export, that is to say, to make an example, as much as Switzerland plus Sweden. The problems and the contradictions characterizing the development of some countries certainly account for the little results achieved, which will certainly improve as soon as those countries could overcome the difficult transition to market economy

Within the CEEC countries, a leading role is performed by SECI countries. SECI is an organization firmly promoted by the American administration to stimulate the Balkanic area which contains also Greece, Turkey and the Eastern countries of the 'Adriatic corridor': it is a risky area but rich of opportunities.

The export to the SECI countries accounts for 5.8 % of North Eastern export and for as much as 9.8% of Friuli Venezia Giulia's one. Together with North- American and Latin American market, this is the only area which has increased its share as an export market for the North- East.

EXPORTS	First half of 1997
in billions of liras	

	Trentino Alto Adige	Friuli Venezia Giulia	Veneto	North East	Italy
EUROPEAN UNION(1)	1.965	3.158	11.834	16.957	88.937
<i>Germany</i>	1.044	1.119	4.057	6.220	25.071
<i>Austria</i>	188	171	529	889	2.829
<i>France</i>	149	338	1.884	2.371	17.399
<i>United Kingdom</i>	191	673	1.465	2.328	11.666
DEUTSCHE MARK AREA (2)	1.423	2.054	6.722	10.200	44.203
SECI (3)	49	515	991	1.556	6.711
<i>Greece</i>	21	71	355	447	2.510
<i>Turkey</i>	12	75	238	325	1.973
<i>Adriatic SECI (4)</i>	32	385	607	1.024	3.811
CEFTA (5)	31	391	624	1.046	3.908
<i>Croatia</i>	5	146	125	275	548
<i>Slovenia</i>	6	148	113	267	583
<i>Czechia</i>	8	28	111	147	736
<i>Hungary</i>	4	26	90	120	496
<i>Poland</i>	7	33	156	196	1.378
CEEC (6) and Russia	44	479	885	1.408	5.927
<i>Russia</i>	11	43	164	218	1.305
<i>Baltic countries</i>	0,7	10	33	43	168
South Mediterranean (7)	11	92	228	331	2.427
Middle East (8)	30	143	389	562	3.725
<i>Israel</i>	15	42	173	229	1.090
ASIA (9)	1	57	84	142	1.553
South East Asia (10)	52	245	1.333	1.630	9.233
<i>Japan</i>	17	43	429	489	3.286
NAFTA (11)	195	450	3.135	3.780	21.900
<i>United States</i>	176	402	2.900	3.477	20.588
LATIN AMERICA	16	69	344	429	3.296
<i>rest of the world</i>	23	444	501	967	5.244
WORLD	2.360	5.253	19.183	26.797	145.764

(1) Norway and Switzerland included for statistical purpose

(2) For statistical reasons we consider an enlarged Deutsche Mark Area as follows: Austria, Germany, Belgium, Croatia, Czechia, Denmark, Finland, Hungary, Luxembourg, Netherlands, Norway, Poland, Slovakia, Slovenia and Sweden

(3) Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Greece, Yugoslavia (temporary suspended, included for statistical purposes) Fyrom Macedonia, Moldova, Romania, Slovenia, Turkey and Hungary

(4) Albania, Croatia, Greece, Yugoslavia (temporary suspended, included for statistical purposes), Slovenia

(5) Visegrad countries: Czech Republic, Croatia (included for statistical purposes), Poland, Slovak Republic, Slovenia and Hungary

(6) Central Eastern European Countries

(7) Algeria, Cyprus, Egypt, Lybia, Morocco and Tunisia

(8) Saudi Arabia, Jordan, Iran, Iraq, Israel, Kuwait, Lebanon and Syria

(9) China and India

(10) South Korea, Philippines, Japan, Giappone, Hong Kong, Singapore, Taiwan, Thailand and Vietnam

(11) Canada, Mexico and United States

Source: UIC

EXPORTS	First half of 1997				
annual percentage change					

	Trentino Alto Adige	Friuli Venezia Giulia	Veneto	North East	Italy
EUROPEAN UNION(1)	-8,5	0,8	2,6	0,8	0,6
Germany	-21,2	-18,6	-3,9	-10,1	-9,3
Austria	22,2	-15,2	-2,8	-1,3	1,3
France	-2,4	4,7	1,4	1,6	-5,5
United Kingdom	66,3	83,4	26,1	41,7	22,9
DEUTSCHE MARK AREA (2)	-14,9	-17,8	-1,5	-7,2	-2,7
SECI (3)	12,1	-9,1	32,5	14,5	12,3
Greece	15,0	-2,2	33,9	25,6	7,7
Turkey	82,8	204,7	187,0	184,9	69,5
Adriatic SECI (4)	15,2	-18,7	20,0	1,7	-0,3
CEFTA (5)	8,7	-18,4	26,5	4,5	17,4
Croatia	102,8	-14,2	13,8	-2,4	5,9
Slovenia	-7,8	-33,3	0,1	-21,7	-7,5
Czechia	20,7	28,2	24,8	25,2	52,2
Hungary	-36,1	-11,5	15,3	5,8	-9,9
Poland	7,1	16,7	75,1	58,2	32,7
CEEC (6) and Russia	-0,3	-15,5	18,5	3,7	15,1
Russia	-7,8	4,5	11,6	9,0	30,8
Baltic countries	456,5	489,8	218,4	257,8	220,5
South Mediterranean (7)	56,8	19,7	5,7	10,5	-5,9
Middle East (8)	24,2	5,9	5,8	6,7	-3,2
Israel	12,3	-7,5	14,5	9,6	-3,7
ASIA (9)	-69,9	-47,4	-50,0	-49,4	-9,6
South East Asia (10)	12,0	31,5	1,9	5,8	2,2
Japan	36,0	32,9	-7,8	-4,1	2,7
NAFTA (11)	86,1	23,6	30,6	31,7	38,7
United States	101,9	17,6	32,4	32,7	43,9
LATIN AMERICA	140,7	80,6	51,4	57,6	28,3
rest of the world	-6,9	243,6	3,0	51,1	-16,7
WORLD	-2,9	9,4	8,0	7,2	5,5

(1) Norway and Switzerland included for statistical purpose

(2) For statistical reasons we consider an enlarged Deutsche Mark Area as follows: Austria, Germany, Belgium, Croatia, Czechia, Denmark, Finland, Hungary, Luxembourg, Netherlands, Norway, Poland, Slovakia, Slovenia and Sweden

(3) Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Greece, Yugoslavia (temporary suspended, included for statistical purposes) Fyrom Macedonia, Moldova, Romania, Slovenia, Turkey and Hungary

(4) Albania, Croatia, Greece, Yugoslavia (temporary suspended, included for statistical purposes), Slovenia

(5) Visegrad countries: Czech Republic, Croatia (included for statistical purposes), Poland, Slovak Republic, Slovenia and Hungary

(6) Central Eastern European Countries

(7) Algeria, Cyprus, Egypt, Lybia, Morocco and Tunisia

(8) Saudi Arabia, Jordan, Iran, Iraq, Israel, Kuwait, Lebanon and Syria

(9) China and India

(10) South Korea, Philippines, Japan, Giappone, Hong Kong, Singapore, Taiwan, Thailand and Vietnam

(11) Canada, Mexico and United States

Source: UIC

EXPORTS	First half of 1997				
impact (%) of single countries on total exports					

	Trentino Alto Adige	Friuli Venezia Giulia	Veneto	North East	Italy
EUROPEAN UNION(1)	83,3	60,1	61,7	63,3	61,0
<i>Germany</i>	44,2	21,3	21,1	23,2	17,2
<i>Austria</i>	8,0	3,3	2,8	3,3	1,9
<i>France</i>	6,3	6,4	9,8	8,8	11,9
<i>United Kingdom</i>	8,1	12,8	7,6	8,7	8,0
DEUTSCHE MARK AREA (2)	60,3	39,1	35,0	38,1	30,3
SECI (3)	2,1	9,8	5,2	5,8	4,6
<i>Greece</i>	0,9	1,3	1,8	1,7	1,7
<i>Turkey</i>	0,5	1,4	1,2	1,2	1,4
<i>Adriatic SECI (4)</i>	1,4	7,3	3,2	3,8	2,6
CEFTA (5)	1,3	7,4	3,3	3,9	2,7
<i>Croatia</i>	0,2	2,8	0,6	1,0	0,4
<i>Slovenia</i>	0,3	2,8	0,6	1,0	0,4
<i>Czechia</i>	0,3	0,5	0,6	0,5	0,5
<i>Hungary</i>	0,2	0,5	0,5	0,4	0,3
<i>Poland</i>	0,3	0,6	0,8	0,7	0,9
CEEC (6) and Russia	1,9	9,1	4,6	5,3	4,1
<i>Russia</i>	0,5	0,8	0,9	0,8	0,9
<i>Baltic countries</i>	0,0	0,2	0,2	0,2	0,1
South Mediterranean (7)	0,5	1,7	1,2	1,2	1,7
Middle East (8)	1,3	2,7	2,0	2,1	2,6
<i>Israel</i>	0,6	0,8	0,9	0,9	0,7
ASIA (9)	0,1	1,1	0,4	0,5	1,1
South East Asia (10)	2,2	4,7	6,9	6,1	6,3
<i>Japan</i>	0,7	0,8	2,2	1,8	2,3
NAFTA (11)	8,3	8,6	16,3	14,1	15,0
<i>United States</i>	7,4	7,6	15,1	13,0	14,1
LATIN AMERICA	0,7	1,3	1,8	1,6	2,3
<i>rest of the world</i>	1,0	8,4	2,6	3,6	3,6
WORLD	100,0	100,0	100,0	100,0	100,0

(1) Norway and Switzerland included for statistical purpose

(2) For statistical reasons we consider an enlarged Deutsche Mark Area as follows: Austria, Germany, Belgium, Croatia, Czechia, Denmark, Finland, Hungary, Luxembourg, Netherlands, Norway, Poland, Slovakia, Slovenia and Sweden

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(4) Albania, Croatia, Greece, Yugoslavia (temporary suspended, included for statistical purposes), Slovenia

(5) Visegrad countries: Czech Republic, Croatia (included for statistical purposes), Poland, Slovak Republic, Slovenia and Hungary

(6) Central Eastern European Countries

(7) Algeria, Cyprus, Egypt, Lybia, Morocco and Tunisia

(8) Saudi Arabia, Jordan, Iran, Iraq, Israel, Kuwait, Lebanon and Syria

(9) China and India

(10) South Korea, Philippines, Japan, Giappone, Hong Kong, Singapore, Taiwan, Thailand and Vietnam

(11) Canada, Mexico and United States

Source: UIC

EXPORTS	First half of 1997				
as % of Italian global exports					

	Trentino Alto Adige	Friuli Venezia Giulia	Veneto	North East	Italy
EUROPEAN UNION(1)	2,2	3,6	13,3	19,1	100,0
<i>Germany</i>	4,2	4,5	16,2	24,8	100,0
<i>Austria</i>	6,7	6,1	18,7	31,4	100,0
<i>France</i>	0,9	1,9	10,8	13,6	100,0
<i>United Kingdom</i>	1,6	5,8	12,6	20,0	100,0
DEUTSCHE MARK AREA (2)	3,2	4,6	15,2	23,1	100,0
SECI (3)	0,7	7,7	14,8	23,2	100,0
<i>Greece</i>	0,8	2,8	14,1	17,8	100,0
<i>Turkey</i>	0,6	3,8	12,1	16,5	100,0
<i>Adriatic SECI (4)</i>	0,8	10,1	15,9	26,9	100,0
CEFTA (5)	0,8	10,0	16,0	26,8	100,0
<i>Croatia</i>	0,9	26,7	22,7	50,3	100,0
<i>Slovenia</i>	1,0	25,3	19,4	45,7	100,0
<i>Czechia</i>	1,0	3,8	15,1	19,9	100,0
<i>Hungary</i>	0,7	5,2	18,2	24,2	100,0
<i>Poland</i>	0,5	2,4	11,3	14,2	100,0
CEEC (6) and Russia	0,7	8,1	14,9	23,8	100,0
<i>Russia</i>	0,9	3,3	12,5	16,7	100,0
<i>Baltic countries</i>	0,4	5,8	19,5	25,7	100,0
South Mediterranean (7)	0,5	3,8	9,4	13,6	100,0
Middle East (8)	0,8	3,8	10,4	15,1	100,0
<i>Israel</i>	1,3	3,9	15,8	21,0	100,0
ASIA (9)	0,1	3,6	5,4	9,1	100,0
South East Asia (10)	0,6	2,7	14,4	17,7	100,0
<i>Japan</i>	0,5	1,3	13,0	14,9	100,0
NAFTA (11)	0,9	2,1	14,3	17,3	100,0
<i>United States</i>	0,9	2,0	14,1	16,9	100,0
LATIN AMERICA	0,5	2,1	10,4	13,0	100,0
<i>rest of the world</i>	0,4	8,5	9,6	18,4	100,0
WORLD	1,6	3,6	13,2	18,4	100,0

(1) Norway and Switzerland included for statistical purpose

(2) For statistical reasons we consider an enlarged Deutsche Mark Area as follows: Austria, Germany, Belgium, Croatia, Czechia, Denmark, Finland, Hungary, Luxembourg, Netherlands, Norway, Poland, Slovakia, Slovenia and Sweden

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(8) Saudi Arabia, Jordan, Iran, Iraq, Israel, Kuwait, Lebanon and Syria

(9) China and India

(10) South Korea, Philippines, Japan, Giappone, Hong Kong, Singapore, Taiwan, Thailand and Vietnam

(11) Canada, Mexico and United States

Source: UIC

IMPORTS	First Half of 1997
in billions of liras	

	Trentino Alto Adige	Friuli Venezia Giulia	Veneto	North East	Italy
EUROPEAN UNION(1)	1.843	1.467	11.066	14.375	97.896
Germany	870	450	4.031	5.351	23.973
Austria	331	162	606	1.100	2.920
France	135	137	1.138	1.411	16.321
United Kingdom	50	125	953	1.128	12.335
DEUTSCHE MARK AREA (2)	1.541	1.094	7.323	9.957	48.516
SECI (3)	26	256	519	800	3.737
Greece	2	12	66	81	959
Turkey	2	11	64	77	693
Adriatic SECI (4)	18	176	242	437	1.874
CEFTA (5)	36	235	408	679	2.205
Croatia	2	56	84	142	272
Slovenia	13	93	81	187	417
Czechia	9	21	48	78	353
Hungary	2	38	99	138	540
Poland	8	17	59	84	426
CEEC (6) and Russia	42	286	587	915	4.539
Russia	0	13	44	57	1.447
Baltic countries	0,8	2	14	16	45
South Mediterranean (7)	4	14	106	123	5.167
Middle East (8)	1	10	55	66	2.081
Israel	1	4	40	45	309
ASIA (9)	6	29	184	219	1.566
South East Asia (10)	35	49	571	655	6.118
Japan	7	12	95	114	2.017
NAFTA (11)	48	155	904	1.107	11.669
United States	32	135	839	1.006	10.984
LATIN AMERICA	9	30	144	183	1.224
rest of the world	17	65	500	582	4.091
WORLD	2.009	2.129	14.377	18.515	136.003

(1) Norway and Switzerland included for statistical purpose

(2) For statistical reasons we consider an enlarged Deutsche Mark Area as follows: Austria, Germany, Belgium, Croatia, Czechia, Denmark, Finland, Hungary, Luxembourg, Netherlands, Norway, Poland, Slovakia, Slovenia and Sweden

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(4) Albania, Croatia, Greece, Yugoslavia (temporary suspended, included for statistical purposes), Slovenia

(5) Visegrad countries: Czech Republic, Croatia (included for statistical purposes), Poland, Slovak Republic, Slovenia and Hungary

(6) Central Eastern European Countries

(7) Algeria, Cyprus, Egypt, Lybia, Morocco and Tunisia

(8) Saudi Arabia, Jordan, Iran, Iraq, Israel, Kuwait, Lebanon and Syria

(9) China and India

(10) South Korea, Philippines, Japan, Giappone, Hong Kong, Singapore, Taiwan, Thailand and Vietnam

(11) Canada, Mexico and United States

Source: UIC

IMPORTS	First Half of 1997				
annual percentage change					

	Trentino Alto Adige	Friuli Venezia Giulia	Veneto	North East	Italy
EUROPEAN UNION(1)	-1,7	-11,0	0,1	-1,4	-1,7
Germany	1,1	-3,2	11,2	8,1	-4,0
Austria	-6,7	-24,4	-6,0	-9,4	-11,3
France	39,3	-9,2	-0,6	1,3	-4,8
United Kingdom	14,5	10,6	-4,8	-2,6	-2,5
DEUTSCHE MARK AREA (2)	-2,6	-19,9	2,1	-1,6	-1,3
SECI (3)	-13,4	-13,4	2,4	-3,8	-0,1
Greece	-31,2	47,0	-9,1	-4,4	-6,0
Turkey	-24,2	-11,8	-3,3	-5,5	-0,7
Adriatic SECI (4)	5,9	-16,7	2,6	-6,1	-1,2
CEFTA (5)	11,9	-19,3	-9,1	-12,0	-4,0
Croatia	-28,3	-41,9	3,0	-21,3	-10,1
Slovenia	16,2	-11,6	8,3	-2,2	-5,5
Czechia	15,0	3,4	-34,1	-22,7	-11,4
Hungary	-68,1	-10,5	-21,3	-20,4	-7,0
Poland	86,4	11,7	-13,9	-4,4	0,5
CEEC (6) and Russia	3,0	-17,2	-7,9	-10,6	2,8
Russia	-93,3	-42,1	-52,1	-51,8	3,7
Baltic countries	807,6	-28,4	15,2	13,4	38,4
South Mediterranean (7)	-46,8	11,8	2,4	0,3	55,8
Middle East (8)	-2,4	-9,9	-4,4	-5,2	34,7
Israel	7,0	203,0	-3,0	4,3	-1,5
ASIA (9)	19,5	82,9	1,8	8,6	3,6
South East Asia (10)	9,1	-21,2	-6,0	-6,6	-3,8
Japan	-41,0	17,5	-20,6	-19,5	-18,3
NAFTA (11)	-19,7	-0,7	3,7	1,8	7,3
United States	-37,5	13,1	7,4	5,7	9,2
LATIN AMERICA	-25,2	-22,0	12,9	2,8	-5,0
<i>rest of the world</i>	10,7	-8,1	19,0	14,9	9,9
WORLD	-2,2	-11,0	0,5	-1,3	1,2

(1) Norway and Switzerland included for statistical purpose

(2) For statistical reasons we consider an enlarged Deutsche Mark Area as follows: Austria, Germany, Belgium, Croatia, Czechia, Denmark, Finland, Hungary, Luxembourg, Netherlands, Norway, Poland, Slovakia, Slovenia and Sweden

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(4) Albania, Croatia, Greece, Yugoslavia (temporary suspended, included for statistical purposes), Slovenia

(5) Visegrad countries: Czech Republic, Croatia (included for statistical purposes), Poland, Slovak Republic, Slovenia and Hungary

(6) Central Eastern European Countries

(7) Algeria, Cyprus, Egypt, Lybia, Morocco and Tunisia

(8) Saudi Arabia, Jordan, Iran, Iraq, Israel, Kuwait, Lebanon and Syria

(9) China and India

(10) South Korea, Philippines, Japan, Giappone, Hong Kong, Singapore, Taiwan, Thailand and Vietnam

(11) Canada, Mexico and United States

Source: UIC

Centro Studi Nord Est - Venice

IMPORTS	First Half of 1997
impact (%) of single countries on total imports	

	Trentino Alto Adige	Friuli Venezia Giulia	Veneto	North East	Italy
EUROPEAN UNION(1)	91,7	68,9	77,0	77,6	72,0
<i>Germany</i>	43,3	21,2	28,0	28,9	17,6
<i>Austria</i>	16,5	7,6	4,2	5,9	2,1
<i>France</i>	6,7	6,5	7,9	7,6	12,0
<i>United Kingdom</i>	2,5	5,9	6,6	6,1	9,1
DEUTSCHE MARK AREA (2)	76,7	51,4	50,9	53,8	35,7
SECI (3)	1,3	12,0	3,6	4,3	2,7
<i>Greece</i>	0,1	0,6	0,5	0,4	0,7
<i>Turkey</i>	0,1	0,5	0,4	0,4	0,5
<i>Adriatic SECI (4)</i>	0,9	8,3	1,7	2,4	1,4
CEFTA (5)	1,8	11,0	2,8	3,7	1,6
<i>Croatia</i>	0,1	2,6	0,6	0,8	0,2
<i>Slovenia</i>	0,6	4,4	0,6	1,0	0,3
<i>Czechia</i>	0,5	1,0	0,3	0,4	0,3
<i>Hungary</i>	0,1	1,8	0,7	0,7	0,4
<i>Poland</i>	0,4	0,8	0,4	0,5	0,3
CEEC (6) and Russia	2,1	13,4	4,1	4,9	3,3
<i>Russia</i>	0,0	0,6	0,3	0,3	1,1
<i>Baltic countries</i>	0,0	0,1	0,1	0,1	0,0
South Mediterranean (7)	0,2	0,6	0,7	0,7	3,8
Middle East (8)	0,1	0,5	0,4	0,4	1,5
<i>Israel</i>	0,1	0,2	0,3	0,2	0,2
ASIA (9)	0,3	1,4	1,3	1,2	1,2
South East Asia (10)	1,8	2,3	4,0	3,5	4,5
<i>Japan</i>	0,4	0,6	0,7	0,6	1,5
NAFTA (11)	2,4	7,3	6,3	6,0	8,6
<i>United States</i>	1,6	6,3	5,8	5,4	8,1
LATIN AMERICA	0,5	1,4	1,0	1,0	0,9
<i>rest of the world</i>	0,9	3,0	3,5	3,1	3,0
WORLD	100,0	100,0	100,0	100,0	100,0

(1) Norway and Switzerland included for statistical purpose

(2) For statistical reasons we consider an enlarged Deutsche Mark Area as follows: Austria, Germany, Belgium, Croatia, Czechia, Denmark, Finland, Hungary, Luxembourg, Netherlands, Norway, Poland, Slovakia, Slovenia and Sweden

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(4) Albania, Croatia, Greece, Yugoslavia (temporary suspended, included for statistical purposes), Slovenia

(5) Visegrad countries: Czech Republic, Croatia (included for statistical purposes), Poland, Slovak Republic, Slovenia and Hungary

(6) Central Eastern European Countries

(7) Algeria, Cyprus, Egypt, Lybia, Morocco and Tunisia

(8) Saudi Arabia, Jordan, Iran, Iraq, Israel, Kuwait, Lebanon and Syria

(9) China and India

(10) South Korea, Philippines, Japan, Giappone, Hong Kong, Singapore, Taiwan, Thailand and Vietnam

(11) Canada, Mexico and United States

Source: UIC

IMPORTS	First Half of 1997
as % of Italian global imports	

	Trentino Alto Adige	Friuli Venezia Giulia	Veneto	North East	Italy
EUROPEAN UNION(1)	1,9	1,5	11,3	14,7	100,0
<i>Germany</i>	3,6	1,9	16,8	22,3	100,0
<i>Austria</i>	11,3	5,5	20,8	37,7	100,0
<i>France</i>	0,8	0,8	7,0	8,6	100,0
<i>United Kingdom</i>	0,4	1,0	7,7	9,1	100,0
DEUTSCHE MARK AREA (2)	3,2	2,3	15,1	20,5	100,0
SECI (3)	0,7	6,8	13,9	21,4	100,0
<i>Greece</i>	0,2	1,3	6,9	8,4	100,0
<i>Turkey</i>	0,4	1,6	9,2	11,2	100,0
<i>Adriatic SECI (4)</i>	0,9	9,4	12,9	23,3	100,0
CEFTA (5)	1,7	10,7	18,5	30,8	100,0
<i>Croatia</i>	0,6	20,4	31,0	52,1	100,0
<i>Slovenia</i>	3,0	22,4	19,5	44,9	100,0
<i>Czechia</i>	2,6	6,0	13,6	22,2	100,0
<i>Hungary</i>	0,4	7,0	18,3	25,6	100,0
<i>Poland</i>	1,9	3,9	13,8	19,6	100,0
CEEC (6) and Russia	0,9	6,3	12,9	20,2	100,0
<i>Russia</i>	0,0	0,9	3,1	4,0	100,0
<i>Baltic countries</i>	1,9	3,6	30,4	35,8	100,0
South Mediterranean (7)	0,1	0,3	2,0	2,4	100,0
Middle East (8)	0,1	0,5	2,6	3,2	100,0
<i>Israel</i>	0,3	1,5	12,8	14,6	100,0
ASIA (9)	0,4	1,8	11,8	14,0	100,0
South East Asia (10)	0,6	0,8	9,3	10,7	100,0
<i>Japan</i>	0,4	0,6	4,7	5,7	100,0
NAFTA (11)	0,4	1,3	7,7	9,5	100,0
<i>United States</i>	0,3	1,2	7,6	9,2	100,0
LATIN AMERICA	0,7	2,4	11,8	15,0	100,0
<i>rest of the world</i>	0,4	1,6	12,2	14,2	100,0
WORLD	1,5	1,6	10,6	13,6	100,0

(1) Norway and Switzerland included for statistical purpose

(2) For statistical reasons we consider an enlarged Deutsche Mark Area as follows: Austria, Germany, Belgium, Croatia, Czechia, Denmark, Finland, Hungary, Luxembourg, Netherlands, Norway, Poland, Slovakia, Slovenia and Sweden

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(5) Visegrad countries: Czech Republic, Croatia (included for statistical purposes), Poland, Slovak Republic, Slovenia and Hungary

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(8) Saudi Arabia, Jordan, Iran, Iraq, Israel, Kuwait, Lebanon and Syria

(9) China and India

(10) South Korea, Philippines, Japan, Giappone, Hong Kong, Singapore, Taiwan, Thailand and Vietnam

(11) Canada, Mexico and United States

Source: UIC

Developments and trends in foreign direct investments

The flywheel of foreign direct investment has gathered momentum in the last five years, not only in traditional areas such as Asia or Latin America, but also in the transition economies of Central and Eastern Europe, as denationalization and market reform takes root.

Central Europe's proximity to Western markets, and relatively high skills for low wages have attracted not only big international companies, but also thousands of small and medium-size European enterprises, especially private German and Italian companies.

What is the role played by the Italian North-East ?

In the '90s, North-East has been extremely open to international trade, as it is evident from the significant exports and imports growth, and the ratio of export to GDP, which averagely is 40%, and sometimes 70-80% for specific sectors.

On this respect, figures clearly highlight the proficiency of the North-East, made up of little and medium-size enterprises often of handicraft nature, in following the latest trends in international markets.

Global economy, to the North- East producers, has meant mainly export, which has always promoted the economic development.

But in the last years things have changed. The competition of the producers from the emerging markets has become closer and closer, the usual cohesion of the industrial districts has started to slacken, and the inadequate infrastructures, especially in transport area, jeopardizes any future development.

Direct investments must be given therefore special attention, because they may determine the position that the North-East will have in the economy and trade of Central, Eastern and Balkan Europe (which SECI, an organization supported by the American government, is firmly prompting), and of the Mediterranean area, which is given prominence by the press because of the dramatic episodes of religious fanaticism, but which is conversely characterized by a new enterprising tendency and by elements of economic recovery.

Will the North-East be not only exporting but also investing?

In the first half of 1997, according to the UIC latest figures, the North-East foreign direct investments were more than 1.220 billions Lire, versus the 15.328 of the whole country. FDI account only for 6% of portfolio investments, but in some cases this share is considerably higher or, as is the case of Belluno, FDI flows are higher than portfolio ones.

We must also consider that, in the UIC figures, the participating interests lower than 20% are included in the portfolio investments.

By more than 68% investments were addressed to the European Union (to which, for statistic purposes, also Norway and Switzerland are inscribed), by 8% to the South-Eastern Asia, by 8% to Latin America and by 7.6% to the NAFTA countries (Canada, United States, Mexico), of which 5.6% to the United States. More than one third of the FDI made by North-East companies is addressed to the "Deutsche Mark Area", and particularly toward Germany. It's necessary to stress, however, that the great bulk of these FDI is related to financial companies and not to industrial ones.

All these trends are confirmed also by the provisional data regarding the second half of the 1997.

What is really striking, even if in keeping with the recent international trends, is the EU lower capacity of attracting North-East foreign export: its rate, in fact, decreased 1700 basis points to the advantage of South-Eastern Asia (+7.3%), Latin America (+5.2%), NAFTA area (+1.8%).

There has been, as well, an increase towards the countries of the Visegrad group, Czech Republic, Croatia (included for statistic purposes), Poland, Slovakia, Slovenia and Hungary.

Even if prudence is necessary when analysing figures and statistical data on international trade and capital flows, it is certain that the present trends are very clear and highlight, as it happens with foreign trade, a positive propension of the North-East

operators towards the emerging tendencies of international economy, together with the capacity of understanding the recovery and momentum of the different areas.

Within the North-East reality, the attitude of the single operators varies according to the region their firms belong to, even if the investment flow may take unexpected directions.

As an example, it is remarkable that, in the first half of 1997, only less than 51% direct investments of Friuli Venezia Giulia were directed to EU. But even more remarkable is the fact that the rest didn't go to Central and Eastern Europe (in spite of its being supported by many and important initiatives), but to South East Asia (24%) and to Latin America (almost 17%).

The investments of the operators from Veneto and Trentino Alto Adige are conversely more directed to the EU countries, even if they are also attracted by South East Asia, South America and the United States.

FOREIGN DIRECT INVESTMENTS (flows)	First half of 1997
in billions of liras	

	Trentino Alto Adige	Friuli Venezia Giulia	Veneto	North East	Italy
EUROPEAN UNION(1)	23,9	195,3	615,3	834,4	11683,9
<i>Germany</i>	5,1	17,1	385,9	408,2	817,2
<i>Austria</i>	12,7	0,1	0,5	13,2	24,5
<i>France</i>	1,8	26,4	7,7	35,9	724,3
<i>United Kingdom</i>	0,7	36,5	16,4	53,5	4819,9
DEUTSCHE MARK AREA (2)	19,4	95,6	568,1	683,1	5035,1
SECI (3)	0,3	2,8	7,8	10,9	83,3
<i>Croatia</i>	0,0	0,4	0,9	1,4	2,1
<i>Romania</i>	0,2	2,2	1,5	3,9	10,5
<i>Hungary</i>	0,0	0,0	2,2	2,2	22,6
<i>Adriatic SECI (4)</i>	0,1	0,6	4,1	4,7	44,1
CEFTA (5)	0,0	0,8	24,0	24,8	86,0
<i>Czechia</i>	0,0	0,0	8,4	8,4	20,9
<i>Poland</i>	0,0	0,1	1,1	1,2	13,8
<i>Slovenia</i>	0,0	0,2	2,7	2,9	16,9
CEEC (6) and Russia	0,3	3,0	26,5	29,9	110,9
<i>Russia</i>	0,0	0,0	0,6	0,7	7,8
<i>Baltic countries</i>	0,0	0,0	0,0	0,0	2,2
South Mediterranean (7)	0,1	3,4	5,1	8,6	14,0
Middle East (8)	0,0	0,0	0,5	0,5	10,0
<i>Egypt</i>	0,0	0,0	0,2	0,2	8,0
ASIA (9)	2,1	0,1	5,2	7,4	72,9
South East Asia (10)	0,5	94,6	2,0	97,1	541,2
<i>Japan</i>	0,2	94,5	1,5	96,2	304,2
NAFTA (11)	2,7	18,9	70,8	92,4	1686,6
<i>United States</i>	2,6	13,6	52,1	68,2	1491,0
LATIN AMERICA	1,5	64,7	30,8	97,0	568,8
<i>rest of the world</i>	0,1	5,5	47,7	53,3	636,1
WORLD	31,2	385,6	803,8	1220,6	15328,8

(1) Norway and Switzerland included for statistical purpose

(2) For statistical reasons we consider an enlarged Deutsche Mark Area as follows: Austria, Germany, Belgium, Croatia, Czechia, Denmark, Finland, Hungary, Luxembourg, Netherlands, Norway, Poland, Slovakia, Slovenia and Sweden

(3) Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Greece, Yugoslavia (temporary suspended, included for statistical purposes) Fyrom Macedonia, Moldova, Romania, Slovenia, Turkey and Hungary

(4) Albania, Croatia, Greece, Yugoslavia (temporary suspended, included for statistical purposes), Slovenia

(5) Visegrad countries: Czech Republic, Croatia (included for statistical purposes), Poland, Slovak Republic, Slovenia and Hungary

(6) Central Eastern European Countries

(7) Algeria, Cyprus, Egypt, Lybia, Morocco and Tunisia

(8) Saudi Arabia, Jordan, Iran, Iraq, Israel, Kuwait, Lebanon and Syria

(9) China and India

(10) South Korea, Philippines, Japan, Giappone, Hong Kong, Singapore, Taiwan, Thailand and Vietnam

(11) Canada, Mexico and United States

Source: UIC

FOREIGN DIRECT INVESTMENTS (flows)	First half of 1997
annual percentage change	

	Trentino Alto Adige	Friuli Venezia Giulia	Veneto	North East	Italy
EUROPEAN UNION(1)	27,1	-34,0	412,7	91,9	8,3
<i>Germany</i>	11,0	-9,0	5129,4	1225,4	-28,1
<i>Austria</i>	163,0	-74,9	-97,7	-50,4	-32,4
<i>France</i>	-35,1	272,5	83,7	156,1	-71,0
<i>United Kingdom</i>	-53,0	91,7	79,2	80,9	74,2
DEUTSCHE MARK AREA (2)	65,8	-64,8	439,6	75,9	12,7
SECI (3)	51,5	23,3	-36,8	-26,4	39,8
<i>Croatia</i>	n.s.	-60,6	4,1	-30,5	-9,0
<i>Romania</i>	329,4	n.s.	2,2	153,8	95,5
<i>Hungary</i>	-61,8	-100,0	30,3	-11,0	243,5
<i>Adriatic SECI (4)</i>	-38,6	-54,3	-53,8	-53,7	85,6
CEFTA (5)	-91,1	-87,4	95,1	31,3	92,9
<i>Czechia</i>	n.s.	-100,0	637,1	68,8	117,4
<i>Poland</i>	n.s.	-72,2	52,8	7,5	-15,1
<i>Slovenia</i>	n.s.	-31,8	-63,0	-61,8	88,3
CEEC (6) and Russia	-11,8	-53,6	85,2	40,7	104,5
<i>Russia</i>	n.s.	-52,0	189,2	113,2	386,6
<i>Baltic countries</i>	n.s.	n.s.	-100,0	-100,0	2037,5
South Mediterranean (7)	376,2	n.s.	n.s.	40704,8	299,4
Middle East (8)	n.s.	-100,0	7,9	-2,2	-26,6
<i>Egypt</i>	n.s.	-100,0	n.s.	223,5	1,0
ASIA (9)	n.s.	n.s.	2037,2	2951,7	531,2
South East Asia (10)	178,1	17552,4	-29,8	2662,9	21,9
<i>Japan</i>	127,1	25234,6	-16,5	4177,6	79,4
NAFTA (11)	-28,9	212,4	262,0	213,9	4,5
<i>United States</i>	-32,7	137,7	221,0	165,1	-6,0
LATIN AMERICA	569,1	22694,0	130,4	598,8	193,5
<i>rest of the world</i>	-72,0	192,6	1468,6	904,1	54,1
WORLD	31,0	23,8	361,6	139,6	13,0

(1) Norway and Switzerland included for statistical purpose

(2) For statistical reasons we consider an enlarged Deutsche Mark Area as follows: Austria, Germany, Belgium, Croatia, Czechia, Denmark, Finland, Hungary, Luxembourg, Netherlands, Norway, Poland, Slovakia, Slovenia and Sweden

(3) Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Greece, Yugoslavia (temporary suspended, included for statistical purposes) From Macedonia, Moldova, Romania, Slovenia, Turkey and Hungary

(4) Albania, Croatia, Greece, Yugoslavia (temporary suspended, included for statistical purposes), Slovenia

(5) Visegrad countries: Czech Republic, Croatia (included for statistical purposes), Poland, Slovak Republic, Slovenia and Hungary

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(7) Algeria, Cyprus, Egypt, Lybia, Morocco and Tunisia

(8) Saudi Arabia, Jordan, Iran, Iraq, Israel, Kuwait, Lebanon and Syria

(9) China and India

(10) South Korea, Philippines, Japan, Giappone, Hong Kong, Singapore, Taiwan, Thailand and Vietnam

(11) Canada, Mexico and United States

Source: UIC

FOREIGN DIRECT INVESTMENTS (flows)	First half of 1997
impact (%) of single countries on total FDI	

	Trentino Alto Adige	Friuli Venezia Giulia	Veneto	North East	Italy
EUROPEAN UNION(1)	76,6	50,6	76,5	68,4	76,2
<i>Germany</i>	16,4	4,4	48,0	33,4	5,3
<i>Austria</i>	40,6	0,0	0,1	1,1	0,2
<i>France</i>	5,7	6,8	1,0	2,9	4,7
<i>United Kingdom</i>	2,1	9,5	2,0	4,4	31,4
DEUTSCHE MARK AREA (2)	62,1	24,8	70,7	56,0	32,8
SECI (3)	0,9	0,7	1,0	0,9	0,5
<i>Croatia</i>	0,0	0,1	0,1	0,1	0,0
<i>Romania</i>	0,7	0,6	0,2	0,3	0,1
<i>Hungary</i>	0,1	0,0	0,3	0,2	0,1
<i>Adriatic SECI (4)</i>	0,2	0,2	0,5	0,4	0,3
CEFTA (5)	0,1	0,2	3,0	2,0	0,6
<i>Czechia</i>	0,0	0,0	1,0	0,7	0,1
<i>Poland</i>	0,0	0,0	0,1	0,1	0,1
<i>Slovenia</i>	0,0	0,1	0,3	0,2	0,1
CEEC (6) and Russia	1,1	0,8	3,3	2,4	0,7
<i>Russia</i>	0,0	0,0	0,1	0,1	0,1
<i>Baltic countries</i>	0,0	0,0	0,0	0,0	0,0
South Mediterranean (7)	0,3	0,9	0,6	0,7	0,1
Middle East (8)	0,0	0,0	0,1	0,0	0,1
<i>Egypt</i>	0,0	0,0	0,0	0,0	0,1
ASIA (9)	6,7	0,0	0,6	0,6	0,5
South East Asia (10)	1,5	24,5	0,2	8,0	3,5
<i>Japan</i>	0,7	24,5	0,2	7,9	2,0
NAFTA (11)	8,7	4,9	8,8	7,6	11,0
<i>United States</i>	8,2	3,5	6,5	5,6	9,7
LATIN AMERICA	4,7	16,8	3,8	8,0	3,7
<i>rest of the world</i>	0,4	1,4	5,9	4,4	4,1
WORLD	100,0	100,0	100,0	100,0	100,0

(1) Norway and Switzerland included for statistical purpose

(2) For statistical reasons we consider an enlarged Deutsche Mark Area as follows: Austria, Germany, Belgium, Croatia, Czechia, Denmark, Finland, Hungary, Luxembourg, Netherlands, Norway, Poland, Slovakia, Slovenia and Sweden

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(4) Albania, Croatia, Greece, Yugoslavia (temporary suspended, included for statistical purposes), Slovenia

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(9) China and India

(10) South Korea, Philippines, Japan, Giappone, Hong Kong, Singapore, Taiwan, Thailand and Vietnam

(11) Canada, Mexico and United States

Source: UIC

FOREIGN DIRECT INVESTMENTS (flows)	First half of 1997
as % of Italian global FDI	

	Trentino Alto Adige	Friuli Venezia Giulia	Veneto	North East	Italy
EUROPEAN UNION(1)	0,2	1,7	5,3	7,1	100,0
<i>Germany</i>	0,6	2,1	47,2	49,9	100,0
<i>Austria</i>	51,7	0,3	2,1	54,0	100,0
<i>France</i>	0,2	3,6	1,1	5,0	100,0
<i>United Kingdom</i>	0,0	0,8	0,3	1,1	100,0
DEUTSCHE MARK AREA (2)	0,4	1,9	11,3	13,6	100,0
SECI (3)	0,4	3,4	9,4	13,1	100,0
<i>Croatia</i>	0,0	20,0	45,9	65,8	100,0
<i>Romania</i>	2,1	20,8	14,6	37,5	100,0
<i>Hungary</i>	0,1	0,0	9,4	9,8	100,0
<i>Adriatic SECI (4)</i>	0,1	1,4	9,2	10,7	100,0
CEFTA (5)	0,0	0,9	27,9	28,8	100,0
<i>Czechia</i>	0,0	0,0	40,1	40,1	100,0
<i>Poland</i>	0,0	0,8	7,8	8,6	100,0
<i>Slovenia</i>	0,0	1,2	16,0	17,2	100,0
CEEC (6) and Russia	0,3	2,7	23,9	26,9	100,0
<i>Russia</i>	0,0	0,6	7,9	8,5	100,0
<i>Baltic countries</i>	0,0	0,0	0,0	0,0	100,0
South Mediterranean (7)	0,7	24,3	36,3	61,3	100,0
Middle East (8)	0,0	0,0	5,3	5,3	100,0
<i>Egypt</i>	0,0	0,0	2,1	2,1	100,0
ASIA (9)	2,9	0,2	7,1	10,1	100,0
South East Asia (10)	0,1	17,5	0,4	17,9	100,0
<i>Japan</i>	0,1	31,1	0,5	31,6	100,0
NAFTA (11)	0,2	1,1	4,2	5,5	100,0
<i>United States</i>	0,2	0,9	3,5	4,6	100,0
LATIN AMERICA	0,3	11,4	5,4	17,1	100,0
<i>rest of the world</i>	0,0	0,9	7,5	8,4	100,0
WORLD	0,2	2,5	5,2	8,0	100,0

(1) Norway and Switzerland included for statistical purpose

(2) For statistical reasons we consider an enlarged Deutsche Mark Area as follows: Austria, Germany, Belgium, Croatia, Czechia, Denmark, Finland, Hungary, Luxembourg, Netherlands, Norway, Poland, Slovakia, Slovenia and Sweden

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